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Hengdeli Holdings Limited
亨得利控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3389)

**DISCLOSEABLE TRANSACTION –
ACQUISITION OF SALE SHARE OF PERFECT OCEAN**

ACQUISITION OF PERFECT OCEAN

The Board is pleased to announce that on 22 April 2013 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed, as beneficial owner to sell and the Purchaser has conditionally agreed to acquire the Sale Share at the consideration of HK\$238,000,000. Upon completion of the Acquisition, Perfect Ocean will become an indirect wholly-owned subsidiary of the Company. Perfect Ocean currently holds 6,000 shares, being 30% of the issued share capital, of Harvest Max. The Purchaser currently holds 8,000 shares, being 40% of the issued share capital, of Harvest Max. Upon completion of the Acquisition, the Purchaser will in aggregate hold 70% of the issued share capital of Harvest Max so Harvest Max will become an indirect subsidiary of the Company and the financial results of Perfect Ocean and Harvest Max will be consolidated into the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

The applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition is less than 5%, the Acquisition does not constitute a notifiable transaction of the Company. However, the Acquisition will result in consolidation of the assets of Perfect Ocean and Harvest Max in the accounts of the Company. Pursuant to Rule 14.28 of the Listing Rules, 100% of the entity's total assets, profits and revenue of Harvest Max will be taken as the value of the total assets, profits and revenue, irrespective of the size of the interest being acquired. Accordingly, certain applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition becomes more than 5% but less than 25%, the Acquisition then constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is only subject to the reporting and announcement requirements under the Listing Rules.

If any of the conditions precedent to the completion under the Sale and Purchase Agreement is not satisfied, the Acquisition will lapse and will not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

THE ACQUISITION

The Board is pleased to announce that on 22 April 2013 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed, as beneficial owner to sell and the Purchaser has conditionally agreed to acquire the Sale Share at the consideration of HK\$238,000,000 which will be satisfied by the Purchaser in accordance with the terms of the Sale and Purchase Agreement.

Upon completion of the Acquisition, Perfect Ocean will become an indirect wholly-owned subsidiary of the Company. Perfect Ocean currently holds 6,000 shares, being 30% of the issued share capital, of Harvest Max. The Purchaser currently holds 8,000 shares, being 40% of the issued share capital, of Harvest Max. Upon completion of the Acquisition, the Purchaser will in aggregate hold 70% of the issued share capital of Harvest Max so Harvest Max will become an indirect subsidiary of the Company and the financial results of Perfect Ocean and Harvest Max will be consolidated into the consolidated financial statements of the Company.

The Sale and Purchase Agreement

Date: 22 April 2013 (after trading hours)

Parties:

Vendor : Billion Apex Investments Limited, a limited liability company incorporated in the British Virgin Islands and, as advised by the Vendor, is principally engaged in the business of investment holding.

Purchaser : Hengdeli Giant Dragon Limited, a wholly-owned subsidiary of the Company and is mainly engaged in the business of investment holding.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, and as advised by the Vendor, the Vendor and its ultimate beneficial owner are Independent Third Parties of the Company and its connected persons.

The Company and its subsidiaries are principally engaged in the business of wholesaler and retailer of watches in the Great China Region which focuses on distributing watches of international brands.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (being the entire issued share capital of Perfect Ocean).

Information on the Target Group

Perfect Ocean is a limited liability company incorporated in the British Virgin Islands on 28 July 2011. As advised by the Vendor, Perfect Ocean is principally engaged in investment holding business. As at the date of this announcement, Perfect Ocean is 100% owned by the Vendor. Perfect Ocean in turn holds 30% of all issued shares of Harvest Max.

Harvest Max is a limited liability company incorporated in the British Virgin Islands on 2 September 2010 and is principally engaged in the business of sale of jewelry and watches. As at the date of this announcement, the Company holds 40% of issued share capital in Harvest Max. Upon Completion of the Acquisition, the Company will directly and indirectly hold in aggregate of 70% of issued share capital in Harvest Max.

Set out below is the combined key financial information, as provided by the Vendor, on Perfect Ocean based on its consolidated financial statements for the period from date of incorporation, 28 July 2011 to 31 March 2013:

HK\$	For the period from date of incorporation, 28 July 2011, to 31 December 2012 (audited)	For the period from 1 January 2013 to 31 March 2013 (unaudited)
Revenue	0	0
Share of profit of an associate	HK\$41,097,287	HK\$3,203,939
Profit before taxation and extraordinary items	HK\$41,062,529	HK\$3,183,939
Profit after taxation and extraordinary items	HK\$41,062,529	HK\$3,183,939

According to the unaudited financial statements of Perfect Ocean as at 31 March 2013, the combined net asset of the Perfect Ocean was approximately HK\$224,251,226, out of which approximately HK\$126,368,221 was the goodwill.

Consideration and payment terms

The Consideration for the Acquisition is HK\$238,000,000. The Consideration was arrived at normal commercial terms after arm's length negotiations between the Vendors and the Purchaser after taking into account the Target Group's (i) net asset value and financial position as at 31 December 2012; and (ii) growth and development prospects. The Board considers the Consideration as fair and reasonable and in the interests of the Shareholders as a whole. The Consideration will be funded by internal resources of the Group. The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

- (a) HK\$192,000,000 upon Completion;
- (b) HK\$46,000,000 within 6 months from the Completion Date.

Conditions precedent

Completion of the Acquisition is conditional upon each of the following conditions being satisfied (or, where applicable, waived by the Purchaser):

- (1) the Warranties remaining true and accurate in all material respects;
- (2) all necessary consents and approvals as may be required in respect of the sale and purchase of the Sale Share and the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Purchaser;
- (3) the Purchaser has received, with respect to the Vendor, Perfect Ocean and Harvest Max, an original certificate of good standing and an original certificate of incumbency all issued not more than 7 days before the Completion Date; and
- (4) the Purchaser has received a confirmation to the satisfaction of the Purchaser sent or signed by the registered agent of Perfect Ocean confirming the change of contact person of Perfect Ocean to the person directed by the Purchaser with effect from the Completion Date.

Completion

Completion shall take place at any place as agreed by the Vendor and the Purchaser on the Completion Date.

If the conditions precedent have not been fulfilled by the Vendor (other than the clauses waived by the Purchaser on or before 31 May 2013 (or such other date as the parties may agree), the Sale and Purchase Agreement shall lapse and all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition enables the Company to extend its retail network in Hong Kong and increase the Company's market share in the middle-end retail sector in Hong Kong at relatively lower cost when compared to developing the similar retail network by the Group itself. After the Acquisition, the financial results of Perfect Ocean and Harvest Max will be consolidated into the consolidated financial statements of the Company. The Directors also believe that the Acquisition will further enhance the competitiveness of the Group.

The Directors (including the independent non-executive Directors) consider that the terms for the Sale and Purchase Agreement is on normal commercial terms, and the terms thereof are fair and reasonable and are in the best interests of the Group and the Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

The applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition is less than 5%, the Acquisition does not constitute a notifiable transaction of the Company. However, the Acquisition will result in consolidation of the assets of the Perfect Ocean and Harvest Max in the accounts of the Company. Pursuant to Rule 14.28 of the Listing Rules, 100% of the entity's total assets, profits and revenue of Harvest Max will be taken as the value of the total assets, profits and revenue, irrespective of the size of the interest being acquired. Accordingly, certain applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition becomes more than 5% but less than 25%, the Acquisition then constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is only subject to the reporting and announcement requirements under the Listing Rules.

If any of the conditions precedent to the completion under the Sale and Purchase Agreement is not satisfied, the Acquisition will lapse and will not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	The acquisition of the Sale Share by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreements
“Board”	the board of Directors of the Company

“Business Day”	a day (not being a Saturday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hoisted in Hong Kong at 10:00 a.m.) on which licensed banks are generally open for general banking business in Hong Kong
“Company”	Hengdeli Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion will take place in accordance with the Sale and Purchase Agreement, being the Business Day immediately following the day on which all the conditions precedent are satisfied in full or such other date as the Vendor and the Purchaser may otherwise agree in writing
“connected person(s)”	has the meaning ascribed to it in the Listing Rules, and “connected” shall be construed accordingly
“Consideration”	the consideration payable for the Sale Share, being HK\$238,000,000
“Director(s)”	the board of directors or director(s) of the Company
“Group”	the Company and its subsidiaries
“Harvest Max”	Harvest Max Holdings Limited 豐溢控股有限公司, a limited liability company incorporated in British Virgin Islands. Perfect Ocean beneficially owns 6,000 shares, being 30% of the issued share capital, in the capital of Harvest Max Holdings Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rule
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Perfect Ocean”	Perfect Ocean Holdings Limited 正洋控股有限公司, a limited liability company incorporated in the British Virgin Islands, whose entire issued share capital is legally and beneficially owned by the Vendor
“Purchaser”	Hengdeli Giant Dragon Limited is a limited liability company incorporated in British Virgin Islands, a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 April 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Share”	one fully paid up share of par value of US\$1 in the capital of Perfect Ocean beneficially owned by the Vendor and which comprise the entire issued share capital of Perfect Ocean
“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Perfect Ocean and its associate company, Harvest Max
“Vendor”	Billion Apex Investments Limited, a limited liability company incorporated in British Virgin Islands
“Warranties”	the representations, warranties and undertakings contained in the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” the United States of America dollars, the lawful currency of the United States of America

“%” per cent.

This announcement has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

By Order of the Board
HENGDELI HOLDINGS LIMITED
Zhang Yuping
Chairman

Hong Kong, 22 April 2013

As at the date hereof, the Executive Director of the Company is Mr. Zhang Yuping (chairman), Mr. Song Jianwen and Mr. Huang Yonghua, the Independent Non-executive Directors are Mr. Cai Jianmin, Mr. Wong Kam Fai William and Mr. Liu Xueling, the Non-executive Directors are Mr. Chen Sheng, Mr. Shi Zhongyang and Ms. Zheng Yu.