

**ERNEST BOREL HOLDINGS LTD:  
WHAT IS THE RIGHT TIME, PLEASE ?**

Swiss-made watches have, historically, received a rather positive, international reputation, rightly or wrongly.

The Swiss are deemed, over the years, to have produced some of the finest watches and clocks that the world has ever seen.

The watchmakers of Switzerland, in days of yore, forged for themselves the concept that there were, always, new creations in their art to be discovered and, with every new creation, there must come into being, innovations in the field of horology.

In today's world, however, money talks and, more often than not, money is trumps when it comes to purchasing control of 'tired' companies in faraway places from the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Ernest Borel Holdings Ltd () (Code: 1856, Main Board, The Stock Exchange of Hongkong Ltd) has recently published and disseminated its Global Offering Prospectus in the HKSAR and, on reading this supposed, hand-on-the-heart declaration, one's opinion of Swiss-made wristwatches may be subject to material modification, more so than ever thought possible in yesterday's world.

Ernest Borel, that is the name of the watchmaker, only, not the name of the Company, seeking to raise money on the premier equity market of the HKSAR, is about 158 years old, and, on Page One of the Global Offering Prospectus, one reads:

*'We are one of the oldest Swiss premium watch makers, established since 1856 in Switzerland and with 158 years of heritage. We design, manufacture, market and sell, Swiss-made mechanical and quartz premium watches for men and women under our own brand, Ernest Borel (), with a focus on watches for couples. Leveraging our long history and reputation for Swiss-made premium watches, we have become one of the best-selling brands of Swiss-made premium watches in the premium watch market in the PRC. According to the Frost & Sullivan Report, Ernest Borel () ranked fourth in the premium watch market in the PRC in terms of total retail sales value and total retail sales volume in 2013, and ranked second in the premium couple watch market in the PRC in terms of total retail sales value and total retail sales volume in 2013.'*

On scanning the Global Offering Prospectus, one realises that the above paragraph may not be, entirely, accurate and **TARGET** () cannot help but ponder as to how much of the watch production of Ernest Borel Holdings is manufactured by the Swiss-domiciled, watchmaker's facilities and how much is farmed out to sub-contractors, either in Switzerland or elsewhere.

Ernest Borel Holdings is owned, today, by ethnically Chinese entrepreneurs of the HKSAR, with the original members of the Borel Family, nowhere is sight.

At Page 92 of the Global Offering Prospectus, it is stated that Mr Lam Wai Wah (), the Controlling Shareholder and Chairman of Truly International Holdings Ltd () (Code: 732, Main Board, The Stock

Exchange of Hongkong Ltd), *'first acquired an interest in the brand Ernest Borel and EB (Far East) (Ernest Borel [Far East] Company Ltd [()]) in 1990'*.

It is stated that Mr Lam Wai Wah bought *'the entire equity interests in Aubry Frères S.A., which owned the entire issued share capital of Société Immobilière Ciny S.A., and Société des Montres West End S.A. At the time of such acquisition, Aubry Frères S.A., Société Immobilière Ciny S.A. and Société des Montres West End S.A. were engaged in the design, manufacture and sale of Swiss watches including the brand name "Ernest Borel"'*.

### **The Initial Public Offering (IPO)**

Ernest Borel Holdings is Offering 66 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.54 to a high of \$HK3.46.

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