



**新宇亨得利控股有限公司**

XINYU HENGDELI HOLDINGS LIMITED

**To: Financial Editor  
[For Immediate Release]**

**Xinyu Hengdeli Holdings Limited**  
**Announces Proposed Listing on The Main Board of The SEHK**  
***- Xinyu Hengdeli Lifestyle Leader in Time of Prominence-***

**[13 September, 2005, Hong Kong]** – Xinyu Hengdeli Holdings Limited (“Xinyu Hengdeli” or the “Group”, Stock code: 3389), a renowned international distributor and retailer of watch brands, announced today its proposed listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”).

Xinyu Hengdeli will offer 250,000,000 Shares for subscription by way of International Placing (“International Placing”) and Hong Kong Public Offer (“Hong Kong Public Offer”), comprising 225,000,000 International Placing Shares and 25,000,000 Hong Kong Public Offer Shares. The International Placing to institutional, professional and/or other investors will make up 90% of the Share Offer (subject to Over allotment Option and re-allocation) while the remaining 10% (subject to re-allocation) will be opened for public subscription. Over-allotment Option will be up to 15% of the Offering or 37,500,000 additional new shares. The maximum Offer Price will be HK\$1.38 per Offer Share and expected to be not less than HK\$1.10 per Offer Share.

The Hong Kong Public Offer will open on 14 September 2005 (Wednesday) and close on 20 September 2005 (Tuesday). The allotment results of the Share Offer will be announced on 23 September 2005 (Friday). Dealings in Xinyu Hengdeli’s Shares on the Main Board of SEHK are expected to commence on 26 September 2005 (Monday) under the stock code 3389.

Guotai Junan Securities (Hong Kong) Limited is the Global Coordinator, Sole Bookrunner and Lead Manager. Guotai Junan Capital Limited is the Sponsor and Partners Capital International Limited is the Sponsor and Co-Lead Manager.

Xinyu Hengdeli is a leading international watch distributor and retailer in the PRC. In recent years, the Group has successfully built up an extensive sales network covering all the strategic locations in the PRC. Its shops are found at the busiest spots of high traffic in the most prosperous mainland economic centres, including major cities in northern, north-eastern, eastern and south-eastern China. Currently, the Group owns over 50 retail outlets and 300 wholesale customers in over 40 cities. One of the major moves made by the Group came in 2004 when it formed a strategic alliance with Shanghai San Lian Group, Shanghai Oriental Commercial Building Ltd. and Shenzhen Hengjili World Brand Watches Centre Ltd. in order to put together the most wide-reaching and competitive sales platform in the domestic market.

Being the leading watch distributor and retailer in the PRC, Xinyu Hengdeli stands out with a rich experience and excellent leadership of its management. This is also why the Group has won the trust of various top-notch global watchmakers, including the Swatch Group, Richemont Group and LVMH Group. It has successfully maintained close business relationships with them and has been distributing their watches on exclusive and non-exclusive basis. The Group carries around 30 internationally renowned watch brands and is the distributor of 16 of them, comprising 12 on exclusive basis. The exclusively distributed labels include Audemars Piguet, Carl F. Bucherer, TAG Heuer, Zenith, Baume & Mercier, Maurice Lacroix, Christian Dior, Fendi, EDOX, Carven, Cyma and Claude Bernard. Those distributed non-exclusively are Tissot, Jaeger-LeCoultre, Enicar and CK. The Group also sells, on non-exclusive basis, Omega, Ball, Cartier, Gucci, Longines, Oris, Rado, Raymond Weil, Titoni and Vacheron Constantin in its retail shops. Such a portfolio made the Group the undisputable leader in the watch market in China.

More significantly, the Group started distributing watches under its proprietary brand - NIVADA in 2004 when it acquired the watch company in a bid to enhance its long-term competitiveness.

Xinyu Hengdeli is always committed to providing the best customer services. The Group offers instant repair services at all of its retail outlets. Besides, it has set up, in both Beijing and Shanghai, two fully-equipped customer service centres. In order to further enhance the service quality, the Group also intends to roll out a regional-wide after-sales services to guarantee to provide customer with more convenient, efficient and all-rounded service.

Given the long history of most of its retail outlets in the PRC, Xinyu Hengdeli has earned unsurpassed goodwill in the nation's watch market. In addition to the highly reputed Beijing Hengdeli Clocks and Watches Ltd., the Group has a vast number of flagship stores on the mainland, including Beijing Hengdeli Swiss Watch Shop and Shanghai Clock and Watch Shop. These stores provide a unique fast-growth platform for the Group.

The achievements of Xinyu Hengdeli are mainly attributed to the management's success in giving full play to the Group's competitive advantage and their sharp visions for the immense growth potential of the watch market in the PRC. Under its continued economic boom, the PRC sees an expanding middle to high income class as their income levels are surging. According to some statistics, China's average household annual income is forecast to increase from 2002's RMB75,000 to RMB150,000 in 2010. The broadening middle to high income class is set to drive the demand for high-end watches and prestigious brands. In particular, Swiss watches, with their mastery craftsmanship and glamorous heritage, are the most popular items of mainland consumers. Thanks to the management's insight, the Group has been able to gain head-start in capturing this strong demand to turn itself into the market leader.

The extensive market experience and solid management skills of the senior executives play a key role in Xinyu Hengdeli's brilliant performance. They are all equipped with rich experience and in-depth knowledge in the industry. In particular, the Group's founder Mr. Zhang Yuping, with over 20 years of hands' on experience, always has unique input on the selection and running of watch brands, recruitment, management and development strategies.

Still, the Group went on to adopt the ORACLE ERP system in order to further enhance its management effectiveness. So far, the Group is the only entity employing this modern management system in the PRC watch industry. This is a clear proof that the Group's management is not only able to look ahead, but also look global.

Mr. Zhang Yuping, the Chairman of Xinyu Hengdeli, said, "Over the years, Xinyu Hengdeli has been working hard to introduce quality watch brands to the PRC market. Our outstanding service, together with our extensive retail and wholesale network, made us a highly reputed and visible brand in the PRC's watch market. We can see that in recent years, consumers' demand for high quality imported watches of prestigious brands has been increasing along with the living standards and purchasing power of the middle to high income group on the mainland. It is this phenomenon that presents unprecedented business opportunities for us."

Mr. Zhang continued, "Over the years, our group has been dedicated to building close partnerships with internationally-renowned brands. We managed to win their trust with our performance and goodwill. In 2003, together with The Swatch Group, we formed a co-operative joint venture namely SMH Swiss Watch Trading (Shanghai) Co. Ltd.. Besides, we have also entered into distribution agreements with The Swatch Group, Richemont Group and LVMH Group. These efforts proved effective in securing the supply of quality watches."

China is a massive consumer market with huge potential. In order to meet its growing demand, Mr. Zhang said, "In the future, we will actively yet prudently extend via various means our retail networks at home and abroad. We will seek to further expand the coverage and improve the quality of our distribution platform. We will also strive to provide high quality, high efficiency pre-sales and after-sales services. Besides, we will continue to build and maintain solid relationships with internationally-renowned watch brands and overseas watch retailers. The aim of all these is to improve our strengths to realize sustainable growth."

Mr. Zhang concluded, "We are pleased to lay this very new milestone in our business history. We believe that our listing on the Main Board of The Stock Exchange of Hong Kong Limited will greatly support and accelerate our business expansion. Looking ahead, we will work even harder to extend our business horizons. We will continue to explore business opportunities with our acute market sensitivity in order to lead the PRC watch industry into a new era and deliver the best returns to investors."

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**Wholesale and Retail Business**

<b>Wholesale Business</b>	<b>Retail Business</b>
Audemars Piguet (*)	Audemars Piguet
Jaeger-LeCoultre	Jaeger-LeCoultre
Carl F. Bucherer (*)	Carl F. Bucherer
TAG Heuer (*)	TAG Heuer
Zenith (*)	Zenith
Baume & Mercier (*)	Baume & Mercier
Maurice Lacroix (*)	Maurice Lacroix
Tissot	Tissot
Christian Dior (*)	Christian Dior
Fendi (*)	Fendi
EDOX (*)	EDOX
Enicar	Enicar
Carven (*)	Carven
Cyma (*)	Cyma
CK	CK
Claude Bernard (*)	Claude Bernard
	Ball
	Cartier
	Gucci (**)
	Longines
	Omega
	Oris
	Rado
	Raymond Weil
	Titoni
	Vacheron Constantin

**Remarks:**

(\*) On exclusive basis

(\*\*) Restricted to seven of the Group's retail outlets located in Shanghai, Shanyang and Harbin only.

Issued by Porda International (Finance) PR Company Limited for and on behalf of Xinyu Hengdeli Holdings Limited. For further information, please contact:

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## At a Glance Factsheet

### Offering Statistics

No. of Offer Shares	: 250,000,000 Shares (subject to the Over-allotment Option)
Hong Kong Public Offer Shares	: 25,000,000 Shares (subject to reallocation)
International Placing Shares	: 225,000,000 Shares (subject to reallocation and the Over-allotment Option)
Over-allotment Option	: Up to 15% of the Offering or 37,500,000 additional news shares
Indicative Offer Price Range	: HK\$1.10 – HK\$1.38 per Share
Total Market Capitalization	: HK\$1.1 billion – HK\$1.38 billion
P/E Ratio	
Pro forma fully diluted	: 11.96 – 15 Times
Dealing Expected to Commence	: 26 September 2005 (Monday)
Stock Code	: 3389

### Use of Proceeds

Based on an Offer Price of HK\$1.24 (being the mid-point of the Offer Price range between HK\$1.10 per Offer Share and HK\$1.38 per Offer Share), the gross proceeds of the Share Offer, assuming that the Over-allotment Option is not exercised, are estimated to be approximately HK\$310 million. The net proceeds of the Share Offer, after deducting related expenses payable by the Company and assuming the Over-allotment Option is not exercised, are estimated to be approximately HK\$289 million. The Directors presently intend to apply such net proceeds from the Share Offer as follows:

- as to 35%, approximately HK\$101 million, for opening approximately 20 of its own new retail outlets in the PRC, which will be applied for purchase of inventory, rental expenses, promotional expenses, decoration and fixtures, salaries and other relevant expenses for operating such new retail outlets;
- as to 35%, approximately HK\$101 million, for acquisition of existing retail outlets from and/or co-operation with Independent Third Parties in the PRC or overseas markets;
- as to 15%, approximately HK\$43 million, for the development of its own brand, NIVADA, approximately HK\$28 million of which will be applied for marketing and promotion for the brand name and products of NIVADA while approximately HK\$15 million will be applied for setting up a research and development division through recruiting professionals and conducting design, research and development of NIVADA watches;
- as to 5%, approximately HK\$15 million, for the development and acquisition of new potential brands; and
- as to the remaining for general working capital of the Group.