



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

## A Leading Watch & Jewellery Retailer

### Company Structure

Shareholding:

Emperor Group (~63%)

Public (~37%)

Emperor Watch & Jewellery Limited (887.HK)



Revenue Mix:

Watch Business  
(84%)

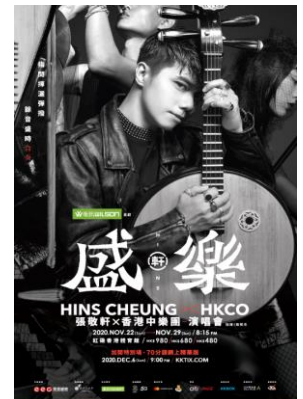
Jewellery Business  
(16%)

Authorised dealer of  
international watch  
brands

Design and sale of diamond,  
jade, pearl, gold and other  
jewellery under  brand

### Competitive Strengths

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



### Other Information

#### Analyst Contacts

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

## Comprehensive Brand Mix

### Hong Kong: 25 Dealerships

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

### Mainland China: 7 Dealerships

Baume & Mercier (名士)  
Carl F. Bucherer (寶齊萊)  
Franck Muller (法穆蘭)  
Piaget (伯爵)  
Rolex (勞力士)  
Tudor (帝舵表)  
Zenith (真力時)

### Singapore: 7 Dealerships

Blancpain  
Breguet  
Cartier  
Corum  
Patek Philippe  
Rolex  
Tudor

## Close Relationship with Watch Brand Suppliers



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



Mr. Daniel Neidhart, Managing Director of Rolex (Hong Kong) Limited (Left 1); Mr. Eric Pirson, Director of MONTRES TUDOR S.A. (Left 2)



Mr. Brahim Drissi, General Manager, Rolex Guangzhou Co. Ltd. (Right 1)



Ms. Chabi Nouri, CEO of Piaget (Left)



Mr. Stephan Ritzmann, CEO of Chopard Asia-Pacific Region (Left 2)



Co-op advertising campaigns with watch brand suppliers

## Regional Watch Price Differences

Market	Local Listed Price Against Hong Kong
Hong Kong	-
Macau	-
Mainland China	plus 10% or more
Singapore	plus ~5%
Malaysia	-
Japan	plus ~5%
Korea	plus ~5%
Thailand	plus ~5%
Europe	minus ~5%

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



Rolex "Day-Date"  
Yellow Gold  
HK\$282,600  
RMB282,600  
SGD50,050



Cartier "Ballon Bleu"  
Medium Rose Gold  
HK\$375,000  
RMB351,000  
SGD67,500



Patek Philippe  
"Grand Complications"  
Rose Gold  
HK\$696,000  
RMB756,000  
SGD127,800






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

## Jewellery Business



### Quality Diamond and Jadeite with Design on Premium

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

### Stringent Quality and Service Standards

#### Product Quality

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



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

#### Service Standards

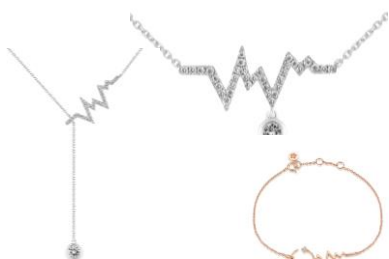
- Emphasis on product knowledge of the staff and professional services to the customers
  - Maintain 1 qualified GIA certificate holder out of 5 jewellery sales executives in HK and Macau
  - Well-trained staff who possess professional product knowledge and provide excellent customer services
  - Advise tips on jewellery care and maintenance
  - Offer comprehensive after-sale services



Recognised as Quality Tourism Services-accredited shop by HKTB

### Charismatic Endless Collections

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



Heartbeat Collection



Sunray Collection

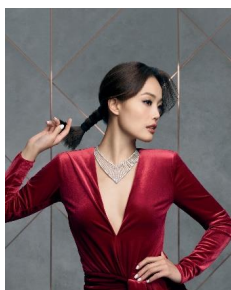


Nuò by Cindy Yeung High Jewellery



### Widely Recognised as a Prestigious Brand

- Celebrities endorsement on advertisements and advertorials
- Online exposure in popular websites and social media channels
- Collaboration with KOLs & Bloggers



Joey Yung  
Featuring  
Heartbeat Collection



Kathy Tong & Carlos Chan  
Featuring Two Love Collection



Hins Cheung  
Featuring  
Sunray Collection



Instagram



Facebook

Exposure on social media platforms



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

# Financial Summary

## Financial Review

HK\$ million	FY2019	FY2020	1H2020	1H2021	YOY Changes
Revenue	4,110	2,627	931	2,071	+ 122.4%
Gross Profit	1,264	840	305	638	+ 109.2%
Gross Profit Margin	30.8%	32.0%	32.8%	30.8%	- 2.0 pp
Adjusted EBITD (LBITD)	268*	160*	(44)*	218*	N/A
Net Profit (Loss)	90	34	(114)	132	N/A
Basic Earnings (Loss) Per Share (HK Cents)	1.33	0.50	(1.68)	1.95	N/A

\* Adjusted EBITD (LBITD) represents earnings (loss) 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 amortization of right-of-use assets associated with rental lease agreements were included

Emperor W&J declared an interim dividend of HK0.55 cent (1H2020: Nil; 1H2019: 0.35 cent) per share

## Revenue Breakdown

Total Revenue	FY2019		FY2020		1H2020		1H2021		Changes
	(HK\$m)	Mix (%)	(HK\$m)	Mix (%)	(HK\$m)	Mix (%)	(HK\$m)	Mix (%)	(%)
<b>By Product Segment</b>									
Watch	3,158	77	2,056	78	702	75	1,747	84	+ 148.9
Jewellery	952	23	571	22	229	25	324	16	+ 41.5
Diamond & Jade	402	10	189	7	75	8	92	5	+ 22.7
Others*	550	13	382	15	154	17	232	11	+ 50.6
Total	4,110	100	2,627	100	931	100	2,071	100	+ 122.4
<b>By Geographical Segment</b>									
HK	2,760	67	1,257	48	504	54	858	41	+ 70.2
Macau	305	7	161	6	40	4	224	11	+ 460.0
Mainland China	561	14	783	30	243	26	705	34	+ 190.1
Southeast Asia**	484	12	429	16	144	16	284	14	+ 97.2
Total	4,110	100	2,627	100	931	100	2,071	100	+ 122.4

\* Others represent color stones, pearl and gold jewellery

\*\* Southeast Asia includes Singapore and Malaysia



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## Financial Summary

### Volume VS ASP

		FY2019	FY2020	1H2020	1H2021
Watch	No. of Goods Sold (pcs)	36,742	21,213	7,280	17,144
	ASP (HK\$)	\$85,958	\$96,929	\$96,409	\$101,902
Jewellery (Diamond and Jade)	No. of Goods Sold (pcs)	20,699	10,892	4,385	5,487
	ASP (HK\$)	\$19,440	\$17,369	\$17,010	\$16,767
Jewellery (Others*)	No. of Goods Sold (pcs)	115,877	92,834	38,668	56,067
	ASP (HK\$)	\$4,742	\$4,107	\$3,986	\$4,147

\* Others represent color stones, pearl and gold jewellery

### Key Performance Indicators

	FY2019	FY2020	1H2020	1H2021
Same Store Sales* (Overall)	- 17.3%	- 36.6%	- 61.2%	+ 107.3%
Same Store Sales* (HK)	- 27.1%	- 57.2%	- 73.3%	+ 83.9%
Store Rental / Total Revenue	9.5%	11.4%	15.6%	8.9%
Store Staff Cost / Total Revenue	5.8%	5.6%	7.5%	5.2%
Marketing Cost / Total Revenue	0.6%	0.5%	0.5%	0.3%
	YE2019	YE2020	PE2020	PE2021
Inventory (HK\$)	\$3,148m	\$3,030m	\$3,102m	\$2,877m
Stock Turnover Days	404 days	619 days	631 days	416 days
Cash on Hand (HK\$)	\$240m	\$405m	\$251m	\$873m
Debts (HK\$)	\$791m	\$639m	\$766m	\$716m
Net Gearing Ratio (Net Debts/NAV)	12.3%	5.1%	11.9%	Zero**

\* Same Store Sales represents the percentage change of total sales of the comparable stores year-on-year

\*\* As the Group was in a net cash position, hence its net gearing ratio was zero



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

## Retail Network

Retail Network Covering Hong Kong, Macau, Mainland China, Singapore and Malaysia

	@30 Jun 2021					
	No. of stores				Floor Area	
	Multi-brand Watch Shop with/without Jewellery	Single-brand Watch Boutique	Emperor Jewellery Store	Total	Total (sq. ft.)	Average (sq. ft.)
Hong Kong	8	6	16	30	77,552	2,585
Macau	2	1	2	5	9,451	1,890
Mainland China	1	8	45	54	43,138	799
Singapore	2	5	1	8	6,333	792
Malaysia	-	-	1	1	2,000	2,000
<b>Total</b>	<b>13</b>	<b>20</b>	<b>65</b>	<b>98</b>	<b>138,474</b>	<b>1,413</b>

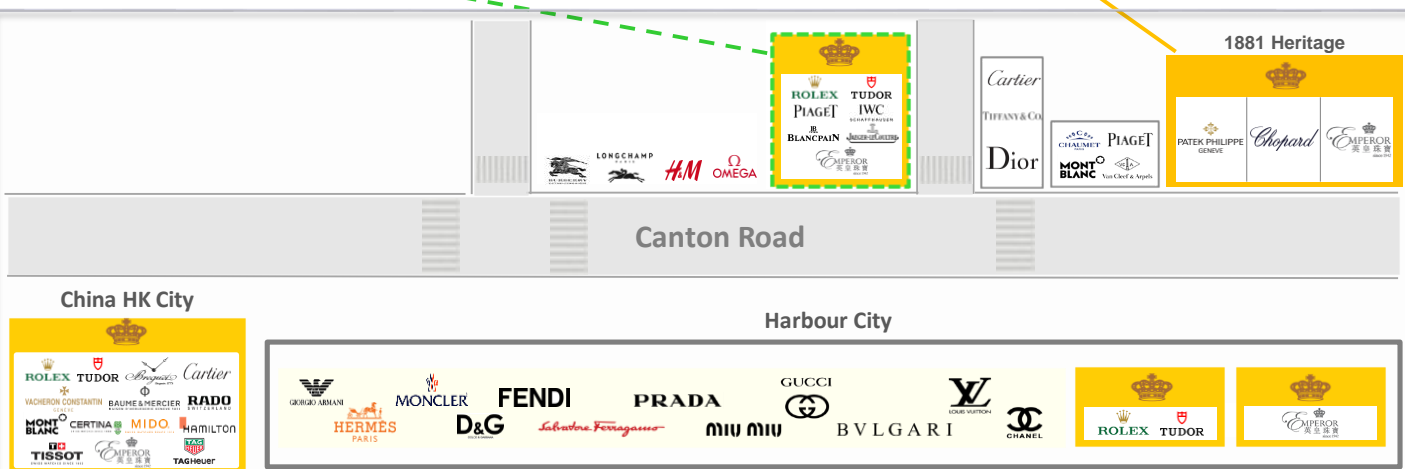
Presence on Canton Road, Tsim Sha Tsui, a Prime Retail Area in Hong Kong



Flagship Store on  
Nos. 4-8 Canton Road, Tsim Sha Tsui



Emperor Jewellery Image Store on  
1881 Heritage, No. 2A Canton Road,  
Tsim Sha Tsui



Premises owned by Emperor W&J (887.HK)

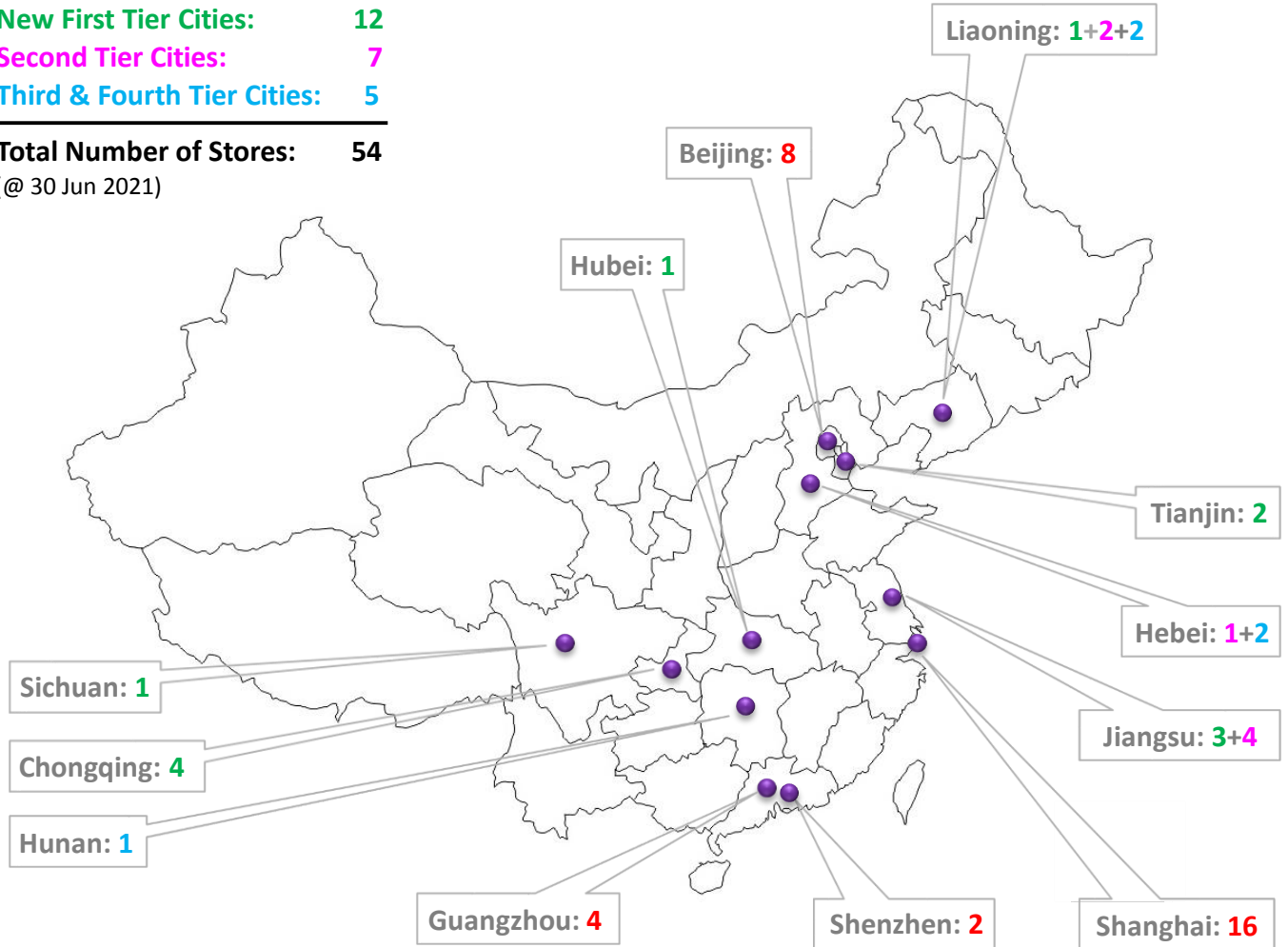


英皇鐘錶珠寶有限公司  
EMPEROR WATCH & JEWELLERY LIMITED  
Retail Network

Strategic Coverage in Mainland China

First Tier Cities: 30  
New First Tier Cities: 12  
Second Tier Cities: 7  
Third & Fourth Tier Cities: 5

Total Number of Stores: 54  
(@ 30 Jun 2021)



2021 Store Expansion Plan

Opening Date			Shop Details
			 Hong Kong
1	Feb 2021	Emperor Jewellery Store – Shop No. 1036, 1/F, YOHO Mall I, Yuen Long, New Territories	
			 Mainland China
2	Feb 2021	Rolex & Tudor Boutique – Shop No. L257-L258, 2/F, Chongqing IFS, No. 38 Jiangbeicheng North Street, Jiangbei District, Chongqing	
3	3Q 2021	Emperor Jewellery Store – Golden Eagle Shopping Mall, Kunshan	
4	3Q 2021	Emperor Jewellery Store – Chengdu Yintai Centre, Chengdu	
5	3Q 2021	Emperor Jewellery Store – Suzhou Center Mall, Suzhou	
6	4Q 2021	Emperor Jewellery Store – Century Link Mall, Shanghai	





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## Future Strategies

### Enhance Jewellery Business



#### Expand jewellery business to enhance overall profit margin performance

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



#### Reinforce brand positioning

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



#### Deepen market penetration

- Continue to execute organic store expansion plan
- Revamp stores and create fresh counters to enhance shoppers' experience and enable effective customer segmentation



#### Identify e-commerce opportunities

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



jd.com



Tmall



Emperor Jewellery X Joey Yung  
Heartbeat Collection, 2018



Sunray Collection, 2019



Nuò by Cindy Yeung High Jewellery, 2020



Love Knot Collection, 2019



Blessings Collection, 2020-2021



Chinese Wedding Fine Gold Collection, 2020



One Vow Two Love Collection, 2020