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CITYCHAMP WATCH & JEWELLERY GROUP LIMITED

冠城鐘錶珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

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

SPA

On 20 May 2026 (after trading hours), the Vendor, the Purchaser, Rotary UK, Rotary SA and the Company entered into the SPA, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 50% of the shares in the Disposal Company (representing 50% of the issued share capital in the Disposal Company) at the total maximum Consideration of £7,000,000 (equivalent to approximately HK\$73,360,000).

Immediately before Completion, the Vendor held 100% of the shares in the Disposal Company. Immediately after Completion, the Vendor and the Purchaser hold 50% and 50% of the shares in the Disposal Company, respectively. Following Completion, the Disposal Company has ceased to be a subsidiary of the Company, and its financial results is no longer be consolidated into the Company's financial statements.

The Assignments have been entered into simultaneously with the SPA, pursuant to which the Trade Marks shall be assigned and transferred to the Disposal Company.

SHAREHOLDERS' AGREEMENT AND ARTICLES OF ASSOCIATION

In connection with the Disposal, on 20 May 2026 (after trading hours), the Vendor, the Purchaser, Rotary UK, Rotary SA, the Company and the Disposal Company entered into the Shareholders' Agreement to define and regulate the respective rights and obligations of the shareholders of the

Disposal Company upon Completion.

Drag Along Option

Pursuant to the Articles of Association adopted by the Disposal Company in connection with the Disposal, the Vendor has granted the Drag Along Option to the Purchaser. If an offer in respect of 100% of the shares in the Disposal Company at a price no less than £12,000,000 is received and such offer not having been unanimously approved by the Vendor and the Purchaser, the Purchaser shall have the right to exercise the Drag Along Option to require the Vendor to transfer 25 shares (representing 25% of the issued share capital) of the Disposal Company to the third party purchaser at the maximum cash consideration of £3,000,000 in accordance with the Articles of Association.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Drag Along Option is not at the Group's discretion, the Drag Along Option will be classified as if it had been exercised (with reference to the highest possible monetary value, i.e. the maximum consideration of the transfer of the Option Shares of £3,000,000) upon its granting under the Articles of Association.

As the Disposal and the Drag Along Option are all entered into within a 12-month period or are otherwise related, they are required to be aggregated in accordance with Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the SPA, the Shareholders' Agreement and the Articles of Association, on an aggregate basis, exceed 5% but are all less than 25%, the Disposal and the Drag Along Option constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

SPA

The Board is pleased to announce that on 20 May 2026 (after trading hours), the Vendor, the Purchaser, Rotary UK, Rotary SA and the Company entered into the SPA, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 50% of the shares in the Disposal Company (representing 50% of the issued share capital in the Disposal Company) at the total maximum Consideration of £7,000,000 (equivalent to approximately HK\$73,360,000).

The Assignments have been entered into simultaneously with the SPA, pursuant to which the Trade Marks shall be assigned and transferred to the Disposal Company.

The principal terms of SPA are as follows:

Date: 20 May 2026 (after trading hours)

Parties:

- (1) International Volant Limited (the Vendor);
- (2) Peers Hardy (UK) Limited (the Purchaser);
- (3) Rotary Watches Limited (Rotary UK);
- (4) Fabrique De Montres Rotary SA (Rotary SA); and
- (5) Citychamp Watch & Jewellery Group Limited (the Company).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Assets to be disposed of: The asset to be disposed of is the Disposal Shares, i.e. 50 shares of the Disposal Company, representing 50% of total issued share capital of the Disposal Company.

Consideration: The total maximum Consideration payable by the Purchaser for the Disposal under the SPA is £7,000,000 (equivalent to approximately HK\$73,360,000), comprising:

- (i) the Initial Consideration in the amount of £1,200,000;
- (ii) the Deferred Consideration in the amount of £4,800,000; and
- (iii) the Additional Consideration in the maximum amount of £1,000,000.

The Consideration was determined after arm's length negotiations between the parties with reference to the following factors:

- (i) the strategic factors considered by the Directors in respect of the Disposal as set out in the section entitled "Reasons for and Benefits of the Disposal" in this announcement, including without limitation (1) the overall financial position and business strategy of the Group; (2) the Dreyfuss Group has been operating at a loss over the past financial years; and (3) the limited use of the Trade Marks held under the Group, resulting in an inability to

release the potential value of the Trade Marks; and

- (ii) the prospects of the Disposal Company taking into account the Group's remaining 50% interest in the Disposal Company (and the underlying assets, i.e. the Trade Marks) and the potential growth and appreciation in value of the Disposal Company (and of the underlying assets, i.e. Trade Marks) brought by the introduction of the Purchaser as the principal operator of the "Rotary" brand.

Payment:

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (1) the Initial Consideration of £1,200,000 (equivalent to approximately HK\$12,576,000) shall be paid at Completion.
- (2) the Deferred Consideration of £4,800,000 (equivalent to approximately HK\$50,304,000) shall be paid in the following manner:
 - (i) £1,200,000 (equivalent to approximately HK\$12,576,000) shall be paid by the Purchaser to the Vendor on 1 August 2026;
 - (ii) £1,200,000 (equivalent to approximately HK\$12,576,000) shall be paid by the Purchaser to the Vendor on 1 November 2026; and
 - (iii) £150,000 (equivalent to approximately HK\$1,572,000) shall be paid by the Purchaser to the Vendor on a quarterly basis on the first day of each quarter (i.e. on 1 January, 1 April, 1 July and 1 October of each year) from 1 January 2027 to 1 October 2030 (both days inclusive).
- (3) for each Earn Out Year during the Earn Out Period, the Purchaser shall pay the Additional Consideration within 10 business days of the date on which the statement showing the calculation of the relevant Net Income for that Earn Out Year and the Additional Consideration (if any) for the relevant Earn Out Year is agreed or determined.

The Consideration shall be paid by the Purchaser in cash by telegraphic transfer of cleared funds to a designated account of the Vendor.

Default call option: Pursuant to the SPA, the Purchaser has granted the Vendor an option to require the Purchaser to transfer to the Vendor (or its nominee) of all (and not some only) of shares in the Disposal Company legally and beneficially owned by the Purchaser at the consideration of £1, exercisable upon any failure by the Purchaser to pay any instalment of Deferred Consideration.

Completion: Completion shall take place in such manner as shall be agreed by the Purchaser and the Vendor in writing on the date of the SPA.

As at the date of this announcement, Completion has taken place.

Guarantee: The Company has (i) guaranteed the punctual performance of all the obligations and liabilities of the Vendor, Rotary UK and Rotary SA now or in the future relating to the SPA (as any of those obligations and liabilities may from time to time be varied, novated, extended, increased or replaced); and (ii) undertaken to keep the Purchaser fully indemnified against all losses which it incurs or suffers as a result of any failure or delay by the Vendor, Rotary UK and Rotary SA in the punctual performance of any of those obligations and liabilities.

SHAREHOLDERS' AGREEMENT AND ARTICLES OF ASSOCIATION

The Board further announces that, in connection with the Disposal, on 20 May 2026 (after trading hours), the Vendor, the Purchaser, Rotary UK, Rotary SA, the Company and the Disposal Company entered into the Shareholders' Agreement to define and regulate the respective rights and obligations of the shareholders of the Disposal Company upon Completion. The Articles of Association has also been adopted by the Disposal Company in connection with the Disposal.

The principal terms of the Shareholders' Agreement and the Articles of Association are as follows:

Date: 20 May 2026 (after trading hours)

Parties:

- (1) International Volant Limited (the Vendor);
- (2) Peers Hardy (UK) Limited (the Purchaser);
- (3) Rotary Watches Limited (Rotary UK);
- (4) Fabrique De Montres Rotary SA (Rotary SA);
- (5) Citychamp Watch & Jewellery Group Limited (the Company);

and

- (6) Rotary Watch & Jewellery Limited (the Disposal Company).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject matter: Following Completion, the Disposal Company has become a joint venture between the Purchaser and the Vendor, the sole purpose of which is to own the Trade Marks and other intellectual property rights and to grant licences in respect of those rights in accordance with the arrangements contemplated by the SPA and the Shareholders' Agreement.

Management: The number of directors of the Disposal Company shall not be more than four (4), comprising two (2) directors appointed by the Vendor and two (2) directors appointed by the Purchaser.

Where the Vendor holds 25% or less of the issued shares of the Disposal Company, the Vendor shall only be entitled appoint one (1) director of the Disposal Company.

Business: The parties shall procure that at all times during the continuance of the Shareholders' Agreement, the business of the Disposal Company shall exclusively be:

- (a) owning, holding, maintaining, renewing, enforcing, defending and, where appropriate, acquiring trade marks and other intellectual property rights relating to the "Rotary" brand and any associated brands; and
- (b) granting and administering licences of such intellectual property rights (including an exclusive worldwide licence) to the Purchaser,

and activities ancillary or incidental to the foregoing, but excluding any activity involving the manufacture, marketing, distribution or sale of watches or other products or any other operational or trading business.

The Disposal Company shall not incur any costs or expenses other than those reasonably incurred in connection with: (i) the maintenance, renewal, protection, enforcement and, where necessary, defence of the Trade Marks; (ii) the acquisition or registration of new trade marks or related intellectual property consistent with the its business; and (iii) the Disposal Company's ongoing statutory, regulatory and compliance obligations.

Drag Along Option:

If an offer in respect of 100% of the shares in the Disposal Company at a price no less than £12,000,000 is received and such offer not having been unanimously approved by the Vendor and the Purchaser, the Purchaser shall have the Drag Along Option to require the Vendor to transfer 25 shares (representing 25% of the issued share capital) of the Disposal Company to the third party purchaser at the maximum cash consideration of £3,000,000 in accordance with the Articles of Association.

The maximum consideration for the transfer of 25 shares pursuant to the Drag Along Option was determined after arm's length negotiation between the parties with reference to the sum of the Initial Consideration and Deferred Consideration and the proportion of shares (25% of the total issued share capital) of the Disposal Company subject to the Drag Along Option.

Completion of the sale and purchase of shares of the Vendor pursuant to the Drag Along Option shall take place on the same date as completion of the sale and purchase of the shares held by the Purchaser to the third party purchaser.

Right to match:

If at any time a shareholder (the "**Offering Shareholder**") wishes to accept a bona fide offer from a third party purchaser, the Offering Shareholder shall give notice to the other shareholder who may, within 10 business days, notify the Offering Shareholder that it wishes to acquire (or procure the acquisition of) all (not only some) of the shares held by the Offering Shareholder. Without such notice, the Offering Shareholder shall be free to pursue the offer in respect of its shares and require the other shareholder to transfer its shares.

Tag along rights:

Where the Share Sale occurs in relation to the Purchaser, the Purchaser shall, as a condition to completion of that Share Sale, offer to acquire from the Vendor 25 shares (representing 50% of the shares held by the Vendor in the share capital) of the Disposal Company at the consideration of £3,000,000 in accordance with the Shareholders'

Agreement.

Where a Share Sale occurs in relation to the Vendor, nothing in the Shareholders' Agreement shall require the Purchaser to transfer any shares in the Disposal Company.

INFORMATION ON THE DISPOSAL COMPANY

Immediately before Completion, the Vendor held 100% of the shares in the Disposal Company. Immediately after Completion, the Vendor and the Purchaser hold 50% and 50% of the shares in the Disposal Company, respectively.

The Disposal Company was incorporated on 30 April 2026. It is a joint venture company for the sole purpose of holding the Trade Marks and licensing the Trade Marks to the Purchaser. As at the date of this announcement, the Disposal Company is a newly incorporated company with a share capital of £1, and it holds no other assets. The Trade Marks are originally held by Rotary UK and Rotary SA, and will be transferred and assigned to the Disposal Company pursuant to the Assignments.

INFORMATION ON THE PARTIES

Information about the Company and the Group

The Company is a company incorporated in the Cayman Islands with limited liability. The Group's principal business comprises the manufacture and distribution of watches, timepieces and watch accessories, as well as property investment and banking and financial services.

Information about the Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of the Vendor is investment holding.

Information about the Purchaser

The Purchaser is a company incorporated and registered in England and Wales with limited liability. The principal activity of the Purchaser is selling and distribution of watches and jewellery. The shares in the Purchaser are held as to 68.9% by Mr. John Story.

Information about the Rotary SA

Rotary SA is a company incorporated and registered in Switzerland with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of Rotary SA is manufacturing and distribution of watches and timepieces in Switzerland.

Information about the Rotary UK

Rotary UK is a company incorporated and registered in England and Wales with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of Rotary UK is distribution of watches and timepieces in United Kingdom.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Immediately before the Disposal, the Vendor owns 100 Shares, representing 100% of total issued share of Disposal Company. After the Disposal, the Vendor owns 50 Shares, representing 50% of total issued share of Disposal Company. Following Completion, the Disposal Company has ceased to be a subsidiary of the Company, and its financial results is no longer be consolidated into the Company's financial statements.

It is estimated that as a result of the Disposal, the Company will recognise a gain of not less than £5,000,000.

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

The net proceeds of the Disposal are intended to be used for the replenishment of general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group's is principally engaged in, amongst others, distribution of watches, timepieces and watch accessories. The Group's watches, timepieces and watch accessories primarily comprises of two key proprietary brands, operated under (1) Rossini, (2) EBOHR Group and (3) Ernest Borel Group.

The Dreyfuss Group has been operating at a loss over the past financial years with minimal revenue. The Dreyfuss Group recognise aggregate loss for last five years of approximately £0.88 million.

It is therefore the Group's business strategy to concentrate its resources on its core business, which are the key proprietary brands, operated under (1) Rossini, (2) EBOHR Group and (3) Ernest Borel Group, in respect of its watches, timepieces and watch accessories business. It is the Group's intention to concentrate its resources on the development of the Asian watches and jewellery market.

The Directors consider that, given there is a willing buyer, it is in the interest of the Group to dispose of the Disposal Shares and the Disposal represents a valuable and rare opportunity for the Company to realize the value in the Disposal Company. The Disposal will enable the Group to streamline its business and optimise its resources allocation, which will help the Group to dedicate both its financial and management resources to the Group's core business (including the utilization of the net proceeds from the Disposal for working capital of the Group), and hence enhance shareholders'

value.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the SPA, the Shareholders' Agreement and the Articles of Association have been made after arm's length negotiation and are on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.74(1) of the Listing Rules, as the exercise of the Drag Along Option is not at the Group's discretion, the Drag Along Option will be classified as if it had been exercised (with reference to the highest possible monetary value, i.e. the maximum consideration of the transfer of the Option Shares of £3,000,000) upon its granting under the Articles of Association.

As the Disposal and the Drag Along Option are all entered into within a 12-month period or are otherwise related, they are required to be aggregated in accordance with Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the SPA, the Shareholders' Agreement and the Articles of Association, on an aggregate basis, exceed 5% but are all less than 25%, the Disposal and the Drag Along Option constitute a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Additional Consideration”	the additional considerations for each Earn Out Year falling within the Earn Out Period, which shall be an amount equal to the higher of (i) five per cent (5%) of the Net Income generated during that Earn Out Year; and (ii) £500,000
“Articles of Association”	the new articles of association of the Disposal Company adopted by the Disposal Company in connection with the Disposal
“Assignments”	the assignments entered into for the purpose of transferring and assigning the Trade Marks to the Disposal Company
“Board”	the board of Directors

“Company”	Citychamp Watch & Jewellery Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 256)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SPA
“Consideration”	total maximum consideration for the Disposal of the Disposal Shares of £7,000,000 (equivalent to approximately HK\$73,360,000)
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Deferred Consideration”	the deferred consideration for the Disposal in the amount of £4,800,000
“Director(s)”	the director(s) of the Company
“Disposal”	collectively, the disposal of the Disposal Shares pursuant to the SPA, together the transactions contemplated under the Shareholders’ Agreement and the Articles of Association
“Disposal Company”	Rotary Watch & Jewellery Limited, a company incorporated and registered in England and Wales with limited liability
“Disposal Shares”	50 shares in the Disposal Company, representing 50% of the issued share capital in the Disposal Company
“Drag Along Option”	the option granted by the Vendor to the Purchaser for it to require the Vendor to transfer the Option Shares (i.e. 25 shares of the Disposal Company, representing 25% of the issued share capital of the Disposal Company) to the third party purchaser who makes a bona fide offer for the shares of the Disposal Company at the maximum consideration of £3,000,000
“Earn Out Period”	the period beginning on the fifth (5 th) anniversary of Completion and ending on the earlier of: (a) the date on which a change of control of the Disposal Company (i.e. any person entitled to exercise 50% or more of the total voting rights as a result of an acquisition by such person) occurs; and (b) the date falling on the two year anniversary of the

	commencement of the Earn Out Period
“Earn Out Year”	each consecutive period of twelve months, provided that: (i) the first Earn Out Year shall commence on the date of Completion and end on 30 April 2027; and (ii) each subsequent Earn Out Year shall commence on 1 May and end on 30 April in the following year, with the final Earn Out Year ending on the date on which the Earn Out Period expires
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Initial Consideration”	the initial consideration for the Disposal in the amount of £1,200,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Income”	all monies arising from or in respect of the sale of jewellery, wristwatches and smartwatches products under the Trade Marks during the Earn Out Period, less: (a) any value added tax or similar taxes; (b) any applicable trade or other off-invoice discounts; (c) sales allowances; and (d) credits for returned or defective products
“Option Shares”	25 shares of the Disposal Company, representing 25% of the issued share capital of the Disposal Company
“Purchaser”	Peers Hardy (UK) Limited, a company incorporated and registered in England and Wales with limited liability
“Rotary UK”	Rotary Watches Limited, a company incorporated and registered in England and Wales with limited liability, and a wholly-owned subsidiary of the Company
“Rotary SA”	Fabrique De Montres Rotary SA, a company incorporated and registered in Switzerland with limited liability, and a wholly-owned subsidiary of the Company
“Shareholders’ Agreement”	the shareholders’ agreement entered into between the Vendor, the Purchaser, Rotary UK, Rotary SA, the Company and the Disposal Company on 20 May 2026 to define and regulate

the respective rights and obligations of the shareholders of the Disposal Company

“Share Sale”	transfer of any interest in any shares of the Disposal Company (whether by one transaction or a series of transactions) which results in a change of control of the Disposal Company (i.e. any person entitled to exercise 50% or more of the total voting rights as a result of an acquisition by such person)
“SPA”	the share purchase agreement dated 20 May 2026 and entered into between the Vendor, the Purchaser, Rotary UK, Rotary SA and the Company in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trade Marks”	the “Rotary” trademarks, which will be owned by the Disposal Company pursuant to the Assignments
“£”	British Pound Sterling, the lawful currency of the United Kingdom
“%”	per cent.

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

Hong Kong, 20 May 2026

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

In this announcement, amounts in £ are translated into HK\$ on the basis of £1 = HK\$10.48.