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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)

2024 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 2024 (“**Year**”).

FINANCIAL SUMMARY

	For the year ended 31 December		Changes
	2023	2024	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Total revenue	4,823	5,230	+8.4%
Gross profit	1,450	1,481	+2.1%
Adjusted EBITD*	470	433	-7.9%
Net profit	299	257	-14.0%
Basic earnings per share	HK4.41 cents	HK3.79 cents	-14.0%

* *Adjusted EBITD represents earnings before interest, tax and depreciation charge on the self-owned flagship store, which reflects the Group’s core operating performance.*

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Despite the market uncertainties and weak consumption sentiment, the Group's total revenue increased by 8.4% to HK\$5,230.3 million (2023: HK\$4,823.2 million) during the Year. Revenue from Hong Kong was up by 16.5% to HK\$2,923.2 million (2023: HK\$2,510.0 million), accounting for 55.9% (2023: 52.0%) of the total revenue, and the revenue from Mainland China was HK\$1,350.8 million (2023: HK\$1,372.9 million), accounting for 25.8% (2023: 28.5%) of the total revenue. In terms of revenue by product segment, the revenue from the watch segment was HK\$3,337.3 million (2023: HK\$3,480.4 million), accounting for 63.8% (2023: 72.2%) of the total revenue, and the revenue from the jewellery segment increased significantly by 41.0% to HK\$1,893.0 million (2023: HK\$1,342.8 million), accounting for 36.2% (2023: 27.8%) of the total revenue, mainly attributable to the increase in revenue from gold products.

During the Year, the Group's gross profit was HK\$1,480.9 million (2023: HK\$1,450.3 million) and the net profit was HK\$256.7 million (2023: HK\$299.2 million). Basic earnings per share was HK3.79 cents (2023: HK4.41 cents). The Group has recommended the payment of a final dividend of HK0.45 cent (2023: HK0.56 cent) per share. Together with the interim dividend of HK0.65 cent (2023: HK0.76 cent) per share, the total dividends for the full year are HK1.10 cents (2023: HK1.32 cents) per share.

MARKET REVIEW

During the Year, market uncertainties arising from factors such as geopolitical tensions, global monetary policy and the pace of United States interest rate cuts continued posing challenges to the general business environment. Chinese consumer confidence remained soft due to the volatile stock market and weakened property market. Hong Kong's retail market was impacted by the changes in the consumption patterns of inbound visitors as well as domestic consumers. Given the strong Hong Kong dollar, more domestic consumers tended to travel and purchase luxury items outside Hong Kong.

BUSINESS REVIEW

The 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 ("**Stock Exchange**") 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 2024, the Group had a total of 82 stores in Hong Kong, Macau, Mainland China, Singapore and Malaysia. The distribution was as follows:

	Number of stores
Hong Kong	31
Macau	8
Mainland China	34
Singapore	8
Malaysia	1
Total	82

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, approximately 75% 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.

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 leverages its strong customer database to organise unique co-marketing 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.

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.

The exquisite and fashionable collections such as the “*Antique Gold*” and “*Dashing Aura*” collections, represent a harmonious fusion of modern elegance and craftsmanship, and capture the strong demand for fine gold products in the youth market. “*Flare*” collection, a sparkling collection that features diamonds set in innovative illusion settings, crafted to create large and eye-catching appearance, offers maximum sparkle in this affordable luxury piece. “*ColourfulMe*” collection, one of its signature collections, unveils the true colours and exquisite array of jewellery adorned with colour stones.

To cater the lifestyles and independency of the Group’s targeted segment of the “millennials” and “Gen Z” consumers, the strategies and positioning in the jewellery wedding market have evolved to address the shifting trends and expectations. Building upon the foundation of traditional wedding celebrations, the Group will expand the diversity and personalisation of its products, and increase the brand exposure through wedding activations.

The Group has been elevating its brand positioning to increase its brand desirability and build revenue resilience. By focusing on enhancing brand identity and equity, the Group aims to prioritise the expansion of its market share in the wedding market and enhancing the customer relationship building.

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 HKTVmall, 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

Looking ahead, considering the pick-up in foot traffic after the resumption of the multiple-entry Individual Visit Scheme for Shenzhen permanent residents and the increase of disposal income after several United States interest rate cuts in the past six months – as well as the economic stimulus measures introduced by the Central Government and the tourism blueprint launched by the local government, the Group is confident that the general retail market will regain its growth momentum. Affected by the volatile property and stock markets, the Group expects that gold jewellery, being an alternative investment, will continue to be well received by Chinese consumers.

In response to the dynamic market situation, the Group will promptly react to market changes and proactively optimise product offerings. The Group will continue enhancing its competitive edge and further expand its market presence, and strive to seize the opportunities arising through the revival of market momentum.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

Bank balances and cash on hand of the Group as at 31 December 2024 increased to HK\$949.8 million (2023: HK\$619.6 million), which were mainly denominated in Hong Kong dollar and RMB. As at 31 December 2024, the Group did not have any bank borrowings (2023: 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 (2023: zero). The Group also had available unutilised banking facilities of approximately HK\$1,043.3 million.

As at 31 December 2024, the Group's current assets and current liabilities were approximately HK\$4,071.8 million (2023: HK\$3,859.1 million) and HK\$531.2 million (2023: HK\$531.1 million), respectively. Current ratio and quick ratio of the Group were 7.7 (2023: 7.3) and 2.0 (2023: 1.5), respectively.

In view of the Group's financial position as at 31 December 2024, the Directors considered that the Group had sufficient working capital for its operations and future development plans.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Placing of Shares

Subsequent to the Year, the Group successfully placed 477,250,000 shares of the Company ("Placing Share(s)") to institutional 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. The net proceeds of approximately HK\$79.3 million from the placing will be used 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

Subsequent to 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) 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 an estimated consideration of approximately HK\$79.8 million ("Acquisition"). Details of the Acquisition were set out in the announcement of the Company dated 28 February 2025. As at the date of this announcement, the Acquisition has not been completed and is subject to the approval of the Company's independent shareholders at an extraordinary general meeting to be held in April 2025 tentatively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 666 (2023: 777) salespersons and 210 (2023: 231) office staff. Total staff costs (including Directors' remuneration) were HK\$370.3 million (2023: HK\$340.0 million) for the Year. Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits 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 HK0.45 cent (2023: HK0.56 cent) per share (“**Final Dividend**”) for the Year, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (“**AGM**”) to be held on 16 May 2025 (Friday). If being approved, the Final Dividend will be paid on 13 June 2025 (Friday) to shareholders whose names appear on the register of members of the Company on 27 May 2025 (Tuesday).

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 12 May 2025 (Monday)
AGM	16 May 2025 (Friday)

For ascertaining shareholders’ entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 23 May 2025 (Friday)
Book close dates	26 May 2025 (Monday) to 27 May 2025 (Tuesday) (both days inclusive)
Record date	27 May 2025 (Tuesday)
Final Dividend payment date	13 June 2025 (Friday)

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 Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration before the above respective latest time.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	3	5,230,331	4,823,223
Cost of sales		<u>(3,749,388)</u>	<u>(3,372,942)</u>
Gross profit		1,480,943	1,450,281
Other income		25,657	14,802
Selling and distribution expenses		(992,131)	(932,960)
Administrative expenses		(148,161)	(137,802)
Other gains or losses		(25,151)	(16,361)
Finance costs		<u>(24,119)</u>	<u>(10,228)</u>
Profit before tax	4	317,038	367,732
Taxation	5	<u>(60,301)</u>	<u>(68,513)</u>
Profit for the year		<u>256,737</u>	<u>299,219</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>(7,304)</u>	<u>(4,033)</u>
Total comprehensive income for the year and attributable to owners of the Company		<u>249,433</u>	<u>295,186</u>
Earnings per share – basic	7	<u>HK3.79 cents</u>	<u>HK4.41 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		1,383,443	1,478,611
Right-of-use assets		374,882	276,269
Rental deposits	8	97,382	91,636
Deposits paid for acquisition of property, plant and equipment	8	9,736	2,700
Deferred tax assets		5,094	–
		<u>1,870,537</u>	<u>1,849,216</u>
Current assets			
Inventories		3,003,428	3,060,276
Right to returned goods asset		1,289	1,086
Receivables, deposits and prepayments	8	116,704	177,341
Amounts due from related companies		578	797
Time deposits with original maturity over three months		33,459	160,898
Cash and cash equivalents		916,360	458,750
		<u>4,071,818</u>	<u>3,859,148</u>
Current liabilities			
Payables and accrued charges	9	202,375	269,059
Lease liabilities		216,477	177,501
Contract liabilities		30,193	12,996
Refund liabilities		2,267	1,712
Amounts due to related companies		15,186	4,513
Taxation payable		64,690	65,313
		<u>531,188</u>	<u>531,094</u>
Net current assets		<u>3,540,630</u>	<u>3,328,054</u>
Non-current liabilities			
Deferred tax liabilities		1,221	3,456
Lease liabilities		195,856	127,126
		<u>197,077</u>	<u>130,582</u>
Net assets		<u>5,214,090</u>	<u>5,046,688</u>
Capital and reserves			
Share capital		3,484,152	3,484,152
Reserves		1,729,938	1,562,536
Total equity		<u>5,214,090</u>	<u>5,046,688</u>

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards 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 2024 and 2023 included in this preliminary announcement of 2024 annual results does 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 2023 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 2024 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 HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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 in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standard mentioned below, the Directors anticipate that the application of all new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements (“HKFRS 18”)

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and HKFRS 7 *Financial Instruments: Disclosures*. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

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 2024

	Hong Kong	Macau	PRC	Other regions in Asia Pacific	Elimination	Consolidated
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Revenue						
External sales	2,905,643	317,639	1,350,806	638,054	–	5,212,142
Inter-segment sales*	245,383	23,423	–	–	(268,806)	–
Commission income	17,539	650	–	–	–	18,189
	<u>3,168,565</u>	<u>341,712</u>	<u>1,350,806</u>	<u>638,054</u>	<u>(268,806)</u>	<u>5,230,331</u>
Segment profit	<u>316,467</u>	<u>39,648</u>	<u>113,767</u>	<u>111,264</u>	<u>–</u>	<u>581,146</u>
Other income						25,657
Corporate expenses						(240,495)
Other gains or losses						(25,151)
Finance costs						<u>(24,119)</u>
Profit before tax						<u>317,038</u>

* Inter-segment sales are charged at cost

For the year ended 31 December 2023

	Hong Kong	Macau	PRC	Other regions in Asia Pacific	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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>	<u>4,823,223</u>

* 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>

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 2024

	Hong Kong HK\$'000	Macau HK\$'000	PRC HK\$'000	Other regions in Asia Pacific HK\$'000	Unallocated HK\$'000 (note c)	Consolidated HK\$'000
Depreciation of property, plant and equipment	28,091	4,537	9,248	4,457	94,808	141,141
Depreciation of right-of-use assets (note a)	203,379	15,459	35,670	10,811	12,387	277,706
Expense relating to rented premises (note b)	1,295	2,297	103,147	14,615	1,356	122,710
Write-down for inventories	29,183	6,494	86,994	–	–	122,671
Cost of sales (excluded write-down for inventories)	<u>2,064,624</u>	<u>212,857</u>	<u>901,738</u>	<u>447,498</u>	<u>–</u>	<u>3,626,717</u>

For the year ended 31 December 2023

	Hong Kong HK\$'000	Macau HK\$'000	PRC HK\$'000	Other regions in Asia Pacific HK\$'000	Unallocated HK\$'000 (note c)	Consolidated HK\$'000
Depreciation of property, plant and equipment	33,560	1,776	6,804	3,385	95,159	140,684
Depreciation of right-of-use assets (note a)	195,202	7,548	32,356	8,612	11,622	255,340
Expense relating to rented premises (note b)	8,417	63	104,501	15,394	821	129,196
Reversal of write-down for inventories	–	–	(1,092)	–	–	(1,092)
Cost of sales (excluded reversal of write-down for inventories)	<u>1,800,665</u>	<u>208,640</u>	<u>912,837</u>	<u>451,892</u>	<u>–</u>	<u>3,374,034</u>

Notes:

- 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.
- 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.
- 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of watch	3,319,145	3,465,488
Sales of jewellery	1,892,997	1,342,848
Commission income – Watch	<u>18,189</u>	<u>14,887</u>
	<u><u>5,230,331</u></u>	<u><u>4,823,223</u></u>

Geographical information

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

As at 31 December 2024

	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>1,599,115</u>	<u>50,986</u>	<u>106,061</u>	<u>11,899</u>	<u>1,768,061</u>

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>

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

4. PROFIT BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration		
– Current year	3,699	3,695
– Overprovision in prior years	(17)	(240)
Cost of inventories included in cost of sales (included write-down for inventories of HK\$122,671,000 (2023: reversal of write-down for inventories of HK\$1,092,000))	3,740,129	3,361,066
Depreciation of property, plant and equipment		
– retail shops	138,667	137,606
– offices	2,474	3,078
	<u>141,141</u>	<u>140,684</u>
Depreciation of right-of-use assets		
– retail shops	265,319	243,718
– offices	12,387	11,622
	<u>277,706</u>	<u>255,340</u>
Staff costs, including Directors' remuneration		
– salaries and other benefits costs	342,240	313,020
– retirement benefits scheme contributions	28,041	26,976
	<u>370,281</u>	<u>339,996</u>
Included in other gains or losses:		
Impairment losses recognised in respect of property, plant and equipment	5,127	–
Impairment losses recognised in respect of right-of-use assets	9,375	–
Loss on disposals/write-off of property, plant and equipment	2,916	2,588
Gain arising from termination/modification of leases	(328)	(931)
Net exchange losses	8,061	14,704
	<u>25,151</u>	<u>16,361</u>

5. TAXATION

The tax charge for the year comprises:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current year:		
Hong Kong	38,376	25,800
Macau	6,877	7,828
PRC	6,927	23,210
Other regions in Asia Pacific	19,434	20,676
	<u>71,614</u>	<u>77,514</u>
Overprovision in prior years:		
Hong Kong	(2,228)	(665)
Macau	(1,415)	(3,066)
PRC	(369)	(4,600)
	<u>(4,012)</u>	<u>(8,331)</u>
Deferred taxation	<u>(7,301)</u>	<u>(670)</u>
	<u>60,301</u>	<u>68,513</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 the year ended 31 December 2023. For the year ended 31 December 2024, the estimated assessable profit was offset by the unused tax loss brought forward from prior years. Thus, no provision for Malaysia Income Tax has been made.

6. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2023 Final: HK0.56 cent (2023: 2022 final dividend: HK0.62 cent) per share	37,965	42,033
2024 Interim: HK0.65 cent (2023: interim dividend: HK0.76 cent) per share	<u>44,066</u>	<u>51,524</u>
	<u><u>82,031</u></u>	<u><u>93,557</u></u>

The Board proposed the payment of a final dividend of HK0.45 cent (2023: HK0.56 cent) per share for the year ended 31 December 2024 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>256,737</u>	<u>299,219</u>
	2024	2023
Number of shares		
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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from contracts with customers	46,170	73,963
Less: Allowance for credit losses	<u>(516)</u>	<u>(526)</u>
	45,654	73,437
Other receivables, deposits and prepayments	77,339	93,319
Rental deposits	97,382	91,636
PRC Value-Added Tax (“VAT”) recoverable	<u>3,447</u>	<u>13,285</u>
	<u>223,822</u>	<u>271,677</u>
Analysed as:		
Current	116,704	177,341
Non-current – rental deposits	97,382	91,636
Non-current – deposits paid for acquisition of property, plant and equipment	<u>9,736</u>	<u>2,700</u>
	<u>223,822</u>	<u>271,677</u>

As at 1 January 2023, trade receivable from contracts with customers amounted to HK\$52,393,000.

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 2024 was rebate receivables of HK\$4,356,000 (2023: HK\$27,265,000). 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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	44,540	73,036
31-60 days	1,105	332
61-90 days	–	13
Over 90 days	<u>525</u>	<u>582</u>
	<u>46,170</u>	<u>73,963</u>

Included in the trade receivables balance were receivables from department stores with aggregate carrying amount of HK\$1,466,000 (2023: HK\$574,000) which are past due at the reporting date for which the Group has not provided for impairment loss.

9. PAYABLES AND ACCRUED CHARGES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	64,582	122,063
Other payables and accrued charges	134,295	145,008
Singapore Goods and Services Tax (“GST”) payables	726	790
PRC VAT payables	2,772	1,198
	<u>202,375</u>	<u>269,059</u>

Included in other payables and accrued charges as at 31 December 2024 were accrued bonus and incentive of HK\$22,310,000 (2023: HK\$23,601,000), accrued commission of HK\$9,697,000 (2023: HK\$9,497,000) and accrued for renovation cost of HK\$20,083,000 (2023: HK\$37,779,000).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	64,131	113,080
31-60 days	69	3,293
61-90 days	230	3,439
Over 90 days	152	2,251
	<u>64,582</u>	<u>122,063</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 Company's independent 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 20 March 2025. 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 reviewed the audited consolidated financial statements of the Group for the Year in conjunction with the Company's independent auditor, 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 2024 and the annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company complied with all the code provisions of the Corporate Governance Code as set out in 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 aforesaid 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, 20 March 2025

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

Executive Directors:

Ms. Cindy Yeung
Ms. Fan Man Seung, Vanessa
Mr. Wong Chi Fai

Independent Non-executive Directors:

Ms. Chan Sim Ling, Irene
Mr. Liu Hing Hung
Mr. Law, Michael Ka Ming