英皇鐘錶珠寶有限公司

EMPEROR WATCH & JEWELLERY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

- Due to a gradual improvement of sales momentum, enhanced gross profit margin and rental savings, the Group achieved a turnaround with net profit of HK$39.1 million (1H2016: net loss of HK$68.6 million);

- Driven by improvements in consumer spending and traffic flow among local shoppers and mainland Chinese visitors, revenue increased by 9.1% to HK$1,827.2 million (1H2016: HK$1,674.9 million);

- Singapore market exhibited a strong growth with its revenue soared 29.4% to HK$173.8 million (1H2016: HK$134.3 million), accounting for 9.5% (1H2016: 8.0%) of total revenue;

- Gross profit margin was lifted by 1.8 percentage points to 26.7% (1H2016: 24.9%); and

- Positive operating leverage was resulted from rental reduction through the Group's continuous cost control efforts.

The board of directors (the "Board" or "Directors") of Emperor Watch & Jewellery Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017 (the "Period") together with the comparative figures for the corresponding period 2016 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**1,827,220**	1,674,853
Cost of sales		**(1,339,955)**	(1,257,712)
Gross profit		**487,265**	417,141
Other income		**4,034**	3,644
Selling and distribution expenses		**(378,964)**	(407,489)
Administrative and other expenses		**(72,009)**	(78,962)
Profit (loss) before taxation	4	**40,326**	(65,666)
Taxation	5	**(1,209)**	(2,965)
Profit (loss) for the period		**39,117**	(68,631)
Other comprehensive income (expense) for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations		**16,984**	(1,103)
Total comprehensive income (expense) for the period attributable to owners of the Company		**56,101**	(69,734)
Earnings (loss) per share – Basic	6	**HK0.57 cent**	HK(1.00) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		As at	
		30 June 2017 (unaudited)	31 December 2016 (audited)
	Notes	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**58,781**	75,632
Deferred tax asset		**10,862**	10,862
Rental deposits		**111,816**	142,934
Deposit paid for acquisition of property, plant and equipment		**4,016**	1,786
		185,475	231,214
Current assets			
Inventories		**2,724,715**	2,646,702
Receivables, deposits and prepayments	*8*	**119,724**	176,707
Taxation recoverable		**–**	28,990
Bank balances and cash		**1,425,648**	1,324,419
		4,270,087	4,176,818
Current liabilities			
Payables, deposits received and accrued charges	*9*	**212,695**	221,994
Amounts due to related companies		**3,593**	3,678
Taxation payable		**8,430**	8,207
		224,718	233,879
Net current assets		**4,045,369**	3,942,939
Non-current liability			
Deferred tax liability		**633**	43
Net assets		**4,230,211**	4,174,110
Capital and reserves			
Share capital		**3,484,152**	3,484,152
Reserves		**746,059**	689,958
Total equity		**4,230,211**	4,174,110

Notes:

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 by 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 unaudited condensed consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016.

The financial information relating to the year ended 31 December 2016 that is included in this preliminary announcement of interim results 2017 does not constitute the Company's statutory annual consolidated financial statements for 2017 but is derived from those financial statements. Further information relating to these statutory annual consolidated financial statements required to be disclosed in accordance with section 436 of the CO is as follows:

(a) The Company has delivered the consolidated financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the CO.

(b) The Company's auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2016. The auditor's reports were 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of presentation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2016, except for the application of the following new and revised HKFRSs, HKASs, amendments and interpretation (hereinafter collectively referred to as the "new and revised HKFRSs") effective from 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Notes:

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments[1]
HKFRS 16	Leases[2]
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 2	Classification and measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined

The Directors are in process of assessing the anticipated and potential impact of the new and revised HKFRSs, and at this stage have not yet determined the effect of the application of these new and revised HKFRSs on the financial performance and financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold less returns and net of trade discounts.

Information reported to the chief operating decision maker ("CODM") 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 and other regions in Asia Pacific. 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 reporting segments of the Group.

Notes:

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 2017

	Hong Kong (unaudited) *HK$'000*	**Macau** (unaudited) *HK$'000*	**Other regions in Asia Pacific** (unaudited) *HK$'000*	**Elimination** (unaudited) *HK$'000*	**Consolidated** (unaudited) *HK$'000*
Revenue					
External sales	**1,335,712**	**105,427**	**386,081**	**–**	**1,827,220**
Inter-segment sales*	**64,196**	**13,503**	**–**	**(77,699)**	**–**
	1,399,908	**118,930**	**386,081**	**(77,699)**	**1,827,220**

* Inter-segment sales are charged at cost

Segment profit	**67,298**	**7,410**	**33,593**	**–**	**108,301**
Unallocated other income					**4,034**
Unallocated administrative and other expenses					**(72,009)**
Profit before taxation					**40,326**

For the six months ended 30 June 2016

	Hong Kong (unaudited) *HK$'000*	Macau (unaudited) *HK$'000*	Other regions in Asia Pacific (unaudited) *HK$'000*	Elimination (unaudited) *HK$'000*	Consolidated (unaudited) *HK$'000*
Revenue					
External sales	1,257,239	101,998	315,616	–	1,674,853
Inter-segment sales*	34,597	8,270	–	(42,867)	–
	1,291,836	110,268	315,616	(42,867)	1,674,853

* Inter-segment sales are charged at cost

Segment profit (loss)	7,548	2,417	(313)	–	9,652
Unallocated other income					3,644
Unallocated administrative and other expenses					(78,962)
Loss before taxation					(65,666)

The accounting policies of the reportable segments are the same as the Group's accounting policies used in the unaudited condensed consolidated financial statements. Segment profit (loss) represents the profit (loss) generated from each segment including gross profit directly attributable to each segment, net of selling and distribution expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes:

4. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Profit (loss) before taxation has been arrived at after charging (crediting):		
Cost of inventories included in cost of sales (included reversal of allowance for inventories of HK$10,105,000) (2016 interim: allowance for inventories of HK$19,164,000)	**1,333,698**	1,250,146
Depreciation of property, plant and equipment	**20,686**	26,371
Net loss on disposal of property, plant and equipment	**1,128**	695
Net exchange gain	**(943)**	(491)
Operating lease payments in respect of rented premises		
– minimum lease payments	**208,095**	236,305
– contingent rent	**14,116**	14,084
Staff costs, including Directors' remuneration		
– salaries and other benefits costs	**109,903**	105,727
– retirement benefits scheme contributions	**9,901**	9,287

5. TAXATION

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Profits tax:		
Hong Kong	**–**	(20)
Macau	**1,209**	1,135
Singapore	**(588)**	–
	621	1,115
Deferred taxation	**588**	1,850
	1,209	2,965

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2017 while no provision for taxation in Hong Kong has been made as no assessable profits for the six months ended 30 June 2016.

Under the Law of the People's Republic of China (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.

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

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

Notes:

6. EARNINGS (LOSS) PER SHARE – BASIC

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

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	**39,117**	(68,631)

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
Number of shares		
Number of ordinary shares for the purpose of basic earnings (loss) per share	**6,882,448,129**	6,882,448,129

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

7. DIVIDENDS

The Board has resolved to declare an interim dividend of HK0.17 cent per share for the financial year ending 31 December 2017 (2016: Nil), amounting to HK$11,700,162 (2016: Nil).

Notes:

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2017	31 December 2016
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Trade receivables	**47,671**	75,334
Other receivables, deposits and prepayments	**64,447**	93,803
Other PRC tax recoverable	**7,606**	5,166
Other Singapore tax recoverable	**–**	2,404
	119,724	176,707

Retails sales are normally settled in cash or by credit card with the settlement from the corresponding banks or other financial institutions within seven days. Receivables from retail sales in department stores are collected within one month.

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

	As at	
	30 June 2017	31 December 2016
	(unaudited)	(audited)
	HK$'000	*HK$'000*
Within 30 days	**41,572**	60,577
31 – 60 days	**2,326**	10,368
61 – 90 days	**1,171**	896
over 90 days	**2,602**	3,493
	47,671	75,334

Receivables that are neither past due nor impaired relate to receivables from credit card sales and department stores sales for whom there were no history of default.

Included in the trade receivables balance are receivables from department stores with aggregate carrying amount of HK$5,545,000 (31 December 2016: HK$5,426,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over nor charge any interest on these balances.

Notes:

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

Ageing of trade receivables which are past due but not impaired:

	As at	
	30 June 2017 (unaudited) *HK$'000*	31 December 2016 (audited) *HK$'000*
Overdue 1 – 30 day(s)	**1,543**	949
Overdue 31 – 60 days	**880**	2,541
Overdue 61 – 90 days	**1,144**	329
Overdue more than 90 days	**1,978**	1,607
	5,545	5,426

Receivables that were past due but not impaired relate to department stores sales that have continuous settlements subsequent to reporting date. The Directors are of opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

9. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	As at	
	30 June 2017 (unaudited) *HK$'000*	31 December 2016 (audited) *HK$'000*
Trade payables	**100,590**	93,553
Other payables, deposits received and accrued charges	**98,998**	114,595
Other PRC tax payables	**12,784**	13,846
Other Singapore tax payable	**323**	–
	212,695	221,994

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

	As at	
	30 June 2017 (unaudited) *HK$'000*	31 December 2016 (audited) *HK$'000*
Within 30 days	**100,091**	86,362
31 – 60 days	**499**	6,385
61 – 90 days	**–**	806
	100,590	93,553

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

MANAGEMENT DISCUSSION AND ANALYSIS

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 was listed on the Main Board of The Stock Exchange of Hong Kong Limited in July 2008.

The Group has extensive retail networks comprising nearly 100 retail stores in Hong Kong, Macau, mainland China and Singapore, as well as an online shopping platform for "***Emperor Jewellery***", with around 1,000 staff. With a history of over 70 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.

FINANCIAL REVIEW

Overall Review

Driven by improvements in consumer spending and traffic flow among local shoppers and mainland Chinese visitors, the overall watch and jewellery retail market has been picking up during the Period. The Group's revenue increased by 9.1%, to HK$1,827.2 million (1H2016: HK$1,674.9 million). The Group's watch segment continued to be a key revenue contributor, and its revenue increased by 9.5% to HK$1,470.3 million (1H2016: HK$1,343.1 million), which accounted for 80.5% (1H2016: 80.2%) of the Group's revenue. Underpinned by solid demand for jewellery products and a stronger domestic spending, the revenue from jewellery segment increased by 7.6% to HK$356.9 million (1H2016: HK$331.8 million). 73.1% (1H2016: 75.1%) of the Group's revenue was contributed by the Hong Kong market. Revenue from Singapore market soared 29.4% to HK$173.8 million (1H2016: HK$134.3 million) and accounted for 9.5% (1H2016: 8.0%) of the Group's revenue.

Driven by the increase in sales, gross profit increased by 16.8% to HK$487.3 million (1H2016: HK$417.1 million). The gross profit margin was lifted by 1.8 percentage points to 26.7% (1H2016: 24.9%), which was mainly attributable to an enhanced sales mix from higher-margin watch collections.

Due to a gradual improvement of sales momentum, enhanced gross profit margin and rental savings, the Group recorded a net profit of HK$39.1 million (1H2016: net loss of HK$68.6 million), achieving a turnaround during the Period. Basic earnings per share was HK0.57 cent (1H2016: basic loss per share: HK1.00 cent). The Group has resolved to declare an interim dividend of HK0.17 cent (1H2016: Nil) per share.

Capital Structure, Liquidity and Financial Resources

During the Period, there was no change in the capital structure of the Group. Bank balances and cash on hand of the Group as at 30 June 2017 amounted to HK$1,425.6 million (31 December 2016: HK$1,324.4 million), which were mainly denominated in Hong Kong dollars ("HKD") and Renminbi ("RMB"). As at 30 June 2017, the Group had no bank borrowings (31 December 2016: Nil) and its gearing ratio (calculated on the basis of the total borrowings over total equity) was nil (31 December 2016: Nil). The Group also had available unutilised banking facilities of approximately HK$845.4 million. The strong liquidity with debt-free position and considerable unutilised banking facilities enables the Group to retain high flexibility for future development.

As at 30 June 2017, the Group's current assets and current liabilities were approximately HK$4,270.1 million (31 December 2016: HK$4,176.8 million) and HK$224.7 million (31 December 2016: HK$233.9 million), respectively. Current ratio and quick ratio of the Group were 19.0 (31 December 2016: 17.9) and 6.9 (31 December 2016: 6.5), respectively.

In view of the Group's financial position as at 30 June 2017, the Board considered that the Group had sufficient working capital for its operations and future development plans.

BUSINESS REVIEW

Presence in Prime Retail Locations

As at 30 June 2017, the Group had 92 stores (31 December 2016: 97) in Hong Kong, Macau, mainland China and Singapore. The distribution is as follows:

	Number of stores
Hong Kong	21
Macau	7
Mainland China	58
Singapore	6
Total	**92**

These stores include standalone jewellery stores, specialty outlets for specific watch brands and multi-brand watch stores (with or without jewellery counters) to create a one-stop shopping experience.

The Group's retail stores in Hong Kong are strategically located in major prime shopping areas, including Russell Street in Causeway Bay, Canton Road in Tsim Sha Tsui and Queen's Road Central in Central. Having a solid presence in these prime locations is of paramount importance for a leading retailer of watches, as the Group enjoys more visitations and brand enhancement. In the past couple of years, the Group continued to enjoy rental cuts, which could gradually ease the overall rental pressure.

Solidifying Leading Position in the Hong Kong Watch Market

The Group continued to enjoy solid long-term relationships with major Swiss watch brand suppliers, and continued holding comprehensive brand mix of watches with full collections in Greater China. Coupled with its excellent customer service and the strongest presence in prime locations in Hong Kong, the Group continued to foster its leading position in Hong Kong.

Enhancing Jewellery Business

The Group continued to offer premium quality "***Emperor Jewellery***" products to customers. With the key focus on quality gem settings and fine jadeites among the comprehensive product range and commitment to high service standards, the Group enriched the design features to satisfy diverse customer tastes, and enhanced the charisma of signature "***Emperor Jewellery***" collections to raise brand loyalty. During the Period, the Group rolled out the "Heartbeat #LoveSecret" collection and "Precious Love" collection around Valentine's Day and Mother's Day, respectively. The themes were unlocking the secrets of romance and adoring lovers, and caring for dearest mothers, respectively.

During the Period, the Group continued to optimise its retail chain of "***Emperor Jewellery***" stores in mainland China, to seize the opportunities arising from the rapid growth of the jewellery market.

Leveraging Group Synergies

The Group enjoys unique advantages by leveraging synergies with other companies within Emperor Group. For example, Emperor International Holdings Limited – another listed company under Emperor Group – owns many premium retail properties in renowned shopping areas. By leasing prime retail locations from it on an "arm's length basis", the Group can enjoy guarantee foot traffic. Another synergy arises through Emperor Entertainment Group and Emperor Motion Pictures, two private arms under Emperor Group. The Group invites VIP guests to its movie premieres and sponsors jewellery for the artistes. Such exposure opportunities, with pop artistes and high profile celebrities, serve as an important tool for enhancing the reputation of the "***Emperor***" brand, particularly in Chinese-speaking communities.

PROSPECTS

There are indications that the general retail market in Greater China is on an upturn, which began early this year. The consumption sentiment of Chinese customers, who remain the Group's major customer group, has been lifted by a positive wealth effect caused by rising property prices and stronger corporate profits in the region. Consumer confidence is picking up due to a greater sense of optimism regarding China's economy, as well as the growing middle class, rising incomes and rapid urbanisation in China. As a leading watch and jewellery retailer, the Group is poised to capitalise on opportunities arising from the recovery.

Meanwhile, the Group will continue optimising business operations in Greater China, in order to further solidify its leading position in the region. The Group continues to eye further expansion opportunities beyond Greater China and tap the growth potential arising from mainland China's robust outbound tourism.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in HKD, Macau Pataca, RMB, United States dollars and Singapore dollars. During the Period, the Group did not have any material foreign exchange exposure.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group has 730 salespersons (30 June 2016: 802) and 194 office staff (30 June 2016: 189). Total staff costs (including Directors' remuneration) for the Period were approximately HK$119.8 million (1H2016: HK$115.0 million). Employees' remuneration was determined in accordance with individual's responsibility, competence & skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, provident funds and other competitive fringe benefits.

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.17 cent per share ("Interim Dividend") for the financial year ending 31 December 2017 (2016: Nil) amounting to approximately HK$11.7 million (2016: Nil). The Interim Dividend will be payable on 21 September 2017 (Thursday) to shareholders whose names will appear on the register of members of the Company on 15 September 2017 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 14 September 2017 (Thursday) to 15 September 2017 (Friday), 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 13 September 2017 (Wednesday).

REVIEW OF INTERIM RESULTS

These condensed consolidated interim financial statements of the Group for the Period have not been reviewed nor audited by the Company's auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises the three Independent non-executive Directors of the Company ("INEDs").

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied throughout the Period with all code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules, except with the deviation from code provision A.2.1 which requires that the roles of chairman and chief executive officer should be separate and not be performed by the same individual. Ms. Cindy Yeung, being the Chief Executive Officer of the Group, has also been appointed as the Chairperson of the Board who provides the Board with strong and consistent leadership, and at the same time drives the strategic growth of the businesses of the Group. She will ensure that all the Board members keep abreast of the conduct, business activities and that development of the Group and that adequate, complete and reliable information is provided to Directors on issues arising at Board meetings. In addition, the three INEDs provide independent and impartial opinion on issues to be considered by the Board. The Board considers that the current Board structure functions effectively and does not intend to make any change thereof.

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model 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.

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.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.emperorwatchjewellery.com). The interim report will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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

Hong Kong, 22 August 2017

As at the date hereof, the Board comprises:

Executive Directors:	Ms. Cindy Yeung Mr. Chan Hung Ming 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