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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).

Our review of the unaudited management accounts for the year ended 31 December 2014 and other information currently available indicate that our core business of manufacture and distribution of watches and timepieces were performed satisfactorily and is expected to record a modest increase in revenue and gross profit as compared to the year ended 31 December 2013. However, it is also expected that a significant amount of impairment losses will be made on goodwill arising from business combinations and acquired intangible assets, which were purchased as part of business combinations. Such goodwill and intangible assets are related to acquisitions of Montres Corum Sàrl (“**Corum**”) and Eterna AG Uhrenfabrik (“**Eterna**”) in previous years. Furthermore, gain on disposal of available-for-sale financial assets decreased substantially for the year ended 31 December 2014 as compared to gain of approximately HK\$456 million for the year ended 31 December 2013. As a result of the impairment losses and the decrease in gain on disposal of available-for-sale financial assets, it is expected that the Group will record a significant decrease in profit attributable to owners of the Company for the year ended 31 December 2014 as compared to the year ended 31 December 2013.

In 2014, the management executive committee of Corum put in substantial efforts to revitalise the business model of Corum and its subsidiaries (the “**Corum Group**”) through improvement in production development, production, brand positioning, distribution, team building and management practices. Eterna underwent restructuring with changes in business strategies, operation and management team. Further details of the business operations and strategies of Corum Group and Eterna will be disclosed in the annual report for the year ended 31 December 2014.

The information contained in this announcement is based on the preliminary review and assessment by the management of the Company according to the unaudited management accounts of the Group for the year ended 31 December 2014 and other information currently available, which have not been audited nor reviewed by the Company’s auditor. The financial results of the Group are still under review and shall be subject to further adjustments and finalisation.

As the results of the Group for the year ended 31 December 2014 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 annual results announcement of the Company for the year ended 31 December 2014 is expected to be published on 30 March 2015.

**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  
**Citychamp Watch & Jewellery Group Limited**  
**Fong Chi Wah**  
*Chief Financial Officer & Company Secretary*

Hong Kong, 25 March 2015

*As at the date of this announcement, the board of directors 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. Tao Li who are the executive directors, and Mr. Fung Tze Wa, Dr. Kwong Chun Wai Michael, Mr. Li Qiang and Mr. Zhang Bin, who are the independent non-executive directors.*