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

A Leading Watch & Jewellery Retailer

Company Structure

Shareholding: **Yeung's Family Trust (~53%)** | **Public (~47%)**

Emperor Watch & Jewellery Limited (887.HK)

Revenue Mix: **Watch Business (~80%)** | **Jewellery Business (~20%)**

- **Watch Business (~80%)**: Authorised dealer of international watch brands
- **Jewellery Business (~20%)**: Design and sale of diamond, jade, pearl, gold and other jewellery under EMPEROR 英皇珠寶 brand

Competitive Strengths

- Comprehensive watch brand mix
- Wide recognition of EMPEROR 英皇珠寶 brand
- Strong presence on prime retail locations
- Diversify synergies effect with group sister companies
- Excellent direct marketing
- Proficient management team

Mr. Martin Lee,
Executive Director of
Henderson Land
Development Co. Ltd (Left)

Mr. Brian Li,
Deputy Chief Executive of
the Bank of East Asia Limited (Left 1)

Grand Opening of Emperor Jewellery
Image Store in Sep 2014

Other Information

Analyst Contacts

CLSA	Mariana Kou	852-2600 8190	mariana.kou@clsa.com
Deutsche Bank	Anne Ling	852-2203 6177	anne.ling@db.com
Macquarie	Linda Huang	852-3922 4068	linda.huang@macquarie.com
Yuanta	Peter Chu	852-3969 9521	peter.kk.chu@yuanta.com

IR Contacts:

Anna Luk,
Group IR Director
T: (852) 2835 6783
E: annaluk@emperorgroup.com

Winnie Kwong,
Group IR Manager
T: (852) 2835 6791
E: winniekwong@emperorgroup.com

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

Watch Business

Comprehensive Brand Mix

Hong Kong: 27 Dealerships

Baume & Mercier
Bedat & Co
Bell & Ross
Blancpain
Breguet
Cartier
Certina
Chopard
Franck Muller
Girard-Perregaux
Hamilton
IWC Schaffhausen
Jaeger-LeCoultre
Montblanc
Mido
Omega
Officine Panerai
Parmigiani
Patek Philippe
Piaget
Rado
Rolex
Tag Heuer
Tissot
Tudor
Vacheron Constantin
Zenith

Mainland China: 18 Dealerships

Baume & Mercier (名士)
BVLGARI (寶格麗)
Carl F. Bucherer (寶齊萊)
Chopard (蕭邦)
Franck Muller (法穆蘭)
Girard-Perregaux (芝柏表)
Jaeger-LeCoultre (積家)
Longines (浪琴表)
Montblanc (萬寶龍)
Omega (歐米茄)
Piaget (伯爵)
Rado (雷達表)
Rolex (勞力士)
Tag Heuer (泰格豪雅)
Tissot (天梭表)
Tudor (帝舵表)
Vacheron Constantin (江詩丹頓)
Zenith (真力時)

Singapore: 4 Dealerships

Cartier
Patek Philippe
Rolex
Tudor

Close Relationship with Watch Brand Suppliers

Mr. Thierry Stern, President of Patek Philippe (Right 2)
Mr. & Mrs. Philippe Stern, Honorary President of Patek Philippe (Left 3 & 4)

Mr. Daniel Neidhart, Managing Director of Rolex (Hong Kong) Limited (Left 1)

Co-op advertising campaigns with watch brand suppliers

Regional Watch Price Differences

Market	Local Listed Price Against Hong Kong
Hong Kong	-
Macau	-
Mainland China	plus ~20%
Singapore	plus ~5%
Japan	minus~2-3%
Korea	plus ~5%
Thailand	plus ~5%
Europe	minus ~10%

(2) The above price differences is mainly attributable by VAT, luxury tax, import tariff, currency exchange rate and regional price difference dictated by watch brand suppliers

Rolex "Day-Date"
Yellow Gold
HK$222,000
RMB235,500
SG42,180

Cartier "Ballon Bleu"
Medium Rose Gold
HK$325,000
RMB347,000
SG63,000

Patek Philippe
"Grand Complications"
White Gold
HK$635,700
RMB639,700
SG111,900

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

Jewellery Business

Quality Diamond and Jadeite with Design on Premium

- With focus on quality diamond and fine jadeites among the comprehensive product range, including pearl, colour stones and gold as well, under EMPEROR 英皇珠寶 since 1947 brand
- Emphasis on skillful craftsmanship, delicate and stylish design

Stringent Quality and Service Standards

Product Quality

- Assure quality and authenticity of the gem-sets
  - ~ 90% of diamond stones weighting 1ct or above are in upper colour range (i.e. colour D to J)

  - >90% of diamond stones weighting 1ct or above are certified by GIA

Service Standards

- Emphasis on product knowledge of the staff and professional services to the customers
  - Maintain 1 qualified GIA certificate holder out of 5 jewellery sales executives in HK and Macau
  - Enhance staff development by offering comprehensive training courses covering product knowledge, fashion trends, service standards and servicing skills
  - Advise tips on jewellery care and maintenance
  - Offer comprehensive after-sale services

Honored with the Gold Award in "Outstanding QTS Merchant Services Staff 2015 (Jewellery & Watches Category)

Charismatic Endless Collections

- Roll out various signature jewellery collections with unique charisma for brand loyalty
- Recast precious materials in an elegance and excellence with exceptional creations
- Demonstrate feminine appeal with a fine and delicate quality

Signature Series
Heartbeat Collection in 2014-2017

Blooming Heart Series

Emperor Waltz Collection in 2016

Emperor Waltz
Jewellery Show 2016

Widely Recognised as a Prestigious Brand

- Celebrities endorsement on advertisements and advertorials
- Online exposure in popular websites, social media and bloggers

Ms. Charlene Choi and Mr. Hins Cheung featuring
Emperor Jewellery's *Heartbeat collection*

Received "Retail - Bauhinia Award" in 2016 Hospitable Hong Kong organised by CNC Holdings Limited

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

Financial Summary

Financial Review

HK$ million	FY2014	FY2015	1H2016	FY2016	YOY Changes
Revenue	5,925	4,431	1,675	**3,642**	**- 17.8%**
Gross Profit	1,489	1,106	417	**909**	**- 17.8%**
Gross Profit Margin	*25.1%*	*25.0%*	*24.9%*	***25.0%***	***N/A***
(Loss)/Earnings BITDA	233	(53)	(39)	**(1.8)**	**- 96.6%**
(Loss)/Earnings BITDA Margin	*3.9%*	*(1.2)%*	*(2.3)%*	***(0.05)%***	***+ 1.15pp***
Net (Loss)/Profit	138	(120)	(69)	**(65)**	**- 45.8%**
Net (Loss)/Profit Margin	*2.3%*	*(2.7)%*	*(4.1)%*	***(1.8)%***	***+ 0.9pp***
Basic (LPS)/EPS (HK Cents)	2.00	(1.74)	(1.00)	**(0.94)**	**- 46.0%**

Revenue Breakdown

Total Revenue	FY2014		FY2015		FY2016		Changes
	(HK$m)	Mix (%)	(HK$m)	Mix (%)	(HK$m)	Mix (%)	(%)
By Product Segment							
Watch	4,824	81	3,541	80	**2,857**	**78**	**- 19.3**
Jewellery	1,101	19	890	20	**785**	**22**	**- 11.8**
Diamond & Jade	748	13	588	13	**502**	**14**	**- 14.6**
*Others**	353	6	302	7	**283**	**8**	**- 6.3**
Total	5,925	100	4,431	100	**3,642**	**100**	**- 17.8**
By Geographical Segment							
HK	4,924	83	3,457	78	**2,797**	**77**	**- 19.1**
Macau	351	6	287	7	**211**	**6**	**- 26.5**
China	485	8	414	9	**373**	**10**	**- 9.9**
Singapore	165	3	273	6	**261**	**7**	**- 4.4**
Total	5,925	100	4,431	100	**3,642**	**100**	**- 17.8**

*Others represent color stones, pearl and gold jewellery.

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

Financial Summary

Volume VS ASP

		FY2014	FY2015	FY2016
Watch	No. of Goods Sold (pcs)	69,204	48,306	**35,789**
	ASP (HK$)	$69,710	$73,305	**$79,821**
Jewellery (Diamond and Jade)	No. of Goods Sold (pcs)	25,180	24,501	**26,192**
	ASP (HK$)	$29,714	$24,003	**$19,149**
Jewellery (Others*)	No. of Goods Sold (pcs)	77,747	75,416	**81,356**
	ASP (HK$)	$4,535	$4,000	**$3,486**

*Others represent color stones, pearl and gold jewellery.

Key Performance Indicators

	FY2014	FY2015	1H2016	FY2016
Same Store Sales* (Overall)	- 13.6%	- 28.1%	- 27.1%	**- 14.2%**
Same Store Sales* (HK)	- 13.5%	- 28.8%	- 26.0%	**- 13.2%**
Store Rental / Total Revenue	11.7%	15.2%	14.7%	**12.9%**
Store Staff Cost / Total Revenue	3.6%	4.2%	5.0%	**4.8%**
Marketing Cost / Total Revenue	0.8%	0.7%	0.7%	**0.6%**
	YE2014	**YE2015**	**PE2016**	**YE2016**
Gearing Ratio (Debts/Total Assets)	Nil	Nil	Nil	**Nil**
Gearing Ratio (Debts/Total Equity)	Nil	Nil	Nil	**Nil**
Stock Turnover Days	316 days	353 days	425 days	**354 days**
Inventory (HK$)	$3,839m	$3,219m	$2,935m	**$2,647m**
Cash on Hand (HK$)	$444m	$810m	$1,022m	**$1,324m**
Debts (HK$)	Nil	Nil	Nil	**Nil**

*Same Store Sales represents the % change of total sales of the comparable stores year-on-year.

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

Retail Network

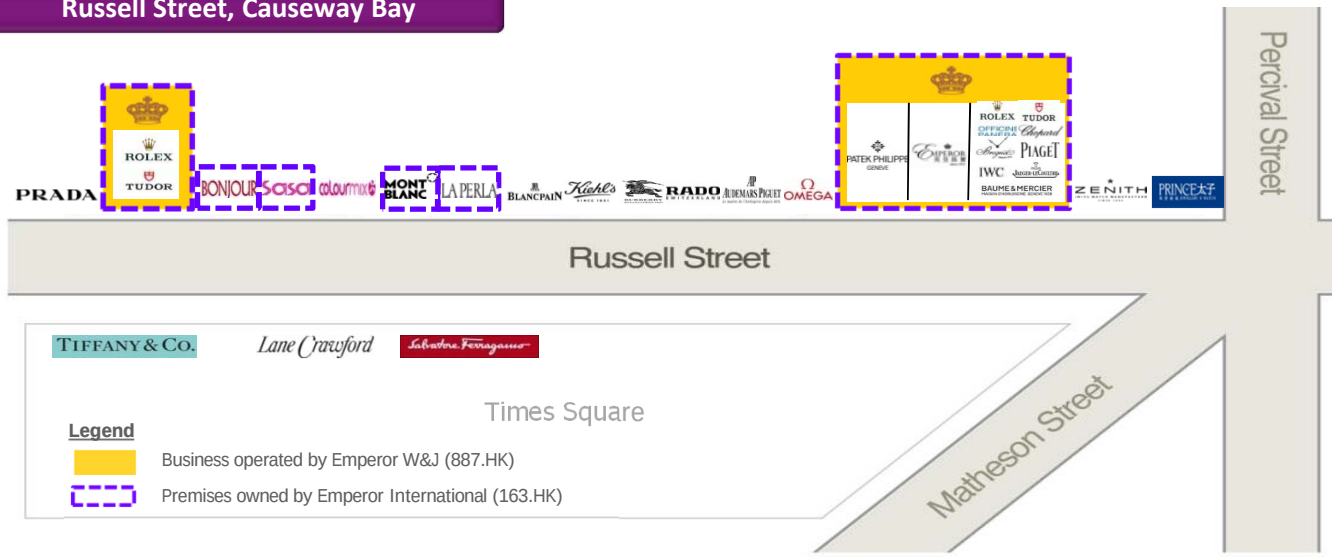
Retail Network Covering HK, Macau, Mainland China and Further Extends to Singapore

As at 28 Feb 2017

	Stores				Floor Area (Net)	
	Single-brand Watch Only	Multi-brand Watch with/without Jewellery	Jewellery Only	Total	Total (sq. ft.)	Average (sq. ft.)
Hong Kong	7	8	7	22	96,240	4,375
Macau	2	2	3	7	7,994	1,142
Mainland China	14	4	44	62	46,279	746
Singapore	4	-	2	6	4,988	831
Total	**27**	**14**	**56**	**97**	**155,501**	**1,603**

Strong Presence on Prime Retail Locations

Russell Street, Causeway Bay



Canton Road, Tsimshatsui

Future Strategies

2017 Store Expansion Plan

	Opening Date	Shop Details
		Mainland China
1	Jan 2017	*Jewellery shop* at Shop 28, 1/F, Beiguo Newcore City Mall, No. 265 Zhongshan East Road, Changan District, Shijiazhuang, Hebei (HE8)
2	Jan 2017	*Rolex boutique* at Shop LG-017/41F-019a, Paradise Walk, No. 8 Yanghe Road, Jiangbei District, Chongqing (CQC)
3	Apr 2017	*Jewellery shop* at 2/F, Parkson Department Store, No. 918 Huaihai Middle Road, Huangpu District, Shanghai (H33)

(-) represents internal shop number

Emperor Jewellery Image Store at
1881 Heritage, Canton Road, Tsimshatsui

Emperor Jewellery Flagship Store at
1881 Heritage, Canton Road, Tsimshatsui

Rolex Boutique at
Russell Street, Causeway Bay

Multi-Watch Store at
Russell Street, Causeway Bay

Multi-Watch Flagship Store at
Queen's Road Central

Patek Philippe Independent Corner and
Emperor Jewellery Store at iSQUARE,
Nathan Road, Tsimshatsui

Future Strategies

Enhance Jewellery Business

Expand jewellery business to enhance overall profit margin performance

- Increase the sales capacity by rolling out numerous collections on regular basis and direct marketing events
- Target to achieve 50% of the overall revenue in medium to long term

Reinforce EMPEROR 英皇珠寶 brand positioning

- Position "**Emperor Jewellery**" as affordable luxury
- Implement brand building exercise
- Enhance brand exposure by participating in regional/international fashion and jewellery shows

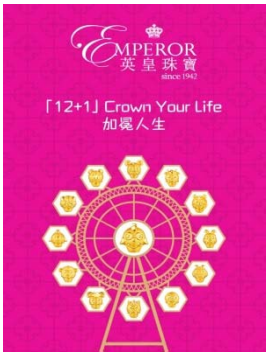
Deepen market penetration

- Continue to execute organic store expansion plan
- Revamp stores and create fresh counters (e.g. jade corner, bridal corner) to enhance shoppers' experience and enable effective customer segmentation

Identify e-commerce opportunities

- Seek to operate e-commerce through online shopping platforms (e.g. WeChat Mall) to capture massive potentials of internet and mobile users
- Enhance brand visibility on various websites to draw target customers from online to offline
- Expand user database for analysing customer demographics and formulating effective product strategy

Baby Collection, 2015



Crown Your Life 12+1 Collection, 2017

Heartbeat Collection, 2014-2015

Crown Your Dream Collection, 2015

Starray Collection, 2013

Byzance de Emperor Collection, 2015

Timeless is Now Collection, 2014