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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 SUBSCRIPTION OF INTEREST IN A FUND

THE SUBSCRIPTION

The Board is pleased to announce that, on 20 July 2018, the Company, the General Partner and the Manager entered into the Subscription Agreement, pursuant to which, among others, the Company agreed to subscribe for the Interest in the Fund with an initial capital commitment of US\$30 million (equivalent to approximately HK\$235.5 million).

In connection with the Subscription Agreement, on 20 July 2018, the Company also entered into the Limited Partnership Agreement with the Initial Limited Partner, Chance Talent and the General Partner in relation to the operation and management of the Fund.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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In connection with the Subscription Agreement, on 20 July 2018, the Company also entered into the Limited Partnership Agreement with the Initial Limited Partner, Chance Talent and the General Partner in relation to the operation and management of the Fund.

The principal terms of the Subscription Agreement and the Limited Partnership Agreement are summarized as follows:

THE SUBSCRIPTION AGREEMENT

Date

20 July 2018

Parties

- (1) the Company, as a limited partner;
- (2) Corum Sino-Swiss Investment Partners Limited, as the General Partner, on behalf of itself and the Fund; and
- (3) Maximum Success Capital Management Limited, as the Manager.

As at the date of this announcement, the General Partner is held as to 19% by Chance Talent and 81% by Corum Capital Partners Limited, being a company incorporated in the Cayman Islands with limited liability, which is in turn indirectly held as to 40% by the Company.

Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the General Partner, the Manager and their respective ultimate beneficial owners are parties independent of the Company and connected persons of the Company.

The Subscription and Capital Commitment of the Company

Pursuant to the Subscription Agreement, the Company agreed to subscribe for the Interest in the Fund for an initial capital commitment of US\$30 million (equivalent to approximately HK\$235.5 million). Such initial capital commitment will be payable by the Company over the three years after Closing Date, subject to the issuance of drawdown notice(s) by the General Partner.

The Company will fund the capital contributions from its internal resources.

The capital commitment payable by the Company was determined after arm's length negotiations between the General Partner, the Manager and the Company with reference to the projected capital requirement of the Fund.

THE LIMITED PARTNERSHIP AGREEMENT

Date

20 July 2018

Parties

- (1) Corum Sino-Swiss Investment Partners Limited, as the General Partner, on behalf of itself and the Fund;
- (2) Harneys Fiduciary (Cayman) Limited, as the Initial Limited Partner;
- (3) the Company, as a limited partner; and
- (4) Chance Talent Management Limited, as a limited partner.

Pursuant to the Limited Partnership Agreement, immediately following the admission of one or more limited partners, the Initial Limited Partner will withdraw as a limited partner.

Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Initial Limited Partner, Chance Talent, the General Partner and their respective ultimate beneficial owners are parties independent of the Company and connected persons of the Company.

Business Purposes and Investment Policy

The business purposes of the Fund include, among others, (i) to carry on the business of investing and identifying, negotiating, making, monitoring the progress of and realising, exchanging or distributing the investments of the Fund, and (ii) subject to prior consultation with its limited partners, to designate board members of any portfolio company in respect of which an investment has been made by the Fund or to obtain equivalent representation and to exercise rights with respect to the investments of the Fund.

The investment objective of the Fund is to invest in companies or assets in the luxury products industry or finance related companies. The investment can be in the form of equity or debt.

Term of the Fund

The term of the Fund shall continue until the fifth anniversary of the Closing Date, unless the Fund is dissolved earlier whether as a result of the completion of divestment of its investments or whether by consensus of its limited partners. The term of the Fund may not be extended.

Management Fee

The Fund will pay the Manager a management fee from the Closing Date and continuing through the date on which the winding up of the Fund is completed. The management fee will be payable annually in arrears at a rate of 1.25% per annum of the net asset value of the Fund.

Capital Commitment of the General Partner and Limited Partners

The General Partner is not required to make any capital commitment to the Fund.

The capital commitment of Chance Talent is US\$70 million (equivalent to approximately HK\$549.5 million). The initial capital commitment of the Company is US\$30 million (equivalent to approximately HK\$235.5 million). The total initial capital commitment by Chance Talent and the Company shall not exceed US\$100 million (equivalent to approximately HK\$785 million) and the ratio of the capital commitment of Chance Talent to the initial capital commitment of the Company on the Closing Date will be 7:3.

Distributions

At the expiry of the term of the Fund, distributable cash received by the Fund from the sale or other dispositions attributable to an investment will be distributed in the following sequence:

- (a) firstly, 100% to Chance Talent, until the cumulative amount distributed to Chance Talent equals the sum of (i) the aggregate capital contributions of Chance Talent and (ii) a guaranteed return equal to 8% per annum of the capital contribution of Chance Talent to the Fund less any prior distribution made to Chance Talent;
- (b) secondly, in respect of any excess, 100% to the Company until the cumulative amount distributed to the Company equals to 100% of the aggregate capital contributions of the Company; and
- (c) thirdly, in respect of any further excess, 20% to the General Partner, 65% to the Company and 15% to Chance Talent.

If the Fund has or will have insufficient cash for distribution to Chance Talent in (a) above, the Manager will give the Company a written notice to increase the capital commitment of the Company to satisfy such distribution.

INFORMATION ON THE PARTIES

The Company

The Company is a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the main board of the Stock Exchange. The Company and its subsidiaries are principally engaged in the business of manufacturing and distribution of watches and timepieces, property investment and banking and financial businesses.

The Manager

The Manager is a company incorporated in Hong Kong with limited liability and licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. It is principally engaged in investment management business.

The General Partner

The General Partner is an exempted company with limited liability incorporated in the Cayman Islands. It is principally engaged in investment management business.

Chance Talent

Chance Talent is a limited liability company incorporated in the British Virgin Islands. It is indirectly and wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the main board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

The Initial Limited Partner

The Initial Limited Partner is a company incorporated in the Cayman Islands with limited liability. It is principally engaged in providing corporate, fund, private wealth and compliance services.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company has been strategically and progressively expanding its financial and investment segment with a view to diversify the investment portfolio of the Group. The Directors believe that the Subscription will allow the Company to leverage the experiences and skills of the General Partner in investment and fund operations, further diversify its investment portfolio and capture the opportunities in the luxury products or finance related industry.

In view of the above, the Directors consider that the terms of the Subscription Agreement and the Limited Partnership Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription exceeds 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction of the Company and is 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:

“Board”	the board of Directors
“Chance Talent”	Chance Talent Management Limited, a company incorporated in British Virgin Islands with limited liability
“Closing Date”	the date on which the General Partner, on behalf of the Fund, accepts subscription for interest in the Fund and admission as a limited partner
“Company”	Citychamp Watch & Jewellery Group Limited 冠城鐘錶珠寶集團有限公司, 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Fund”	Corum Sino-Swiss Fund, LP, an exempted limited partnership established and registered under the Exempted Limited Partnership Law (as amended) of the Cayman Islands
“General Partner”	Corum Sino-Swiss Investment Partners Limited, an exempted company with limited liability incorporated in the Cayman Islands and the general partner of the Fund
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Initial Limited Partner”	Harneys Fiduciary (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability and the initial limited partner of the Fund
“Interest”	the limited partnership interest in the Fund
“Limited Partnership Agreement”	the amended and restated exempted limited partnership agreement in respect of the Fund dated 20 July 2018 entered into among the Company, the Initial Limited Partner, Chance Talent and the General Partner
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Maximum Success Capital Management Limited 至成資產管理有限公司, a company incorporated in Hong Kong with limited liability and licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of Interest by the Company pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 20 July 2018 entered into among the Company, the General Partner and the Manager in relation to, among others, the Subscription
“%”	percentage

In this announcement, for illustration purposes only, US\$ has been converted into HK\$ at the rate of US\$1.00: HK\$7.85. No representation is made that any amounts of US\$ or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.

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

Hong Kong, 20 July 2018

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. 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.