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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)

TERMINATION OF THE VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION RELATING TO THE DISPOSAL OF SALE SHARES AND SALE LOANS OF THE TARGET COMPANIES

This announcement is made by Citychamp Watch & Jewellery Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09, Rule 14.36 and Rule 14A.35 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).

Reference is made to the announcements of the Company dated 16 December 2020, 25 March 2021, 25 June 2021 and 30 September 2021 (the “**Announcements**”) and the circular of the Company dated 25 February 2021 (the “**Circular**”) in relation to, among other things, the very substantial disposal and connected transaction relating to the disposal of Sale Shares and Sale Loans of the Target Companies. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

Pursuant to the Sale and Purchase Agreement, the Completion is conditional upon the satisfaction of the Conditions. According to the announcement of the Company dated 30 September 2021, the Long Stop Date has been extended to 31 December 2021 (or any other date to be agreed among the Parties in writing).

At the date of this announcement, the Company received a written notice from the Purchaser in relation to the termination of the Sale and Purchase Agreement. The Board of Directors believed that continuously waiting for the Completion to take place is not at the best interest of the Company and the shareholders as a whole. Accordingly, the Parties entered into a termination agreement (as defined below) on 3 January 2022 pursuant to which the Parties have mutually agreed to terminate the Sale and Purchase Agreement.

TERMINATION AGREEMENT

At the date of this announcement, the Company received a written notice from the Purchaser in relation to the termination of the Sale and Purchase Agreement. The Purchaser proposed to terminate the transactions contemplated under the Sale and Purchase Agreement (the “**Transactions**”) with immediate effect in view of the following reason:

As the current COVID-19 continues to show no signs of containment, and even continues to variate, and the global economy is still not clear, the overall business planning and business strategy of the Purchaser has adjusted accordingly. The Purchaser has therefore, decided not to pursue the Transactions.

After due and careful consideration of all circumstances in respect of the Transactions, the Board of Directors believed that continuously waiting for the Completion to take place is not at the best interest of the Company and the shareholders as a whole. Since termination of the Transactions at the current stage would enable the Company to readjust the entire business planning and strategies as soon as possible and has no material adverse impact on the existing business or finance position of the Company, the Company respected and agreed the wills of the Purchaser with regard to the termination of the Transactions.

In view of that, the Parties decided not to proceed with the Transactions and entered into a termination agreement (the “**Termination Agreement**”) on 3 January 2022 pursuant to which the Parties have mutually agreed to terminate the Sale and Purchase Agreement with immediate effect.

Pursuant to the Termination Agreement, it was mutually agreed that the respective rights and obligations of the Parties under the Sale and Purchase Agreement were terminated and ceased to have any force with immediate effect and none of the Parties shall be liable to pay for any compensation to the other Party as a result thereof.

The Company will continue with its ownership of equity interest in the Disposal Group. The Disposal Group remain as subsidiaries of the Group, financial results of which will be consolidated into the consolidated financial statements of the Company.

SPECIAL DIVIDEND

At the extraordinary general meeting of the Company held on 25 March 2021, the independent shareholders of the Company have approved a special dividend of not less than HK\$0.13 per share to be declared and paid in the capital of the Company to the shareholders of the Company whose names appear on the register of members of the Company on the record date to be fixed by the Board of Directors of determining the dividend, which is subject to the Completion. As the Sale and Purchase Agreement has been terminated, no special dividend will be declared or paid.

Upon termination of the Sale and Purchase Agreement, there are no outstanding claims or debts between the Parties nor there are any controversies or disputes related to the Sale and Purchase Agreement.

By Order of the Board
Citychamp Watch & Jewellery Group Limited
Fong Chi Wah
CFO & Company Secretary

Hong Kong, 3 January 2022

As at the date of this announcement, the executive directors of the Company are 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; and the independent non-executive directors of the Company are Dr. Kwong Chun Wai, Michael, Mr. Zhang Bin, Mr. Kam, Eddie Shing Cheuk, and Mr. Li Ziqing.