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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)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

FINANCIAL HIGHLIGHTS

- Revenue grew by 4.1% to HK\$3,293.7 million (1H2012: HK\$3,163.7 million) despite unfavourable market conditions.
- As a result of proactive approach on enhancing jewellery business, segmental revenue boosted by 32.0% to HK\$749.2 million (1H2012: HK\$567.4 million), accounting for 22.7% (1H2012: 17.9%) of the total revenue.
- Due to relatively keen price competition on watch business, gross profit decreased to HK\$798.4 million (1H2012: HK\$843.8 million). Gross profit margin was 24.2% (1H2012: 26.7%).
- Net profit was HK\$156.7 million (1H2012: HK\$219.5 million).
- Achieved a strong cash position with debt-free as at 30 June 2013.
- Due to the effective inventory control, the overall inventory level decreased to HK\$3,459.6 million (31 December 2012: \$3,521.7 million) and inventory turnover days further reduced to 251 days (1H2012: 297 days).
- Strategically expanded the coverage from Greater China to Southeast Asia by initiating a presence in Singapore in 2013.

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 2013 (the “Period”) together with the comparative figures for the corresponding period 2012 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		(unaudited)	(unaudited)
			(Restated)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	3,293,731	3,163,691
Cost of sales		(2,495,324)	(2,319,859)
Gross profit		798,407	843,832
Other income		2,611	2,266
Selling and distribution expenses		(516,377)	(472,208)
Administrative expenses		(94,326)	(101,310)
Finance costs		(2)	(2,697)
Profit before taxation	4	190,313	269,883
Taxation	5	(33,655)	(50,362)
Profit for the period attributable to owners of the Company		156,658	219,521
Other comprehensive income (expense) for the period:			
Exchange differences arising from translation of foreign operations		11,198	(318)
Total comprehensive income for the period attributable to owners of the Company		167,856	219,203
Earnings per share	6		
– Basic		HK2.3 cents	HK3.3 cents
– Diluted		HK2.3 cents	HK3.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

		As at	
		30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		91,769	102,020
Deferred tax asset		8,601	7,483
Rental deposits		209,515	177,347
		<u>309,885</u>	<u>286,850</u>
Current assets			
Inventories		3,459,641	3,521,660
Receivables, deposits and prepayments	8	173,844	196,319
Taxation receivable		6,947	8,005
Bank balances and cash		618,143	454,768
		<u>4,258,575</u>	<u>4,180,752</u>
Current liabilities			
Payables, deposits received and accrued charges	9	241,952	353,878
Amounts due to related companies		2,362	4,849
Taxation payable		10,685	7,258
Bank borrowings	10	–	950
		<u>254,999</u>	<u>366,935</u>
Net current assets		<u>4,003,576</u>	<u>3,813,817</u>
Net assets		<u>4,313,461</u>	<u>4,100,667</u>
Capital and reserves			
Share capital		68,824	67,185
Reserves		4,244,637	4,033,482
Total equity		<u>4,313,461</u>	<u>4,100,667</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the 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 disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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 2012, except for the application of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which also include HKASs and Interpretations) effective from 1 January 2013, as below:

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of other new and revised HKFRSs in the current period has had no material impact on Group’s financial performance and positions for the current period and prior period and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

Notes: (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ²
HKFRS 9	Financial Instruments ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
Amendments to HKAS 36	Recoverable Amount Disclosures for Non Financial Assets ²
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ²
HK(IFRIC) – Int 21	Levies ²

¹ Effective for annual periods beginning on or after 1 January 2015

² Effective for annual periods beginning on or after 1 January 2014

The Directors anticipate that the application of the new and revised HKFRSs are unlikely to have a material impact on the results and the 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 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 and reportable segments under HKFRS 8 are operations located in Hong Kong, Macau, the People's Republic of China (the "PRC") and other region. The revenue generated by each of the operating segments is mainly derived from sales of watch and jewellery.

Notes: (Continued)

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 2013

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	PRC and other region (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Revenue					
External sales	2,735,037	217,055	341,639	–	3,293,731
Inter-segment sales*	42,524	16,838	–	(59,362)	–
	<u>2,777,561</u>	<u>233,893</u>	<u>341,639</u>	<u>(59,362)</u>	<u>3,293,731</u>
Segment profit	<u>250,311</u>	<u>31,407</u>	<u>312</u>		282,030
Unallocated administrative expenses					(93,065)
Interest income					1,350
Finance costs					<u>(2)</u>
Profit before taxation					<u>190,313</u>

* Inter-segment sales are charged at cost

Notes: (Continued)

3. REVENUE AND SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2012 (Restated)

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	Other regions in the PRC (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Consolidated (unaudited) HK\$'000
Revenue					
External sales	2,649,260	181,410	333,021	–	3,163,691
Inter-segment sales*	<u>34,509</u>	<u>21,777</u>	<u>–</u>	<u>(56,286)</u>	<u>–</u>
	<u>2,683,769</u>	<u>203,187</u>	<u>333,021</u>	<u>(56,286)</u>	<u>3,163,691</u>
* Inter-segment sales are charged at cost					
Segment profit	<u>330,069</u>	<u>37,880</u>	<u>4,671</u>		372,620
Unallocated					
administrative expenses					(101,310)
Interest income					1,270
Finance costs					<u>(2,697)</u>
Profit before taxation					<u>269,883</u>

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 represents the gross profit 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 performance assessment.

In order to conform with current period's presentation, expenses relating to the retail shops included in administrative expenses have been reclassified to selling and distribution expenses. Accordingly, the comparative figures of unaudited condensed consolidated segment profit and unallocated administrative expenses have been restated by HK\$21,203,000.

Notes: (Continued)

4. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited) (Restated)
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Allowance for inventories	4,086	1,905
Cost of inventories included in cost of sales	2,485,389	2,312,297
Depreciation of property, plant and equipment	29,287	34,285
Loss on disposal of property, plant and equipment	1,387	206
Net exchange loss (gain)	1,432	(1,581)
Operating lease payments in respect of rented premises		
– minimum lease payments	295,735	252,312
– contingent rent	26,462	44,604
Write off of inventories	232	53
Staff costs, including Directors' remuneration		
– salaries and other benefits costs	126,103	113,726
– retirement benefits scheme contributions	9,102	8,115
	<u>9,102</u>	<u>8,115</u>

5. TAXATION

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Current period:		
Hong Kong	31,345	44,061
PRC	–	888
Macau	3,428	4,262
	<u>34,773</u>	<u>49,211</u>
Deferred taxation	<u>(1,118)</u>	<u>1,151</u>
	<u>33,655</u>	<u>50,362</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

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% from 1 January 2008 onwards.

The Macau Complimentary Income Tax is calculated progressively at rates ranging from 3% to 12% of the estimated assessable profit for both periods.

Notes: (Continued)

6. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	156,658	219,521
	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,868,862,403	6,718,513,703
Effect of dilutive potential ordinary shares:		
Warrants	–	63,251,107
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,868,862,403	6,781,764,810

7. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend of HK0.8 cent per share for the year ended 31 December 2012 paid during the Period (year ended 31 December 2011: HK1.6 cents per share)	55,061	107,496

The Board has declared an interim dividend of HK0.68 cent per share for the financial year ending 31 December 2013 (2012: HK0.98 cent), amounting to approximately HK\$46,801,000 (2012: HK\$65,841,000).

Notes: (Continued)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Trade receivables	95,332	89,465
Other PRC tax recoverables	28,010	43,432
Other receivables, deposits and prepayments	50,502	63,422
	<u>173,844</u>	<u>196,319</u>

Retails sales are normally settled in cash or by credit card with the settlement from the corresponding banks or other financial institutions within 7 days. Receivables from retail sales in department stores are collected within one month from invoice issuing date.

The following is an aged 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 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Within 30 days	88,625	82,020
31 – 60 days	6,707	6,995
61 – 90 days	–	450
	<u>95,332</u>	<u>89,465</u>

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 Group's trade receivables balance are receivables from department stores with aggregate carrying amount of HK\$6,707,000 (2012: HK\$7,445,000) 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.

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

	As at	
	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Overdue 1 – 30 day(s)	6,707	5,663
Overdue 31 – 60 days	–	1,782
	<u>6,707</u>	<u>7,445</u>

Notes: (Continued)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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 the 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 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Trade payables	138,236	229,114
Other PRC tax payables	767	1,506
Other payables, deposits received and accrued charges	102,949	123,258
	<u>241,952</u>	<u>353,878</u>

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

	As at	
	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Within 30 days	136,714	227,080
31 – 60 days	1,246	1,226
61 – 90 days	252	623
Over 90 days	24	185
	<u>138,236</u>	<u>229,114</u>

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

10. BANK BORROWINGS

	As at	
	30 June 2013 (unaudited) HK\$'000	31 December 2012 (audited) HK\$'000
Unsecured bank loans, repayable within one year	<u>–</u>	<u>950</u>

The weighted effective interest rate on the Group's borrowings is 1.52% (2012: 1.48%).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a leading retailer of European-made luxurious and internationally branded watches, together with self-designed fine jewellery products under its own brand, “*Emperor*”. The Group has extensive retail networks in Hong Kong, Macau, the PRC and Singapore. The target customers range from middle to high income groups in the world. With a long history of over 70 years since its establishment, the Company is carrying a balanced and comprehensive watches’ dealership list.

FINANCIAL REVIEW

Overall Review

During the Period, the Group was still able to achieve a revenue growth of 4.1% to approximately HK\$3,293.7 million (1H2012: HK\$3,163.7 million) despite the unfavourable market conditions. The Hong Kong market continued to be the key revenue contributor, with its revenue increased by 3.2% to HK\$2,735.0 million (1H2012: HK\$2,649.3 million), accounting for 83.0% (1H2012: 83.7%) of the Group’s total revenue. During the Period, 77.3% (1H2012: 82.1%) of the Group’s total revenue was generated from watch segment. The Group has taken a pro-active approach for enhancing jewellery business since January 2013, which boosted its segmental revenue by 32.0% to HK\$749.2 million (1H2012: HK\$567.4 million).

Gross profit amounted to HK\$798.4 million (1H2012: HK\$843.8 million). Gross profit margin was 24.2% (1H2012: 26.7%). During the Period, due to the sluggish demand on high ticket items and relatively keen price competition among the regular products, the Group implemented sales promotion, hence moving down the general gross profit margin.

EBITDA and net profit were HK\$219.6 million (1H2012: HK\$306.9 million) and HK\$156.7 million (1H2012: HK\$219.5 million) respectively. The decrease of EBITDA and net profit were due to the decrease in gross profit margin and mild increase in rental expenses. Basic earnings per share was HK2.3 cents (1H2012: HK3.3 cents). The Board has recommended to declare an interim dividend of HK0.68 cent (2012: HK0.98 cent) per share.

Liquidity and Financial Resources

Bank balances and cash on hand of the Group as at 30 June 2013 amounted to HK\$618.1 million (31 December 2012: HK\$454.8 million), which were mainly denominated in Hong Kong dollars (“HKD”) and Renminbi (“RMB”). As at 30 June 2013, the Group had no bank borrowings (31 December 2012: HK\$1.0 million) and its gearing ratio (calculated on the basis of the total borrowings over total equity) was nil (31 December 2012: 0.02%). The Group also had available unutilised banking facilities of approximately HK\$779.2 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 2013, the Group’s current assets and current liabilities were approximately HK\$4,258.6 million (31 December 2012: HK\$4,180.8 million) and HK\$255.0 million (31 December 2012: HK\$366.9 million) respectively. Current ratio and quick ratio of the Group were 16.7 (31 December 2012: 11.4) and 3.1 (31 December 2012: 1.8) respectively.

In view of the Group’s financial position as at 30 June 2013, the Board considered that the Group had sufficient working capital for its operations and future development plans.

Capital Structure

During the Period, 163,934,426 units of warrants with an aggregate subscription value of approximately HK\$100 million were exercised at a subscription price of HK\$0.61 per share and, accordingly, an addition 163,934,426 ordinary shares of HK\$0.01 each were issued and allotted.

BUSINESS REVIEW

Expanding Retail Coverage to Southeast Asia

During the Period, the Group has successfully expanded the coverage from Greater China to Southeast Asia by initiating a presence in Singapore. Together with the extensive network in Hong Kong, Macau and the PRC, the Group ran 78 stores (31 December 2012: 80 stores; 30 June 2012: 86 stores) as at 30 June 2013. Details of which are listed below:

	Number of stores
Hong Kong	21
Macau	5
The PRC	48
Singapore	4
Total	78

These stores include jewellery shops, multi-brand watch shops (with or without jewellery counters) as well as specialty outlets for specific watch brands.

The Group's retail stores in Hong Kong are strategically located at the major high-end shopping places, including Russell Street in Causeway Bay, Canton Road in Tsim Sha Tsui and Queen's Road Central in Central. In terms of shop rental rate per square feet during the Period, these three shopping streets were ranked as world-class top five most valuable shopping streets. Russell Street was even well recognised as the most valuable shopping street in the world. The Group enjoys a high penetration rate amongst the mainland visitors and brand enhancement through its presence in these extremely prime areas. With the lead of iconic flagship store located in 1881 Heritage, Canton Road, Tsim Sha Tsui, the Group is able to capture local shoppers as well as mainland visitors.

In June 2013, a Patek Philippe boutique was opened in Nathan Road, Tsim Sha Tsui, where it offers elegant and fine timepiece collections. Such collaboration demonstrates management's dedication to foster solid relationships with leading watch brand suppliers, thereby achieving win-win situations where both leading watch brands and the Group enjoys brand enhancement through its presence in extreme prime areas.

Enriching Jewellery Product Portfolio

During the Period, the Group continued to offer quality with design on premium "***Emperor Jewellery***" products to the customers. With key focus on quality gem-sets and fine jadeites among the comprehensive product range, the Group enriched design features to satisfy diversified customers' taste and enhanced charisma of signature "***Emperor Jewellery***" collections to raise brand loyalty. Stylish and prestigious gem-sets, bridal collections and fine jadeites continued to be popular items. Meanwhile, new collections with unique themed design were launched regularly at different price points for further fostering the customer loyalty of sophisticated customers and penetrating new shoppers in different income group. After continuous implementation of effective optimisation of jewellery product portfolio during the Period, the Group was able to enhance the jewellery segment among the total revenue mix and the overall capital efficiency.

Solidifying Brand Image

The Group continued to promote various watch brands effectively through a range of joint promotions, sponsorships and exhibitions during the Period, all of which received positive results. To sustain its decades-old relationship with watch suppliers, the Group separately ran co-op advertising campaigns and organised joint promotion events with world-class watch suppliers to further foster the relationship and enhance the brand reputation for both leading watch brands and "***Emperor***".

During the Period, the Group hosted numerous jewellery shows for consolidating VIP customers and widening new customer base. By capturing an ever-expanding opportunities over online and social media, the Group also strengthened the marketing efforts and enhanced brand awareness of “*Emperor Jewellery*” by various cost-effective advertising programs.

Enjoying Group Synergies

The ability to (1) leverage other business lines; and (2) enjoy the synergies effect with companies within Emperor Group are two of the advantages for the Group. Emperor International Holdings Limited, a separate listed company under Emperor Group, owns many premium retail properties at renowned shopping districts. By leasing the prime retail locations from it on an arm’s length basis, the Group is able to generate stable sales productivity. As one of the synergies brought by Emperor Entertainment Group, the Group also invited VIP guests to its movie premiere and sponsored jewellery for the artistes. Such exposure opportunities, with pop artistes and high profile celebrities, serve as an important tool to enhance the reputation of the brand of “*Emperor*”, particularly in the Chinese-speaking communities.

PROSPECTS

Evidenced by a solid growth of the mainland visitor arrivals, Hong Kong has long been a favourable shopping destination for mainland visitors. Significant price differential, authenticity assurance and full assortments provide strong incentives for mainland visitors to purchase luxury watches in Hong Kong. Coupled with the appetites for prestigious brands and the rise of awareness of social status and self-recognition, the Group is poised to capture such market opportunities.

Looking forward, the growing economic independency and westernised lifestyle of working female in Greater China will drive an intensified demand of jewellery goods consumption. Taking advantage on the fast-growing jewellery market, the Group is striving to accelerate jewellery expansion plan for improving overall margin performance and profitability. In the long-run, the Group is very keen to focus on differentiated design and exquisite craftsmanship on the products together with exclusive and prestige brand image.

The Group believes that Southeast Asia will become a new revenue contributor. The Group will continue to look for other expansion opportunities in Southeast Asia in order to fully capture the luxury consumption growth momentum.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in HKD, RMB, Macau Pataco ("MOP") and United State dollars ("USD"). During the Period, the Group did not have any material foreign exchange exposure.

CONTINGENT LIABILITIES

As at 30 June 2013, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2013, the Group has 843 salespersons (30 June 2012: 921) and 211 office staff (30 June 2012: 229). Total staff costs (including Directors' remuneration) were approximately HK\$135.2 million (1H2012: HK\$121.8 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefit.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK0.68 cent per share ("Interim Dividend") for the financial year ending 31 December 2013 (2012: HK0.98 cent), amounting to approximately HK\$46,801,000 (2012: HK\$65,841,000). The Interim Dividend will be payable on 27 September 2013 (Friday) to shareholders whose names appear on the register of members of the Company on 19 September 2013 (Thursday).

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 18 September 2013 (Wednesday) to 19 September 2013 (Thursday), during which period no share transfer will be effected.

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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 17 September 2013 (Tuesday).

REVIEW OF INTERIM RESULTS

The condensed consolidated interim financial statements of the Group have not been audited nor reviewed 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.

CORPORATE GOVERNANCE

Corporate Governance Code

During the Period, the Company had complied 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 the roles of chairman and chief executive officer be separate and not be performed by the same individual. Taking up the role of Chairperson and being leader of the Board, Ms. Cindy Yeung provides the Group with strong and consistent leadership, and at the same time drives the strategic growth of the Group. As the Board members are keeping abreast of the conduct, business activities and development of the Group and as the day-to-day business operations of the Group are properly delegated to the management team of the Company as formalized 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.

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.hkex.com.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 websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 28 August 2013

As at the date hereof, the Board comprised:

Executive Directors:

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

Independent Non-Executive Directors:

Ms. Yip Kam Man
Mr. Chan Hon Piu
Ms. Lai Ka Fung, May