

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ORIENTAL WATCH HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(the “Company”)

(Stock Code: 398)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2025

The Board of Directors of Oriental Watch Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2025 together with the comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2025

		(Unaudited)	
		Six months ended	
		30 September 2025	30 September 2024
	NOTES	HK\$'000	HK\$'000
Revenue	3	1,618,471	1,800,461
Cost of goods sold		(1,130,833)	(1,240,038)
Gross profit		487,638	560,423
Other income	4A	29,055	18,792
Other gains and losses	4B	6,371	(6,563)
Distribution and selling expenses			
— Expenses related to leases		(92,249)	(97,700)
— Other distribution and selling expenses		(167,343)	(177,888)
Administrative expenses		(103,146)	(116,328)
Finance costs		(4,661)	(5,078)
Share of results of associates		11,201	10,643
Share of results of joint ventures		(1,190)	(285)

(Unaudited)			
Six months ended			
		30 September 2025	30 September 2024
	NOTES	HK\$'000	HK\$'000
Profit before taxation	5	165,676	186,016
Income tax expense	6	(64,903)	(66,632)
Profit for the period		<u>100,773</u>	<u>119,384</u>
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income ("FVTOCI")		3,170	1,822
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>21,012</u>	<u>27,101</u>
Other comprehensive income for the period		<u>24,182</u>	<u>28,923</u>
Total comprehensive income for the period		<u><u>124,955</u></u>	<u><u>148,307</u></u>
Profit (loss) for the period attributable to:			
Owners of the Company		100,782	119,398
Non-controlling interests		<u>(9)</u>	<u>(14)</u>
		<u><u>100,773</u></u>	<u><u>119,384</u></u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		124,887	148,339
Non-controlling interests		<u>68</u>	<u>(32)</u>
		<u><u>124,955</u></u>	<u><u>148,307</u></u>
Earnings per share	8		
— Basic		<u><u>20.68 HK cents</u></u>	<u><u>24.50 HK cents</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2025

		(Unaudited) 30 September 2025 HK\$'000	(Audited) 31 March 2025 HK\$'000
	NOTES		
Non-current assets			
Property, plant and equipment	9	187,434	194,213
Right-of-use assets	9	198,113	171,799
Investment properties		35,148	34,765
Deposits for acquisition of property, plant and equipment		15,232	7,774
Interests in associates		80,430	70,976
Interests in joint ventures		26,039	26,853
Equity instruments at FVTOCI		33,890	30,720
Financial assets at fair value through profit or loss ("FVTPL")		21,526	19,806
Deferred tax assets		8,476	8,276
Property rental deposits		27,938	22,062
Long-term bank deposits		2,226	2,187
		<u>636,452</u>	<u>589,431</u>
Current assets			
Inventories	10	446,427	466,304
Loan receivable	11	68,271	65,930
Trade and other receivables	12	254,037	243,330
Financial assets at FVTPL		11,095	11,807
Amount due from a joint venture		24,600	20,911
Taxation recoverable		8,472	9,719
Cash and cash equivalents		978,785	836,081
		<u>1,791,687</u>	<u>1,654,082</u>
Current liabilities			
Trade and other payables	13	266,762	229,138
Contract liabilities		3,386	2,947
Dividend payable		81,389	—
Lease liabilities		85,090	83,554
Taxation payable		27,759	31,352
		<u>464,386</u>	<u>346,991</u>
Net current assets		<u>1,327,301</u>	<u>1,307,091</u>
Total assets less current liabilities		<u>1,963,753</u>	<u>1,896,522</u>

	(Unaudited) 30 September 2025 <i>HK\$'000</i>	(Audited) 31 March 2025 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	28,203	30,038
Lease liabilities	<u>137,202</u>	<u>111,702</u>
	<u>165,405</u>	<u>141,740</u>
Net assets	<u><u>1,798,348</u></u>	<u><u>1,754,782</u></u>
Capital and reserves		
Share capital	48,736	48,736
Reserves	<u>1,747,801</u>	<u>1,704,303</u>
Equity attributable to owners of the Company	1,796,537	1,753,039
Non-controlling interests	<u>1,811</u>	<u>1,743</u>
Total equity	<u><u>1,798,348</u></u>	<u><u>1,754,782</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2025

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policy resulting from application of amendments to HKFRS Accounting Standard, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2025 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2025.

Application of amendments to HKFRS Accounting Standard

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 April 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operation is principally sales of watches. The Group's revenue represents consideration received or receivable from sales of watches.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is analysed based on the geographical markets of the goods sold, which is also the basis of organisation of the Group for managing the business operations.

Specifically, the Group had three operating segments, being (a) Hong Kong, (b) the People's Republic of China (the "PRC") and (c) Macau. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Sales of watches (revenue recognised at a point in time)

For sales of watches, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail shop, including self-operating shops and the shops at department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods. A credit period of not more than 30 days is granted to department stores who receive the payment on behalf of the Group at the point the customer purchases the goods.

All sales contracts are for periods of one year or less. As permitted under HKFRS 15 "Revenue from contracts with customers", the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

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

	Segment revenue — recognised at a point in time		Segment (loss) profit	
	Six months ended		Six months ended	
	30 September		30 September	
	2025	2024	2025	2024
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	351,481	423,882	(8,858)	6,847
The PRC	1,261,103	1,322,763	218,149	212,328
Macau	5,887	53,816	(19,331)	2,470
	<u>1,618,471</u>	<u>1,800,461</u>	<u>189,960</u>	<u>221,645</u>
Unallocated other income			6,566	12,300
Unallocated other gains and losses			7,664	3,847
Unallocated corporate expenses			(48,525)	(62,134)
Share of results of associates			11,201	10,643
Share of results of joint ventures			(1,190)	(285)
Profit before taxation			<u>165,676</u>	<u>186,016</u>

Segment (loss) profit represents the (loss) profit before taxation earned by each segment without allocation of share of results of associates and joint ventures, unallocated other income, unallocated other gains and losses and unallocated corporate expenses. Unallocated corporate expenses include auditor's remuneration, directors' remuneration, expenses of the Group's headquarter which are unallocated between the operating segments and operating expenses of inactive companies. This is the measure reported to the chief operating decision maker of the Group for the purposes of resources allocation and performance assessment.

All segment revenue is generated from external customers for both periods.

The following is an analysis of the Group's assets and liabilities by operating segments:

	Segment assets		Segment liabilities	
	30 September	31 March	30 September	31 March
	2025	2025	2025	2025
	(unaudited)	(audited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	534,842	513,729	187,117	154,736
The PRC	548,827	548,532	147,233	145,928
Macau	45,502	43,217	19,550	10,293
Segment total	1,129,171	1,105,478	353,900	310,957
Unallocated	1,298,968	1,138,035	275,891	177,774
Group's total	2,428,139	2,243,513	629,791	488,731

The segment assets by location are the same as by location of markets of the goods sold.

4A. OTHER INCOME

	Six months ended	
	30 September	30 September
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Other income comprises:		
Interest income from bank	4,225	6,449
Interest income from rental deposits	605	1,031
Interest income from loan receivable at amortised cost	2,341	5,851
Government subsidies (<i>Note</i>)	16,291	—

Note: During the six months ended 30 September 2025, the Group recognised government grants in respect of unconditional subsidies received for subsidising the Group's business in the PRC.

4B. OTHER GAINS AND LOSSES

Six months ended	
30 September 2025 (unaudited) HK\$'000	30 September 2024 (unaudited) HK\$'000

Other gains and losses comprises:

Change in fair value of loan receivables at FVTPL	–	976
Change in fair value of financial assets at FVTPL	1,997	1,074
Change in fair value of investment properties	166	(236)
Impairment loss (recognised) reversed under expected credit loss model, net	(238)	1,515
Loss on disposal of property, plant and equipment	(706)	(277)
Gain on disposal of financial assets at FVTPL	4,756	–
Net exchange gain	394	159

5. PROFIT BEFORE TAXATION

Six months ended	
30 September 2025 (unaudited) HK\$'000	30 September 2024 (unaudited) HK\$'000

Profit before taxation has been arrived at after charging:

Depreciation of property, plant and equipment	23,632	28,684
Depreciation of right-of-use assets	45,605	50,251
Allowance for slow-moving watches	4,121	5,248
Short-term lease payments	3,956	6,844

6. INCOME TAX EXPENSE

	Six months ended	
	30 September 2025 (unaudited) HK\$'000	30 September 2024 (unaudited) HK\$'000
Current tax:		
Hong Kong	18	133
PRC Enterprise Income Tax	55,360	56,896
Other jurisdictions	17	874
Withholding tax on dividend income from associates	1,058	2,068
Withholding tax on dividend income from subsidiaries	10,461	10,136
	<u>66,914</u>	<u>70,107</u>
Deferred taxation credit	<u>(2,011)</u>	<u>(3,475)</u>
	<u>64,903</u>	<u>66,632</u>

Hong Kong Profits Tax for both periods is calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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 PRC subsidiaries is 25% for both periods, after setting off of tax losses brought forward, if any.

Taxation in other jurisdictions mainly represents Macau SAR Complementary Tax, which is calculated at the rate of 12% on the estimated assessable profits.

7. DIVIDEND

During the six months ended 30 September 2025, a final dividend of 4.2 HK cents per share, totalling HK\$20,469,000, in respect of the year ended 31 March 2025 (2024: 5.8 HK cents per share, totalling HK\$28,267,000) and a special dividend of 12.5 HK cents per share, totalling HK\$60,920,000, in respect of the year ended 31 March 2025 (2024: 17.2 HK cents per share, totalling HK\$83,826,000) were declared and approved by the shareholders of the Company at the annual general meeting held on 20 August 2025 and the dividends were subsequently paid to the shareholders of the Company on 23 October 2025.

On 19 November 2025, the directors resolved to declare an interim dividend of 5.3 HK cents per share, totalling HK\$25,830,000 in respect of the six months ended 30 September 2025 (2024: 6.1 HK cents per share, totalling HK\$29,729,000) and a special dividend of 15.5 HK cents per share, totalling HK\$75,541,000, in respect of the six months ended 30 September 2025 (2024: 18.5 HK cents per share, totalling HK\$90,161,000), to be paid in cash to those shareholders whose names appear on the Company’s register of members on 13 January 2026.

8. EARNINGS PER SHARE

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

	Six months ended	
	30 September	30 September
	2025	2024
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings for the purposes of basic earnings per share		
(profit for the period attributable to owners of the Company)	100,782	119,398
	30 September	30 September
	2025	2024
	(unaudited)	(unaudited)
Number of shares		
Number of ordinary shares	487,358,224	487,358,224

For the six months ended 30 September 2025 and 2024, no diluted earnings per share has been prepared as there were no potential ordinary shares outstanding during both periods respectively.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2025, the Group incurred expenditure of HK\$13,282,000 (six months ended 30 September 2024: HK\$12,715,000) to acquire property, plant and equipment for its operation. During the six months ended 30 September 2025, the Group has disposed/written-off of certain property, plant and equipment with carrying amount of HK\$711,000 (six months ended 30 September 2024: HK\$375,000) resulting in a loss on disposal/written-off of HK\$706,000 (six months ended 30 September 2024: HK\$277,000).

During the six months ended 30 September 2025, the Group entered into several new lease agreement or lease renewal agreements for the use of shops and office premises ranging from 2 to 5 years (six months ended 30 September 2024: ranging from 2 to 3 years). The Group is required to make fixed payments. The Group recognised additions to right-of-use assets of HK\$13,923,000 (six months ended 30 September 2024: HK\$20,235,000) and lease liabilities of HK\$12,859,000 (six months ended 30 September 2024: HK\$19,456,000) upon commencement of leases, which constitutes non-cash transactions. In addition, lease terms of certain leases were extended through modification and the Group recognised additions to right-of-use assets of HK\$63,004,000 (six months ended 30 September 2024: HK\$20,481,000) and related lease liabilities of HK\$62,018,000 (six months ended 30 September 2024: HK\$17,414,000) at the effective date of modification. Furthermore, during the six months ended 30 September 2025, before the commencement of the extension period of a lease, the Group had entered into a renewal agreement with the term of years shorter than the term of years per extension option and accordingly, the Group recognised reduction to right-of-use assets of HK\$52,000 (six months ended 30 September 2024: HK\$46,257,000) and lease liabilities of HK\$52,000 (six months ended 30 September 2024: HK\$48,168,000) at the effective date of modification.

10. INVENTORIES

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Watches	426,135	445,196
Others	20,292	21,108
	<u>446,427</u>	<u>466,304</u>

11. LOAN RECEIVABLE

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Loan receivable at amortised cost	<u>68,271</u>	<u>65,930</u>

The following is the maturity profile of the loan receivable at the end of the reporting period:

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Repayable within one year	68,271	65,930

12. TRADE AND OTHER RECEIVABLES

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Trade receivables	219,032	198,773
Less: Allowance for credit losses	(5,090)	(4,766)
	213,942	194,007
Property rental and other deposits	22,111	35,731
Advances to suppliers	859	1,058
Others	17,125	12,534
	254,037	243,330

The Group maintains a general credit policy of not more than 30 days for its retail sales in department store. Sales made to retail customers are mainly made on a cash basis. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Age		
0 to 30 days	133,761	129,587
31 to 60 days	22,358	20,638
61 to 90 days	19,755	22,778
Over 90 days	38,068	21,004
	213,942	194,007

13. TRADE AND OTHER PAYABLES

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Trade payables	40,121	25,571
Payroll and welfare payables	129,318	100,083
Commission payables	38,788	45,181
Renovation work payables	6,215	2,344
PRC value added tax and other taxes payables	18,192	24,514
Property rental fee payables	14,766	11,519
Others	19,362	19,926
	<u>266,762</u>	<u>229,138</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 September 2025 (unaudited) HK\$'000	31 March 2025 (audited) HK\$'000
Age		
0 to 60 days	38,502	24,090
61 to 90 days	13	33
Over 90 days	1,606	1,448
	<u>40,121</u>	<u>25,571</u>

The average credit period on purchases of goods is 30 days.

14. SHARE-BASED PAYMENT TRANSACTION

The Company has a share award scheme for eligible directors and employees of the Company or its subsidiaries.

On 27 June 2022 (the “Adoption Date”), the Company adopted an employees’ share award scheme (the “2022 Share Award Scheme”). Pursuant to the 2022 Share Award Scheme, it shall be valid and effective for a term of 10 years commencing from the Adoption Date.

Under the 2022 Share Award Scheme, any employee, executive, officer, or director of the Company or of any subsidiary is eligible for participation in the scheme. The purposes and objectives of the 2022 Share Award Scheme are to recognise and motivate the contributions by certain eligible persons and to provide them with incentives in order to retain them for the continual operation and development of the Group and to help the Group in attracting and recruiting suitable personnel as additional employees to further the operation and development of the Group, and to provide the eligible persons with a direct economic interest in attaining the long-term business objectives of the Group. The board of directors shall not make any further award which will result in: (i) the number of Shares awarded by the board under the scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date; or (ii) the number of the Shares held by public shareholders falls below the minimum percentage as prescribed under the Listing Rules. The maximum number of shares which may be awarded to each selected person under the scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

Under such scheme, there is no provision on (a) the vesting period of awards to be granted; and (b) the amount payable on application or acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid. All these are subject to the discretion of the board of directors of the Company on the granting of an award under such scheme. For further details of the principal terms of the 2022 Share Award Scheme, please refer to the Company’s announcement on 27 June 2022.

The total number of awards available for grant under the 2022 Share Award Scheme was 48,735,822 shares as at 1 April 2025, 30 September 2025 and 19 November 2025 respectively, representing 10% of the issued share capital of the Company as at the date of this announcement. No share award has been granted under the 2022 Share Award Scheme since the Adoption Date.

During the six months ended 30 September 2025 and 30 September 2024, no share-based payment expense was recognised in relation to the 2022 Share Award Scheme.

DIVIDENDS

The directors have resolved to pay an interim dividend of 5.3 HK cents per share (2024: 6.1 HK cents) and a special dividend of 15.5 HK cents per share (2024: 18.5 HK cents) in respect of the six months ended 30 September 2025, totalling HK\$101,371,000 (2024: HK\$119,890,000), to shareholders whose names appear on the register of the members of the Company on 13 January 2026. Dividend warrants will be sent to shareholders on or before 28 January 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 January 2026 to 13 January 2026 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend and special dividend above mentioned, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 9 January 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Group Results

On behalf of the Board of Directors (the "Board") of Oriental Watch Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present you the unaudited consolidated results of the Group for the six months ended 30 September 2025 (the "Period").

In the first half of 2025, Mainland China's economy maintained steady growth, supported by a resilient service sector and improving market sentiment. Retail sales volumes showed signs of recovery, while consumer prices remained stable and household incomes continued to rise. Despite these positive indicators, spending patterns have stayed cautious, with consumers prioritizing daily necessities over discretionary or luxury goods. This shift in consumption has slowed the growth of the luxury market, as many consumers redirected their spending toward experiences, travel, and wellness. Consequently, the luxury sector has come under increasing pressure, and the Group's performance has been inevitably affected. Revenue for the Period decreased by 10.1% year-over year ("YoY") to HK\$1,618 million (2024: HK\$1,800 million). Gross profit declined by 12.9% YoY to HK\$488 million (2024: HK\$560 million), with gross profit margin slightly decreased to 30.2% (2024: 31.1%). Profit attributable to owners of the Company decreased by 15.1% YoY to HK\$101 million (2024: HK\$119 million).

Business Review

As at 30 September 2025, the Group operated 40 retail points (including associate retail stores) in the Greater China region, along with 1 online store in each of Mainland China and Hong Kong respectively. Breakdown of retail points by geographic region is as follows:

As at 30 September 2025	
Hong Kong	11
Macau	2
Mainland China	25
Taiwan	2
Total	40

In Mainland China, GDP growth moderated from 5.2% in the second quarter of 2025 to 4.8% in the third quarter, reflecting softer consumer spending and continued challenges in the real estate sector. Despite these headwinds, the Group remained focused on deepening collaborations with key brand partners and expanding its boutique network in major cities, with a strategic emphasis on capturing the rising emerging affluent consumer segment. The Group also continues to place strong focus on delivering premium service experiences. As a result of the market conditions, revenue from the Group's Mainland China operation slightly declined by 4.7% YoY to HK\$1,261 million (2024: HK\$1,323 million).

In Hong Kong, consumer confidence remained subdued amid weak local spending, exchange rate fluctuations, and intensifying regional competition. According to the Hong Kong Census and Statistics Department, total retail sales in Hong Kong declined by 1.0% YoY during January to September 2025, compared with the same period in 2024. In particular, sales of jewellery, watches and clocks, and valuable gifts fell by 0.9% YoY, reflecting the continued caution in discretionary spending. Consequently, revenue from the Group's Hong Kong operations decreased by approximately 17.2% YoY to HK\$351 million (2024: HK\$424 million).

Despite these challenges, the Company remained committed to advancing its brand enhancement strategy by securing prime locations across Greater China to expand market presence, while simultaneously strengthening its marketing initiatives to foster deeper customer engagement. These coordinated efforts drove steady growth in VIP memberships, further enhancing brand recognition and reinforcing the Group's connection with a younger and more diverse consumer base.

The Group demonstrated strong financial discipline and operational prudence throughout the Period, with particular focus on managing rental expenses, which represent the largest portion of its overall costs. The Group conducted continual reviews of store performance, strategically closing underperforming outlets in high-rent locations. By leveraging established relationships with landlords, the Company successfully negotiated more favorable rental terms, resulting in a 3.9% reduction in the aggregated expenses related to lease to HK\$99 million, accounting for 27.0% of the overall operating expenses (2024: 25.9%).

Effective inventory management remained a critical component of the Group's financial strategy. The Group implemented a replenishment policy for high-value products, restocking only when inventory levels dropped below predefined thresholds. As a result, inventory levels were maintained at a healthy standard and further reduced by 4.3% YoY to HK\$446 million as of 30 September 2025, down from HK\$466 million as of 31 March 2025.

Prospects

The luxury goods market is expected to face continued pressure in the near term. According to the Federation of the Swiss Watch Industry FH, watch exports to Mainland China and Hong Kong declined by 16.3% and 8.3%, respectively, between January and September 2025, underscoring persistent industry headwinds. The sector continues to be challenged by subdued discretionary spending and macroeconomic uncertainties, with Mainland China projected to see ongoing softness in consumer demand.

In response to these conditions, the Group is adopting a balanced strategy by exercising caution while proactively seeking opportunities for growth. Efforts will focus on strengthening partnerships with leading brands and expanding the boutique network in prime locations, complemented by the selective opening of new stores to broaden market reach. By maintaining high standards of premium service, the Group aims to enhance customer loyalty. At the same time, stringent cost management and improved operational efficiency will underpin sustainable profitability, supporting the Group's resilience in a volatile market and enabling consistent returns to shareholders.

Liquidity and financial resources

At 30 September 2025, the Group's total equity reached HK\$1,798 million, compared with HK\$1,755 million as at 31 March 2025. The Group had net current assets of HK\$1,327 million, including cash and cash equivalents of HK\$979 million as at 30 September 2025 compared with balances of HK\$1,307 million and HK\$836 million respectively as at 31 March 2025. The Group had no bank loan as at 30 September 2025 and 31 March 2025 and the gearing ratio (defined as total bank borrowing on total equity) was nil.

Management considers that the financial position of the Group is healthy with adequate funds and unused banking facilities.

Foreign exchange exposure

The Group's sale and purchase transactions are primarily denominated in Hong Kong dollars and Renminbi. The Group did not have any significant risk from exposure to foreign exchange fluctuations.

STAFF AND EMPLOYMENT

As at 30 September 2025, our Group employed 570 employees in Hong Kong, Macau, Mainland China and Taiwan, of whom approximately 64% were located on Mainland China.

Our employees' compensation packages include basic salary, commission, annual bonus, medical insurance and other common benefits. They are structured by reference to the nature of their posts, experiences and performance, and are reviewed annually based on the Group's objective performance appraisal system.

The Group has allocated significant resources to provide training programmes to employees to improve their services to customers. The management team has used results of a "Mystery Shoppers Programme" conducted by an independent consultancy firm to tailor-made training programmes for specific shop and at individual level.

The Group has also developed a series of training programmes for senior executives with diverse topics ranging from leadership, personal development and effectiveness, task and team management. These programmes enable our senior executives to improve their management skills and help to bring in innovative ideas to the Group.

The Company has adopted a share award scheme relating to award of shares of the Company purchased by the trustee or the administration committee of such scheme out of fund paid by the Company to eligible persons including directors and employees of the Group with a view to offer valuable incentive to attract and retain quality personnel and other persons to work to increase the value of the shares of the Company.

REVIEW OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 September 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2025, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good governance practices and procedures. The Company has met the code provisions set out in the Corporate Governance Code (the "CG Code") in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 30 September 2025 except the following deviations:

1. Under code provision C.2.1, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. However, such roles have been taken up by Mr. Yeung Him Kit, Dennis since 10 February 2021 after Dr. Yeung Ming Biu, the Company's former chairman, passed away as the Board considers that he is the most suitable person with the necessary experience to provide leadership to the Board as well as to manage the day-to-day operations of the Group.
2. During the period from 1 April 2025 to 30 June 2025, the then code provision F.1.1 stated that the Company should have a policy on payment of dividend (such requirement was deleted with effect on 1 July 2025). The Company does not have a dividend policy and the Board will decide on the declaration/recommendation of any future dividends after taking into consideration a number of factors, including the prevailing market conditions, the Group's operating results, business plans and prospects, financial position and working capital requirements, and other factors that the Board considers relevant.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Enquiry has been made with all directors of the Company and all directors have confirmed that they had complied with the required standard set out in the Model Code during the six months ended 30 September 2025.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company. Terms of reference of the Audit Committee have been updated in compliance with the CG Code.

The Audit Committee, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of unaudited consolidated financial statements for the six months ended 30 September 2025.

PUBLICATION OF INTERIM RESULTS AND DESPATCH OF INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited at (www.hkex.com.hk) and the Company at (www.orientalwatch.com). The 2025 interim report containing all information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in accordance with the Listing Rules.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yeung Him Kit, Dennis (Chairman), Madam Yeung Man Yee, Shirley and Mr. Lam Hing Lun, Alain as executive directors; and Mr. Choi Man Chau, Michael, Mr. Sun Dai Hoe Harold and Mr. Sin Nga Yan, Benedict as independent non-executive directors.

By order of the Board
Yeung Him Kit, Dennis
Chairman

Hong Kong, 19 November 2025