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ESTD 1954

SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 444)

UPDATE ANNOUNCEMENT AND SUPPLEMENTAL ANNOUNCEMENT

UPDATE ANNOUNCEMENT

Reference is made to the announcements of Sincere Watch (Hong Kong) Limited (the "**Company**") dated 30 May 2025, 29 August 2025, 28 November 2025 and 27 February 2026 (the "**Disclaimer Update Announcements**") in relation to the updates to the Disclaimer of Opinion. Unless the context requires otherwise, capitalized terms used herein shall bear the same meaning as defined in the Disclaimer Update Announcements and the Announcements (as defied below).

Save as disclosed in the quarterly update announcement of the Company dated 31 March 2026, the announcements of the Company dated 3 February 2026, 30 April 2026 and 12 May 2026 and also the relevant updates disclosed in this announcement, there has been no other material updates in relation to the Disclaimer of Opinion.

The Company will continue to publish an announcement every 3 months from the date of this announcement until the Disclaimer of Opinion is resolved. Further announcement(s) may also be made by the Company for any material update(s) as and when appropriate.

SUPPLEMENTAL ANNOUNCEMENT

Reference is also made to the announcement of the Company dated 3 February 2026 and the announcement of the Company dated 31 March 2026 (the "**Announcements**"). Unless the context requires otherwise, capitalized terms used herein shall bear the same meaning as defined in the Announcements.

As disclosed in the announcement of the Company dated 31 March 2026, the Watch Distribution Business sector continues to be challenged by subdued discretionary spending and macroeconomic uncertainties, which led to ongoing softness in consumer demand. The luxury goods market is expected to face continued pressure in the near term. The recent outbreak of the Middle East conflict causes further uncertainties. The discussions of the Group with other international watch brands are ongoing but there have been no material developments to date since the parties cannot reach consensus on the key commercial terms including but not limited to the relevant minimum purchase amounts.

Based on the experience and expertise of the Group in its Watch Distribution Business, the Group has confidence and ability in securing new distribution agreements with other watch brands. However, in light of the market condition as elaborated above, the Group has been prudent in negotiating the terms in particular on the applicable minimum purchase requirements. The Group does not intend to make commitment to significant minimum purchase requirement.

Despite the aforementioned, the Company will continue to exercise its endeavours to sustain its existing business for the interests of the Company and its Shareholders and will continue to explore cooperation opportunities with other international brands.

Based on the current unaudited books and records of the Group, the Group had sales for the Watch Distribution Business, which comprised mainly consignment sales and the margins for such sales were thin. As previously disclosed, the Group had large amount of outstanding loans which had to be repaid, and the Group has repaid approximately HK$99 million loan amounts since October 2024 up to the date hereof. Moreover, despite the sales amounts, the sales margin for the Watch Distribution Business during those periods was relatively thin. As such, the Company was faced with a tight budget to recruit accounting staff or engage an external firm to prepare the Company's management accounts, notwithstanding the level of sales generated during the relevant periods.

The previous financial statements of the Group were made up to 31 October 2024 due to insufficient accounting staff. As such, the Company needs to prepare (a) financial statements for the year ended 31 March 2025; (b) financial statements for the six months ended 30 September 2025; and (c) financial statements for the year ended 31 March 2026. With most of the accounting staff having left the Group, the external accounting firm would need sufficient time to understand the accounting system of the Group, recognize any opening adjustments, revisit previous schedules and breakdowns in order to prepare the relevant management accounts. As such, it is currently expected that it will take the external accounting firm approximately four months to prepare the relevant management accounts of the Group. The Company expects the publication of the Annual Results by end of 2026, though that will be subject to the availability of the relevant management accounts of the Group and also the relevant audit procedures.

Reference is made to the announcement of the Company dated 3 February 2026 in relation to the entering into the Equity Transfer Agreement for the Acquisition of 51% equity interest in the Target Company by the Purchaser which constitutes a discloseable transaction on the part of the Company.

In light of the recent outbreak of the Middle East conflict which leads to uncertainty in natural gas wholesale and retail sales, the Company and the Purchaser have confirmed the termination of the Acquisition (the "**Termination**") and the Acquisition was terminated and would not be proceeded. No consideration has been paid by the Group under the Equity Transfer Agreement.

The Company is of the view that the Termination shall have no material adverse impact on the financial performance and daily operations of the Group.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended from 9:00 a.m. on 2 July 2025 and will remain suspended until further notice. Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Sincere Watch (Hong Kong) Limited
Zhang Xiaoliang
Chairman and Chief Executive Officer

Hong Kong, 29 May 2026

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Xiaoliang (Chairman and Chief Executive Officer), Mr. An Muzong and Mr. Yang Guangqiang; the Non-executive Director of the Company is Ms. Lu Weina; and the Independent Non-executive Directors of the Company are Mr. Zong Hao and Mr. Yu Zhenxin.