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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)

PROFIT WARNING

This announcement is made by Citychamp Watch & Jewellery Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary assessment by the Board of the Group’s unaudited management accounts and other information currently available, the Group is expected to record a decrease in revenue for the six months ended 30 June 2020 by approximately 40% as compared to that of HK\$1,422,324,000 for the six months ended 30 June 2019. In addition, the Group is expected to record a loss for the six months ended 30 June 2020 as compared to a profit of HK\$109,989,000 made for the same period of 2019.

In light of the global outbreak of coronavirus disease 2019 (the “**COVID-19**”) since the beginning of 2020, numerous countries and regions have adopted a series of stringent measures to prevent and control the COVID-19, including work stoppages, business shutdowns, school closures, social distancing, travel restrictions and regional lockdowns. The principal markets and business locations of the watches and timepieces businesses as well as banking business of the Group such as Mainland China, Hong Kong and Europe, including Switzerland and the U.K., have been severely affected, imposing an adverse effect on the performance of the Group.

In response to the adverse impacts of the COVID-19 on the business of the Group, the Group has adopted a series of responsive measures, including implementation of a number of cost control measures and exploring new distribution channels through inventive sales manners, such as e-commerce and new retailing. Business, in particular in Mainland China, has started to rebound. Meanwhile, the Board has been reviewing the assets portfolio of the Group to identify proposals for optimising the assets portfolio with an aim of improving the Group’s financial position.

The Group has adopted cost control measures and identified opportunities in order to expand cash inflow from other channels. The Board is of the view that the financial position of the Group remains sound in general.

As the COVID-19 in Mainland China has been getting under control recently and economic activities have been resuming gradually, the operating performance of the Group in Mainland China has been improving. However, as there is uncertainty in full recovery from the COVID-19 globally, the Group will continue to closely monitor the developments of the COVID-19 and the market situation, assess and react actively to the impacts of the COVID-19 on the financial position and operating results of the Group.

The information contained in this announcement is only a preliminary assessment by the Board based on the latest unaudited management accounts of the Group for the six months ended 30 June 2020 and other information currently available, which have not been reviewed or audited by the Company's independent auditor and have not been confirmed by the Company's audit committee. The financial results of the Group shall be subject to further adjustments and finalisation.

As the results of the Group for the six months ended 30 June 2020 have not been finalised, the Board is not in a position to quantify the exact financial effects as at the date of this announcement. The interim results announcement of the Group for the six months ended 30 June 2020 is expected to be published on 28 August 2020.

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

By order of the Board of
Citychamp Watch & Jewellery Group Limited
Fong Chi Wah
Chief Financial Officer & Company Secretary

Hong Kong, 31 July 2020

As at the date of this announcement, the Board of the Company comprises Mr. Hon Kwok Lung, Mr. Shang Jianguang, Mr. Shi Tao, Mr. Lam Toi Man, Mr. Bi Bo, Ms. Sit Lai Hei, Mr. Hon Hau Wong and Mr. Teguh Halim as the Executive Directors and Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin and Mr. Rudolf Heinrich Escher as the Independent Non-Executive Directors.