

**XINYU HENGDELI HOLDINGS LTD:
ANYBODY NEED A NEW WATCH ?**

As the People's Republic of China (PRC) powers away, its economy, growing at a rate of more than 9 percent per annum, its population becomes more and more affluent – and more and more demanding.

As everybody of any note in the Hongkong Special Administrative Region (HKSAR) of the PRC and the Macau Special Administrative Region (MSAR) of the PRC knows, short-term travellers, their homes, being in the PRC, proper, regularly visit the HKSAR and/or the MSAR in order to purchase brand-named goods: Chanel () clothes and handbags; Louis Vuitton () handbags and clothes; Bally shoes and clothes; Versace () clothes; and, Gucci () handbags, clothes, shoes, etc, etc, etc.

One brand-named luxury item that is high on the list of most of these short-term travellers from the PRC, proper, is, of course, a wrist- watch, especially, wrist-watches of the calibre of Rolex (), Jaeger-LeCoultre (). Baume and Mercier (), Audemars Piguet (), Raymond Weil (), Vacheron Constantin (), etc, etc, etc.

For the PRC-domiciled entrepreneur, who is sufficiently perspicacious, he or she will be able to forecast the potential of his/her market to purchase which items as the economy of his/her region hots up.

It would appear that Mr Zhang Yu Ping, also known as Mr Cheung Yu Ping (), is just such a person because he is the Founder of Xinyu Hengdeli Holdings Ltd () (Code: 3389), a company that went public in the HKSAR on the Main Board of The Stock Exchange of Hongkong Ltd in the middle of September, last year.

Xinyu Hengdeli Holdings Ltd is a Company, which is a wholesaler and retailer of watches in the PRC, proper, having been founded in 1997 by the Zhang Family, which invested in Beijing Hengdeli Timepieces Ltd ().

Between October 1997 and December 2004, the Turnover of Xinyu Hengdeli Holdings has shot up to about 1.52 billion renminbi (about \$HK1.46 billion), while the Net Profit Attributable to Shareholders has risen to about 105.88 million renminbi (about \$HK101.81 million).

The Company is, clearly, a success story ... and it is quite likely to continue to be a success story during the foreseeable future, with the 2008 Olympics in Beijing, probably seeing sales boom, breaking all previous records.

The Flotation

The International Placing and Hongkong Public Offer Prospectus was published on September 14, 2005, when Xinyu Hengdeli Holdings Offered a total of 250 million, one-cent Shares at a Premium of not more than \$HK1.37 per Share.

HKSAR investors were Offered 25 million Shares while the International Placing tranche was 225 million Shares.

The HKSAR Public Offer tranche was oversubscribed some 87 times – 2,178,988,000 Shares – and the International Placing tranche was oversubscribed about 8.60 times – about 1,935,000,000 Shares.

The Offer Price was established at \$HK1.32 per Share.

In addition, the Global Coordinator of the flotation, Guotai Junan Securities (Hongkong) Ltd, exercised its rights in respect of an Over-Allotment Option of another 37.50 million Shares at the Offer Price of \$HK1.32 per Share.

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