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CITYCHAMP WATCH & JEWELLERY GROUP LIMITED

冠城鐘錶珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “**Board**”) of Citychamp Watch & Jewellery Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025 together with comparative figures for the year ended 31 December 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Interest and dividend income from banking business		485,740	503,552
Interest expenses from banking business		(215,796)	(217,570)
Net interest and dividend income from banking business	5a	269,944	285,982
Service fees and commission income from banking business		237,212	209,308
Service fees and commission expenses from banking business		(38,884)	(32,189)
Net service fees and commission income from banking business	5b	198,328	177,119
Trading income from banking business	5c	49,136	35,309
Service fees and commission income from financial business	5d	128	20
Interest income from financial business	5d	1,599	1,369
Sales of goods from non-banking and financial businesses	5e	507,929	813,952
Rental income from non-banking and financial businesses	5e	21,097	21,872
Total revenue		1,048,161	1,335,623
Cost of sales from non-banking and financial businesses		(351,245)	(526,644)
Other income and other net gains or losses	6	(81,739)	(34,665)
Selling and distribution expenses		(201,992)	(301,850)
Administrative expenses		(601,692)	(672,722)
Share of profit of associates		18,207	3,306
Finance costs from non-banking business	7	(55,267)	(63,095)
Loss before income tax	8	(225,567)	(260,047)
Income tax expense	9	(14,371)	(21,605)
Loss for the year		(239,938)	(281,652)

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
– Remeasurement of net defined benefit obligations		3,003	(1,399)
– Change in fair value of financial assets at fair value through other comprehensive income		126,205	(51,538)
– Revaluation gain upon transfer of owner occupied land and buildings to investment properties		19,458	–
		<u>148,666</u>	<u>(52,937)</u>
Items that may be subsequently reclassified to profit or loss			
– Exchange differences on translation to presentation currency		384,070	(248,867)
– Share of other comprehensive income of associates		1,332	(1)
		<u>385,402</u>	<u>(248,868)</u>
Other comprehensive income for the year		<u>534,068</u>	<u>(301,805)</u>
Total comprehensive income for the year		<u>294,130</u>	<u>(583,457)</u>
Loss for the year attributable to:			
Owners of the Company		(212,600)	(254,072)
Non-controlling interests		(27,338)	(27,580)
		<u>(239,938)</u>	<u>(281,652)</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		311,838	(552,520)
Non-controlling interests		(17,708)	(30,937)
		<u>294,130</u>	<u>(583,457)</u>
Loss per share attributable to owners of the Company			
– Basic	11	<u>HK(4.89) cents</u>	<u>HK(5.84) cents</u>
– Diluted		<u>HK(4.89) cents</u>	<u>HK(5.84) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
Assets			
Cash and deposits		4,075,501	3,782,130
Due from clients		3,125,949	2,659,182
Due from banks		3,018,888	2,945,270
Trading portfolio investments		46,267	39,564
Financial assets at fair value through other comprehensive income		340,322	233,893
Financial assets at fair value through profit or loss	12	35,810	24,718
Derivative financial assets		4,120	33,061
Trade receivables	13	315,101	372,111
Other financial assets at amortised cost		5,232,248	3,511,829
Inventories		1,449,260	1,513,833
Interests in joint ventures		496	496
Interests in associates		96,255	86,716
Property, plant and equipment		1,179,690	1,238,319
Investment properties		285,910	160,298
Intangible assets		69,875	79,620
Goodwill	14	936,460	973,406
Deferred tax assets		11,017	14,439
Other assets		374,457	294,940
Total assets		20,597,626	17,963,825

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Liabilities			
Due to banks		–	18,393
Due to clients		14,726,047	12,333,170
Derivative financial liabilities		10,078	2,497
Trade payables	15	155,650	190,121
Contract liabilities		32,454	8,219
Income tax payables		39,743	52,037
Borrowings	16	530,266	595,082
Provisions		3,575	2,686
Lease liabilities		50,501	72,365
Deferred tax liabilities		60,701	65,010
Due to directors		78,075	73,731
Other liabilities		822,316	768,469
		<hr/>	<hr/>
Total liabilities		16,509,406	14,181,780
Equity			
Equity attributable to owners of the Company			
Share capital		435,189	435,189
Reserves		3,499,714	3,179,234
		<hr/>	<hr/>
		3,934,903	3,614,423
Non-controlling interests		153,317	167,622
		<hr/>	<hr/>
Total equity		4,088,220	3,782,045
		<hr/>	<hr/>
Total liabilities and equity		20,597,626	17,963,825
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

Citychamp Watch & Jewellery Group Limited (the “**Company**”) is a limited liability company incorporated in Cayman Islands. Its registered office address is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and its principal place of business is Units 1902–04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the year, the principal activities of the Company and its subsidiaries (together referred to as the “**Group**”) include:

- Manufacturing and distribution of watches and timepieces and watch accessories;
- Property investments; and
- Banking and financial businesses.

There was no significant change in the Group’s operations during the year.

The Group’s principal places of the business are in Chinese Mainland, Hong Kong, China (“**Hong Kong**”), Switzerland, United Kingdom and Liechtenstein.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of new or revised HKFRS Accounting Standards – effective 1 January 2025

In the current year, the Group has applied for the first time the following new or revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

None of these new or amended HKFRS Accounting Standards has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

(b) New or revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new or revised HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7 and HKFRS 9	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 7 and HKFRS 9	Contracts Referencing Nature – dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Hong Kong Interpretation 5 (“HK Int 5”) (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation currency ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

HKFRS 18, Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.

Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from ‘profit or loss’ to ‘operating profit or loss’ and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively.

The Group is in the progress of making assessments of the potential impact of these new or revised HKFRS Accounting Standards upon initial application.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable individual HKFRS Accounting Standards issued by the HKICPA. The consolidated financial statements also included the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

3.2 Historical cost convention

The consolidated financial statements have been prepared under historical cost basis except for investment properties and certain financial instruments, which are measured at fair value. The adoption of new or revised HKFRS Accounting Standards and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in preparing these consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3.3 Going concern basis

The Group has missed some of the scheduled repayment stipulated in the agreement of certain bank borrowing related to its non-banking business. In light of these, the Group has been negotiating with the lender for extension or renewal of the aforesaid bank borrowing. The lender informed that the application of the extension of the remaining outstanding principal balance for another 18 months is in progress.

Based on the above, the directors of the Company are of the opinion that the Group would have sufficient financial resources to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

3.4 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“**HK\$’000**”) unless otherwise stated.

4. SEGMENT INFORMATION

The chief operating decision-maker is identified as executive directors.

The executive directors have identified the Group’s product and service lines as operating segments as follows:

- (a) manufacturing and distribution of watches and timepieces and watch accessories;
- (b) property investments; and
- (c) banking and financial businesses.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

2025

	Watches and timepieces and watch accessories <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Banking and financial businesses <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:					
Net interest and dividend income from banking business	–	–	269,944	–	269,944
Net service fees and commission income from banking business	–	–	198,328	–	198,328
Trading income from banking business	–	–	49,136	–	49,136
Service fees and commission income from financial business	–	–	128	–	128
Interest income from financial business	–	–	1,599	–	1,599
Sales of goods from non-banking and financial businesses	507,929	–	–	–	507,929
Rental income from non-banking and financial businesses	–	21,097	–	–	21,097
Total revenue	507,929	21,097	519,135	–	1,048,161
Segment results	(162,291)	21,227	135,343	–	(5,721)
Unallocated corporate income and expenses, net	–	–	–	(182,786)	(182,786)
Share of profit of associates	–	–	–	18,207	18,207
Finance costs	(24,973)	–	(557)	(29,737)	(55,267)
(Loss)/profit before income tax	(187,264)	21,227	134,786	(194,316)	(225,567)
Income tax credit/(expense)	3,272	(689)	(16,644)	(310)	(14,371)
(Loss)/profit for the year	(183,992)	20,538	118,142	(194,626)	(239,938)
Segment assets	3,431,386	310,959	16,358,311	–	20,100,656
Unallocated corporate assets:					
Interests in joint ventures	–	–	–	496	496
Interests in associates	–	–	–	96,255	96,255
Trading portfolio investments	–	–	–	46,267	46,267
Financial assets at fair value through other comprehensive income	–	–	–	340,322	340,322
Cash and deposits	–	–	–	5,352	5,352
Other unallocated corporate assets	–	–	–	8,278	8,278
Consolidated total assets	3,431,386	310,959	16,358,311	496,970	20,597,626

	Watches and timepieces and watch accessories <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Banking and financial businesses <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment liabilities	844,851	40,292	14,904,601	–	15,789,744
Unallocated corporate liabilities:					
Borrowings	–	–	–	315,233	315,233
Lease liabilities	–	–	–	24,457	24,457
Other unallocated corporate liabilities (<i>note</i>)	–	–	–	379,972	379,972
Consolidated total liabilities	844,851	40,292	14,904,601	719,662	16,509,406
Other segment information					
Interest income and other interest income	327	–	–	–	327
Excepted credit losses on trade receivables	400	–	–	–	400
Expected credit loss on other assets	9,467	–	–	–	9,467
Provision of expected credit losses on due from banks and customers	–	–	(10,660)	–	(10,660)
Reversal of expected credit losses for other financial assets at amortised cost	–	–	188	–	188
Provision for litigation risks, net	–	–	(3,304)	–	(3,304)
Provision for inventories	(26,940)	–	–	–	(26,940)
Reversal of provision for inventories	1,510	–	–	–	1,510
Impairment loss on goodwill	(125,414)	–	–	–	(125,414)
Impairment loss on property, plant and equipment	(4,978)	–	–	–	(4,978)
Impairment loss on intangible assets	(6,884)	–	–	–	(6,884)
Gain on fair value changes on financial assets at fair value through profit or loss	35,214	–	–	–	35,214
Depreciation and amortisation	(58,711)	–	(32,779)	(11,902)	(103,392)
Additions to non-current assets	18,668	–	8,687	–	27,355
Net surplus on revaluation of investment properties	–	7,032	–	–	7,032

Note: Other unallocated corporate liabilities mainly included amount due to a related company and associates as at 31 December 2025.

2024

	Watches and timepieces and watch accessories <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Banking and financial businesses <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:					
Net interest and dividend income from banking business	–	–	285,982	–	285,982
Net service fees and commission income from banking business	–	–	177,119	–	177,119
Trading income from banking business	–	–	35,309	–	35,309
Service fees and commission income from financial business	–	–	20	–	20
Interest income from financial business	–	–	1,369	–	1,369
Sales of goods from non-banking and financial businesses	813,952	–	–	–	813,952
Rental income from non-banking and financial businesses	–	21,872	–	–	21,872
Total revenue	813,952	21,872	499,799	–	1,335,623
Segment results	(194,622)	15,397	132,062	–	(47,163)
Unallocated corporate income and expenses, net	–	–	–	(153,095)	(153,095)
Share of profit of associates	–	–	–	3,306	3,306
Finance costs	(23,071)	–	(537)	(39,487)	(63,095)
(Loss)/profit before income tax	(217,693)	15,397	131,525	(189,276)	(260,047)
Income tax expense	(3,637)	(727)	(17,172)	(69)	(21,605)
(Loss)/profit for the year	(221,330)	14,670	114,353	(189,345)	(281,652)
Segment assets	3,656,453	185,497	13,744,247	–	17,586,197
Unallocated corporate assets:					
Interests in joint ventures	–	–	–	496	496
Interests in associates	–	–	–	86,716	86,716
Trading portfolio investments	–	–	–	39,564	39,564
Financial assets at fair value through other comprehensive income	–	–	–	233,893	233,893
Cash and deposits	–	–	–	7,839	7,839
Other unallocated corporate assets	–	–	–	9,120	9,120
Consolidated total assets	3,656,453	185,497	13,744,247	377,628	17,963,825

	Watches and timepieces and watch accessories <i>HK\$'000</i>	Property investments <i>HK\$'000</i>	Banking and financial businesses <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment liabilities	865,917	41,883	12,542,395	–	13,450,195
Unallocated corporate liabilities:					
Borrowings	–	–	–	370,536	370,536
Lease liabilities	–	–	–	35,565	35,565
Other unallocated corporate liabilities (<i>note</i>)	–	–	–	325,484	325,484
Consolidated total liabilities	865,917	41,883	12,542,395	731,585	14,181,780
Other segment information					
Interest income and other interest income	661	–	–	368	1,029
Expected credit losses on trade receivables	(6,027)	–	–	–	(6,027)
Expected credit loss on other assets	(36,724)	–	–	–	(36,724)
Provision of expected credit losses on due from banks and customers	–	–	(5,327)	–	(5,327)
Reversal of expected credit losses for other financial assets at amortised cost	–	–	618	–	618
Reversal of provision for litigation risks, net	–	–	219	–	219
Provision for inventories	(21,348)	–	–	–	(21,348)
Reversal of provision for inventories	11,000	–	–	–	11,000
Impairment loss on goodwill	(115,917)	–	–	–	(115,917)
Impairment loss on property, plant and equipment	(1,407)	–	–	–	(1,407)
Impairment loss on intangible asset	(1,732)	–	–	–	(1,732)
Gain on fair value changes on financial assets/liabilities at fair value through profit or loss	69,623	–	–	–	69,623
Depreciation and amortisation	(54,139)	–	(27,482)	(11,115)	(92,736)
Net deficit on revaluation of investment properties	–	(4,386)	–	–	(4,386)
Additions to non-current assets	25,447	–	15,485	–	40,932

Note: Other unallocated corporate liabilities mainly included amount due to a related company and associates as at 31 December 2024.

Unallocated corporate income and expenses mainly comprised dividend income from trading portfolio investments and, financial assets at fair value through other comprehensive income, gain or loss on fair value changes in trading portfolio investments and other corporate income and expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment. Other corporate expenses mainly included employee costs and directors' remuneration for administrative purpose.

The Group's revenues from external customers and its non-current assets (other than financial assets and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong, China	48,072	75,371	131,108	139,101
Chinese Mainland	441,195	653,060	1,567,167	1,597,645
Switzerland	3,596	3,389	378,835	347,554
United Kingdom	5,581	52,915	7,206	8,488
Liechtenstein	519,135	499,799	479,739	444,815
Others	30,582	51,089	4,631	1,252
	<u>1,048,161</u>	<u>1,335,623</u>	<u>2,568,686</u>	<u>2,538,855</u>

The geographical location of revenues from watches and timepieces and watch accessories and property investments segment are based on the location of customers, and the geographical location of revenues from banking and financial businesses segment are based on the location of operations of the cash generating units ("CGUs").

Non-current assets (other than financial assets and deferred tax assets) include interests in joint ventures, interests in associates, property, plant and equipment, investment properties, intangible assets and goodwill. For interests in joint ventures and interests in associates, goodwill and intangible assets, the geographical location is based on the areas of operation of CGUs. The geographical location of other non-current assets is based on the physical location of the assets.

The Group has a large number of customers and there is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the years ended 31 December 2025 and 2024.

5. REVENUE

The Group is principally engaging in manufacturing and distribution of watches and timepieces and watch accessories, property investments and banking and financial businesses.

For banking and financial businesses, revenue mainly comprises net interest and dividend income, net service fees and commission income and trading income (notes 5(a), 5(b), 5(c) and 5(d)). For non-banking and financial businesses, revenue mainly represents the net invoiced value of goods sold, after allowance for returns and trade discounts and rental income received and receivables (note 5(e)).

Revenue recognised during the year is as follows:

(a) **Net interest and dividend income from banking business**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest and dividend income from banking business arising from:		
Interest income – due from banks	227,077	253,027
Interest income – due from clients	49,860	44,609
Interest income from mortgage loans	57,369	79,253
Interest income from money market papers	–	(322)
Interest income from financial assets	139,952	95,088
Negative interest expense on due to clients	11,482	31,897
	<u>485,740</u>	<u>503,552</u>
Interest expenses from banking business arising from:		
Interest expense on due to banks	(640)	(288)
Interest expense on due to clients	(214,523)	(216,098)
Negative interest income on due from banks and clients	(633)	(1,184)
	<u>(215,796)</u>	<u>(217,570)</u>
Net interest and dividend income from banking business	<u>269,944</u>	<u>285,982</u>

(b) **Net service fees and commission income from banking business**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Service fee and commission income from banking business arising from:		
Commission income from loans	6,227	7,112
Brokerage fees	54,721	35,530
Custody account fees	32,775	25,870
Commission on investment advice and asset management	53,210	48,337
Commission income from service fees	25,003	27,020
Commission income from fiduciary fees	425	385
Commission income from retrocession	3,509	4,082
Other commission income	61,342	60,972
	<u>237,212</u>	<u>209,308</u>
Service fees and commission expenses from banking business	(38,884)	(32,189)
Net service fees and commission income from banking business	<u>198,328</u>	<u>177,119</u>

(c) **Trading income from banking business**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Equity instruments	–	–
Debt instruments	20	7
Securities	10,149	4,103
Forex and precious metals	38,954	30,931
Funds	13	268
	<hr/>	<hr/>
Trading income from banking business	49,136	35,309
	<hr/>	<hr/>

(d) **Revenue from financial business**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Service fees and commission income	128	20
Interest income	1,599	1,369
	<hr/>	<hr/>
Revenue from financial business	1,727	1,389
	<hr/>	<hr/>

(e) **Revenue from non-banking and financial businesses**

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Sales of goods	507,929	813,952
Rental income	21,097	21,872
	<hr/>	<hr/>
Revenue from non-banking business and financial businesses	529,026	835,824
	<hr/>	<hr/>

6. OTHER INCOME AND OTHER NET GAINS OR LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Gain on fair value changes in trading portfolio investments from non- banking business, net	84	282
Gain on fair value changes on financial assets/liabilities at fair value through profit or loss	35,214	69,623
Impairment loss on goodwill	(125,414)	(115,917)
Impairment loss on property, plant and equipment	(4,978)	(1,407)
Impairment loss on intangible assets	(6,884)	(1,732)
Net surplus/(deficit) on revaluation of investment properties	7,032	(4,386)
Gain on disposal of property, plant and equipment	2,425	1,533
Gain on early termination of lease	572	519
Bank and other interest income from non-banking business	327	1,029
Dividend income from financial assets at fair value through other comprehensive income	2,179	7,941
Other operating income	9,820	–
Government subsidies (<i>note</i>)	1,563	5,083
(Provision)/reversal of provision of litigation risks	(3,304)	219
Provision of expected credit losses for due from banks and clients	(10,660)	(5,327)
Reversal of expected credit losses for other financial assets at amortised cost	188	618
Exchange gain, net	6,277	5,913
Other sundry income, net	3,820	1,344
	<u>(81,739)</u>	<u>(34,665)</u>

Note: Government subsidies mainly comprised of unconditional subsidies received for subsidising the Group's business.

7. FINANCE COSTS FROM NON-BANKING BUSINESS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest charged on bank borrowings, bank overdrafts and other borrowings	50,816	59,382
Interest on lease liabilities	4,451	3,713
	<u>55,267</u>	<u>63,095</u>

8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of inventories recognised as expense, including:	351,245	526,644
– Reversal of provision for inventories	(1,510)	(11,000)
– Provision for inventories	26,940	21,348
Depreciation and amortisation	103,392	92,736
– Depreciation for owned assets (<i>note (a)</i>)	62,920	52,090
– Depreciation for right-of-use assets (<i>note (a)</i>)	30,149	28,911
– Amortisation of intangible assets (<i>note (b)</i>)	10,323	11,735
Short term lease expenses	7,940	19,038
Auditor's remuneration	4,600	4,600
Gross rental income	(21,097)	(21,872)
Less: direct operating expenses	2,593	2,684
Net rental income	18,504	(19,188)
Research and development expenses (<i>note (b)</i>)	5,127	11,215
Expected credit losses on other assets	9,467	36,724
Expected credit losses on trade receivables	400	6,027
Advertising	31,158	41,455

Notes:

- (a) Depreciation expense of HK\$6,322,000 (2024: HK\$5,823,000) has been included in cost of sales from non-banking and financial businesses, HK\$12,558,000 (2024: HK\$13,485,000) in selling and distribution expenses and HK\$74,189,000 (2024: HK\$61,693,000) in administrative expenses.
- (b) Amortisation expenses and research and development expenses had been included in the administrative expenses.

9. INCOME TAX EXPENSE

For the years ended 31 December 2025 and 2024, Hong Kong profit tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% on the estimated assessable profits (2024: 16.5%). The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 15% and 25% (2024: 15% and 25%). Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The Group is also subject to PRC withholding tax at the rate of 5% (2024: 5%) in respect of dividend income derived from PRC incorporated company.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax for the year		
Hong Kong	5	61
PRC	3,245	4,180
Liechtenstein	18,096	17,313
Switzerland	448	543
Deferred tax for the year	<u>(7,423)</u>	<u>(492)</u>
Total income tax expense	<u>14,371</u>	<u>21,605</u>

10. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: Nil).

11. LOSS PER SHARE

The calculations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u>212,600</u>	<u>254,072</u>
	2025	2024
	Number	Number
	of shares	of shares
	'000	'000
Number of shares		
Weighted average number of shares for the purpose of calculating basic and diluted loss per share	<u>4,351,889</u>	<u>4,351,889</u>

The diluted loss per share is the same as the basic loss per share, as the Group has no dilutive potential ordinary shares for the years ended 31 December 2025 and 2024.

12. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Financial asset at fair value through profit or loss		
– 2024 profit compensation (<i>note i</i>)	–	24,123
– 2025 profit compensation (<i>note ii</i>)	<u>35,810</u>	<u>595</u>
	<u>35,810</u>	<u>24,718</u>

For the years ended 31 December 2024 and 2025, the Group's financial assets and financial liabilities at fair value through profit or loss were resulted from contractual term of its acquisition of equity interest in Gold Vantage Industrial Limited (“**Gold Vantage**”) and its subsidiaries (collectively “**Gold Vantage Group**”).

Notes:

- (i) As at 31 December 2024, the directors of the Company estimated that the audited profit after tax of Gold Vantage Group for the year ended 31 December 2024 would be less than HK\$30,000,000 as guaranteed in the acquisition agreement. The balance represented the fair value of the financial assets in relation to the compensation for shortfall of profit (“**2024 Profit Compensation**”) and the directors have engaged an independent professional valuer to assist them to estimate the fair values as at 31 December 2024. The fair value loss of HK\$192,000 and fair value gain of HK\$50,715,000, respectively has been recognised in the other gains and losses for the years ended 31 December 2025 and 2024.
- (ii) The directors of the Company estimated that the audited profit after tax of Gold Vantage Group for the year ended 31 December 2025 would be less than HK\$30,000,000 as guaranteed in the acquisition agreement. The balance represented the fair value of the financial assets in relation to the compensation for shortfall of profit (“**2025 Profit Compensation**”) and the directors have engaged an independent professional valuer to assist them to estimate the fair values as at 31 December 2025. The fair value gain of HK\$35,406,000 and HK\$18,908,000, respectively has been recognised in the other gains and losses for the years ended 31 December 2025 and 2024.

13. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables arising from watches and timepieces and watch accessories business: <i>(note (a))</i>		
Trade receivables	393,313	454,955
Less: Provision for impairment loss	(84,035)	(84,644)
	309,278	370,311
Trade receivables arising from financial business: <i>(note (b))</i>		
– Cash clients	5,823	1,800
	5,823	1,800
Trade receivables, net	315,101	372,111

Notes:

- (a) The Group's trading terms with its customers of watches and timepieces and watch accessories business are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of 30 days to 360 days (2024: 30 days to 360 days) for major customers. The credit term for customers is determined by the management according to industry practice together with consideration of their creditability. In view of the aforementioned and the fact that the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Impairment losses in respect of trade receivables arising from watches and timepieces and watch accessories business are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the expected credit losses of trade receivables arising from watches and timepieces and watch accessories business are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January	84,644	82,202
Expected credit losses for the year	400	6,027
Exchange realignment	(1,009)	(3,585)
	<hr/>	<hr/>
At 31 December	84,035	84,644
	<hr/>	<hr/>

The Group does not hold any collateral over these balances.

Ageing analysis of trade receivables arising from watches and timepieces and watch accessories business as at the reporting date, based on invoice dates, and net of provisions, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
1 to 3 months	88,867	73,523
4 to 6 months	14,354	21,555
Over 6 months	206,057	275,233
	<hr/>	<hr/>
	309,278	370,311
	<hr/>	<hr/>

The directors of the Company consider that as trade receivables arising from watches and timepieces and watch accessories business are expected to be recovered within one year, their fair values are not materially different from their carrying amounts because these balances have short maturity periods on their inception at the reporting date.

- (b) The settlement term of trade receivables arising from the financial business of securities dealing is two business days after trade date (“T+2”).

Trade receivable from cash clients related to a wide range of customers for whom there was no recent history of default. Based on the past experience, current assessment and the available forward-looking information, the management believes that no additional impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

The Group has policy for impairment allowance which requires management’s judgement and estimation. The directors are in opinion that no impairment allowance is necessary in respect of trade receivables arising from the financial business of securities dealing as at 31 December 2025 and 2024.

14. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combinations, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At 1 January		
Gross carrying amount	1,245,903	1,313,737
Accumulated impairment losses	<u>(272,497)</u>	<u>(163,065)</u>
Net carrying amount	<u>973,406</u>	<u>1,150,672</u>
Year ended 31 December		
Opening carrying amount	973,406	1,150,672
Impairment loss during the year (note 6)	(125,414)	(115,917)
Exchange realignment	<u>88,468</u>	<u>(61,349)</u>
Closing carrying amount	<u>936,460</u>	<u>973,406</u>
At 31 December		
Gross carrying amount	1,358,010	1,245,903
Accumulated impairment losses	<u>(421,550)</u>	<u>(272,497)</u>
Net carrying amount	<u>936,460</u>	<u>973,406</u>

15. TRADE PAYABLES

As at 31 December 2025, the Group's trade payable is amounted to HK\$155,650,000 (2024: HK\$190,121,000), in which HK\$151,638,000 (2024: HK\$187,775,000) is arising from watches and timepieces and watch accessories businesses and HK\$4,012,000 (2024: HK\$2,346,000) is arising from financial business.

- (a) The credit terms of trade payables arising watches and timepieces and watch accessories business vary according to the terms agreed with different suppliers. Trade payables to watches and timepieces and watch accessories business are non-interest bearing.

Ageing analysis of trade payables arising from watches and timepieces and watch accessories business as at the reporting dates, based on the invoice dates, is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
1 to 3 months	52,393	127,183
4 to 6 months	11,945	9,152
Over 6 months	87,300	51,440
	<u>151,638</u>	<u>187,775</u>

- (b) The settlement term of trade payables arising from securities dealing of the financial business is “T+2”. Trade payables arising from securities dealing of financial business during the “T+2” period are current whereas those which are outstanding after the “T+2” period are repayable on demand.

16. BORROWINGS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank overdrafts (<i>note 16.1</i>)	24,182	29,519
Bank borrowings (<i>note 16.1</i>)	382,624	470,628
Other loans (<i>note 16.2</i>)	123,460	94,935
	<u>530,266</u>	<u>595,082</u>

16.1 Bank overdrafts and bank borrowings

As at 31 December 2025, bank overdrafts and bank borrowings are related to the Group’s non-banking business. Bank borrowings repayable within one year, or otherwise subject to accelerated repayment provision is HK\$358,409,000 (2024: HK\$410,234,000). Bank overdrafts are repayable on demand.

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause. Borrowings are repayable as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Borrowings payable:		
Within one year	262,011	177,602
In the second year	96,398	156,238
In the third to fifth year	–	115,915
After fifth year	48,397	50,392
	<u>144,795</u>	<u>322,545</u>
	<u>406,806</u>	<u>500,147</u>

The abovementioned borrowings are charged at floating rates ranging from 0% to 6.55% (2024: 0% to 7.73%) per annum.

At the reporting dates, the Group's borrowings were secured by:

- (i) corporate guarantees provided by certain subsidiaries within the Group as at 31 December 2025 and 2024;
- (ii) entire equity interest of certain subsidiaries within the Group as at 31 December 2025 and 2024;
- (iii) subordination deeds signed by the Directors of the Group as at 31 December 2025 and 2024;
- (iv) guarantee provided by the government of certain country as at 31 December 2025 and 2024;
- (v) personal guarantee provided by an non-controlling interests of a subsidiary of the Group and certain independent third parties as at 31 December 2025 and 2024;
- (vi) certain assets of the non-controlling interests of a subsidiary of the Group and certain independent third parties as at 31 December 2025 and 2024;
- (vii) a legal charge over the Group's property, plant and equipment with the carrying amount of HK\$161,145,000 (2024: HK\$237,000,000) as at 31 December 2025;
- (viii) a legal charge over the Group's investment properties with the carrying amount of HK\$119,334,000 (2024: Nil) as at 31 December 2025;
- (ix) a legal charge over the Group's certain financial assets at fair value through other comprehensive income of not less than 23,338,000 Min Xin Shares as at 31 December 2025 and 2024;
- (x) a standby letter of credit with the correspondent borrowings' balances as at 31 December 2025 and 2024; and
- (xi) personal guarantee provided by a director of the Company.

Certain of bank overdrafts and bank borrowings contain clause which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations. Borrowings due for repayment after one year which contain a repayment on demand clause and are expected to be settled within one year. The carrying amounts of the bank overdrafts and bank borrowings are approximate to their fair value.

16.2 Other loans

As at 31 December 2025, other loans is unsecured, charged from 5% to 12% (2024: 5%) per annum and repayable within one year.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR STRATEGY

The Group takes a long-term perspective in formulating our corporate strategy. We engage capital and people where we identify opportunities to generate returns which exceed our cost of capital over the long term and invest in the existing and new businesses. It is our intention to remain a conglomerate with different businesses capable of generating sustainable long-term growth.

OPERATING RESULTS

For the year ended 31 December 2025, the Group recorded revenue of approximately HK\$1,048,161,000 (31 December 2024: HK\$1,335,623,000), a decrease of HK\$287,462,000 or 21.5% over 2024.

For the year ended 31 December 2025, operating expenses (including selling and distribution expenses and administrative expenses) was approximately HK\$803,684,000 (31 December 2024: HK\$974,572,000), a decrease of HK\$170,888,000 or 17.5% over 2024.

For the year ended 31 December 2025, gross profit generated from non-banking and financial businesses was approximately HK\$177,781,000 (31 December 2024: HK\$309,180,000), a decrease of HK\$131,399,000 or 42.5% over 2024.

For the year ended 31 December 2025, gross profit generated from banking and financial businesses was approximately HK\$519,135,000 (31 December 2024: HK\$499,799,000), an increase of HK\$19,336,000 or 3.9% over 2024.

For the year ended 31 December 2025, EBITDA was approximately HK\$58,506,000 (31 December 2024: HK\$11,701,000), an increase of HK\$46,805,000 or 400.0% over 2024.

Net loss after tax for the year ended 31 December 2025 was approximately HK\$239,938,000 (31 December 2024: HK\$281,652,000).

Net loss after tax for the year ended 31 December 2025 attributable to owners of the Company was HK\$212,600,000 (31 December 2024: HK\$254,072,000).

For the year ended 31 December 2025, net loss after tax included one-off impairment of HK\$125,414,000 on the Goodwill generated from the acquisition of Zhuhai Rossini Watch Industry Limited.

PERFORMANCE

Our Group comprises three key divisions – watches, timepieces and watch accessories businesses, banking and financial businesses, and various investment businesses.

RESULTS PERFORMANCE

The global economic recovery in 2025 is characterized by a sluggish pace, with the resurgence of the consumer market falling short of expectations; coupled with the impact of smartwatches, competition in the traditional watch market has become increasingly fierce.

I. WATCHES, TIMEPIECES AND WATCH ACCESSORIES BUSINESSES

	Revenue	Loss	Increase/ (Decrease) in revenue as compared to the year ended 31 December 2024
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(%)</i>
Zhuhai Rossini and EBOHR Group	286,996,000	(56,868,000)	(31.1)
Ernest Borel Group	78,392,000	(27,801,000)	(21.0)
Other companies	142,541,000	(89,099,000)	(52.2)

* Rental Income derived from properties of the watches, timepieces and watch accessories business was recorded in the property investment segment result.

I.A Local Proprietary Brands – Zhuhai Rossini Watch Industry Limited (“Rossini”) and EBOHR Group

EBOHR Group is composed of EB Brand Limited, EBOHR Luxuries International Limited and its subsidiaries (“**EBOHR Group**”).

During the year, Rossini and EBOHR Group implemented the following strategic measures to strictly control costs and enhance operational efficiency:

1. Optimizing management to reduce costs and improve efficiency

- (1) **Cross-Brand Market Integration:** Aiming for efficiency, our Group integrated certain loss-making regions of Rossini and EBOHR Group to establish the “Citychamp Watch Hunan Region”, “Citychamp Watch Guangxi Region”, “Citychamp Watch Hainan Region” and “Citychamp Watch Guizhou Region”. This has enabled unified management and resource sharing of sales channels across both brands, thereby streamlining personnel and reducing operating costs.
- (2) **Simplification of Management Hierarchy and Optimization of Team Structures:** Based on regional market conditions, EBOHR Group directly incorporated its operations in Guangdong, Jiangxi, Hubei and Shaanxi under the management of its headquarters; and Rossini optimized its market structure by merging the Guangdong and Jiangxi markets, the Shaanxi and Gansu-Qinghai markets, the Anhui and Wuhan markets and the Shenyang and Dalian markets, thereby reducing operating costs and enhancing business efficiency.
- (3) **Initiation of Five-Level Store Management:** To effectively allocate resources and improve operational efficiency, Rossini and EBOHR Group launched a five-level classification system for their nationwide directly-operated stores, implementing differentiated operational policies.
- (4) **E-commerce Business Integration:** Leveraging the advantages of the Group’s multi-brand team, the companies achieved precise alignment through “platform positioning and e-commerce operational capabilities of Group subsidiaries”. This approach facilitated centralized operations with a “one platform, one main force” strategy, integrating EBOHR Group’s e-commerce operations with those of Rossini to maximize the core strengths of both companies and achieve cost reduction and efficiency enhancement.

(5) **Production Integration and Strengthening the Advantages of Large-Scale Production:** Given the high degree of product homogeneity between EBOHR Group and Rossini and the underutilization of production capacity at each facility, the production workshops of EBOHR Group and Rossini have been merged. This consolidation has enabled centralized allocation of production capacity, thereby strengthening the advantages of large-scale production, improving production efficiency and reducing manufacturing costs.

2. *Optimization of inventory and accounts receivable management to strengthen the liquidity of the companies*

Each company has established inventory reduction teams led by the design and sales departments. Through measures such as promotion campaigns and product modifications, the companies continued to intensify inventory reduction, basically achieving the initial annual targets. In terms of accounts receivable, responsibilities for collections have been clearly assigned, and collection plans along with reward and penalty mechanisms have been established. Measures such as reminders and legal actions are implemented for overdue accounts to mitigate bad debt risks. These two initiatives have strengthened the liquidity of the companies.

3. *Asset revitalization and enhancement of asset operational efficiency*

To improve asset utilization efficiency, EBOHR Group effectively revitalized idle property resources by optimizing its business layout and consolidating its office areas, and realized asset appreciation through external leasing; and Rossini innovated its educational tour business and revitalized vacant factory buildings to broaden operational channels and business models.

4. *Technological innovation and new product development*

Each subsidiary is advancing the implementation of the Group’s product development strategy of “accuracy, speed, precision, and innovation” to ensure a success rate in new product development. Focused on sectors such as business, fashion, and weddings, a total of 51 new styles and 95 SKUs have been launched.

Through the relentless efforts and dedicated R&D of its technical and design teams, in collaboration with its partner companies, Rossini has planned to launch a new smartwatch designed and crafted in-house. Empowering life with technology and interpreting quality with craftsmanship, this smartwatch aims to provide its users with an intelligent, convenient and healthy wearable experience. Rossini will release and launch this smartwatch as and when appropriate.

5. *Brand promotion and enhancement of brand value*

The Group’s brand companies have leveraged platforms such as Xiaohongshu, Douyin and WeChat Official Accounts to connect with consumers through a variety of formats—including images, texts, videos and livestreams—during key holidays and e-commerce events, thereby expanding their reach. Offline, under the theme of “The Baoxiang Flower Blossoms Illuminate the Journey Home; Ten Cities Shine Together to Celebrate the New Year” (寶相花開照歸途、十城同耀賀新春), advertisements were displayed during the Spring Festival at high-speed rail stations in 10 cities across China, as well as on Beijing Subway Lines 2 and 5; and EBOHR Group launched campaigns with EBOHR watches featuring on large screens in core shopping malls across 42 cities and on central large screens at high-speed rail stations in the three northeastern provinces, thereby continuously deepening brand communication, enhancing brand reputation and strengthening brand power.

Rossini partnered with the Palace Museum to introduce the Palace Museum’s cultural heritage—a premier national cultural IP—leveraging its profound historical legacy to elevate brand value. By drawing on the Palace Museum’s unique aesthetic of cultural relics, imperial craftsmanship and cultural symbols, the co-branded products that combine cultural significance with market appeal were created (the first Baoxiang Flower design immediately ranked first in sales share on Tmall and JD.com), achieving a modern interpretation of traditional culture, positioning the brand as a premium label, and innovatively expanding consumer scenarios, thereby further enhancing brand recognition, reputation and core competitiveness.

6. *Business innovation*

Rossini has established the Zhuhai Xiehui Cultural Tourism Industry Development Research Institute (珠海市協匯文旅產業發展研究院), which serves as an important bridge to connect with local cultural and tourism resources. The institute will engage in innovative research projects focused on study tours, digital cultural tourism technology development, and immersive scene creation, with plans to launch more diverse study tour programs in 2026. This initiative aims to achieve “digital transformation, educational upgrading, and brand communication,” empowering the company’s diversified operations.

Meanwhile, Rossini has actively explored new business opportunities with the Palace Museum’s IP licensor. Discussions have already begun regarding educational tour programs centered on the Palace Museum’s cultural IP, and more collaborative business opportunities are expected to emerge in 2026, which will significantly enhance brand development and communication.

7. *Strengthening oversight of our Group’s operations*

Our Group has implemented a tracking system to monitor the achievement of operational targets by our brand companies. We have established a tripartite warning mechanism, comprising red, yellow and blue alerts, to strengthen process control, enabling our teams to immediately get real-time results and target gaps, facilitating the analysis of reasons and the proposal of countermeasures to achieve operational objectives.

I.B Foreign Proprietary Brand – Ernest Borel Group, Corum Group and The Dreyfuss Group

As at 31 December 2025, the Group held 52.97% equity interest in Ernest Borel Holdings Limited (“**Ernest Borel**”, a company listed on the Main Board of the Stock Exchange (stock code: 1856), together with its subsidiaries, collectively referred to as “**Ernest Borel Group**”).

Inventory structure optimization

For the year ended 31 December 2025, the total inventory value of Ernest Borel Group’s slightly increased compared to the same period in 2024. Such increase in total inventory value was primarily due to the Swiss franc reaching a record high against the Hong Kong dollar, which resulted in a higher value when inventory held in Switzerland was converted to Hong Kong dollars, rather than an actual increase in the company’s physical inventory. Since 2025, Ernest Borel Group has implemented rigorous inventory management measures, and the company’s actual inventory levels have decreased. For each production run, demand forecasts are conducted, and available inventory is verified in real time. The review process for new purchase orders has been strengthened, with orders placed only when stock shortages are confirmed, thereby avoiding duplicate purchase orders and inventory buildup. All new purchases must undergo multiple approvals from sales, procurement, inventory management and finance departments to prevent duplicate purchases when inventory levels are sufficient.

Ernest Borel Group will continue to strengthen inventory clearance and accelerate inventory turnover. At the same time, it will reduce production costs and time for new watches, thereby improving cost-effectiveness.

Strengthening brand promotion

In 2025, Ernest Borel Group focused on improving its technology and craftsmanship in the smart accessories business, and successfully secured orders from several international brands, while also expanding into areas beyond watch accessories, such as tablet accessories.

Furthermore, the Ernest Borel Group sales team closely follows market trends and capitalizes on the IP culture boom, launching co-branded products at the opportune moment, successfully injecting new elements into the brand and changing the market's existing perception of its traditional image. In 2025, Ernest Borel Group collaborated with Ocean Park Hong Kong to launch the "Ernest Borel × Ocean Park Hong Kong" X Collection co-branded watches. This collection features a stylish design, rich visual appeal, and embodies the brand's core philosophy of "Love in the Moment". This collaboration effectively enhanced brand awareness and represented a groundbreaking innovative attempt for Ernest Borel Group.

Advancement in overseas markets

Ernest Borel Group's traditional watches business was previously overly concentrated in the Chinese market. In 2025, Ernest Borel Group restructured its overseas team, focusing on the Indian market and establishing a dedicated sales team, resulting in stable overall overseas business performance. Regarding its smart accessories business, Ernest Borel Group has a stable customer base from South Korea and Southeast Asia, ensuring steady business volume.

To enhance the brands' overseas presence, The Dreyfuss Group and Corum Group have actively sought partnerships with third-party manufacturers. In March 2025, a subsidiary of The Dreyfuss Group entered into a three-year distribution and intellectual property licensing contract with Peers Hardly (UK) Limited of the United Kingdom, authorizing that company to manufacture and sell Rotary-branded watches in the United Kingdom, Switzerland and the European Union. In May 2025, Corum entered into a fifteen-year intellectual property licensing contract with Corum 1955 SA of Switzerland, authorizing that company to manufacture and sell Corum-branded products worldwide.

I.C. Non-Proprietary Brands

Currently, the Group holds four distribution companies. Collectively, distribution companies contributed revenue and net loss after tax for the year ended 31 December 2025 of HK\$74,766,000 (31 December 2024: HK\$104,511,000) and HK\$4,464,000 (31 December 2024: HK\$9,835,000), respectively.

I.D. Watches, timepieces and watch accessories businesses – Others

Other non-major subsidiaries of the Group are also engaged in other non-major categories of watches, timepieces and watch accessories businesses, which collectively contributed revenue and net loss after tax for the year ended 31 December 2025 of HK\$37,215,000 (31 December 2024: HK\$38,266,000) and HK\$24,245,000 (31 December 2024: HK\$1,318,000), respectively.

II. BANKING AND FINANCIAL BUSINESS

II.A Bendura Bank AG

Revenue of Bendura Bank AG (“**Bendura Bank**” or the “**Bank**”) and its subsidiaries (the “**Bendura Group**”) for the year ended 31 December 2025 was HK\$519,135,000, representing an increase of HK\$19,336,000 or 3.9% from HK\$499,799,000 in 2024. Net profit of the Bendura Group after tax attributable to owners of the Company for the year ended 31 December 2025 was HK\$116,580,000, representing an increase of HK\$3,738,000 or 3.3% from HK\$112,842,000 in 2024. With a sustainable and profitable business mode, the Bank continued to have a sound financial base and a healthy liquidity position.

Due to the decline in interest rates, net interest income decreased by 5.5% from HK\$287,351,000 in 2024 to HK\$271,543,000 in 2025.

Net income from commission and service fee activities amounted to HK\$198,456,000, representing an increase of 12.0% compared to the previous year, primarily attributable to the increase in Assets under Management (“**AuM**”).

Operating business expenses (personal and general expenses) amounted to HK\$342,265,000 (equivalent to CHF36,378,000), representing a slight increase of 3.6% compared to the previous year.

AuM climbed by CHF604 million compared to the previous year, reaching a total of CHF4,111 million in 2025. The increase was attributed to the improved market conditions, complemented by an inflow of new money in the amount of CHF565 million.

The total assets of the Bendura Group for the year were HK\$16,008,658,000, 19.2% more than that in 2024. Amounts due from clients remained at approximately HK\$3,131,772,000. Mortgage receivables were down year-on-year, while Lombard loans increased. The total capital ratio of the Bank remained at a level that is above the average level for the banking sector.

Income from trading amounted to HK\$49,136,000, 39.2% higher than the previous year.

In 2025, the board of directors and management of Bendura Bank worked closely together, taking into account and carefully considering suggestions from external experts, clients and employees, to formulate a series of key strategic measures and implementation plans. The HORIZON strategy has established positive growth targets and forward-looking measures, clearly positioning the Bank as a private bank catering to high-net-worth clients from Liechtenstein to Hong Kong. The HORIZON strategy has provided Bendura Bank with a foundation for long-term growth, enabling the Bank to consolidate its market position and meet the needs of its discerning clientele through excellence and innovation. Bendura Bank's core statement, "Your Boutique Private Bank", embodies its vision. At Bendura Bank, "boutique" signifies bespoke, personal service, where every decision and communication originating from the client's requirements. The Bank adheres to the principle of "listen before we lead" and takes the time to understand the key factors that drive the client, while upholding clarity, integrity and reliability as its guiding principles.

During the year, Bendura Bank remained firmly focused on its two hubs: Liechtenstein/Europe and Hong Kong. Leveraging these two hubs as foundational points, the Bank has identified priority regions based on cultural strengths and market appeal. Through regional focus and strategic resource integration, the Bank has leveraged its robust portfolio of services to drive market growth. This focused strategy has also helped simplify the complexity of the entire service supply chain, thereby enhancing operational efficiency.

In 2025, the marketing department of Bendura Bank implemented several strategic initiatives that significantly strengthened the Bank's brand image and advanced digital capabilities. Highlights of the year included the successful execution of a comprehensive rebranding initiative, which introduced innovative communication strategies, design concepts and digital capabilities across Bendura Bank.

Bendura Bank launched its rebranding project in the summer of 2025 and completed it by the end of the year. The project encompassed a new brand manual and brand strategy, an updated visual identity system, and the redesign of a range of corporate materials. This rebranding initiative presented a consistent, premium and modern brand image across all touchpoints. Following the rebranding, Bendura Bank completely revamped its official website, ensuring it not only seamlessly aligns with the new visual identity system, but also enhances its modern aesthetic and user-friendly experience. The Bank simultaneously implemented advanced web analytics to strengthen data-driven decision-making capabilities and provide more comprehensive performance optimization solutions for digital marketing.

In the second half of 2025, the marketing team of Bendura Bank took full responsibility for planning, executing and reporting on digital marketing campaigns for the first time, marking a significant milestone in Bendura Bank's efforts to build internal digital marketing capabilities. By the end of the year, the Bank launched a new video production initiative, where the first corporate image video was successfully filmed and released on the redesigned official website, adding high-quality visual assets to the brand's communications.

Overall, 2025 marked a pivotal turning point for Bendura Bank's marketing efforts, laying a solid foundation for continued digital innovation, strengthened brand presence and enhanced market visibility.

While expanding its strategic marketing initiatives to solidify its brand positioning, Bendura Bank placed a strong emphasis on human resources development. The Bank has established transparent career development pathways and made targeted investments in employee training and development to ensure the long-term retention of top talents, thereby reinforcing the Bank's skills base for the future.

In 2026, Bendura Bank will continue to advance its HORIZON dual-hub focus strategy. Progress is currently on track and has begun to yield results, as evidenced in particular by the growth in net new money (NNM) and AuM. Yield curves for the U.S. dollar, euro and Swiss franc are trending downward, signaling market expectations of lower future interest rates, which pressure on net interest margins. However, strong net new money inflows are anticipated, and increased liquidity in the U.S. dollar versus the euro is expected, which will partially offset the impact of falling interest rates.

In 2026, Bendura Bank will undertake a comprehensive IT cloud transformation and upgrade its electronic banking functionalities, with the objective of providing external asset managers with a more efficient IT interface and implementing a new investment portfolio management IT system. Throughout the year, the bank plans to conduct client and intermediary events in its core markets and actively recruit client relationship managers to ensure to safeguard product offerings. Furthermore, the bank will roll out digital marketing campaigns to gain deeper insights into client needs through voice of customer initiative, while also providing specialized sales training for client relationship managers to further internalize the organization's core values.

III.A Listed Equity Investment

As at 31 December 2025, financial assets at fair value through other comprehensive income of the Group was HK\$340,322,000.

(1) *Citychamp Dartong Advanced Materials Co., Ltd.*

HK\$42,268,000 was related to the listed equity investment in the equity share of Citychamp Dartong Advanced Materials Co., Ltd (formerly known as Citychamp Dartong Company Limited) (“**Citychamp Dartong**”). Citychamp Dartong is a company listed on the Shanghai Stock Exchange (stock code: 600067) and is mainly engaged in real estate, electromagnetic wire, new energy and other businesses. As at 31 December 2025, the Group owned 9,154,370 shares of Citychamp Dartong at the market price of RMB4.15 per share (equivalent to HK\$4.62 per share) with the fair value of HK\$42,268,000. The shares held by the Group accounted for 0.66% of the total issued share capital of Citychamp Dartong as at 31 December 2025. Such fair value accounted for 0.2% of the Group’s total assets.

The Group incurred a net gain on fair value change through other comprehensive income in investment in Citychamp Dartong of HK\$16,456,000 for the year ended 31 December 2025, as a result of increase in the share price of Citychamp Dartong from RMB2.65 (equivalent to HK\$2.82) as at 1 January 2025 to RMB4.15 (equivalent to HK\$4.62) as at 31 December 2025. For the year ended 31 December 2025, the Group received HK\$2,175,000 (2024: nil) dividend income from Citychamp Dartong.

(2) *Min Xin Holdings Limited*

Investment in Min Xin Holdings Limited (“**Min Xin**”, a company listed on the main board of the Stock Exchange (stock code: 222)) was measured at fair value through other comprehensive income.

Min Xin is a company engaged in financial services, insurance, property investment and strategic investment. As at 31 December 2025, the investment in Min Xin measured at fair value through other comprehensive income was HK\$292,474,000, i.e. 80,350,000 shares at the market price of HK\$3.64 per share as at 31 December 2025. Such fair value of the investment accounted for 1.42% of the Group’s total assets. These shares held by the Group accounted for 13.45% of the total issued share capital of Min Xin as at 31 December 2025.

The Group incurred a net gain on fair value change in Min Xin's investment of HK\$109,749,000 for year ended 31 December 2025 (31 December 2024: net loss of HK\$52,009,000), as a result of increase in the share price of Min Xin from HK\$2.3 per share as at 1 January 2025 to HK\$3.64 per share as at 31 December 2025 and sales of 7,800,000 shares of Min Xin. No dividend income from Min Xin was recognised by the Group for year ended 31 December 2025 (2024: HK\$7,941,000).

Besides, the Group also held 7,020,000 shares of Min Xin as at 31 December 2025, which is classified as trading portfolio investments.

III.B Property Investment

The property in Chinese Mainland and Hong Kong, China owned by the Group have been leased out, with stable rental returns to the Group for the year ended 31 December 2025. During the reporting year, these investment properties generated rental income of HK\$21,097,000 (31 December 2024: HK\$21,872,000). Net profit after tax from the property investment business for the year ended 31 December 2025 was HK\$23,583,000 (31 December 2024: HK\$14,670,000).

HEADQUARTER AND OTHERS

Losses from the administrative expenses, finance costs and income tax of the headquarter and other non-major subsidiaries and/or non-major categories of business for the year ended 31 December 2025 was HK\$178,993,000 (31 December 2024: HK\$171,068,000).

FINANCIAL POSITION

(1) Liquidity, Financial Resources and Capital Structure

As at 31 December 2025, the Group had non-pledged cash and bank balances of approximately HK\$4,075,501,000 (31 December 2024: HK\$3,724,213,000). Based on the borrowings of HK\$530,266,000 (31 December 2024: HK\$595,082,000), due to directors of HK\$78,075,000 (31 December 2024: HK\$73,731,000), due to a related company of HK\$153,213,000 (31 December 2024: HK\$125,413,000), due to an associate of HK\$44,252,000 (31 December 2024: HK\$37,243,000) and shareholders' equity of HK\$4,088,220,000 (31 December 2024: HK\$3,782,045,000), the Group's gearing ratio (being borrowings plus due to a shareholder, directors, a related company and an associate divided by shareholders' equity) was 19.71% (31 December 2024: 21.98%).

(2) Charge on assets

As at 31 December 2025, the Group's borrowings were mainly secured by:

- (a) corporate guarantees provided by certain subsidiaries within the Group;
- (b) equity interest of certain subsidiaries within the Group;
- (c) a legal charge over the Group's property, plant and equipment with the carrying amount of HK\$161,145,000 (2024: HK\$237,000,000); and
- (d) a legal charge over the Group's investment property with the carry amount of HK\$119,334,000 as at 31 December 2025.

FINANCIAL REVIEW

(1) Total assets

Total assets increased to HK\$20,597,626,000 as at 31 December 2025 from HK\$17,963,825,000 as at 31 December 2024.

Cash and deposits

	31 December 2025	31 December 2024	Increase/(decrease)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	Amount	%
			<i>HK\$'000</i>	
Cash and bank balances	46,131	66,336	(20,205)	(30.5)
Cash held on behalf of clients	37,078	57,917	(20,839)	(36.0)
Sight deposits with central banks	3,992,292	3,657,877	334,415	9.1
	<u>4,075,501</u>	<u>3,782,130</u>	<u>293,371</u>	<u>7.8</u>

Due from banks

	31 December 2025	31 December 2024	Increase/(decrease) Amount	
	HK\$'000	HK\$'000	HK\$'000	%
Due from banks on a daily basis	2,574,965	2,696,501	(121,536)	(4.5)
Due from banks other claims	68,805	56,341	12,464	22.1
Due from banks				
– precious metal	375,370	192,782	182,588	94.7
Valuation adjustments	(252)	(354)	102	28.8

(2) **Investments**

The investment as at 31 December 2025 included (a) trading portfolio investments of HK\$46,267,000; (b) derivative financial assets of HK\$4,120,000; (c) financial assets at amortised cost of HK\$5,232,248,000; and (d) financial assets at fair value through other comprehensive income of HK\$340,322,000 (the “**Investments**”).

(a) *Trading portfolio investments of HK\$46,267,000*

	31 December 2025	31 December 2024
	HK\$'000	HK\$'000
Equity Instruments		
Listed equity instruments in Hong Kong at market value	25,837	15,435
Listed equity instruments outside Hong Kong at market value	214	204
Total equity instruments	26,051	15,639
Debt instruments		
Unlisted debt instruments of financial institutions	–	4,439
Total debt instruments	–	4,439

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Investment fund units		
Unlisted investment fund units	<u>19,956</u>	<u>19,486</u>
Total investment fund units	<u>19,956</u>	<u>19,486</u>
Investments in other financial products	<u>260</u>	<u>–</u>
Total trading portfolio investments	<u>46,267</u>	<u>39,564</u>

It is the objective of the Group to maintain certain level of liquidity in the form of trading portfolio investments for unplanned capital expenditure. The liquidity is usually parked with the listed equities in order to generate short-term return.

As at 31 December 2025, there were HK\$25,837,000 invested in a variety of listed equities in Hong Kong.

The debt instruments of HK\$260,000 invested in the Chinese Mainland by a PRC company.

Trading assets of CHF1.0 million (equivalent to HK\$8,846,000) represents the single investment by Bendura Bank in the form of an unlisted investment fund. Bendura Bank acquired above trading assets from a professional counterparty in March 2019. The investment policy of Bendura Bank includes strict implementation of the investment process and is subject to constant review by the investment committee.

(b) Derivative financial assets of HK\$4,120,000

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Derivative financial assets		
Forward and option contracts	<u>4,120</u>	<u>33,061</u>

In the derivative financial assets of HK\$4,120,000, there were forward and option contracts conducted by Bendura Bank.

Bendura Bank offers derivative products including currency forwards and swaps to its clients. These derivative positions were managed through entering back-to-back deals with external parties to ensure that remaining exposures are within acceptable risk levels. First-rate banks serve as counterparties, as is generally the case in trading business. It is not the objective of Bendura Bank to speculate the gain on the change in the price by conducting forward and option contracts without having invested in the underlying assets.

As at 31 December 2025, forward contracts of HK\$4,120,000, whereof approximately HK\$2.9 million relate to FX swaps entered by Bendura Bank. Based upon risk/return considerations, client deposits denominated in foreign currencies were, in part, no longer invested on the interbank market but were swapped into Swiss francs using currency swaps and deposited with the Swiss National Bank (SNB). Income from the interest component of currency swaps exceeded the expense of SNB negative interest and the reduced level of interest from banks.

At as 31 December 2024, derivative financial assets of HK\$33,061,000 related to forward and option contracts were conducted by Bendura Bank.

(c) *Other financial assets at amortised cost of HK\$5,232,248,000*

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed debt instruments, at amortised cost		
<i>Issued by:</i>		
Governments and public sector	4,426,746	2,519,712
Financial institutions	443,577	542,825
Corporations	361,925	449,292
	5,232,248	3,511,829

Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$5,232,248,000. The portfolio was composed of 47 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium-grade and are subject to low credit risk. The average remaining term of the HTM portfolio is 2.15 years, while the modified duration of the portfolio is only 0.35%. Largest single investments are Treasury Bills issued by the U.S. government maturing in March 2026 (CHF126 million) and January 2026 (CHF119 million). Both issuers are F1+u rated. Risk concentration is analyzed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 31 December 2025 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Dbs Bank Ltd	Fixed	Financial corporations	26 October 2026	7,922
Euro Stability Mechanism	Fixed	General governments	15 December 2026	11,862
Euro Stability Mechanism	Fixed	General governments	15 December 2026	29,200
Treasury Bill	Zero	General governments	17 March 2026	39,319
Treasury Bill	Zero	General governments	8 January 2026	39,580
Treasury Bill	Zero	General governments	13 January 2026	79,120
Treasury Bill	Zero	General governments	15 January 2026	118,646
Treasury Bill	Zero	General governments	24 March 2026	125,769
Others				<u>81,522</u>
Total				<u>532,940</u>
HKD Equivalent to (in '000)				<u>5,232,248</u>

Collectively, listed debt instruments, at amortised cost accounted for 25.4% of the Group's total assets.

As at 31 December 2024, Bendura Bank invested in listed debt instruments issued by government and public sector, financial institutions and corporations amounting to HK\$3,511,829,000, the portfolio was composed of 69 listed debt instruments with different maturity, geography, segment and currency and hence, diversification is ensured. Almost all listed debt instruments were considered upper-medium grade and are subject to low credit risk. Largest single investments are Treasury Bills issued by the U.S. government maturing in March 2025 (CHF140 million) and January 2025 (CHF45 million). Both are triple-A issuers. Risk concentration is analyzed and presented to the senior management on a monthly basis.

Relatively major listed debt instruments as at 31 December 2024 are as follows:

Issuer	Nature of interest rate	Sector	Maturity date	Value (CHF'000)
Henkel Ag & Co KgaA	Fixed	Non-financial corporations	17 November 2026	6,838
Amazon.com Inc	Fixed	Non-financial corporations	12 May 2026	6,948
DBS Bank Ltd	Fixed	Financial corporations	26 October 2026	8,607
EFSF	Fixed	General governments	17 February 2025	12,183
Treasury Bill	Zero	General governments	20 February 2025	13,539
EFSF	Fixed	General governments	15 December 2025	29,845
Treasury Bill	Zero	General governments	25 March 2025	44,960
Treasury Bill	Zero	General governments	16 January 2025	45,316
Treasury Bill	Zero	General governments	18 March 2025	140,399
Others				<u>100,621</u>
Total				<u>409,256</u>
HKD Equivalent to (in '000)				<u>3,511,829</u>

(d) *Other financial assets at fair value through other comprehensive income of HK\$340,322,000*

	31 December 2025 HK\$'000	31 December 2024 HK\$'000
Listed equity instruments in Hong Kong	292,474	202,745
Listed equity instruments outside Hong Kong	42,268	25,812
Unlisted equity investment	<u>5,580</u>	<u>5,336</u>
	<u>340,322</u>	<u>233,893</u>

Listed equity instruments of HK\$42,268,000 related to investment in Citychamp Dartong and HK\$292,474,000 related to investment in Min Xin. Details of investments in Citychamp Dartong and Min Xin are set out from pages 37 to 38 of this announcement.

(3) **Goodwill and Intangible assets**

(a) *Goodwill*

Goodwill is arising from business combinations, and capitalised as assets in the consolidated statement of financial position. The Group engages professional valuer to conduct impairment testing on individual cash generating units (“CGUs”) every financial year. As at 31 December 2025, the net carrying amount of goodwill was HK\$936,460,000 (As at 31 December 2024: HK\$973,406,000), which mainly composed of the following CGUs:

		31 December 2025 HK\$'000	31 December 2024 HK\$'000
Segment			
Zhuhai Rossini Watch Industry Limited	Watches and timepieces	387,233	493,363
Bendura Group	Banking Business	301,231	263,286
Ernest Borel Group	Watches and timepieces	247,996	216,757
Gold Vantage Group	Watches and timepieces	<u>–</u>	<u>–</u>
Total		<u>936,460</u>	<u>973,406</u>

(b) *Intangible assets*

Intangible assets are arising from business combinations, and capitalised as assets in the consolidated statement of financial position. They included supplier and distribution networks, brand names, patents and trading rights. As at 31 December 2025, the net carry amount of intangible assets was HK\$69,875,000 (As at 31 December 2024: HK\$79,620,000), which allocated to the following category:

	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Supplier and distribution networks	–	–
Brand Names	48,990	42,819
Trading Rights	–	–
Computer Software	1,090	1,181
Technical knowhow	18,249	26,899
Customer relationship	1,546	8,721
	<u>69,875</u>	<u>79,620</u>
Total	<u>69,875</u>	<u>79,620</u>

Brand name with indefinite useful lives amounted to HK\$48,990,000 are attributable to the CGU of Ernest Borel Group and the decrease in the value of brand names was solely due to the exchange rate difference between foreign currency and Hong Kong Dollar as at 31 December 2024 and 31 December 2025 respectively.

(4) Total liabilities

Total liabilities increased to HK\$16,509,406,000 as at 31 December 2025 from HK\$14,181,780,000 as at 31 December 2024, mainly attributable to an increase in due to clients.

Due to clients

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	Increase/(decrease) Amount HK\$'000	%
Due to clients				
– precious metals	375,325	193,069	182,256	94.4
Other amounts due to clients, mainly bank deposits	<u>14,350,722</u>	<u>12,140,101</u>	<u>2,210,621</u>	<u>18.2</u>

(5) Gross profit from non-banking and financial businesses

Gross profit from non-banking and financial businesses was HK\$177,781,000, a decrease of HK\$131,399,000, or 42.5%.

(6) EBITDA

EBITDA was HK\$58,506,000, a increase of HK\$46,805,000 or 400.0%.

(7) Selling and distribution expenses

Total selling and distribution expenses was HK\$201,992,000, a decrease of HK\$99,858,000 or 33.1%.

(8) Administrative expenses

Total administrative expenses was HK\$601,692,000, a decrease of HK\$71,030,000 or 10.6%.

(9) Share of profit of associates

The share of profit of associates is mainly arising from the share of profit from Fair Future and its subsidiaries, a 25% owned associate of the Group, was HK\$18,207,000, representing an increase of HK\$14,901,000 or 450.7%. Fair Future is one of the leading OEM quartz watch manufacturers in Chinese Mainland.

(10) Finance costs from non-banking business

Finance costs from non-banking business was HK\$55,267,000, representing a decrease of HK\$7,828,000 or 12.4%. It was composed of the interest charged on corporate bonds and the interest charged on bank borrowings, bank overdrafts and lease liabilities.

(11) Inventories

Inventories was HK\$1,449,260,000, a decrease of HK\$64,573,000 or 4.3%.

OUTLOOK

In 2025, China's economic performance progressed in line with expectations and achieved its target growth rate of 5%. Risk assets performed strongly, particularly equities: Hong Kong regained its status as the world's largest initial public offering (IPO) market; and the domestic A-share market surged to a ten-year high, with a slight increase in long-term interest rates. This array of indicators suggest a diminishing market concerns over persistent stagflation and the accumulation of non-performing assets. Furthermore, China's export performance in 2025 exceeded expectations. Despite facing tariffs and export restrictions, exports still registered a growth of 5% to 6%.

However, despite these notable highlights, the growth momentum of China's economic growth still face structural imbalances. Domestic demand remains weak, weighed down by a sluggish real estate market and a stagnant labor market. The ultimate key to China's economic rebalancing lies in raising the household consumption rate, a goal explicitly set forth at the Fourth Plenary Session of the 20th National Congress of the Communist Party of China held in October 2025. The external environment may also influent China's policy implementation, as the continuously widening trade surplus could further exacerbate trade protectionist sentiments.

2026 marks the commencement of the 15th Five-Year Plan and is a pivotal year that bridges the past and the future in China's pursuit of high-quality economic development. Consumer spending growth is expected to remain moderate, with a potential slight deceleration. The rapid rise of the innovation-driven "new economy" sector, supported by ongoing policy focus, stable investment and robust R&D spending, is expected to sustain its high growth trajectory.

In 2026, China's commerce and trade sector will focus on several key initiatives: implementing special campaigns to boost consumption, promoting the expansion and upgrading of goods and services consumption, and fostering new consumption scenarios; integrating online and offline channels, and combining diverse business, tourism, cultural and sports formats to develop new consumption models such as emotional consumption and self-indulgent consumption; advocating green consumption, and facilitating the digital transformation of the distribution sector; and fostering a standardized and rule-based business environment to support the new development paradigm through comprehensive measures.

The Group's watches business will adopt a dual-drive product strategy of "cultural empowerment and technological upgrading", focusing on the development of collaborations such as the Palace Museum IP and innovative products such as smartwatches. In addition, through refined user engagement, we will deliver personalized product recommendations tailored to specific consumer segments. These initiatives are designed to strengthen brand image, enhance customer loyalty, improve our product premium pricing power, and ensure sustainable growth and competitive advantage.

The war in the Middle East has significantly driven up oil prices, exerted potential upward pressure on inflation and had a significant impact on economic growth and the labor market. Policymakers at the U.S. Federal Reserve Board noted that, despite increased economic uncertainty stemming from the war, their projections for interest rate cuts this year remain unchanged. The U.S. central bank stated that future interest rate hikes or cuts will depend on the specific economic impact of the war. In light of this, Bendura Bank will closely monitor exchange rate and interest rate trends, flexibly adjust its operating strategies and strengthen risk management to effectively respond to market changes.

The Board will continue to fulfill its oversight responsibilities, striving to strike a balance between business opportunities and risks while continuously optimizing resource allocation. As China's economy recovers in 2026 and progresses towards high-quality development, we will seize this historic opportunity and, through in-depth market analysis and risk assessment, ensure that potential challenges and uncertainties is properly managed while pursuing growth.

EMPLOYEES AND REMUNERATION POLICY

Our sustained success would not be possible without the high levels of expertise, professionalism and commitment shown by our employees. As at 31 December 2025, the Group had approximately 2,067 staff in Hong Kong and Chinese Mainland (as at 31 December 2024: 2,736 staff) and approximately 148 staff in Europe (as at 31 December 2024: 229 staff). The remuneration packages offered to the employees were determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including medical insurance and retirement benefits, and incentive bonuses are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes. Employees of Group's subsidiaries in Chinese Mainland also have participated in social insurance scheme administrated and operated by local authorities and contributions were made according to the local laws and regulations. Bendura Bank has also implemented the local state-run Old-age, Survivors, and Disability Insurance (AHV/IV) and the occupational pension scheme (BPVG), ensuring that all employees receive comprehensive coverage.

FINAL DIVIDEND

The Board has resolved not to declare a final dividend for the year ended 31 December 2025 (31 December 2024: nil).

CLOSURE OF REGISTER OF MEMBERS

The Company's forthcoming Annual General Meeting is scheduled to be held on Thursday, 28 May 2026 (the "**2026 AGM**"). For the purpose of determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 22 May 2026 to Thursday, 28 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2026 AGM, all properly completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 May 2026.

CORPORATE GOVERNANCE CODE

Citychamp Watch & Jewellery Group Limited (the “**Company**” or “**Citychamp**”) and its subsidiaries (the “**Group**”) are committed to maintain a standard of corporate governance that is consistent with market practices.

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code (“**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the year ended 31 December 2025 except with the deviations disclosed below:

CG Code provision C.2.7

CG Code provision C.2.7 stipulates that the chairman should at least annually hold meetings with independent non-executive directors without the presence of other directors. During the year ended 31 December 2025, no formal meeting could be arranged between the Chairman of the Board and the Independent Non-executive Directors without the presence of other directors of the Company (the “**Directors**”) due to the tight schedules of the Chairman and the Independent Non-executive Directors. However, the Chairman has delegated the company secretary of the Company to gather any concerns and/or questions that the Independent Non-executive Directors might have and report to him for setting up follow-up meeting(s), whenever necessary.

CG Code provision F.1.3

CG Code provision F.1.3 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board was unable to attend the 2025 AGM due to his other business engagement. Mr. Siu Chun Wa, the Executive Director and CEO of the Company, presented at the 2025 AGM was elected as the chairman of the 2025 AGM to ensure the effective communication with the Company’s shareholders thereat. The Chairman will endeavour to attend all future general meetings of the Company unless unexpected or special circumstances preventing him from doing so.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by Directors and by relevant employees of the Group. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2025.

BOARD OF DIRECTORS

The principal focus of the Board is on the overall strategic development and direction of the Group. The Board also monitors the financial performance and the internal controls of the Group’s business operations. Moreover, the Board is responsible for performing the corporate governance duties. The Board has established a clear segregation of duties and responsibilities between the Board and the management as to which types of decisions are to be taken by the Board and which are to be delegated to management. This segregation of duties and responsibilities will be regularly reviewed by the Board. With the Chairman as a facilitator in the establishment that promotes discussion among Directors, all the Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the board functions.

BOARD COMMITTEES

The Board has delegated certain authority to four board committees which are established and perform their functions under specific terms of reference. The board committees are provided with sufficient resources and opportunities to seek independent professional advice, at the Company’s expense, to perform their responsibilities.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The latest terms of reference of the Audit Committee have been adopted by the Board in November 2025 and are consistent with the requirements of the CG Code. The Audit Committee currently comprises three Independent Non-executive Directors, being Mr. Kam, Eddie Shing Cheuk (chairman of the committee), Dr. Kwong Chun Wai, Michael and Ms. Chan Lai Wa. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial matters including but not limited to the review of the audited financial statements for the year ended 31 December 2025.

Remuneration Committee

The Company has established a remuneration committee (the “**Remuneration Committee**”), the terms of reference of which have been adopted by the Board and are consistent with the requirements of the CG Code. The Remuneration Committee currently comprises Mr. Kam, Eddie Shing Cheuk (chairman of the committee), Mr. Hon Kwok Lung, Mr. Siu Chun Wa, Dr. Kwong Chun Wai, Michael and Ms. Chan Lai Wa.

Nomination Committee

The Company has established a nomination committee (the “**Nomination Committee**”), the latest terms of reference of which have been adopted by the Board in November 2025 and are consistent with the requirements of the CG Code. The Nomination Committee currently comprises Mr. Hon Kwok Lung (chairman of the committee), Mr. Siu Chun Wa, Dr. Kwong Chun Wai, Michael, Mr. Kam, Eddie Shing Cheuk and Ms. Chan Lai Wa.

Risk Management Committee

The Company has established a risk management committee (the “**Risk Management Committee**”) to assist the Board in reviewing and ensuring the effectiveness of the Group’s risk management system. Terms of reference have been adopted by the Board and are consistent with the requirements of the CG Code. The Risk Management Committee currently comprises three members, namely Mr. Teguh Halim (chairman of the committee), Mr. Siu Chun Wa and Mr. Shi Tao.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2025.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee has reviewed the consolidated financial statements for the year ended 31 December 2025 in conjunction with BDO Limited, the Company’s external auditor. Based on this review and discussions with management, the Audit Committee was satisfied that the consolidated financial statements for the year ended 31 December 2025 were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31 December 2025.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's websites at www.irasia.com/listco/hk/citychamp and www.citychampwj.com. The annual report of the Company for the year ended 31 December 2025 will be available on the respective websites of the Stock Exchange and the Company, and despatched to the shareholders of the Company in due course.

APPRECIATION

Our financial performance and strategic moves reflected the joint efforts of the Board and management in successfully pursuing our mission. I would like to express my deep gratitude to our employees, customers, suppliers, bankers, professional consultants, business partners, and shareholders for their support.

By Order of the Board
Citychamp Watch & Jewellery Group Limited
Ho Shuk Han
Company Secretary

Hong Kong, 30 March 2026

As at the date of this announcement, the executive directors of the Company are Mr. Hon Kwok Lung, Mr. Siu Chun Wa, Mr. Shi Tao, Mr. Hon Hau Wong and Mr. Teguh Halim; and the independent non-executive directors of the Company are Dr. Kwong Chun Wai, Michael, Mr. Kam, Eddie Shing Cheuk and Ms. Chan Lai Wa.