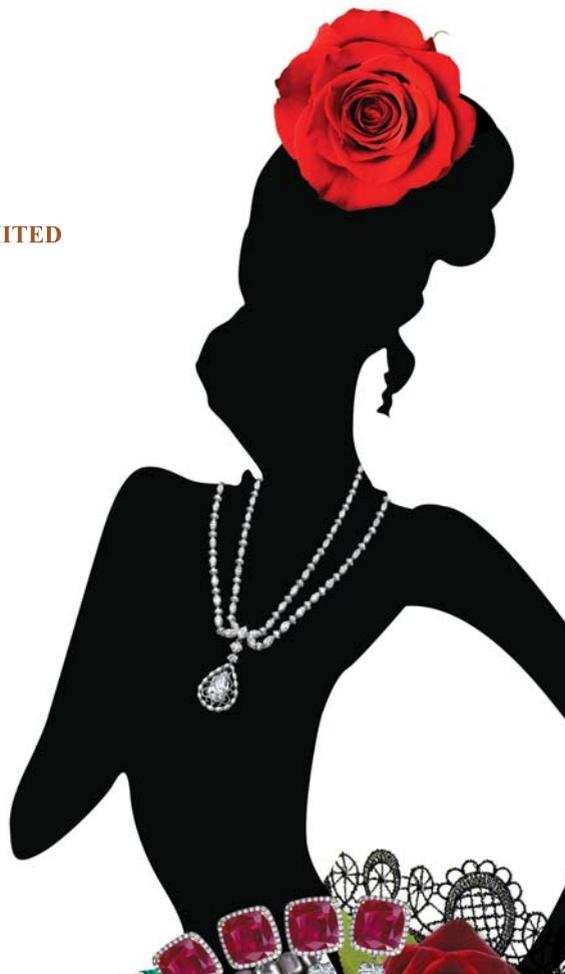




英皇鐘錶珠寶有限公司
EMPEROR WATCH & JEWELLERY LIMITED



INTERIM REPORT 2009

Incorporated in Hong Kong with limited liability
(Stock Code: 887)



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Financial Highlights

	Six months ended 30 June		
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	Change (%)
Revenue			
Watch			
Hong Kong	708,620	726,506	-2.5
Macau	51,266	32,236	+59.0
PRC	66,344	–	
Jewellery			
Hong Kong	89,035	100,124	-11.1
Macau	23,300	12,312	+89.2
PRC	15,721	–	
	954,286	871,178	+9.5
Profit for the period	51,193	120,358	-57.5

Management Discussion and Analysis

Emperor Watch & Jewellery Limited (“EWJ” and together with its subsidiaries, the “Group”) is a leading retailer of mainly Swiss-made luxurious watches in Hong Kong and Macau with target customers ranging from middle to high income earners from all over the world. Having established its foothold for over 60 years, the Group has developed a long standing relationship with renowned watch manufacturers offering a wide range of prestigious and luxury watch brands.

EWJ also offers self-designed fine jewellery products, predominantly diamond, jade, pearl, 999.9 fine gold and precious stone products. EWJ’s in-house designers regularly launch stylish jewellery products so as to keep up with the ever-changing trends and fashion styles. Apart from its self-designed jewellery products, the Group also provides customized design and production services for customers wishing to create their own exclusive, one-and-only jewellery products.

The Group takes pride in its extensive network of retail outlets at prime locations in Hong Kong and Macau. These include multi-brand shops as well as specialty outlets for specific brands. Anchor shops have not only enabled the Group to reap synergies with international watch brand suppliers, but have also helped to foster loyalty among customers attracted to specific watch brands.

Financial Review

For the six months ended 30 June 2009, EWJ reported revenue growth of HK\$954.3 million, a 9.5% growth from last year. The increase in turnover was mainly attributable to sales growth from Macau outlets and the expansion of retail network into mainland China. Approximately 86.6% of turnover was from watch retailing while the remaining was from sale of jewellery products.

Management Discussion and Analysis *(Continued)*

Financial Review *(Continued)*

Gross profit amounted to HK\$241.3 million, compared with HK\$244.8 million previously. Gross profit margin dropped to 25.3% from 28.1% last year when inventory were acquired at lower costs, prior to the substantial increase of wholesale prices by the suppliers.

The financial turmoil which emerged in 2008 had affected the watch and jewellery retailing markets worldwide and Hong Kong. However, the Group believes the long-term market outlook remains positive especially amid of the growing popularity of high-end watches and jewellery in mainland China. The Group has seized the time to expand its watch and jewellery network in Hong Kong and the mainland China. The expansion resulted in an increase in the Group's operating expenses while the Group's newly opened outlets experienced a slower-than-expected pick up of business due to the financial tsunami. Profit for the period dropped by 57.5% to HK\$51.2 million, compared with HK\$120.4 million for the corresponding period in last year.

Business Review

Expansion of Retail Network

EWJ has a total of 35 outlets in Hong Kong, Macau and mainland China with breakdown as follows:

Number of Shops	Jun-08	Dec-08	Jun-09
Hong Kong	8	11	12
Macau	3	4	4
Mainland China	–	4	19
Total	11	19	35

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

In Hong Kong, all outlets are located in prime shopping areas, namely Central, Wanchai, Causeway Bay and Tsimshatsui. The shops contributed total revenue of HK\$797.6 million (2008: HK\$826.6 million).

A Patek Philippe retailer was opened in Tsimshatsui, the second of its kind in Hong Kong following the one opened by the Group in Causeway Bay in 2008. The Group has also renovated and expanded its existing outlet on Nathan Road with new section featuring Cartier timepieces.

In June 2009, EWJ opened its long-awaited outlet in 1881 Heritage, the former Marine Police headquarters in Tsimshatsui. The 120-year-old historical development spans an area of 130,000 square feet at the centre of Hong Kong's busiest shopping district, steps away from the Hong Kong Cultural Centre. A number of prominent international fashion labels and watch brands have marched in the retail utopia. EWJ opened a Rolex and Tudor boutique in June 2009 with an area of nearly 5,000 square feet, the biggest of its kind in Hong Kong.

In Macau, the outlets are within the Grand Emperor Hotel. They are well received by casino players, enjoy a high visitor traffic after the opening of Macau's biggest department store New Yaohan next to the Hotel in 2009, and demonstrated a strong revenue growth in the period. The newly opened Cartier retailer, which offers elegant and fine timepieces of the Swiss brand, is well-positioned to capture the overwhelming demand for luxurious products in Macau.

Macau operations recorded revenue of HK\$74.6 million, a 67.4% growth from the same period in 2008.

The opening of new shops further solidified the Group's relationship with brand suppliers. The success of the outlets has encouraged the management of the Group to develop similar stores with watch brands to further propel sales and revenue.

Management Discussion and Analysis *(Continued)*

Business Review *(Continued)*

To capture the growing appetite for high-end watches and jewellery across the border, EWJ set up its mainland China headquarter in Beijing last year and added 15 new stores during the period, bringing the total number to 19 as of end of the period.

Location	Number of Outlets
Beijing	9
Chongqing	4
Guangzhou	2
Shanghai	3
Tianjin	1
Total	19

The extension of footprint to one of the highest economic growth countries in the world marks an important milestone for the Group and enables it to leverage on its popularity, expertise and experience in the industry. The mainland operations, which record revenue of HK\$82.1 million during the period, have strong growth potential and are expected to bring in significant contribution to the Group in the long run.

Brand Recognition and Marketing Programme

The EWJ brand is highly regarded in Hong Kong. The Group was awarded the “Prime Awards for the Best Brand Enterprise in Greater China 2009” in March 2009 and the “East Week Hong Kong Service Awards” in March 2009.

The Group also participated in charity services and projects and was presented a Platinum Award of Corporate and Employee Contribution Programme 2008/09 in May 2009 and the annual President’s Award in June 2009 by The Community Chest.

Management Discussion and Analysis *(Continued)*

Brand Recognition and Marketing Programme *(Continued)*

EWJ also enjoys synergies with other business operations under the Emperor Group. It sponsors concerts which also feature artistes wearing EWJ's jewellery and accessories.

Capital Structure, Liquidity and Financial Resources

Issued share capital as at 30 June 2009 amounted to HK\$45 million. There were no movements in authorised and issued share capital of the Company in the period under review.

As at 30 June 2009, the Group's current assets and current liabilities were approximately HK\$1,780.0 million and HK\$386.2 million respectively. Both current ratio (the ratio of current assets over current liabilities) and quick ratio (the ratio of current assets less inventories over current liabilities) of the Group dropped to 4.6 and 0.9 from 12.2 and 2.4 as at 31 December 2008 respectively. Total equity of the Group increased slightly to approximately HK\$1,426.5 million (2008: HK\$1,402.5 million).

As at 30 June 2009, the Group's had total bank borrowings of approximately HK\$122.9 million. These bank borrowings were denominated in Hong Kong dollars, interest bearing, repayable with fixed terms and secured by corporate guarantees of the Company. The gearing ratio of the Group (calculated based on the basis of the total borrowings over total assets) increased to 6.8% from 1.2% as at 31 December 2008 due to new bank loans raised during the period. The Group also has available unutilized banking facilities of approximately HK\$82.6 million.

With bank balances and cash of approximately HK\$195.9 million as well as existing banking facilities, the directors of EWJ ("Board" or "Directors") consider that the Group has sufficient working capital for its operation and the future development of the Group.

Management Discussion and Analysis *(Continued)*

Foreign Exchange Exposure

The Group's transactions are mainly denominated in HKD, MOP, RMB and USD. During the period under review, the Group did not have any material foreign exchange exposure.

Capital Expenditures

As at 30 June 2009, the Group has capital commitments in respect of acquisition of property, plant and equipment of HK\$19.2 million and operating lease commitment of HK\$553.8 million.

Contingent Liabilities

As at 30 June 2009, the Group did not have any material contingent liabilities.

Employee and Remuneration Policy

As at 30 June 2009, the Group has 496 (2008: 181) salespersons and 161 (2008: 52) office staff. Total staff costs (including Directors' remuneration) were HK\$46.9 million (2008: HK\$42.2 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.

Prospects

Looking forward, EWJ is positive about the prospects of the luxurious watch and jewellery retail market. The Group believes the worldwide effects of financial tsunami had been moderated in mid-2009. EWJ would cautiously scrutinise its cost structures and implement defensive measures to maintain margins.

Management Discussion and Analysis *(Continued)*

Prospects *(Continued)*

EWJ will hold its annual jewellery exhibitions in Hong Kong and Macau later this year. It will also continue to strengthen its relationship with brand suppliers through individual and jointly-organised marketing events, in order to enhance its own corporate image and leverage its long history with loyal customers.

Following the opening of the Rolex & Tudor boutique, the Group has opened in July 2009 a 10,000-square-foot jewellery boutique also in 1881 Heritage, offering a trendy line of jewellery designs in a beautifully designed decor. There will also be a unique F&B outlet within the shop, so as to provide a one-stop shopping and relaxing environment for its customers with a view to becoming the talk of town.

The Group will continue to expand its retail network and explore potentials in mainland China in first and second tier cities including Guangzhou, Kunming, Beijing and other cities. Two jewellery flagship stores will be opened in Shanghai. By opening more outlets in mainland China, EWJ hopes to expand its market share and capture the economic and spending growth in the country. The Group will also adopt stable and cautious financial strategies and is determined to sustain its leadership in the luxurious watch and jewellery retail market in the region and generate satisfactory returns for its shareholders.

Interim Dividend

The Board recommends to pay an interim dividend of HK0.35 cents per share (“Dividend”) for the year ending 31 December 2009 (2008: Nil) amounting to HK\$15,750,000 (2008: Nil). The Dividend will be paid on 28 September 2009 (Monday) to shareholders whose names appear on the register of members of the Company on 15 September 2009 (Tuesday).

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 2009 (the “Period”) together with the comparative figures for the corresponding period in 2008 as set out below.

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Revenue	2	954,286	871,178
Cost of sales		(713,011)	(626,347)
Gross profit		241,275	244,831
Other income		719	6
Selling and distribution expenses		(128,902)	(74,743)
Administrative expenses		(49,742)	(25,462)
Finance costs		(222)	(889)
Profit before taxation	3	63,128	143,743
Taxation	4	(11,935)	(23,385)
Profit for the period		51,193	120,358
Profit for the period attributable to:			
Owners of the Company		51,253	120,358
Non-controlling interests		(60)	–
		51,193	120,358
Earnings per share	5		
– Basic (HK\$)		0.011	12.04

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit for the period	51,193	120,358
Other comprehensive income		
Exchange difference arising from translation of foreign operations	(212)	–
Total comprehensive income for the period	50,981	120,358
Total comprehensive income attributable to:		
Owners of the Company	51,041	120,358
Non-controlling interests	(60)	–
	50,981	120,358

Condensed Consolidated Statement of Financial Position

As at 30 June 2009

		As at	
	Notes	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
Non-current asset			
Property, plant and equipment	7	44,683	33,581
Current assets			
Inventories		1,424,389	1,205,417
Receivables, deposits and prepayments	8	159,657	133,497
Amount due from immediate holding company		-	4
Bank balances and cash		195,935	167,504
		1,779,981	1,506,422
Current liabilities			
Payables, deposits received and accrued charges	9	245,686	102,264
Amount due to a related party		385	491
Taxation payable		28,257	16,418
Obligation under a finance lease – due within one year		-	25
Bank borrowings – due within one year	10	111,832	4,200
		386,160	123,398
Net current assets		1,393,821	1,383,024
Total assets less current liabilities		1,438,504	1,416,605

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2009

		As at	
	Notes	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
Non-current liabilities			
Bank borrowings – due after one year	10	11,100	13,200
Deferred taxation		890	872
		11,990	14,072
Net assets		1,426,514	1,402,533
Capital and reserves			
Share capital		45,000	45,000
Reserves		1,376,692	1,352,651
Equity attributable to:			
Owners of the Company		1,421,692	1,397,651
Non-controlling interests		4,822	4,882
Total equity		1,426,514	1,402,533

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Merger reserve	Other reserve	Capital reserve	Trans- lation reserve	Accu- mulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
As at 1 January 2008 (audited)	3	-	-	344,003	2,529	-	14,683	361,218	-	361,218
Total comprehensive income for the period	-	-	-	-	-	-	120,358	120,358	-	120,358
Issue of shares by the Company at nil-paid and credited as fully paid arising from the Group Reorganisation	97	372,906	(373,003)	-	-	-	-	-	-	-
Issue of promissory notes arising from the Group Reorganisation	-	-	-	(373,006)	-	-	-	(373,006)	-	(373,006)
Dividend paid by a subsidiary to its then shareholder prior to the Group Reorganisation	-	-	-	-	-	-	(73,000)	(73,000)	-	(73,000)
As at 30 June 2008 (unaudited)	100	372,906	(373,003)	(29,003)	2,529	-	62,041	35,570	-	35,570
As at 1 January 2009 (audited)	45,000	1,587,063	(373,003)	(29,003)	2,529	812	164,253	1,397,651	4,882	1,402,533
Profit (loss) for the period	-	-	-	-	-	-	51,253	51,253	(60)	51,193
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(212)	-	(212)	-	(212)
Total comprehensive income for the period	-	-	-	-	-	(212)	51,253	51,041	(60)	50,981
Payment of final dividend for 2008	-	-	-	-	-	-	(27,000)	(27,000)	-	(27,000)
As at 30 June 2009 (unaudited)	45,000	1,587,063	(373,003)	(29,003)	2,529	600	188,506	1,421,692	4,822	1,426,514

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Net cash used in operating activities	(30,559)	(255,422)
Net cash used in investing activities	(18,874)	(2,464)
Net cash from financing activities	78,183	210,362
Net increase (decrease) in cash and cash equivalents	28,750	(47,524)
Cash and cash equivalents at the beginning of the period	167,504	46,706
Effect of foreign exchange rate changes	(319)	-
Cash and cash equivalents at end of the period	195,935	(818)
Analysis of balance of cash and cash equivalents		
Bank balances and cash	195,935	11,583
Bank overdrafts	-	(12,401)
	195,935	(818)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. Basis of Preparation and Significant Accounting Policies

(a) 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”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

(b) Significant Accounting Policies

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities are measured at fair values, as appropriate.

A number of new or revised Standards and Interpretation are effective for the financial year beginning on 1 January 2009. Except as described below, the accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the Group’s financial statements for the year ended 31 December 2008.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

1. Basis of Preparation and Significant Accounting Policies (Continued)

(b) Significant Accounting Policies (Continued)

HKAS 1 (Revised) Presentation of financial statements

In the current period, the Group has adopted HKAS 1 (Revised) “Presentation of financial statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 Operating Segments

Hong Kong Financial Reporting Standard (“HKFRS”) 8 “Operating segments” requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance. HKFRS 8 replaces HKAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). However, the adoption of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments (see note 2 for details).

Apart from certain presentation changes, the adoption of the above revised or new standards has no impact on the results or financial position of the Group for the current or prior accounting periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

2. Revenue and Segment Information

Revenue

The Group is principally engaged in the sales of watches and jewellery. Revenue represents the net amounts received and receivable for goods sold less returns and trade discount.

Segment Information

The Group has adopted HKFRS 8 “Operating segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segments and to assess their performance. In this regard, the adoption HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments nor changed the basis of measurement of segment results.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

2. Revenue and Segment Information (Continued)

Segment Information (Continued)

Segment information about the Group's revenue and results is as follows:

For the six months ended 30 June 2009

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	PRC (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE					
External sales					
Watch	708,620	51,266	66,344	-	826,230
Jewellery	89,035	23,300	15,721	-	128,056
Inter-segment sales*	29,223	1,410	4,437	(35,070)	-
Total	826,878	75,976	86,502	(35,070)	954,286

* Inter-segment sales are charged at cost

RESULTS

Segment profit (loss)	66,257	13,649	(11,561)		68,345
Unallocated corporate expenses					(5,005)
Interest income					10
Finance costs					(222)
Profit before taxation					63,128
Taxation					(11,935)
Profit for the period					51,193

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

2. Revenue and Segment Information (Continued)

Segment Information (Continued)

For the six months ended 30 June 2008

	Hong Kong (unaudited) HK\$'000	Macau (unaudited) HK\$'000	PRC (unaudited) HK\$'000	Elimination (unaudited) HK\$'000	Total (unaudited) HK\$'000
REVENUE					
External sales					
Watch	726,506	32,236	-	-	758,742
Jewellery	100,124	12,312	-	-	112,436
Inter-segment sales*	26,126	6,267	-	(32,393)	-
Total	852,756	50,815	-	(32,393)	871,178

* Inter-segment sales are charged at cost

RESULTS

Segment profit	137,847	7,493	-		145,340
Unallocated corporate expenses					(710)
Interest income					2
Finance costs					(889)
Profit before taxation					143,743
Taxation					(23,385)
Profit for the period					120,358

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

3. Profit Before Taxation

	Six months ended 30 June	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Cost of inventories included in cost of sales	711,073	624,617
Depreciation of property, plant and equipment	7,800	6,594
Loss on disposal of property, plant and equipment	51	2
Operating lease payment in respect of rented premises	95,460	34,156
Staff cost, including Directors' remuneration		
– Salaries and other benefit costs	44,610	41,212
– Retirement benefit scheme contributions	2,277	940

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

4. Taxation

	Six months ended 30 June	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
The charge comprises:		
Current period		
Hong Kong	10,247	22,697
Macau	1,670	899
PRC	–	–
	11,917	23,596
Deferred taxation	18	(211)
	11,935	23,385

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

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

The PRC Enterprises Income Tax is calculated at 25% in PRC for the current period.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

5. Earnings Per Share

The calculation of basic earnings per share is based on the unaudited profit for the period of HK\$51,193,000 (2008: HK\$120,358,000) attributable to owners of the Company and on the basis of 4,500,000,000 weighted average number of ordinary shares that would have been issued throughout the period (2008: 10,000,000 shares in issue on the assumption that the Group Reorganisation had been effective on 1 January 2008).

No diluted earnings per share is presented as there was no potential dilutive ordinary shares outstanding during the six months ended 30 June 2009 and 2008.

6. Dividend

The Board recommends payment of an interim dividend of HK0.35 cents per share for the year ending 31 December 2009, amounting to HK\$15,750,000.

During the six months ended 30 June 2009, a final dividend of HK0.6 cents per share for the year ended 31 December 2008 amounting to HK\$27,000,000 has been paid in June 2009.

During the six month ended 30 June 2008, Emperor Watch & Jewellery (HK) Company Limited, an indirect wholly-owned subsidiary of the Company, paid special interim dividend of HK\$73,000,000 for the year ended 31 December 2008 to its then shareholder prior to the group reorganisation which was undertaken in preparation of the listing of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 July 2008 ("Group Reorganisation").

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

7. Movements in Property, Plant and Equipment

The movements in property, plant and equipment during the periods are summarized as follows:

	30 June 2009 (unaudited) HK\$'000	As at 31 December 2008 (audited) HK\$'000
Net book value as at 1 January	33,581	21,793
Additions	18,924	24,942
Acquisition of subsidiaries	–	779
Disposals	(51)	(99)
Depreciation	(7,800)	(13,834)
Exchange differences	29	–
	44,683	33,581

8. Receivables, Deposits and Prepayments

	30 June 2009 (unaudited) HK\$'000	As at 31 December 2008 (audited) HK\$'000
Trade receivables	19,234	8,612
Rental deposits	76,543	58,999
Other receivables, deposits and prepayments	63,880	65,886
	159,657	133,497

The sales are normally settled within 7 days in Hong Kong and Macau and 30 days in PRC.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

8. Receivables, Deposits and Prepayments (Continued)

All trade receivables at 30 June 2009 and 31 December 2008 are aged less than 30 days. Whole of the trade receivables are neither past due nor impaired.

9. Payables, Deposits Received and Accrued Charges

	As at	
	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
Trade payables	160,715	18,745
Other payables, deposit received and accrued charges	84,971	83,519
	245,686	102,264

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

9. Payables, Deposits Received and Accrued Charges (Continued)

The aged analysis of the trade payables are as follows:

	As at	
	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
Trade payables		
0 – 30 days	151,905	16,849
31 – 60 days	504	1,388
61 – 90 days	2,083	43
Over 90 days	6,223	465
	160,715	18,745

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

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

10. Bank Borrowings

	As at	
	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
Secured bank loans	122,932	17,400
Carrying amount repayable:		
Within one year	111,832	4,200
In more than one year but not more than two years	11,100	13,200
	122,932	17,400
Less: Amount due within one year shown under current liabilities	(111,832)	(4,200)
Amount due after one year	11,100	13,200

11. Capital Commitments

	As at	
	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	19,163	6,601

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

12. Operating Lease Commitments

The Group as lessee

As at 30 June 2009, the Group had future lease payments under non-cancellable operating leases in respect of rented premises fall due as follows:

	As at	
	30 June	31 December
	2009	2008
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Within one year	220,836	153,113
In the second to fifth years inclusive	332,956	243,706
	553,792	396,819

Save as the above operating lease commitments, the Group also committed to pay additional rentals for certain leased shops, which will be based on certain percentage of revenue of the respective shops. As the future revenue of these shops could not be accurately determined as at 30 June 2009, the relevant contingent rentals have not been included.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2009

13. Related Party Transactions

During the Period, the Group had the following transactions with related parties:

		Six months ended 30 June	
		2009	2008
		(unaudited)	(unaudited)
		HK\$'000	HK\$'000
(i)	Service charges paid to related companies	3,951	603
(ii)	Advertising expenses paid to related companies	426	360
(iii)	Sales of goods to Directors and their close family members	1,957	1,923
(iv)	Rental, electricity and air-conditioning expenses paid to related companies	35,725	13,271
(v)	Rental expenses paid to a fellow subsidiary	-	1,461
(vi)	Advisory fee paid to a related company	180	-
(vii)	Purchase of inventories from a fellow subsidiary	-	603
		42,239	18,221

Note: The related companies represent companies controlled by a substantial shareholder of the Company.

Directors' and Chief Executives' Interests and Short Positions in Securities

As at 30 June 2009, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Listing Rules were as follows:

(a) Long position interests in the Company

Ordinary shares of HK\$0.01 each of the Company

Name of Director	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Cindy Yeung <i>(Note)</i>	Beneficiary of a trust	3,370,480,000	74.90%

Note: The above shares were held by Allmighty Group Limited ("Allmighty Group"), a wholly-owned subsidiary of Diamond Palace Limited ("Diamond Palace") which in turn was wholly-owned by Million Way Holdings Limited ("Million Way"). Million Way was held by STC International Limited ("STC International") which is the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), the founder of which was Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Ms. Cindy Yeung was deemed to be interested in the above shares held by Allmighty Group by virtue of being one of the eligible beneficiaries of the AY Trust.

Directors' and Chief Executives' Interests and Short Positions in Securities (Continued)

(b) Long position interests in associated corporations

(i) Ordinary shares

Name of director	Name of associated corporation	Capacity/nature of interests	Number of issued ordinary share(s) held	Percentage of the issued share capital
Ms. Cindy Yeung	Charron Holdings Limited ("Charron") (Note 1)	Interest in a controlled corporation	1	100%
Ms. Cindy Yeung	Million Way (Note 1)	Interest in a controlled corporation	1	100%
Ms. Cindy Yeung	Emperor International Holdings Limited ("EIHL") (Note 1)	Beneficiary of a trust	1,000,213,364	56.34%

(ii) Share options

Name of director	Name of associated corporation	Capacity/nature of interests	Number of issued ordinary share(s) held	Percentage of the issued share capital
Mr. Wong Chi Fai (Note 2)	EIHL (Note 2)	Beneficial Owner	1,500,000	0.84%
Ms. Fan Man Seung, Vanessa (Note 2)	EIHL (Note 2)	Beneficial Owner	1,500,000	0.84%

Notes:

- The 1,000,213,364 shares were held by Charron. The entire issued share capital of Charron was held by Million Way which was wholly-owned by STC International, the trustee of the AY Trust. Ms. Cindy Yeung, a director of the Company and being one of the eligible beneficiaries of the AY Trust, was deemed to be interested in the said shares.
- These were share options granted to the directors of EIHL (also as directors of the Company) under the share option scheme of EIHL.

Directors' and Chief Executives' Interests and Short Positions in Securities (Continued)

Save as disclosed above, as at 30 June 2009, none of the Directors, chief executives of the Company nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations.

Share Options

The Company has adopted a share option scheme ("Scheme") on 19 June 2008 (the "Adoption Date") to provide incentives to the relevant participants including the Directors and eligible employees of the Group, and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

Under the Scheme, the Directors are authorised, at any time within ten years after the Adoption Date, to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant which must be a business day; (ii) the average closing prices of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

During the Period, no option was granted, lapsed, exercised or cancelled under the Scheme.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2009, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long positions

Ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares interest in or deemed to be interested	Approximate percentage holding
Allmighty Group	Legal/beneficial owner (<i>Note 1</i>)	3,370,480,000	74.90%
Diamond Palace	Interest in controlled corporation (<i>Note 1</i>)	3,370,480,000	74.90%
Million Way	Interest in controlled corporation (<i>Note 1</i>)	3,370,480,000	74.90%
STC International	Trustee (<i>Note 2</i>)	3,370,480,000	74.90%
Dr. Albert Yeung	Settlor of the AY Trust (<i>Note 2</i>)	3,370,480,000	74.90%
Ms. Luk Siu Man, Semon	Family (<i>Note 3</i>)	3,370,480,000	74.90%
Mr. Cheng Yu Tung	Interest in controlled corporation	233,000,000	5.18%
Chow Tai Fook Nominee Limited	Beneficial owner	233,000,000	5.18%

Interests and Short Positions of Substantial Shareholders (Continued)

Notes:

1. The entire issued share capital of Allmighty Group was held by Diamond Palace which in turn was wholly-owned by Million Way.
2. Million Way was held by STC International. STC International and Dr. Albert Yeung were the trustee and settlor of the AY Trust respectively. By virtue of the SFO, each of STC International and Dr. Albert Yeung was deemed to be interested in the 3,370,480,000 shares held by Allmighty Group.
3. Ms. Luk Siu Man, Semon was deemed to be interested in the 3,370,480,000 shares held by Allmighty Group by virtue of the deemed interests held by her spouse, Dr. Albert Yeung.

The said 3,370,480,000 shares were the same shares as set out under the section headed “Directors’ and Chief Executives’ Interests and Short Position in Securities” above.

Save as disclosed above, as at 30 June 2009, the Directors of the Company were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

Corporate Governance

Code on Corporate Governance Practices

The Company had complied throughout the Period with all the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

Corporate Governance (Continued)

Model Code for Securities Transactions

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules as the rules governing dealings by the Directors in the listed securities of the Company. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

Review of Interim Report

The condensed consolidated financial statements of the Group as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report has been reviewed by the audit committee of the Company, which comprises the three independent non-executive Directors of the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Emperor Watch & Jewellery Limited
Cindy Yeung
Executive Director

Hong Kong, 26 August 2009

As at the date of this report, the Board of the Company 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