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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)

CLARIFICATION ANNOUNCEMENT AND RESUMPTION OF TRADING

Reference is made to the Media Coverage and the announcement of the Company dated 28 November 2016 in relation to the trading halt in the Shares. This announcement is made in response to the Media Coverage.

Save as disclosed in this announcement, the Board is not aware of any matter required to be disclosed under the general obligations imposed by Rule 13.09 of the Listing Rules, which constitutes inside information of the Company.

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

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 28 November 2016 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 November 2016.

Citychamp Watch & Jewellery Group Limited (the “**Company**”) notices that there has been media coverage (the “**Media Coverage**”) recently on Valartis Bank (Liechtenstein) AG (the “**Bank**”), a subsidiary of the Company, being target of a hacker attack.

Reference is made to the Media Coverage and the announcement of the Company dated 28 November 2016 in relation to the trading halt in the Shares. This announcement is made in response to the Media Coverage and is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In response to the Media Coverage, the Company hereby clarifies that:

1. According to the Bank's knowledge, an unknown third person (the "**Attacker**") has obtained unauthorized access to the Bank's e-banking system and illegally obtained information on payment orders via e-banking which occurred before May 2013 (the "**Attack**"). The data in question primarily concerns the corporate customer area. Investigation has been carried out by the Bank and the relevant authorities and it has been confirmed that the core system of the Bank was not affected by the Attack and the Attacker did not obtain details of the account statement or asset data. Possible affected customers have already been informed by the Bank.
2. The Bank has been and is closely cooperating with the relevant authorities in relation to the above incident.
3. The Bank also cooperates closely with external service providers that are well established in the market and industry. Certified IT security experts periodically perform penetration tests in order to improve internal and external security of the Bank. The last set of tests was carried out earlier this month, and external specialists have confirmed that the information technology infrastructure of the Bank complies with current security standards.
4. No money losses have been identified so far in connection with the above incident.

The Bank published a press release in connection with this issue on 17 November 2016. Save as disclosed in this announcement, the board of directors of the Company (the "**Board**") is not aware of any matter required to be disclosed under the general obligations imposed by Rule 13.09 of the Listing Rules, which constitutes inside information of the Company.

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

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 28 November 2016 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 29 November 2016.

This announcement is made by the order of the Board, of which the directors of the Company individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

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

Hong Kong, 29 November 2016

As at the date of this announcement, the Board 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. Tao Li as the executive Directors, and Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael, Mr. Li Qiang and Mr. Zhang Bin as the independent non-executive Directors.