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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 887)

**2023 ANNUAL RESULTS ANNOUNCEMENT**

The board of directors (“Board” or “Directors”) of Emperor Watch & Jewellery Limited (“Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as “Group”) for the year ended 31 December 2023 (“Year”).

<b>FINANCIAL HIGHLIGHTS</b> <i>HK\$ million</i>	<b>For the year ended 31 December</b>		<b>Changes</b>
	<b>2022</b>	<b>2023</b>	
Revenue	3,684	<b>4,823</b>	<b>+ 30.9%</b>
Gross profit	1,177	<b>1,450</b>	<b>+ 23.2%</b>
Adjusted EBITD *	376	<b>470</b>	<b>+ 25.0%</b>
Net profit	222	<b>299</b>	<b>+ 34.7%</b>
Basic earnings per share	HK3.28 cents	<b>HK4.41 cents</b>	<b>+ 34.5%</b>
Full year dividend per share	HK1.00 cent	<b>HK1.32 cents</b>	<b>+ 32.0%</b>

\* *Adjusted EBITD represents earnings before interest, tax and depreciation charge on the self-owned flagship store, which reflects the Group’s core operating performance. The Group has fully adopted the HKFRS16, which amortisation of right-of-use assets associated with rental lease agreements were included.*

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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. 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

The 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.

## 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:

	Number of stores
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 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 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.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2023, the Group had 777 salespersons (2022: 638) and 231 office staff (2022: 201). Total staff costs (including Directors' remuneration) were HK\$340.0 million (2022: HK\$262.9 million) for the Year. Each employee's remuneration was determined in accordance with individual's responsibilities, competence and 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 adopted a share option scheme, particulars of which will be set out in the section headed "Share Options" of the annual report of the Company.

### **FINAL DIVIDEND**

The Board is pleased to recommend the payment of a final dividend of HK0.56 cent per share for the Year ("Final Dividend") (2022: HK0.62 cent), subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 21 May 2024 (Tuesday) ("AGM"). If being approved, the Final Dividend will be paid on 20 June 2024 (Thursday) to shareholders whose names appear on the register of members of the Company on 29 May 2024 (Wednesday).

## **CLOSURE OF REGISTER OF MEMBERS**

### **For ascertaining shareholders' right to attend and vote at AGM**

Latest time to lodge transfers	4:30 p.m. on 14 May 2024 (Tuesday)
AGM	21 May 2024 (Tuesday)

### **For ascertaining shareholders' entitlement to the proposed Final Dividend**

Latest time to lodge transfers	4:30 p.m. on 27 May 2024 (Monday)
Book close dates	28 May 2024 (Tuesday) and 29 May 2024 (Wednesday) (both days inclusive)
Record date	29 May 2024 (Wednesday)
Final Dividend payment date	20 June 2024 (Thursday)

In order to qualify for the right to attend and vote at the AGM and for the entitlement to the proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before the above respective latest time.

The audited consolidated results of the Group for the Year together with the comparative figures for the year 2022 are set out below.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	3	4,823,223	3,684,261
Cost of sales		<u>(3,372,942)</u>	<u>(2,506,999)</u>
Gross profit		1,450,281	1,177,262
Other income		14,802	9,828
Selling and distribution expenses		(932,960)	(765,201)
Administrative expenses		(137,802)	(116,481)
Other gains or losses		(16,361)	(21,268)
Finance costs		<u>(10,228)</u>	<u>(6,896)</u>
Profit before tax	4	367,732	277,244
Taxation	5	<u>(68,513)</u>	<u>(55,119)</u>
Profit for the year		<u>299,219</u>	<u>222,125</u>
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(4,033)</u>	<u>(48,366)</u>
Total comprehensive income for the year and attributable to owners of the Company		<u>295,186</u>	<u>173,759</u>
Earnings per share – basic	7	<u>HK4.41 cents</u>	<u>HK3.28 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		1,478,611	1,516,410
Right-of-use assets		276,269	274,495
Rental deposits	8	91,636	78,758
Deposits paid for acquisition of property, plant and equipment	8	2,700	6,264
		<u>1,849,216</u>	<u>1,875,927</u>
<b>Current assets</b>			
Inventories		3,060,276	2,703,418
Right to returned goods asset		1,086	1,286
Receivables, deposits and prepayments	8	177,341	136,024
Amounts due from related companies		797	782
Time deposits with original maturity over three months		160,898	198,200
Cash and cash equivalents		458,750	466,192
		<u>3,859,148</u>	<u>3,505,902</u>
<b>Current liabilities</b>			
Payables and accrued charges	9	269,059	159,505
Lease liabilities		177,501	200,838
Contract liabilities		12,996	13,380
Refund liabilities		1,712	2,053
Amounts due to related companies		4,513	6,954
Taxation payable		65,313	50,742
		<u>531,094</u>	<u>433,472</u>
<b>Net current assets</b>		<u>3,328,054</u>	<u>3,072,430</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,456	4,036
Lease liabilities		127,126	99,262
		<u>130,582</u>	<u>103,298</u>
<b>Net assets</b>		<u>5,046,688</u>	<u>4,845,059</u>
<b>Capital and reserves</b>			
Share capital		3,484,152	3,484,152
Reserves		1,562,536	1,360,907
<b>Total equity</b>		<u>5,046,688</u>	<u>4,845,059</u>



Notes:

## 1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these consolidated financial statements.

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of annual results 2023 do not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the CO is as follows:

- (a) The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to the CO and will deliver the financial statements for the year ended 31 December 2023 in due course.
- (b) The Company’s auditor has reported on the financial statements of the Group for both years. 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 reports and did not contain a statement under sections 406(2), 407(2) or (3) of the CO.

## 2. APPLICATION OF AMENDMENTS TO HKFRSs

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and other amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out the consolidated financial statements.

### **Impacts on application of Amendments to HKAS 8 *Definition of Accounting Estimates***

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

### **Impacts on application of Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions and provisions for restoration that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with lease liabilities and right-of-use-assets and restoration and the corresponding amounts recognised as part of the cost of the related asset.

The application of the amendments has had no material impact on the Group’s financial position and performance, except that the Group has disclosed the related deferred tax assets of HK\$16,681,000 and deferred tax liabilities of HK\$16,681,000 on a gross basis as at 1 January 2022 in the note to the consolidated financial statements but it has no impact on the retained earnings at the earliest period presented.

### **Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note to the consolidated financial statements.

### **Amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025

The directors anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **3. REVENUE AND SEGMENT INFORMATION**

Revenue represents sales of products to retail customers and commission income from services provided.

For sales of products to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail shop. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For commission income, revenue is recognised when it expects to be entitled in exchange for arranging for the specified goods provided by the other party to the customers at the retail shop (i.e. the Group is an agent).

All revenue are recognised at a point in time.

The Group operates a customer loyalty programme for sales through the retail shops, where retail customers awarded points for purchases made which entitle them to redeem award points as sales discounts in the future. The transaction price is allocated to the product and the award points on a relative stand-alone selling price basis. The customer loyalty award points expire every year and customers can redeem the award points any time before the specified expiration date. Revenue from the award points is recognised when the award points are redeemed or expired. Contract liabilities are recognised until the award points are redeemed or expired.

Revenue is recognised for sales which are considered highly probable and where a significant reversal of the cumulative revenue recognised will not occur. A refund liability is recognised for sales in which revenue has not yet been recognised.

Information reported to the chief operating decision maker (“CODM”), the Executive Director 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, The People’s Republic of China excluding Hong Kong and Macau (“PRC”) and other regions in Asia Pacific (representing Singapore and Malaysia). 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 reportable segments of the Group.

All the sales of products and commission income are completed within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The following is an analysis of the Group’s revenue and results by reportable and operating segment:

**For the year ended 31 December 2023**

	<b>Hong Kong</b>	<b>Macau</b>	<b>PRC</b>	<b>Other regions in Asia Pacific</b>	<b>Elimination</b>	<b>Consolidated</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue						
External sales	2,495,985	295,075	1,372,918	644,358	–	4,808,336
Inter-segment sales*	128,968	22,097	–	–	(151,065)	–
Commission income	14,026	861	–	–	–	14,887
	<u>2,638,979</u>	<u>318,033</u>	<u>1,372,918</u>	<u>644,358</u>	<u>(151,065)</u>	4,823,223
* Inter-segment sales are charged at cost						
Segment profit	<u>232,908</u>	<u>48,680</u>	<u>210,017</u>	<u>117,797</u>	<u>–</u>	609,402
Other income						14,802
Corporate expenses						(229,883)
Other gains or losses						(16,361)
Finance costs						<u>(10,228)</u>
Profit before tax						<u>367,732</u>

For the year ended 31 December 2022

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Other regions in Asia Pacific <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue						
External sales	1,644,971	216,137	1,186,332	628,146	–	3,675,586
Inter-segment sales*	39,513	36,175	–	–	(75,688)	–
Commission income	7,542	1,133	–	–	–	8,675
	<u>1,692,026</u>	<u>253,445</u>	<u>1,186,332</u>	<u>628,146</u>	<u>(75,688)</u>	<u>3,684,261</u>

\* Inter-segment sales are charged at cost

Segment profit	<u>166,964</u>	<u>33,988</u>	<u>181,202</u>	<u>121,988</u>	<u>–</u>	504,142
Other income						9,828
Corporate expenses						(208,562)
Other gains or losses						(21,268)
Finance costs						<u>(6,896)</u>
Profit before tax						<u>277,244</u>

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies stated in the consolidated financial statements. Segment profit represents the profit earned from each segment without allocation of other income, corporate expenses including depreciation charged on the self-owned flagship shop, other gains or losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

#### Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are regularly reviewed by the CODM. Accordingly, no segment assets and liabilities are presented.

## Other segment information

Amounts included in the measure of segment result:

### For the year ended 31 December 2023

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Other regions in Asia Pacific <i>HK\$'000</i>	Unallocated <i>HK\$'000</i> <i>(note c)</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	33,560	1,776	6,804	3,385	95,159	140,684
Depreciation of right-of-use assets <i>(note a)</i>	195,202	7,548	32,356	8,612	11,622	255,340
Expense relating to rented premises <i>(note b)</i>	8,417	63	104,501	15,394	821	129,196

### For the year ended 31 December 2022

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Other regions in Asia Pacific <i>HK\$'000</i>	Unallocated <i>HK\$'000</i> <i>(note c)</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	16,604	2,609	7,212	2,938	97,742	127,105
Depreciation of right-of-use assets <i>(note a)</i>	173,405	9,143	26,870	7,258	10,055	226,731
Expense relating to rented premises <i>(note b)</i>	2,101	18	90,980	15,376	671	109,146

#### Notes:

- (a) The management aligned with the industry norm and include the depreciation of right-of-use assets in the measure of segment result but not include the interest on lease liabilities.
- (b) Expenses relating to rented premises include expenses relating to variable lease payments and rental expenses for contracts which the landlords have the substantive right to substitute the rented premises.
- (c) Unallocated represents amount used for office and depreciation charged on the self-owned flagship shop.

## Revenue by major products

The following is an analysis of the Group's revenue from its major products and services:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Sales of watch	3,465,488	3,008,968
Sales of jewellery	1,342,848	666,618
Commission income – Watch	14,887	8,675
	<u>4,823,223</u>	<u>3,684,261</u>

## Geographical information

Information about the Group's non-current assets, excluding rental deposits, presented based on the geographical location of the assets are detailed below:

### As at 31 December 2023

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Other regions in Asia Pacific <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Non-current assets	<u>1,643,522</u>	<u>8,797</u>	<u>79,603</u>	<u>25,658</u>	<u>1,757,580</u>

### As at 31 December 2022

	Hong Kong <i>HK\$'000</i>	Macau <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Other regions in Asia Pacific <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Non-current assets	<u>1,686,712</u>	<u>8,430</u>	<u>77,117</u>	<u>24,910</u>	<u>1,797,169</u>

No revenue from a single customer contributed 10% or more of the Group's total revenue for both years.

#### 4. PROFIT BEFORE TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration		
– Current year	3,695	3,763
– Overprovision in prior years	(240)	(62)
Cost of inventories included in cost of sales (included reversal of write-down for inventories of HK\$1,092,000 (2022: reversal of write-down for inventories of HK\$1,839,000))	3,361,066	2,499,637
Depreciation of property, plant and equipment		
– retail shops	137,606	121,444
– offices	3,078	5,661
	<u>140,684</u>	<u>127,105</u>
Depreciation of right-of-use assets		
– retail shops	243,718	216,676
– offices	11,622	10,055
	<u>255,340</u>	<u>226,731</u>
Staff costs, including Directors' remuneration		
– salaries and other benefits costs ( <i>Note</i> )	313,020	237,459
– retirement benefits scheme contributions	26,976	25,451
	<u>339,996</u>	<u>262,910</u>
Included in other gains or losses:		
Impairment loss recognised in respect of property, plant and equipment	–	129
Impairment loss recognised in respect of right-of-use assets	–	500
Loss on disposals/write-off of property, plant and equipment	2,588	2,074
Gain arising from termination/modification of leases	(931)	(162)
Net exchange losses	14,704	18,727
	<u>16,361</u>	<u>21,268</u>

*Note:* During the year ended 31 December 2022, the Group recognised government grants amounted to HK\$9,217,000 in respect of COVID-19-related subsidies, of which HK\$7,383,000 relates to Employment Support Scheme provided by the Hong Kong government and HK\$1,286,000 related to Jobs Support Scheme provided by the Singapore government. These amounts have been offset against staff cost for the year.



## 5. TAXATION

The tax charge for the year comprises:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current year:		
Hong Kong	25,800	6,200
Macau	7,828	3,797
PRC	23,210	24,987
Singapore	20,676	20,108
	<u>77,514</u>	<u>55,092</u>
Overprovision in prior years:		
Hong Kong	(665)	(3,556)
Macau	(3,066)	(2,575)
PRC	(4,600)	–
	<u>(8,331)</u>	<u>(6,131)</u>
Deferred taxation	<u>(670)</u>	<u>6,158</u>
	<u>68,513</u>	<u>55,119</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

Under the Law of 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 years.

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

Malaysia Income Tax is calculated at 24% of the estimated assessable profits for both years. No provision for Malaysia Income Tax has been made as the Company’s subsidiary did not have any assessable profit arising from Malaysia for both years.

## 6. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2022 Final: HK0.62 cent (2022: 2021 final dividend: HK0.35 cent) per share	42,033	23,728
2023 Interim: HK0.76 cent (2022: interim dividend: HK0.38 cent) per share	<u>51,524</u>	<u>25,762</u>
	<u>93,557</u>	<u>49,490</u>

The Board proposed the payment of a final dividend of HK0.56 cent (2022: HK0.62 cent) per share for the year ended 31 December 2023 which is subject to approval by the shareholders of the Company at the AGM.

## 7. EARNINGS PER SHARE – BASIC

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>299,219</u>	<u>222,125</u>
	2023	2022
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic earnings per share	<u>6,779,458,129</u>	<u>6,779,458,129</u>

No diluted earnings per share in both years was presented as there were no potential dilutive ordinary shares in issue during both years.

## 8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables from contracts with customers	73,963	52,393
Less: Allowance for credit losses	<u>(526)</u>	<u>(538)</u>
	73,437	51,855
Other receivables, deposits and prepayments	93,319	80,452
Rental deposits	91,636	78,758
PRC Value-Added Tax (“VAT”) recoverable	<u>13,285</u>	<u>9,981</u>
	<u>271,677</u>	<u>221,046</u>
Analysed as:		
Current	177,341	136,024
Non-current – rental deposits	91,636	78,758
Non-current – deposits paid for acquisition of property, plant and equipment	<u>2,700</u>	<u>6,264</u>
	<u>271,677</u>	<u>221,046</u>

As at 1 January 2022, trade receivable from contracts with customers amounted to HK\$54,589,000.

Retail sales are normally settled in cash or by credit cards with the settlement from the corresponding banks or other financial institutions within seven days. The credit term of receivables from retail sales in department stores are normally ranged between 15 to 45 days.

Included in other receivables, deposits and prepayments as at 31 December 2023 were advance payments to suppliers of HK\$30,413,000 (2022: HK\$7,442,000) and rebate receivables of HK\$27,265,000 (2022: HK\$30,493,000). The remaining items are individually insignificant.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	73,036	50,995
31-60 days	332	519
61-90 days	13	189
Over 90 days	<u>582</u>	<u>690</u>
	<u>73,963</u>	<u>52,393</u>

Included in the trade receivables balance were receivables from department stores with aggregate carrying amount of HK\$574,000 (2022: HK\$511,000) which are past due at the reporting date for which the Group has not provided for impairment loss.

## 9. PAYABLES AND ACCRUED CHARGES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	122,063	51,362
Other payables and accrued charges	145,008	107,115
Singapore Goods and Services Tax payables	790	1,018
PRC VAT payables	1,198	10
	<u>269,059</u>	<u>159,505</u>

Included in other payables and accrued charges as at 31 December 2023 were accrued bonus and incentive of HK\$23,601,000 (2022: HK\$17,511,000), accrued commission of HK\$9,497,000 (2022: HK\$8,521,000) and accrued for renovation cost of HK\$37,779,000 (2022: HK\$2,997,000).

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	113,080	44,215
31-60 days	3,293	2,393
61-90 days	3,439	4,452
Over 90 days	2,251	302
	<u>122,063</u>	<u>51,362</u>

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

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the Year as approved by the Board on 19 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR**

The Audit Committee of the Company had reviewed the Group's audited consolidated financial statements for the Year in conjunction with the Group's auditors, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 December 2023 and annual results for the Year.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

The Company complied with all the code provisions as set out in the Corporate Governance Code under Appendix C1 to the Listing Rules throughout the Year.

### **Model Code for Securities Transactions**

The Company has adopted its own code of conduct regarding securities transactions by Directors ("EWJ Securities Code") on no less exacting terms than the required standards as set out in Appendix C3 to the Listing Rules regarding the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). Having made specific enquiry to all Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the EWJ Securities Code throughout the Year.

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 Year.

## **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 Year.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.EmperorWatchJewellery.com>). The annual report of the Company will be published on the above websites and will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 19 March 2024

As at the date of this announcement, the Board comprises:

<i>Executive Directors:</i>	Ms. Cindy Yeung Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa
<i>Independent Non-executive Directors:</i>	Ms. Chan Sim Ling, Irene Mr. Liu Hing Hung Mr. Law, Michael Ka Ming*

\* *his appointment takes effect from the conclusion of board meeting approving the above annual results*