ERNEST BOREL
1856

# ERNEST BOREL HOLDINGS LIMITED

# 依波路控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1856)**

## UNAUDITED INTERIM RESULTS
## FOR THE SIX MONTHS ENDED 30 JUNE 2026

**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.

**RESULTS**

The board of directors (the "**Board**") of Ernest Borel Holdings Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 as follows:

**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 | |
|---|---|---|---|
| | | **2026** | 2025 |
| | *NOTES* | ***HK$'000*** | *HK$'000* |
| | | **(Unaudited)** | (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 | | **20,249** | 11,630 |
| Distribution expenses | | **(12,241)** | (8,810) |
| Administrative expenses | | **(20,578)** | (26,320) |
| Finance costs | | **(3,316)** | (4,511) |
| Loss before tax | *4* | **(6,007)** | (21,750) |
| Income tax | | **–** | – |
| Loss for the period attributable to owners of the Company | | **(6,007)** | (21,750) |
| Other comprehensive income | | | |
| *Item that may be subsequently reclassified to profit or loss:* | | | |
| 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 | *6* | **(1.67)** | (6.04) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2026*

| | NOTES | As at 30 June 2026 HK$'000 (Unaudited) | As at 31 December 2025 HK$'000 (Audited) |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **24,635** | 27,436 |
| Life insurance policy | | **–** | 1,525 |
| Deposits | *7* | **25,286** | 21,306 |
| Intangible assets | *8* | **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 | *7* | **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 | *9* | **38,633** | 41,183 |
| Lease liabilities | | **3,745** | 3,678 |
| Amounts due to related parties | | **19,180** | 32,721 |
| Amounts due to fellow subsidiaries | | **319,876** | 311,975 |
| Amount due to a director | | **631** | 913 |
| Amount due to an ultimate holding company | | **5,376** | 14,534 |
| Bank and other borrowings | | **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) |
|---|---|---|
| **Non-current liabilities** | | |
| Lease liabilities | **2,736** | 4,439 |
| Bank borrowings | **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 | **3,603** | 3,603 |
| Reserves | **44,327** | 55,106 |
| **Total equity** | **47,930** | 58,709 |

## 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** | **Smart watch manufacturing** | **Unallocated** | **Total** |
|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** | **(Unaudited)** |
| **Segment revenue** | | | | |
| Revenue | **30,886** | **16,356** | **–** | **47,242** |
| **Segment results** | **4,963** | **(8,969)** | **–** | **(4,006)** |
| 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)** |

For the six months ended 30 June 2025

| | Watches | Smart watch manufacturing | Unallocated | Total |
|---|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| **Segment revenue** | | | | |
| Revenue | 12,266 | 25,740 | – | 38,006 |
| **Segment results** | (11,038) | (5,743) | – | (16,781) |
| Unallocated corporate incomes and expenses, net | – | – | (458) | (458) |
| Finance costs | (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** | 2025 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| People's Republic of China (the "**PRC**") | **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 |

**(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. 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): | | |
| Reversal of impairment loss of trade receivables, net* | **(1,699)** | – |
| Cost of inventories recognised as expenses | **37,363** | 31,745 |
| Government subsidies* | **–** | (30) |
| 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 |

*Notes:*

* Included in "other income, gains and losses"

## 5. 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.

## 6. 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.

## 7. TRADE AND OTHER RECEIVABLES

| | **As at 30 June 2026** | As at 31 December 2025 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (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) |
| Trade receivables, net | **105,858** | 102,460 |
| Other receivables | **14,453** | 8,851 |
| 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.

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 | **41,463** | 21,621 |
| 91–180 days | **7,213** | 7,345 |
| 181–270 days | **7,752** | 3,028 |
| Over 270 days | **63,348** | 70,466 |
| | **119,776** | 102,460 |

## 8. 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 |

## 9. 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.

## 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 livestreaming 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.

## 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.

## PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ernestborel.ch). The Interim Report of the Company for the six months ended 30 June 2026 will be published on the aforesaid websites and will be dispatched to the shareholders of the Company in due course.

By the order of the Board
**Ernest Borel Holdings Limited**
**Teguh Halim**
*Chairman*

Hong Kong, 28 August 2026

*As at the date of this announcement, the Board comprises of the following members:*

| | |
|---|---|
| *Executive Directors:* | Mr. Teguh Halim and Mr. Kong Le |
| *Non-executive Director:* | Mr. Xiong Ying |
| *Independent Non-executive Directors:* | Mr. Yu Chi Kit, Mr. Ng Tzyy Yeh Alroy Garrett and Ms. Hong Ting |