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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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
(1) DISPOSAL OF 50% SHARES
IN THE DISPOSAL COMPANY
AND
(2) DRAG ALONG OPTION**

Reference is made to the announcement of the Company dated 20 May 2026 in relation to, amongst others, the disposal of 50% of the shares in Rotary Watch & Jewellery Limited (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined the Announcement.

The Company would like to provide the following further information in relation to the Disposal to the Shareholders and potential investors of the Company.

CONSIDERATION

In determining the Consideration, the Directors have taken into account the following factors:

- (1) the price-to-sales ratio among other companies in the watch and timepiece industry;

- (2) the financial condition associated with the Trade Marks, in particular, a net loss attributable to the Trade Marks of approximately £1.6 million was recorded for the year ended 31 December 2025 and a net profit attributable to the Trade Marks of approximately £0.1 million was recorded for the year ended 31 December 2024; it is expected that the introduction of a business partner as the principal operator of the “Rotary” brand would revitalize the profitability of the Trade Marks and enhance its future value; and
- (3) the carrying value of the Trade Marks of £0; it is expected that the Disposal will release the potential value of the Trade Marks.

In view of the above, the Directors consider that the Consideration offered by the Purchaser represented an ideal price for the Disposal. The Directors believe the Company would benefit from the positive cash inflow from the Disposal and enjoy the potential growth and appreciation in value of the Disposal Company brought by the introduction of the Purchaser as a business partner in respect of the “Rotary” brand.

INFORMATION ON THE DISPOSAL COMPANY AND THE TRADE MARKS

The Disposal Company is a new company incorporated and registered in England and Wales with limited liability on 30 April 2026. The Disposal Company was incorporated as a wholly-owned subsidiary of the Company. In connection with the Disposal, the Trade Marks (which was originally 100% owned by Rotary UK and Rotary SA) are transferred and assigned to the Disposal Company under the Assignments. Pursuant to the SPA, 50% of the shares in the Disposal Company have been sold and transferred to the Purchaser upon Completion. After Completion, the Vendor and the Purchaser each will hold 50% of the shares in the Disposal Company. The Disposal Company is a special purpose vehicle incorporated to facilitate the indirect 50%-50% ownership of the Trade Marks by the Purchaser and the Vendor. After Completion, other than minimal initial operating funds, the Trade Marks would be substantially the only assets of the Disposal Company.

As at 30 April 2026, (i) the carrying value of the Trade Marks was £0; and (ii) the book value of the Disposal Company was £0.

Set out below are the net profit or loss before and after tax attributable to the Trade Marks for the financial years ended 31 December 2024 and 2025:

	For the year ended	
	31 December	
	2025	2024
	<i>£' million</i>	<i>£' million</i>
Profit/(Loss) before tax	(1.6)	0.1
Profit/(Loss) after tax	(1.6)	0.1

The Dreyfuss Group (including Rotary UK and Rotary SA) is a corporate group held by the Vendor within the Group. It is principally engaged in watch design and distribution, both to the United Kingdom and overseas markets, and of watch manufacturing and repair. Its brand portfolio mainly includes the “Rotary” brand. Before completion of the Assignment, a majority of the assets of the Dreyfuss Group were the Trade Marks (with other assets including other intellectual property rights and inventories). Following completion of the Assignments and the Disposal, the Dreyfuss Group will shift the business under the “Rotary” brand, to the Disposal Company. The Dreyfuss Group has been operating at a loss over the past financial years, recognising aggregate loss for last five (5) years of approximately £0.88 million, especially recording a loss of approximately £1.6 million for the year ended 31 December 2025. Through the Disposal and the introduction of a reputable business partner, the Group will be able to realise the potential value of the “Rotary” brand.

INFORMATION ON THE PURCHASER

The shares in the Purchaser are held as to 68.9% by Mr. John Story. The remaining 31.1% of the shares in the Purchaser are held by five (5) other shareholders, each holding less than 30% of the shares in the Purchaser.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that as a result of the Disposal, the Company will recognise a gain of not less than £5,000,000, being the present value of the Consideration of the Disposal (i.e. not less than £5,000,000) less the net carrying value attributable to the Disposal Shares (i.e. £0) and after taking into consideration the estimated expenses related to the Disposal.

The actual financial effect of the Disposal (including any gain or loss) will be subject to the review and final audit by the auditors of the Company.

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

Hong Kong, 2 July 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.