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Hengdeli Holdings Limited
亨得利控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3389)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that, on 11 December 2013, the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares. The Consideration for the Acquisition was RMB469,476 thousand. Upon completion of the Acquisition, the Target Company and Nanchang Hengdeli will become subsidiaries of the Company, and the financial results of the Target Company and Nanchang Hengdeli will be consolidated into the consolidated financial statements of the Company.

Certain applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition are more than 5% but less than 25%. The Acquisition therefore constitutes a discloseable transaction pursuant to Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date: 11 December 2013

Parties:

Vendor: Shenzhen Tongqingwang Trading Company Limited* (深圳市同慶旺貿易有限公司), a company incorporated in the PRC with limited liability, and as informed by the Vendor, principally engaging in the business of investment holding. Upon the Board having made all reasonable inquiries, according to the best knowledge, information and belief of the Company, and as informed by the Vendor, the Vendor and its ultimate beneficial owners are independent third parties of the Company and its connected persons.

Purchaser: Shenzhen Hengdeli Watches Company Limited* (深圳亨得利鐘錶有限公司), a wholly-owned subsidiary of the Company, principally engaging in the business of wholesale and retail of watches in the PRC.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser agreed to acquire and the Vendor agreed to sell the Sale Shares (being the entire issued share capital of the Target Company).

Upon completion of the Acquisition, the Target Company shall continue to enjoy its creditors' rights and bear its liabilities. The Acquisition will not involve the handling of creditors' rights or liabilities. However, the Target Company intends to arrange for the repayment of a shareholder's loan provided by the Vendor in the sum of RMB60,019 thousand to the Vendor after the completion of the Acquisition. Upon completion of the Acquisition, the Target Company and Nanchang Hengdeli will become subsidiaries of the Company, and the financial results of the Target Company and Nanchang Hengdeli will be consolidated into the consolidated financial statements of the Company.

Information about the Target Company and Nanchang Hengdeli

The Target Company is a company incorporated in the PRC with limited liability. As informed by the Vendor, the Target Company is principally engaging in the business of investment holding. As at the date of this announcement, the Target Company held 88.59% equity interest in Nanchang Hengdeli, a company principally engaging in the business of sale of watches, gold, jewellery and eyewear. As at the date of this announcement, the Vendor wholly owns the entire issued share capital of the Target Company.

The following table shows the major consolidated financial information of the Target Company provided by the Vendor for the financial years ended 31 December 2011 and 31 December 2012 and the eleven months ended 30 November 2013 respectively:

	For the financial year ended 31 December 2011 (Audited) (RMB'000)	For the financial year ended 31 December 2012 (Audited) (RMB'000)	For eleven months ended 30 November 2013 (Unaudited) (RMB'000)
Net assets	56,818	47,315	98,588
Net profit before tax and non-recurring items	11,371	1,015	3,725
Net profit after tax and non-recurring items	8,620	6	3,173

The following table shows the major financial information of Nanchang Hengdeli provided by the Vendor for the financial years ended 31 December 2011 and 31 December 2012 and the eleven months ended 30 November 2013 respectively:

	For the financial year ended 31 December 2011 (Audited) (RMB'000)	For the financial year ended 31 December 2012 (Audited) (RMB'000)	For eleven months ended 30 November 2013 (Unaudited) (RMB'000)
Net assets	224,292	225,671	232,814
Net profit before tax and non-recurring items	25,351	18,902	10,209
Net profit after tax and non-recurring items	18,345	13,541	7,657

CONSIDERATION AND PAYMENT TERMS

The Consideration for the Acquisition will be RMB469,476 thousand, RMB338,160 thousand of which had been paid by the Purchaser to the Target Company prior to the execution of the Sale and Purchase Agreement as earnest money, which was to be used as funds for the Target Company to acquire Nanchang Hengdeli. The said sum will settle the equivalent sum of the Consideration in relation to the Acquisition upon signing of the Sale and Purchase Agreement. The sum of RMB131,316 thousand will be paid by the Purchaser within 10 working days after completion of the share transfer and by depositing the said amount into an account designated by the Vendor.

The Consideration was based on normal commercial terms and arrived at after arm's length negotiations between the Vendor and the Purchaser, after taking into account (i) the Target Company's net asset value (consists of mainly the self-use commercial properties of Nanchang Hengdeli locate at certain downtown areas at the city centre of Nanchang city) and financial position as at 30 November 2013 and (ii) the business growth and development prospect of the Target Company and Nanchang Hengdeli. The Board considers that the Consideration is fair and reasonable and in the interests of the Shareholders as a whole. The Consideration will be funded by the internal resources of the Group.

COMPLETION

The Acquisition will complete on the day the Target Company completes the registration procedures with the Market Supervision Administration of Shenzhen Municipality.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company and its subsidiaries are principally engaging in the business of wholesale and retail of watches in the Greater China Region, and focus on the distribution of internationally renowned watch brands.

The Directors believe that the Acquisition can strengthen and consolidate the retail market of watches of the Group in the central areas of Mainland and enable the Group to cater the demands for watches in Nanchang and its nearby areas. The Directors are also of the view that the Acquisition can further enhance the Group's competitiveness.

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

IMPLICATIONS OF THE LISTING RULES

Certain applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition are more than 5% but less than 25%. The Acquisition therefore constitutes a discloseable transaction pursuant to Rule 14.06 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Company and Nanchang Hengdeli
“Board”	the board of Directors of the Company
“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
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration payable for the Acquisition, being RMB469,476 thousand
“Director(s)”	the Board or director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanchang Hengdeli”	Nanchang Hengdeli Company Limited* (南昌亨得利股份有限公司)
“Purchaser”	Shenzhen Hengdeli Watches Company Limited* (深圳亨得利鐘錶有限公司)
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 December 2013 entered into between the Purchaser and the Vendor
“Sale Shares”	the entire issued share capital of the Target Company owned by the Vendor
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shenzhen Feierpusi Electronics Company Limited* (深圳市菲爾普斯電子有限公司)
“Vendor”	Shenzhen Tongqingwang Trading Company Limited* (深圳市同慶旺貿易有限公司)
“%”	per cent.

By Order of the Board
HENGDELI HOLDINGS LIMITED
Zhang Yuping
Chairman

Hong Kong, 11 December 2013

As at the date of this announcement, the executive Directors are Mr. Zhang Yuping (Chairman), Mr. Huang Yonghua and Mr. Lee Shu Chung Stan, the non-executive Director is Mr. Shi Zhongyang and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Wong Kam Fai, William and Mr. Liu Xueling.

* *For identification purpose only*