



ERNEST BOREL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1856

2026 Interim Report



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CORPORATE INFORMATION

Ernest Borel Holdings Limited ((the “**Company**”), and together with its subsidiaries, the “**Group**”)

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Teguh Halim

*(Chairman of the Board of Directors (the “**Board**”))*

Mr. Kong Le

NON-EXECUTIVE DIRECTOR

Mr. Xiong Ying

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Chi Kit

Ms. Hong Ting

Mr. Ng Tzyy Yeh Alroy Garrett

COMPANY SECRETARY

Ms. Kei Siu Ying

AUDIT COMMITTEE

Mr. Yu Chi Kit *(Chairman)*

Ms. Hong Ting

Mr. Ng Tzyy Yeh Alroy Garrett

REMUNERATION COMMITTEE

Mr. Yu Chi Kit *(Chairman)*

Mr. Teguh Halim

Ms. Hong Ting

Mr. Ng Tzyy Yeh Alroy Garrett

NOMINATION COMMITTEE

Mr. Teguh Halim *(Chairman)*

Mr. Yu Chi Kit

Ms. Hong Ting

Mr. Ng Tzyy Yeh Alroy Garrett

EXECUTIVE COMMITTEE

Mr. Teguh Halim *(Chairman)*

Mr. Kong Le

INVESTMENT COMMITTEE

Mr. Teguh Halim *(Chairman)*

Mr. Kong Le

AUTHORISED REPRESENTATIVES

Mr. Teguh Halim

Ms. Kei Siu Ying

COMPANY’S WEBSITE

www.ernestborel.ch

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion

Hibiscus Way, 802 West Bay Road

Grand Cayman, KY1-1205

Cayman Islands

HEAD OFFICE IN SWITZERLAND

8, rue des Perrières
2340 Le Noirmont
Switzerland

HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

EBOHR Building
Jin'an Road, Guangming
New District, Shenzhen,
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

Unit J, 12/F,
Fu Cheung Centre,
Nos. 5-7 Wong Chuk Yeung Street,
Fotan, Shatin, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25 Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2026 ("**1HFY2026**") increased from approximately HK\$38.0 million to approximately HK\$47.2 million when compared with the corresponding period of last year ("**1HFY2025**").
- Gross profit margin increased from approximately 16.5% for 1HFY2025 to approximately 20.9% for 1HFY2026. Gross profit increased from approximately HK\$6.3 million for 1HFY2025 to approximately HK\$9.9 million for 1HFY2026.
- Loss for the period attributable to owners of the Company narrowed from approximately HK\$21.8 million for 1HFY2025 to approximately HK\$6.0 million for 1HFY2026.
- Basic and diluted loss per share narrowed from approximately HK6.04 cents for 1HFY2025 to approximately HK1.67 cents for 1HFY2026.

Note: In the case of any inconsistency between the Chinese translation and the English text of this interim report, the English text shall prevail.



MANAGEMENT DISCUSSION AND ANALYSIS

Looking back on the first half of 2026, the traditional watch business focused on expanding online sales. The e-commerce platform team successfully drove a breakthrough in overall sales by expanding collaborations with KOLs, broadening online sales channels and actively capitalising on promotional campaigns held during major festivals on China's leading e-commerce platforms.

The Group recorded a revenue of approximately HK\$47.2 million for 1HFY2026 (1HFY2025: approximately HK\$38.0 million), representing an increase of approximately 24.3%. Gross profit and gross profit margin increase to approximately HK\$9.9 million for 1HFY2026 (1HFY2025: approximately HK\$6.3 million) and increase to approximately 20.9% for 1HFY2026 (1HFY2025: approximately 16.5%), respectively. Consequently, loss attributable to equity holders amounted to approximately HK\$6.0 million for 1HFY2026 (1HFY2025: approximately HK\$21.8 million).

BUSINESS REVIEW

Watches Business

Established since 1856 in Switzerland, Ernest Borel has a proud heritage spanning 170 years. Throughout the course of its history and across its operations, the Group has upheld the principles of producing high precision "Swiss-made" products and implemented stringent quality controls. Under its own brand "Ernest Borel", the Group is engaged in the design, production, marketing and sale of mechanical and quartz premium watches. As one of the oldest Swiss premium watchmakers, Ernest Borel has adopted the "dancing couple" as its icon, which embodies "romance and elegance". Together with its distinctive market position, Ernest Borel has gained leadership among brands of watches for couples in Switzerland. The extensive distribution network of the Group covers retail markets in the People's Republic of China (the "**PRC**"), the Hong Kong Special Administrative Region ("**Hong Kong**"), the Macau Special Administrative Region ("**Macau**") and other markets. As at 30 June 2026, the Group has a total of 688 points of sale ("**POS**").

With smartwatches becoming increasingly popular and consumers' lifestyles and tastes continuing to evolve, sales of traditional watches have undoubtedly faced considerable pressure. In response to this trend the Company will not compete with smartwatches solely on functionality. Instead, the Company will rediscover the unique value of traditional watches and focus on developing its products in a more refined, premium and high-end direction, highlighting their craftsmanship, design, materials, brand heritage and collectability.

In essence, traditional watches and smartwatches are not directly comparable as they meet different consumer needs and target different customer groups. Smartwatches emphasise technological functions, data applications and everyday convenience, whereas traditional watches represent classic aesthetics, craftsmanship, personal taste and emotional value. Through clear product positioning, the Company aims to enable consumers to appreciate the significant differences between the two types of products in terms of functionality, value and consumption experience, thereby enhancing the distinctive appeal and market competitiveness of traditional watches.

The PRC market

China remains the Group's main market. As of 30 June 2026, the Group had 585 points of sales in China. Revenue from the China segment increased by approximately 182.1% from approximately HK\$9.5 million in 1HFY2025 to approximately HK\$26.8 million in the 1HFY2026, accounting for approximately 86.7% of the total revenue of the watch business.

Hong Kong and Macau markets

As of 30 June 2026, the Group had 23 points of sales in the Hong Kong and Macau markets. Sales in these markets increased by approximately 6.3% from approximately HK\$1.6 million in 1HFY2025 to approximately HK\$1.7 million in 1HFY2026, accounting for approximately 5.4% of the total revenue of the watch business.

Other market

As of 30 June 2026, the Group had 80 points of sales in other markets, mainly in Southeast Asia and Europe. Sales in these markets increased by approximately 100.0% from approximately HK\$1.2 million in 1HFY2025 to approximately HK\$2.4 million in 1HFY2026, accounting for approximately 7.9% of the total revenue of the watch business.

Smart Watch Manufacturing Business

During the first half of the year, the smart watch manufacturing business experienced a lighter order volume, which created opportunities to optimize production scheduling and explore new efficiencies. While part of the production capacity was not fully utilized, this provided valuable time to evaluate processes and prepare for future growth.

The factory's machinery and equipment, though mature, continue to deliver reliable output and management is actively considering upgrades to further enhance productivity. By addressing rework rates and refining workflows, the Company is well positioned to reduce costs and strengthen competitiveness.



At the same time, the current market positioning highlights clear potential for transformation. With plans to diversify the product range and introduce innovative upgrades, the Company is moving beyond reliance on smartwatch components alone. This strategic shift opens the door to new markets and sustainable long term development.

The Group plans to purchase new machinery and upgrade the existing equipment at the factory during the second half of the year. It will proactively adjust its business development direction and expand the range of products it can manufacture, rather than remaining limited to smartwatch components. Any products that can be manufactured using the existing or newly acquired machinery, equipment and process technologies will be considered for research and development and production, with the aim of improving capacity utilisation and creating new business opportunities.

FINANCIAL REVIEW

Revenue and segment information

The Group's revenue increased by approximately HK\$9.2 million or approximately 24.3% from approximately HK\$38.0 million for 1HFY2025 to approximately HK\$47.2 million for 1HFY2026.

Watches Business

Revenue from watches business increased by HK\$18.6 million or approximately 151.8% from approximately HK\$12.3 million for 1HFY2025 to approximately HK\$30.9 million for 1HFY2026.

Smart Watch Manufacturing Business

Revenue from smart watch manufacturing business decreased by approximately HK\$9.4 million or approximately 36.5% from approximately HK\$25.7 million for 1HFY2025 to approximately HK\$16.4 million for the 1HFY2026.

Cost of Sales

The Group's cost of sales increased by approximately HK\$5.6 million or approximately 17.7% from approximately HK\$31.7 million for 1HFY2025 to approximately HK\$37.4 million for 1HFY2026.

Watches Business

Cost of sales from watches business increased by approximately HK\$14.6 million or approximately 211.6% from approximately HK\$6.9 million for 1HFY2025 to approximately HK\$21.5 million for 1HFY2026.

Smart Watch Manufacturing Business

Cost of sales from smart watch manufacturing business decreased by approximately HK\$8.9 million or approximately 35.9% from approximately HK\$24.8 million for 1HFY2025 to approximately HK\$15.9 million for 1HFY2026.

Gross profit

The Group's gross profit increased by approximately HK\$3.6 million or approximately 57.8% from approximately HK\$6.3 million for 1HFY2025 to approximately HK\$9.9 million for 1HFY2026. Watches business contributed approximately HK\$9.4 million for 1HFY2026 (1HFY2025: approximately HK\$5.4 million); and smart watch manufacturing business contributed approximately HK\$0.5 million for 1HFY2026 (1HFY2025: approximately HK\$0.9 million). The gross profit margin increased from approximately 16.5% for 1HFY2025 to approximately 20.9% for 1HFY2026.

Other income, gains and losses, net

The Group recorded net gains of approximately HK\$20.2 million for 1HFY2026 as compared to net gain of approximately HK\$11.6 million for 1HFY2025.

Distribution expenses

The Group's distribution expenses increased by approximately HK\$3.4 million or approximately 38.9% from approximately HK\$8.8 million for 1HFY2025 to approximately HK\$12.2 million for 1HFY2026, representing approximately 25.9% of the Group's total revenue for 1HFY2026 (1HFY2025: approximately 23.2%).

Administrative expenses

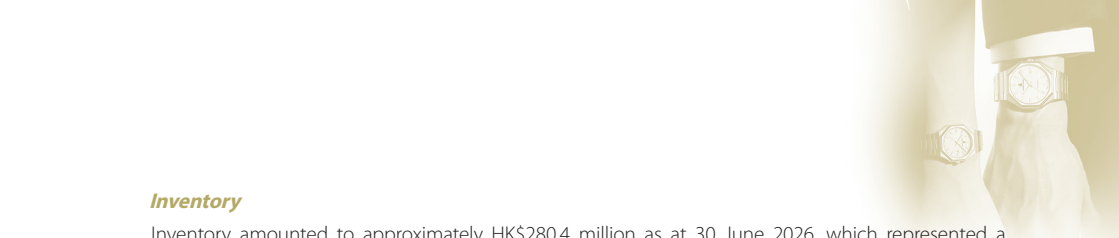
The Group's administrative expenses decreased by approximately HK\$5.7 million or approximately 21.8% from approximately HK\$26.3 million for 1HFY2025 to approximately HK\$20.6 million for 1HFY2026.

Finance costs

The Group's finance costs decreased by approximately HK\$1.2 million or approximately 26.5% from approximately HK\$4.5 million for 1HFY2025 to approximately HK\$3.3 million for 1HFY2026.

Loss for the period attributable to owners of the Company

The Group's loss attributable to owners of the Company was approximately HK\$6.0 million for 1HFY2026, and approximately HK\$21.8 million for 1HFY2025.



Inventory

Inventory amounted to approximately HK\$280.4 million as at 30 June 2026, which represented a decrease of approximately HK\$5.2 million from approximately HK\$285.6 million as at 31 December 2025.

Trade and other receivables and payables

The Group's trade and other receivables amounted to approximately HK\$125.8 million as at 30 June 2026, which represented an increase of approximately HK\$11.7 million from approximately HK\$114.1 million as at 31 December 2025.

The Group's trade and other payables amounted to approximately HK\$38.6 million as at 30 June 2026, which represented a decrease of approximately HK\$2.6 million from approximately HK\$41.2 million as at 31 December 2025.

Liquidity, financial resources and capital structure

As at 30 June 2026, the Group had non-pledged cash and bank balances of approximately HK\$9.2 million (31 December 2025: approximately HK\$8.4 million). As at 30 June 2026, the Group had bank and other borrowings of approximately HK\$373.2 million (31 December 2025: approximately HK\$388.9 million), of which approximately HK\$10.8 million (31 December 2025: HK\$10.1 million) were secured and carried with fixed interest bearings ranged from 1.5% to 3.5% (31 December 2025: 1.5% to 3.5%) per annum; of which HK\$3.2 million (31 December 2025: HK\$16.5 million) were unsecured and interest free; and of which approximately HK\$359.2 million (31 December 2025: approximately HK\$362.3 million) were unsecured and carried with fixed interest bearings 1.5% to 7% (31 December 2025: 2.5% to 7%) per annum. As at 30 June 2026, part of the bank and other borrowings amounted to approximately HK\$0.8 million was repayable over one year and the remaining balance amounted to approximately HK\$372.4 million was repayable within one year.

Foreign exchange exposure

Certain members of our Group have foreign currency sales, which expose us to foreign currency exchange fluctuation risks. In addition, certain trade receivables, other receivables and deposits, bank balances, other payables and accrued expenses, and our intra-group balances were denominated in foreign currencies.

We will monitor foreign exchange trends and will consider hedging significant foreign currency exposure should the need arise.

Charge on assets

As at 30 June 2026 and 31 December 2025, no material assets were pledged.

Material acquisition and disposal of subsidiaries or associated companies

During the period ended 30 June 2026, the Group did not have any material acquisition and disposal of subsidiaries or associated companies.

Future plans for material investments and capital assets

There was no definite future plan for material investments and acquisition of material capital assets as at 30 June 2026.

Contingent liabilities

During this reporting period, the Group did not have any material contingent liabilities (31 December 2025: Nil).

Interim dividend

The Board has resolved not to declare any interim dividend for 1HFY2026 (1HFY2025: Nil).

Employees and remuneration policies

As at 30 June 2026, the Group had a total of 305 full time employees (31 December 2025: 307). Total staff costs (including directors' remuneration) was approximately HK\$21.8 million for 1HFY2026 (1HFY2025: approximately HK\$25.5 million).

All of our full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. Members of the sales staff are also eligible for commissions based on their ability to meet sales targets. In addition, year-end bonuses may also be awarded to the employees at our discretion and based on employees' performance. Yearly performance appraisals are conducted to ensure that the employees receive feedback on their performance.

The Group provides training to its employees on a regular basis to keep them abreast of their knowledge in the Group's products, technology developments and market conditions of its industry. In addition, the Group's senior management also participates in conferences to deepen their knowledge in the industry.

Capital commitments

At 30 June 2026, the Group did not have material capital commitments (31 December 2025: Nil).

Events after the reporting period

There are no material events undertaken by the Group after the reporting period



PROSPECTS

Watches Business

Products

The Group has always insisted on producing high-quality “Swiss Made” watches. In the future, the Group will keep closer to the market, grasp popular trends, analyze the mentality and spending power of major consumers, and use professional product design capabilities to design collections of men’s watches, women’s watches and couple watches that cater to our target customers.

Brand Promotion

The Group continues to promote and enhance the awareness of the “Ernest Borel” brand through different forms of marketing initiatives, introducing the “Ernest Borel” brand to younger and international consumers, so that the romantic culture of the “Ernest Borel” brand can be sustained.

The Group enhances brand awareness and market share by coordinating online and offline brand promotion activities. Online, the Group primarily uses various social media channels to promote its products and increase their exposure. During the year, the Group increased the number of celebrity bloggers engaged across major social media platforms to promote and publicise its products, thereby giving the brand a younger image and attracting more young consumers.

In addition, last year, the Group reorganised its online sales team and established a dedicated team for international markets, which has already achieved encouraging results. Going forward, the Group will continue to strengthen its online marketing capabilities in overseas markets, develop more overseas customers and tailor marketing strategies to meet their specific needs.

Offline, the Group will focus on promoting the image of its stores and shop counters, as well as organising and promoting marketing campaigns for traditional festivals.

Distribution Channels

In 2026, the Group will further strengthen the planning and execution of its marketing activities. Through the integration of online and offline initiatives, participation in exhibitions and regional promotional campaigns, the Group will provide the sales team with more targeted marketing support.

1. Offline sales

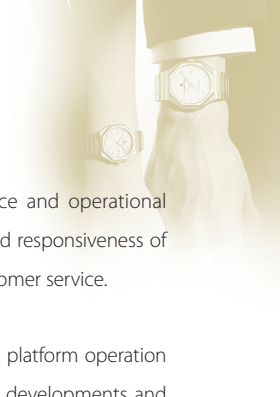
In 2026, offline sales will remain one of the Group's core businesses. The Group will focus on consolidating its existing customer base and increasing sales from its existing stores. Measures will include strengthening customer support, regularly monitoring best-selling styles, arranging timely replenishment and product exchanges, and designing incentive schemes based on store performance, with the aim of driving sales growth across existing channels.

At the same time, the Group will continue to review stores with weaker sales performance and assess the integration and optimisation of its nationwide store network. More resources will be allocated to stores with stronger sales capabilities and growth potential. The entire sales team will continue to focus on actively developing the market, enhancing customer service, strengthening the brand image and accelerating cash collection. The Group will also improve operational efficiency by strengthening regional responsibility management, accounts receivable collection and customer risk control.

2. Online e-commerce sales

As consumer purchasing behaviour continues to shift online, the Group's e-commerce business will continue to develop synergies with live streaming platforms and other business partners in 2026. It will strengthen brand communication, marketing and sales conversion, while enhancing customers' confidence in online purchases and improving their shopping experience.

In addition, the Group will continue to optimise its self-operated online shopping platform and online store displays. This will include improving product pages, presentation of product features and benefits and price management. Through data analysis, the Group will gain a better understanding of customers' purchasing habits and trends in popular products, and translate these insights into practical sales strategies.



As the scale of online operations expands, back-office customer service and operational support will also be strengthened. This will improve the service quality and responsiveness of the customer service team and ensure a consistently high standard of customer service.

The Group will also enhance the e-commerce team's industry knowledge, platform operation capabilities and market analysis skills. It will continue to monitor industry developments and competitors' performance in order to improve its overall operational standards.

OPERATION

1. *Promotion of Offline Stores*

The Group will continue to promote its stores across China. While maintaining the advantages of its existing distribution channels, the Group will introduce more attractive discounts, gifts and promotional arrangements in response to festivals and market needs. It will also continue to enhance store design, product display and the service quality of sales personnel, while strengthening store inspections and spot checks to improve the overall retail image.

2. *Integrated Online and Offline Marketing*

The Group will actively promote online and offline integration by consolidating traditional media and new media resources to enhance brand exposure and reach, particularly among younger consumer groups. Through multichannel and diversified brand promotion activities, the Group will further enhance brand awareness, brand affinity and conversion performance.

3. *Brand Promotion*

For many years, the brand has centred on the core characteristics of "romance" and "couples". This positioning will remain a key focus of the Group's marketing efforts in 2026. Through copywriting, images, videos, packaging materials and display props, the Group will continue to strengthen its brand story and emotional value, thereby enhancing consumers' emotional connection with the brand and their purchase intention.

4. *Strengthening Internal Marketing Integration*

The Group will deepen resource sharing and marketing synergies among its sister brands to enhance the overall influence of its brands. It will also strengthen the exchange of global market information, including the application of Swiss-related materials and the exchange and dissemination of content across different markets. These initiatives will improve resource utilisation efficiency and consolidate the brand's Swiss heritage and international image.

5. *Personnel Management*

The Group will continue to implement a results-oriented performance appraisal system. Key performance indicators for the sales departments will include invoicing, cash collection and gross profit, which will be directly linked to the annual operating objectives.

The functional departments will adopt a comprehensive appraisal approach. Subject to supporting the Company's overall objectives, incentives will be determined based on each department's contribution and the effectiveness of cross-departmental collaboration.

SMARTWATCH COMPONENT MANUFACTURING BUSINESS

The smartwatch manufacturing business has a certain degree of synergy with the Group's existing core business. It can provide watch cases and other component support for watch manufacturing, while also helping the Group explore market opportunities in smart wearable products.

As the smartwatch market in 2026 continues to develop towards health monitoring, AI-enabled functions and higher-end products, the Group will advance this business in a prudent, phased and return-oriented manner. It will initially focus on products with commercialisation potential and technical feasibility and gradually expand the scale of operations after market validation and the further development of its capabilities.

CONCLUSION

Looking ahead to 2026, the global economy and consumer market will continue to face uncertainties. Nevertheless, the watch industry is gradually shifting away from pursuing expansion alone and towards more refined operations centred on brand strength, product competitiveness, inventory efficiency and cash flow management.

Under the guidance of the Board, the Group will continue to optimise its products, channels, supply chain and marketing strategies, while steadily advancing its business development. The Group will strive to achieve its established objectives, lay a stronger foundation for future investment in new businesses and support long-term growth.

Finally, all employees of the Group will work together, remain committed to their respective responsibilities and overcome the current challenges. In order to live up to the expectations of our shareholders, we will strive to generate greater profits and revenue, create value for the Group and deliver sustainable returns.



DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests or short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or the associated corporations of the Company, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”) which were required: (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to The Rules Governing the Listing of Securities on The Stock Exchange (the “Listing Rules”), are as follows:

Long Positions in the Company's Shares or shares in associated corporation of the Company

Name of Directors	Company/ Name of associated corporation	Capacity/ Nature of Interest	Number of Shares held	Approximate Percentage of interest in the total issued Shares in the Company/ associated corporation
Mr. Teguh Halim	Citychamp	Beneficial owner/ Personal Interest/ Interest of Spouse ⁽¹⁾	6,000,000	0.14%
Mr. Xiong Ying	Citychamp	Beneficial owner/ Personal Interest	70,000	0.00%

Note:

1. 3,000,000 shares were held by Mr. Teguh Halim's wife.

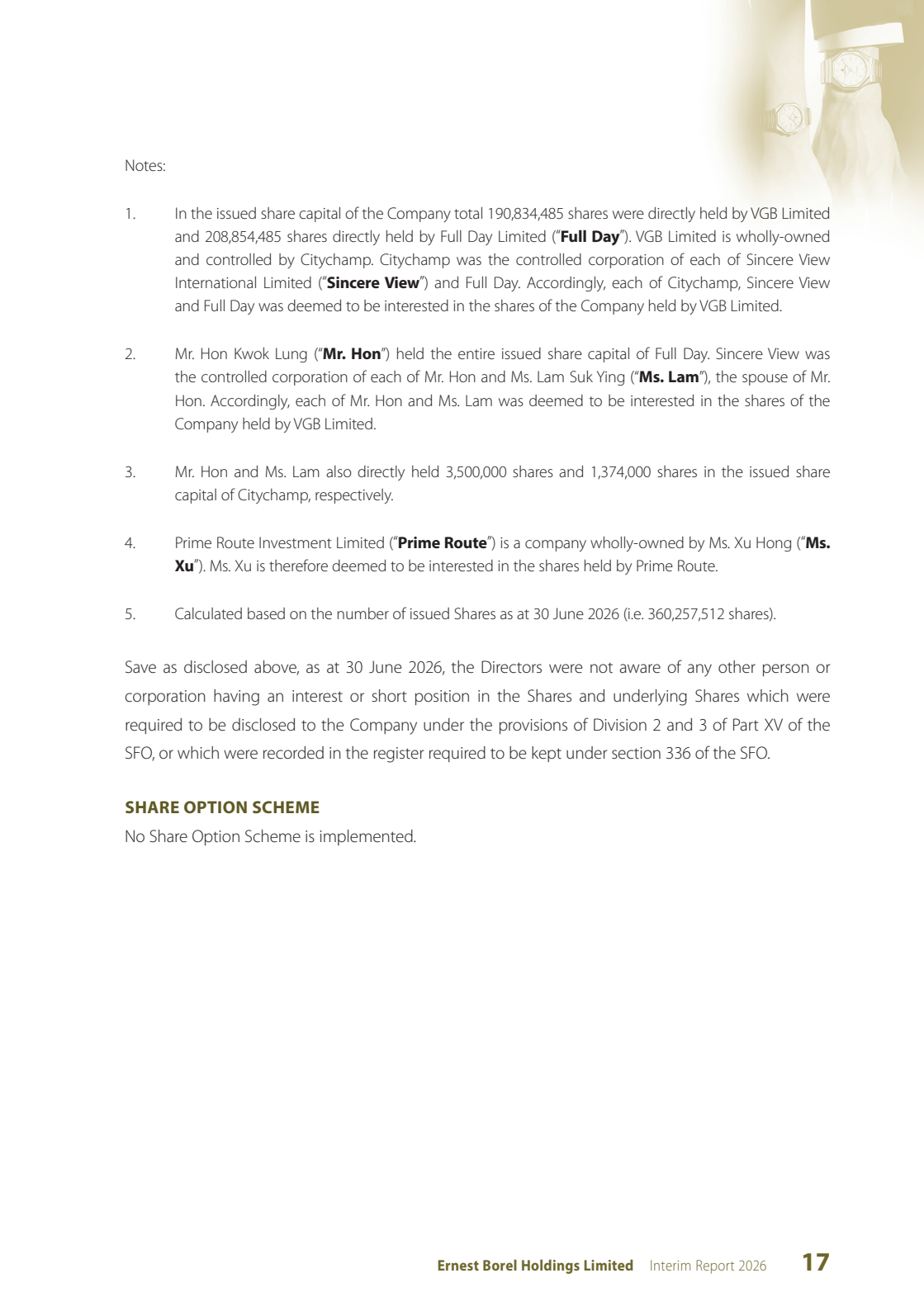
Saved as disclosed above, as at 30 June 2026, none of the Directors and the Chief Executive of the Company and their respective associates had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or Chief Executive of the Company, as at 30 June 2026, the persons or corporations (not being a Director or Chief Executive of the Company) who or which had an interest or short position in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long Position in the Company's Shares

Name	Capacity	Number of Shares	Approximately % of total number of issued Shares ⁽⁵⁾
VGB Limited ⁽¹⁾	Beneficial owner	190,834,485	52.97%
Citychamp ⁽¹⁾	Interest in controlled corporation	190,834,485	52.97%
Sincere View ^(1, 2)	Interest in controlled corporation	195,834,485	54.36%
Full Day ^(1, 2)	Beneficial owner/interest in controlled corporation	208,854,485	57.97%
Hon Kwok Lung ^(2, 3)	Interest in controlled corporation	213,854,485	59.36%
Lam Suk Ying ^(2, 3)	Interest of spouse	213,854,485	59.36%
Prime Route ⁽⁴⁾	Beneficial owner	52,935,000	14.69%
Xu Hong ⁽⁴⁾	Interest in controlled corporation	52,935,000	14.69%



Notes:

1. In the issued share capital of the Company total 190,834,485 shares were directly held by VGB Limited and 208,854,485 shares directly held by Full Day Limited ("**Full Day**"). VGB Limited is wholly-owned and controlled by Citychamp. Citychamp was the controlled corporation of each of Sincere View International Limited ("**Sincere View**") and Full Day. Accordingly, each of Citychamp, Sincere View and Full Day was deemed to be interested in the shares of the Company held by VGB Limited.
2. Mr. Hon Kwok Lung ("**Mr. Hon**") held the entire issued share capital of Full Day. Sincere View was the controlled corporation of each of Mr. Hon and Ms. Lam Suk Ying ("**Ms. Lam**"), the spouse of Mr. Hon. Accordingly, each of Mr. Hon and Ms. Lam was deemed to be interested in the shares of the Company held by VGB Limited.
3. Mr. Hon and Ms. Lam also directly held 3,500,000 shares and 1,374,000 shares in the issued share capital of Citychamp, respectively.
4. Prime Route Investment Limited ("**Prime Route**") is a company wholly-owned by Ms. Xu Hong ("**Ms. Xu**"). Ms. Xu is therefore deemed to be interested in the shares held by Prime Route.
5. Calculated based on the number of issued Shares as at 30 June 2026 (i.e. 360,257,512 shares).

Save as disclosed above, as at 30 June 2026, the Directors were not aware of any other person or corporation having an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

No Share Option Scheme is implemented.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has complied with all code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) throughout the six months ended 30 June 2026.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code and its code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2026.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The duties of our Audit Committee are, among others, to make recommendations to our Board on the appointment, re-appointment and removal of external auditors, in order to assist our Board in fulfilling its responsibilities by providing an independent review and supervision of our financial and other reporting, by reviewing our internal control, risk management systems and internal audit functions.

As at 30 June 2026, the Audit Committee comprises all of our three Independent Non-executive Directors, namely Mr. Yu Chi Kit, Mr. Ng Tzyy Yeh Alroy Garrett and Ms. Hong Ting, with Mr. Yu Chi Kit being the chairman of the Audit Committee. Our unaudited interim results and the interim report for the six months ended 30 June 2026 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results and report complied with the applicable accounting standards and requirements, and adequate disclosures have been made. The Audit Committee has recommended the Board to adopt the same.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchases, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2026.

PUBLICATIONS OF INTERIM REPORT

This 2026 interim report is published on the HKExnews website at www.hkexnews.hk and on the website of the Company at www.ernestborel.ch.

By Order of the Board

Ernest Borel Holdings Limited

Teguh Halim

Chairman

Hong Kong, 28 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		For the six months ended 30 June	2025
	NOTES	2026 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	47,242	38,006
Cost of sales		(37,363)	(31,745)
Gross profit		9,879	6,261
Other income, gains and losses, net	4	20,249	11,630
Distribution expenses		(12,241)	(8,810)
Administrative expenses		(20,578)	(26,320)
Finance costs	5	(3,316)	(4,511)
Loss before tax	7	(6,007)	(21,750)
Income tax	6	–	–
Loss for the period attributable to owners of the Company		(6,007)	(21,750)
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(4,772)	13,790
Other comprehensive income for the period		(4,772)	13,790
Total comprehensive income for the period		(10,779)	(7,960)
Loss per share – (expressed in HK cents)			
Basic and diluted	9	(1.67)	(6.04)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

		As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
	NOTES		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	24,635	27,436
Life insurance policy		–	1,525
Deposits	11	25,286	21,306
Intangible assets	12	18,698	20,885
Deferred tax assets		3,889	3,773
		72,508	74,925
Current assets			
Inventories		280,421	285,586
Trade and other receivables	11	125,760	114,081
Financial assets at fair value through profit or loss		–	35,810
Bank balances and cash		9,193	8,382
		415,374	443,859
Current liabilities			
Trade and other payables	13	38,633	41,183
Lease liabilities		3,745	3,678
Amounts due to related parties	14	19,180	32,721
Amounts due to fellow subsidiaries	14	319,876	311,975
Amount due to a director	14	631	913
Amount due to an ultimate holding company	14	5,376	14,534
Bank and other borrowings	15	27,312	27,616
		414,753	432,620
Net current assets		621	11,239
Total assets less current liabilities		73,129	86,164

		As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
	NOTES		
Non-current liabilities			
Lease liabilities		2,736	4,439
Bank borrowings	15	806	1,225
Deferred tax liabilities		21,383	21,513
Pension obligations		274	278
		25,199	27,455
Net assets		47,930	58,709
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	3,603	3,603
Reserves		44,327	55,106
Total equity		47,930	58,709

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Share capital	Share premium	Other reserve	Actuarial gain and loss reserve	General reserve	Translation reserve	Accumulated losses	Total
	HKD'000	HKD'000	HKD'000 (Notes (i) and (iii))	HKD'000 (Note (iii))	HKD'000 (Notes (ii) and (iii))	HKD'000 (Note (iii))	HKD'000 (Note (iii))	HKD'000
At 1 January 2025 (audited)	3,603	212,739	15,500	2,518	1,547	5,557	(139,559)	101,905
Loss for the period	-	-	-	-	-	-	(21,750)	(21,750)
Other comprehensive income for the period	-	-	-	-	-	13,790	-	13,790
At 30 June 2025 (unaudited)	3,603	212,739	15,500	2,518	1,547	19,347	(161,309)	93,945
At 1 January 2026 (audited)	3,603	212,739	15,500	2,391	1,547	14,973	(192,044)	58,709
Loss for the period	-	-	-	-	-	-	(6,007)	(6,007)
Other comprehensive income for the period	-	-	-	-	-	(4,772)	-	(4,772)
At 30 June 2026 (unaudited)	3,603	212,739	15,500	2,391	1,547	10,201	(198,051)	47,930

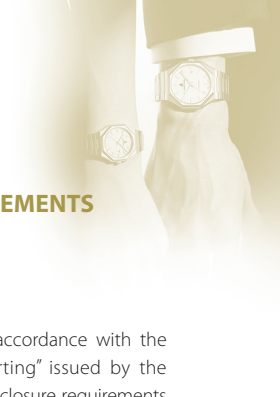
Notes:

- (i) Other reserve of HK\$15,500,000 represents amount arising from capitalisation of loans from former shareholders of a subsidiary of the Company.
- (ii) General reserve represents the legal reserve being allocated from the retained profits of certain subsidiaries of the Company, as required under the relevant legislation of Switzerland and Chinese Mainland, respectively.
- (iii) These reserve accounts comprise of the consolidated reserves of HK\$44,327,000 (1HFY2025: HK\$90,342,000) in the consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(4,732)	(20,368)
INVESTING ACTIVITIES		
Additions of property, plant and equipment	(1,508)	(1,341)
Deposits paid for purchases of property, plant and equipment	(3,944)	(10,809)
Proceeds from disposal of property, plant and equipment	–	137
Proceeds from surrender of life insurance policy	1,584	–
Interest received	1	6
NET CASH USED IN INVESTING ACTIVITIES	(3,867)	(12,007)
FINANCING ACTIVITIES		
New bank borrowings raised	9,023	5,115
Repayment of bank and other borrowings	(8,440)	(919)
Lease payments for lease liabilities	(2,048)	(2,563)
Interest paid	(340)	(186)
Loan from related parties	–	11,332
Loan from fellow subsidiaries	7,600	21,236
Loan from an ultimate holding company	3,443	2,919
Loan from a director	249	–
Repayment of loan from an ultimate holding company	–	(3,500)
Repayment of loan from a director	(520)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	8,967	33,434
NET INCREASE IN CASH AND CASH EQUIVALENTS	368	1,059
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	8,382	10,228
Effect of foreign exchange rate changes	443	1,171
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9,193	12,458



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the 2025 annual financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2026.

The preparation of these condensed consolidated interim financial statements in compliance with IAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("**HK\$**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (the "**IFRSs**") and should be read in conjunction with the 2025 consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received or receivable for the sales of watches products and smart watches components, less returns and trade discounts, during the interim period. The revenue of the Group are recognised at point in time.

The Group's principal activities are manufacturing and sales of watches, and smart watch manufacturing business. Information reported to the chief operating decision makers, being the executive directors of the Company, for resources allocation and performance assessment, is based on the Group's overall performance, which are considered as two operating segments. Segment revenue and results are therefore not the same as the respective amounts presented in the condensed consolidated statement of profit or loss and other comprehensive income.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable operating segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segment.

The Group's reportable and operating segments are as follows:

- Watches business segment: manufacturing and sales of watches; and
- Smart watch manufacturing business segment: design, development and manufacturing of stainless-steel alloy watches cases, smartwatches cases on ODM or OEM basis.

(a) Segment revenue and results

For the six months ended 30 June 2026

	Watches HK\$'000 (Unaudited)	Smart watch manufacturing HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue				
Revenue	30,886	16,356	–	47,242
Segment results				
Unallocated corporate incomes and expenses, net	–	–	1,315	1,315
Finance costs	(1,724)	(595)	(997)	(3,316)
(Loss)/profit before income tax	3,239	(9,564)	318	(6,007)
Income tax	–	–	–	–
(Loss)/profit after income tax	3,239	(9,564)	318	(6,007)

3. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

For the six months ended 30 June 2025

	Watches HK\$'000 (Unaudited)	Smart watch manufacturing HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue				
Revenue	12,266	25,740	–	38,006
Segment results				
Unallocated corporate incomes and expenses, net	(11,038)	(5,743)	–	(16,781)
Finance costs	–	–	(458)	(458)
	(3,637)	(356)	(518)	(4,511)
Loss before income tax	(14,675)	(6,099)	(976)	(21,750)
Income tax	–	–	–	–
Loss after income tax	(14,675)	(6,099)	(976)	(21,750)

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers based on the location of customers.

	Revenue from external customers For the six months ended 30 June	
	2026 HK\$'000 (Unaudited)	2025 HK\$'000 (Unaudited)
Chinese Mainland	35,434	30,739
Hong Kong and Macau	6,809	3,985
Vietnam	2,349	–
Southeast Asia	1,854	3,034
Others (mainly in Europe)	796	248
	47,242	38,006

3. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Information about major customers

Revenue derived from customers contributed 10% or more of the total revenue of the Group are as follows:

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Customer A	–	11,038
Customer B	5,140	–

4. OTHER INCOME, GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	1	6
Government subsidies	–	30
Waiver of interest expenses payable	4,728	–
Reversal of trade payable	1,312	–
Service management fee income	5,000	–
Loss on disposal of property, plant and equipment	(90)	(319)
Exchange gain/(loss), net	132	(771)
Reversal of provision for impairment loss of trade receivables, net	1,699	–
Fair value gain on financial assets/liabilities at fair value thought profit or loss	–	12,495
Fair value change on life insurance policy	49	–
Reversal of provision for inventories allowance	6,001	–
Sundry income	1,417	189
	20,249	11,630

5. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest charged on:		
Bank and other borrowings	859	703
Loan from related parties	489	56
Loan from an ultimate holding company	208	–
Loan from fellow subsidiaries	1,587	3,439
Lease liabilities	173	313
	3,316	4,511

6. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made for both periods as the Group has no assessable profits arising in Hong Kong.

Switzerland Income Tax is calculated at certain tax rates on the assessable income for both periods. Under relevant Tax Law in Switzerland, the Group's subsidiary incorporated in Switzerland was subject to Direct Federal Tax ("**DFT**") of 8.5% (six months ended 30 June 2025: 8.5%) and Cantonal and Communal Tax ("**CCT**") of 8.4% (six months ended 30 June 2025: 7.2%). No provision for Switzerland Income Tax has been made for both periods as the Group has no assessable profits arising in Switzerland.

Swiss Federal withholding tax is levied at a rate of 35% on the distribution of the profit of the company incorporated in Switzerland for both periods.

Under the laws of Chinese Mainland on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of EIT Law, the tax rate of Chinese Mainland subsidiary is 25% (six months ended 30 June 2025: 25%). No provision for EIT has been made for both periods as the Group has no assessable profits arising in Chinese Mainland.

7. LOSS BEFORE TAX

	For the six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Cost of inventories recognised as expenses	37,363	31,745
Government subsidies*	–	(30)
Reversal of impairment loss of trade receivables, net*	(1,699)	–
Depreciation of property, plant and equipment	4,710	6,842
Amortisation of intangible assets	2,948	5,114
Staff costs (including directors' emoluments):		
– Salaries and other benefits	19,559	22,556
– Retirement benefits scheme contributions	2,212	2,959
Total staff costs	21,771	25,515

Note:

* Included in "other income, gains and losses, net"

8. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2026 and 2025, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the six months ended 30 June 2026 is based on the loss attributable to owners of the Company of approximately HK\$6,007,000 (six months ended 30 June 2025: approximately HK\$21,750,000) and on the weighted average number of approximately 360,258,000 (six months ended 30 June 2025: approximately 360,258,000) ordinary shares in issue during the period.

There is no potential dilutive ordinary shares outstanding for the six months ended 30 June 2026 and thus the dilute loss per share is the same as the basic loss per share.

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2026, the Group acquired property, plant and equipment of HK\$1,508,000 (six months ended 30 June 2025: HK\$1,341,000).

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Non-current:		
Deposits paid for property, plant and equipment	24,304	20,360
Rental deposits	982	946
	25,286	21,306
Current:		
Trade receivables, gross	119,776	117,613
Less: impairment loss allowance	(13,918)	(15,153)
	105,858	102,460
Trade receivables, net		
	14,453	8,851
Other receivables		
Other tax recoverable	576	819
Prepayments	3,777	999
Deposits	1,096	952
	19,902	11,621
Total current trade and other receivables	125,760	114,081
Total trade and other receivables	151,046	135,387

Included in the trade receivables, amounts of approximately HK\$14,693,000 (31 December 2025: approximately HK\$15,614,000) are due from fellow subsidiaries of the Company.

11. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows a credit period ranging from 30 days to 360 days to its trade customers. The following is an ageing analysis of trade receivables, net of impairment loss allowance, presented based on the invoice date which approximates the respective revenue recognition date:

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
0–90 days	26,581	21,621
91–180 days	7,213	7,345
181–270 days	7,752	3,028
Over 270 days	64,312	70,466
	105,858	102,460

12. INTANGIBLE ASSETS

	Computer software HK\$'000	Technical knowhow HK\$'000	Customer relationship HK\$'000	Total HK\$'000
COST				
As at 1 January 2026 (audited)	1,428	36,071	22,094	59,593
Exchange realignment	54	1,366	836	2,256
As at 30 June 2026 (unaudited)	1,482	37,437	22,930	61,849
ACCUMULATED AMORTISATION				
As at 1 January 2026 (audited)	338	17,822	20,548	38,708
Charge for the period	75	1,285	1,588	2,948
Exchange realignment	13	688	794	1,495
As at 30 June 2026 (unaudited)	426	19,795	22,930	43,151
CARRYING AMOUNTS				
As at 30 June 2026 (unaudited)	1,056	17,642	–	18,698
As at 31 December 2025 (audited)	1,090	18,249	1,546	20,885

13. TRADE AND OTHER PAYABLES

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Trade payables	24,860	27,183
Other payables	4,000	3,812
Accruals	9,020	9,688
Contract liabilities arising from sales of goods	753	500
	38,633	41,183

Included in the trade payables, amount of approximately HK\$1,089,000 (31 December 2025: HK\$958,000) are due to fellow subsidiaries of the Company.

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

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
1-30 days	6,003	4,109
31-60 days	3,658	3,718
Over 60 days	15,199	19,356
	24,860	27,183

The credit period for trade purchases ranges from 30 to 90 days.

14. AMOUNTS DUE TO RELATED PARTIES, FELLOW SUBSIDIARIES, A DIRECTOR AND AN ULTIMATE HOLDING COMPANY

As at 30 June 2026, amounts due to related parties of (i) RMB14,102,773 (equivalent to HK\$16,274,600) (31 December 2025: RMB14,079,000 (equivalent to HK\$15,655,000) and HK\$10,000,000) were unsecured, interest bearing at 3.5% (31 December 2025: 3.5% and 7% respectively) per annum and repayable on demand; and (ii) RMB1,993,693 (equivalent to HK\$2,300,721) and HK\$604,986 (31 December 2025: RMB2,072,000 (equivalent to HK\$2,304,000) and HK\$4,762,000) were unsecured, interest free and repayable on demand.

As at 30 June 2026, amounts due to fellow subsidiaries of aggregate amount of RMB277,189,000 (equivalent to HK\$319,876,000) (31 December 2025: RMB280,578,000 (equivalent to HK\$311,975,000)) were unsecured, interest bearing at ranging from 0% to 1.5% (31 December 2025: 0% to 4%) per annum and repayable within one year.

As at 30 June 2026, amount due to a director of CHF65,000 (equivalent to HK\$631,000) (31 December 2025: CHF40,000 (equivalent to HK\$393,000) and HK\$520,000) was unsecured, interest free and repayable on demand.

As at 30 June 2026, amount due to an ultimate holding company of principal amount of (i) HK\$5,376,000 (31 December 2025: HK\$6,000,000) was unsecured, interest bearing at 7% (31 December 2025: 7%) per annum and repayable on demand; and (ii) Nil (31 December 2025: HK\$8,534,000) was unsecured, interest free and repayable within one year.

15. BANK AND OTHER BORROWINGS

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Bank borrowings (note a)	10,769	10,147
Other borrowings (note b)	17,349	18,694
	28,118	28,841
Less: Current portion	(27,312)	(27,616)
Non-current portion	806	1,225

15. BANK AND OTHER BORROWINGS (Continued)

(a) Bank borrowings

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Bank loans, secured (note)	10,769	10,147
Less: current position	(9,963)	(8,922)
Non-current position	806	1,225
The borrowings repayable based on scheduled repayment date set out in the loan agreements, are as follows:		
Within one year or on demand	9,963	8,922
More than one year, but not exceeding five years	806	1,225
	10,769	10,147

Note:

- (i) As at 30 June 2026, the bank borrowings of HK\$9,154,000 (31 December 2025: HK\$8,103,000) were secured by a corporate guarantee provided by a related company, and a standby letter of credit with the correspondent facility amount.
- (ii) As at 30 June 2026, the bank borrowings of HK\$1,615,000 (31 December 2025: HK\$2,044,000) were secured by guarantee provided by the Government of Switzerland.
- (iii) As at 30 June 2026, the carrying amount of bank loans than contain a repayment on demand clause (shown under current liabilities) but repayable within one year or on demand was HK\$9,154,000 (31 December 2025: HK\$8,103,000)
- (iv) As at 30 June 2026, the borrowings are charged at fixed rates ranging from 1.5% to 3.5% (31 December 2025: 1.5% to 3.5%) per annum.

15. BANK AND OTHER BORROWINGS (Continued)

(b) Other borrowings

As at 30 June 2026, the loan from Mr. Shang Jianguang, an ex-director of the Company of aggregate amount of HK\$15,696,000 (31 December 2025: HK\$16,952,000) was unsecured, interest bearing at 7% (31 December 2025: 7%) per annum and repayable on demand.

As at 30 June 2026, the other borrowings from certain third parties, amount of RMB600,000 (equivalent to HK\$653,000) (31 December 2025: RMB700,000 (equivalent to HK\$742,000)) and HK\$1,000,000 (31 December 2025: HK\$1,000,000) were unsecured, interest bearing at range from 0% to 6% (31 December 2025: 0% to 6%) per annum and repayable within one year.

16. SHARE CAPITAL

	Number of ordinary shares '000	Par value HK\$	Amount HK\$'000
Authorised:			
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	10,000,000	0.01	100,000
Issued and fully paid:			
At 1 January 2025, 31 December 2025, 1 January 2026 and 30 June 2026	360,258	0.01	3,603

All the shares issued rank pari passu with the existing shares in all respects.

17. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Financial assets		
Amortised cost	155,886	141,951
Fair value through profit or loss	–	37,335
	155,886	179,286
Financial liabilities		
Amortised cost	417,542	437,784

18. RELATED PARTY TRANSACTIONS

- (i) During the six months ended 30 June 2026, the Group entered into the following transactions with related parties:

Name of related party	Relationship	Nature of transaction	For the six months ended 30 June	
			2026	2025
			HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Guangdong Juxin Watch Co., Limited (廣東鉅信鐘錶連鎖有限公司)	Fellow subsidiary	Sales of goods	75	370
Liaoning Hengjia Horologe Co., Limited (遼寧恒嘉鐘錶有限公司)	Fellow subsidiary	Sales of goods	8	53
Shenzhen Permanence Commerce Co., Limited (深圳市恒譽嘉時貿易有限公司)	Fellow subsidiary	Sales of goods	–	6
Corum Watches Malaysia SDN BHD	Fellow subsidiary	Sales of goods	–	33
Corum Watches Singapore Pte Limited	Fellow subsidiary	Sales of goods	–	50
Corum (Hong Kong) Limited	Fellow subsidiary	Sales of goods	–	9
Montres Corum USA, LLC	Fellow subsidiary	Sales of goods	–	4
Jilin Dayou Watch Limited (吉林大有鐘錶有限公司)	Fellow subsidiary	Sales of goods	115	–
EBOHR Luxuries International Limited (依波精品(深圳)有限公司)	Fellow subsidiary	Sales of goods	12	18
		Loan interest expenses	206	322
		Rental expenses	425	271
帝福時鐘錶(深圳)有限公司	Fellow subsidiary	Sales of goods	458	–
Zhuhai Rossini Watch Industry Limited (珠海羅西尼錶業有限公司)	Fellow subsidiary	Sales of goods	–	2
		Purchases of goods	40	–
		Loan interest expenses	752	1,891
Zhuhai Rossini Glasses Co., Limited (珠海羅西尼眼鏡有限公司)	Fellow subsidiary	Sales of goods	18	41

18. RELATED PARTY TRANSACTIONS (Continued)

(i) (Continued)

Name of related party	Relationship	Nature of transaction	For the six months ended 30 June	
			2026	2025
			HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
PAMA Precision Manufacturing Ltd (深圳市帕瑪精品製造有限公司)	Fellow subsidiary	Loan interest expenses	514	827
		Purchases of goods	47	16
Actor Investments Limited (安達投資有限公司)	Fellow subsidiary	Loan interest expenses	114	399
		Waiver of interest expenses payable	2,953	–
Fair Future Industrial Limited (俊光實業有限公司)	Related company	Sales of goods	5,140	1,835
		Purchases of goods	61	–
		Loan interest expenses	270	–
		Service management fee	5,000	–
豪度錶業(深圳)有限公司	Related company	Sales of goods	35	94
Bestimever Limited (卓豪錶業有限公司)	Related company	Sales of goods	–	2
		Purchases of goods	520	155
深圳市冠城金黨錶業有限公司	Related company	Sales of goods	10	51
		Purchases of goods	201	226
寶科精密製品(深圳)有限公司	Related company	Loan interest expenses	218	56
欽州金泰精密五金製品有限公司	Related company	Sales of goods	1,601	–
		Purchases of goods	155	86
Citychamp Watch & Jewellery Group Limited	Ultimate holding company	Loan interest expenses	208	–

18. RELATED PARTY TRANSACTIONS (Continued)

- (ii) The details for balances with related parties are disclosed in note 11, 13 and 14 to the condensed consolidated financial statements.
- (iii) The compensations to key management personnel of the Group (i.e. the Company's directors) are as follows:

	For the six months ended 30 June	
	2026	2025
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Fees	205	176

19. FAIR VALUE MEASUREMENTS

The fair values of the Group's financial assets are determined as follows:

- the fair values of unlisted investment in insurance policy is determined based on amount value as stated in cash surrender value statement issued by insurer.
- the fair values of financial assets at fair value through profit or loss is determined by the directors of the Company with reference to actual result of Gold Vantage Industrial Limited and its subsidiaries ("Gold Vantage Group") for the year ended 31 December 2025.

IFRS 13 introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable direct and indirect inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available

19. FAIR VALUE MEASUREMENTS (Continued)

The financial assets measured at fair value in the consolidated statement of financial position as at 31 December 2025 are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Audited)

As at 31 December 2025

Assets

Life insurance policy	–	1,525	–	1,525
Financial assets at fair value through profit or loss	–	–	35,810	35,810
	–	1,525	35,810	37,335

There have been no significant transfers between Levels 1 and 2 in the reporting period.

The level in the fair value hierarchy within which the financial assets are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The fair value of financial assets at fair value through profit or loss is Level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balances are provided as below.

	As at 30 June 2026 HK\$'000 (Unaudited)	As at 31 December 2025 HK\$'000 (Audited)
Opening balance (Level 3 recurring fair value)	35,810	24,718
Settlement during the period/year	(35,810)	(24,122)
Fair value gain during the period/year	–	35,214
Closing balance (Level 3 recurring fair value)	–	35,810