

深圳钟表
SHENZHEN

Watch & clock

No.8 SEPTEMBER 2011

Building the Culture, Challenge for Chinese Horological Industry

The 22nd China Watch & Clock Fair



FIYTA & Collection

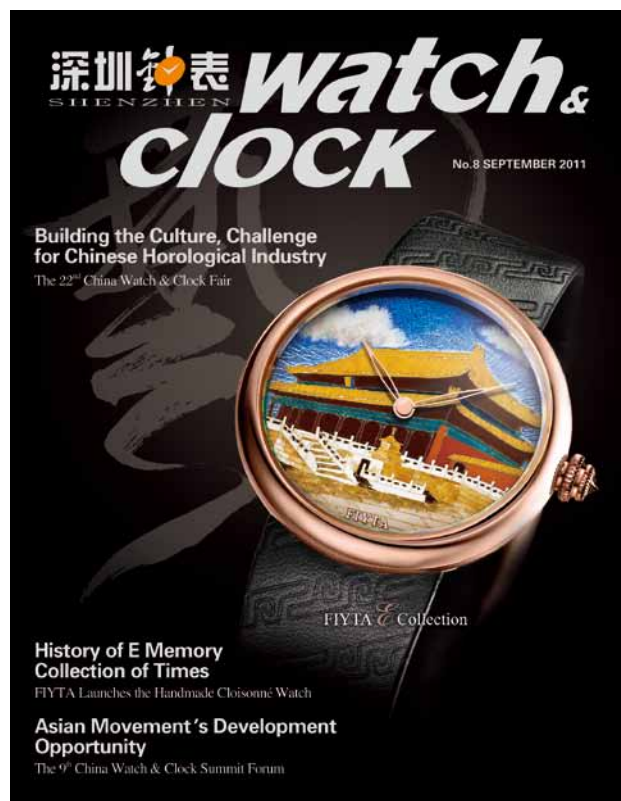
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深圳钟表 **watch & clock**

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EDITORIAL

China is always changing greatly.

The popularity of micro blog and the convenience of mobile phones enable the majority of Chinese to become the news collectors. Plenty of social problems are found to be discussed and verified. The lifestyles of Chinese people and the Chinese market have changed tremendously. We no longer depend on the traditional media to know the truth and to express our opinions. The original social system and moral standard are now under reconstruction. Any violations to the moralities and the laws will be found and questioned. People are no longer in favor of western products blindly. If there are products with excellent quality and reasonable price, Chinese people will not be infatuated with the luxuries any more. As a result, if you want to hold the market, then you shall carefully understand and explore it.

The 22nd China Watch & Clock Fair and the 9th China Watch & Clock Summit Forum were held successfully in July and have made great achievements. Chinese watch brands have performed much more strongly. The innovative exhibition stands and the exquisite watches have won the favors from the distributors and the citizens. Entrepreneurs from China become more and more skillful in drawing conclusions and expressing their opinions. Chinese media, which used to mediate with the international brands, now start to review Chinese watches and wish to promote the relationship with qualified domestic brands. Besides, after interviewing the exhibitors, we found that more and more enterprises gave up the competition in the low-priced foreign trade orders; the large consumption market of China and the consumption mind for quality enable the enterprises to find the orientation of improvement and development. China, especially Shenzhen, will always be the main manufacturing area for watch and clock as well as the accessories in the world. However, the qualified and high-priced factories have gradually replaced the inexpressive process factories, because the mass profitable orders not only restrain the enterprises to improve the production and management levels, but also make the operators to move towards the edge of bankruptcy due to the rapid increase of costs. The threshold of establishing business is improved and developing at risk will afford painful cost, and the rapid but coarse development will become the history of Chinese industry.

Looking forward to the upcoming Hong Kong Watch & Clock Fair, we shall see much change from this internationalization fair. Hong Kong is the current financial center of Asia, largely owing to its natural advantages in education, fiduciary duty, judicial system and other soft environments. Chinese enterprises learn more about the business modes and methods from different countries and regions during various exhibitions and communications. The corporate accountability and the commitment to the public will be greatly improved so as to bring benefits to related stakeholders, including contributing the society and protecting the environment. The new challenges that the enterprises may confront will make the operators manage the enterprises confidently and effectively.



Vera Young

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Watch & Market News 2011



Swatch Group Maintains Strong Development and Will Continue Increasing Market Share

Although Swatch Group, as a whole, is confronted with capacity bottleneck, its watch and jewelry departments maintain strong development—a constant increase rate of +27.4% or a current increase rate of +13.3% and a sales amount as high as CHF 291.3 million. In the first half of 2011, the Group had a total sales amount of CHF 336.2 million, with a constant increase rate of +24.2% and a current increase rate of +11.4% compared

with the previous year. The recorded operating profit was CHF 756 million (+20.8%) and the operating profit rate was 23.7% (that of 2010 was 21.8%). The net income was CHF 579 million, an increase of +24.5% compared with the same period of 2010, and the increase amount was 18.2% of net sales amount (16.2% of that of 2010).

Swatch Group possesses a bright outlook for the last half year, and in July the sales and performance continued maintaining a good impetus. The group will continue consolidating and improving international market share and increasing its investment in capacity and training for employees to maintain its strategy for healthy and continuous growth. However, flooding speculations on Swiss francs impede the continuous and vigorous growth and positive prospect of the country's currency, which will exert further negative influence on sales increase, operating profits and net income.

The Increase in Timepiece Industry Made a Turnaround in 2010

According to Report of the Research on the Development of Horological Industry in 2010, the development of horological industry of China satisfied with all economic indexes making a turnaround in 2010. The total industrial output value of enterprises with scale increased by 18.65% compared with the previous year, which was the best in the latest three years. The output of clocks and watches rose by 22.64% and 16.72% respectively. As for different regions, the industry in eastern coastal provinces showed a good increase impetus; it rapidly sprang up in Guizhou, Hubei, Hu' nan and other middle and western provinces. The horological industry of China is accelerating the transferring to Midwest China.

From January to November of 2010, the profit in Chinese horological industry rose greatly by 53% compared with the same period of previous year. The profit of enterprises in Hong Kong, Macao and Taiwan and domestic-funded enterprises grew significantly while

that of wholly foreign-funded enterprises declined by a large scale; the loss continued shrinking and the employment were stabilized. In 2010, export and import made a whole turnaround: the export amount throughout the year increased by 24.82% compared with the previous year and driven by frontier petty trade, the export amount of emerging market rose significantly; the scale of import kept expanding, increasing by 39.49%, especially that from Switzerland amounted to 61.15% of all import amount.

As a whole, the horological manufacturing industry of China has gradually got rid of adverse influence of financial crisis through expanding domestic demands and increasing the added value of exported products. With the establishment of new industry cluster bases, the horological manufacturing industry of China has entered into a key phase of transformation and upgrading.

FIYTA to Capacity in Swiss

FIYTA announced on June 14 that its subsidiary Swiss company Montres Chouriet SA signed an agreement of purchasing a factory with the transferor BOUCLEDOR SA and invested more to construct assembly lines. The total investment of this transaction is CHF 5 million (about RMB 37.2 million Yuan).

As for the purpose of this purchase, FIYTA expressed that it would be beneficial for expanding the capacity of Emile Chouriet to satisfy the rapid growth demand of Emile Chouriet; strengthening the company's control over product quality to improve the product quality; meeting the demand of MC Company for establishing a perfect organizing and operational organization and striving for Swiss tax preference policy; increasing the company's investment in core technologies, making preparation for investing in establishing production lines for self-made high-end mechanic movements; strengthening Emile Chouriet's market competition, increasing profits and improving its international influence.



Swiss Watch Recovered Obviously in 2010

After experiencing serious falls in 2009, Swiss watch industry got recovered significantly in 2010. The total export amount reached CHF 16.2 (RMB 110.2 billion Yuan). That is to say, it increased by CHF 2.9 billion compared with the previous year. The increase of 22.1% clearly indicated that Swiss watch manufacturing recovered to a healthy and sound situation, slightly higher than the level in 2007, which was regarded very high at that time.

January of 2010 witnessed the beginning of



recovery. All months of 2010 showed a trend of increase, which nearly reached 20% and exceeded 30% in March and June. The pace of increase sped up in every quarter, and the export of watches and clocks finally increased by 24.3% at the second half of the year compared with 19.6% of the first half year.

The declining of 2009 has not been completely erased because it fails to reach the level of 2008 till now. However, the latest research shows that economic recovery is on the basis of solid foundation and will continue in 2011, although not all members and areas get the same benefits.

Shenzhen Creates High-End Shopping Paradise

The Twelfth Five-Year Plan for Shenzhen trade circulation industry clearly proposes to create Shenzhen into an international consumption center. Luohu District puts forward investing RMB 250 billion Yuan in making an international consumption center. In the perspectives of insiders, Shenzhen is qualified to become a consumption city of luxury goods from the three perspectives of per capita income, overall economic aggregate and retail increase trend.

In July when the National Ministry of Commerce and the Ministry of Finance failed to reach an agreement on reducing the tariff of such high-end commodities as imported luxury goods, the world's luxury goods giants coincidentally and quietly increased their product prices in the domestic market of China. It is reported that this price increase tide had begun in Hong Kong in May and June increased by about 5% to 15%, which was the second large-scaled price increase of luxury brands since February of this year. Under such background, both sellers of luxury goods, business attracter of large business entities and experts on business study are positive about the luxury goods market in Shenzhen. According to statistics provided to reporters of Shenzhen Business by Liu Luyu, the director of Enterprise and Market Research Center of China Development Institute, during the Eleventh Five-Year Plan, Shenzhen's total retail amount

Chinese Mainland Becomes the Fourth Largest Export Market for Swiss Watches and Clocks

According to the Swiss media, the export of Swiss clocks and matches valued at CHF 16.2 billion (about USD 17.1 billion), among which CHF 1.1 billion were exported to China with an increase of 57% compared with the previous year. Chinese Mainland has become the fourth largest export market for Swiss clocks and matches after Hong Kong, America and France.

According to the investigation, the Swiss luxurious brands that Chinese people bought most are Rolex, Omega and Cartier in 2010. Chinese people's favorite Swiss watch brands are Patek Philippe, Cartier, Rado, Omega, IWC, Tissot, Longines, Jaeger-Le Coultre, Piaget, Mont Blanc, Chopard and Tag Heuer successively.



Import Tariff of Luxury Goods Is Expected to Decrease

Yao Jian, Spokesman of the Ministry of Commerce, expressed on June 16 that our country would further reduce import tariff, including the tariff of some medium and high-end commodities, which is the irresistible trend and common sense of all ministries.

Previously, it is reported that the outflow of Chinese tourists' consumption of luxury goods is stunning. According to the data recently released by World Luxury Association, Chinese people's consumption of luxury goods will reach USD14.6 billion dollars by 2012, and China will surpass Japan to become the largest consumption country of luxury goods in the world.

As for how to attract the backflow of overseas consumption of luxury goods, Yao Jian expressed that our country would further

decrease import tariff, including the tariff of some medium and high-end commodities. He said that with Chinese people's per capita GDP surpassing USD 4 thousand and the constant increasing of residents' income, reducing tariff is an irresistible trend.

Chen Deming, Secretary of the Ministry of Commerce, expressed that for there is no tariff in some external markets or distribution system of mainland senior consumer goods, the luxury goods are cheaper in foreign countries than in China. Within ten years since China entered the WTO, the average tariff has decreased from 15.3% to 9.8%. The Ministry of Commerce is considering whether import tax rate should be reduced. Chen Deming also expressed that he inclines to further consider and promote decreasing tariff.



the total retail amount of consumer goods was RMB 300.076 billion Yuan with an increase of 17.2%, five percent more than the increase pace of GDP. He even thinks that "Shenzhen is qualified to become a consumption city of luxury goods from the three perspectives of per capita income, overall economic aggregate and retail increase trend."

of social consumer goods exceeded RMB 300 billion Yuan by the end of 2010 with an annual increase of 16%, Liu Luyu thinks, the consumption of high-grade goods, especially luxury goods contributed a lot.

What we can say for certain is that Shenzhen's luxury goods consumption market is developing steadily and expanding constantly, and more luxury brands will enter the market in the future. In 2010, Shenzhen residents' per capita disposable income was RMB 32380. 86 Yuan, ranking the second place nationwide;

White Paper of 2011 China Mainland High-End Customers Research Was Issued

HuiCong D&B Market Research recently issued White Paper of 2011 China Mainland High-end Customers Research(hereinafter referred to as CHC for short). The investigation showed that influenced by increasing inflation, the motive of collection, maintaining value and appreciation for luxury goods consumption enhanced while motive concerning face, such as showing off, sending gifts and obtaining recognition, decreased.

According to CHC, with the bombing wide-spreading of Internet, more and more overseas traveling and more people experiencing buying and using luxury goods, globe luxury brands pay more and more attention to China's market. In order to catering to China's rapidly inflating consumer groups, globe most high-end and renowned luxury brands strive to open large stores in the fashion shopping areas in China. LV has 36 stores in 29 cities compared with 10 cities in 2005. Hermes develops from 5 stores in 2005 to 20 stores now, increasing by four times. Gucci expands faster and now has 39 stores (there was only 6 stores in early 2006).



A Luxury Goods Consumption Surges in The On-line Shopping Market

By the end of December, 2009, China's total amount of luxury goods consumption reached USD 9.4 billion, accounting for 27.5% in the world, and China becomes the second largest luxury goods consumption country after America.

Since the end of last year, international luxury brands began trying online sales in China, and nearly all brands increased by more than ten last year. On-line sales have become a new impetus of luxury good sales in China. According to statistics released by the Ministry of Commerce, from New Year's Eve to the 6th of lunar January, retail malls and catering industry realized a sales amount of RMB 404.5 billion Yuan with an increase of 19% compared with the same period of last year. Luxury goods were favored during the festival, and online sales of high-end goods all increased.

China Luxury Market Study 2010 of Bain & Company showed that at present, 43% Chinese consumers of luxury goods chose on-line shopping.

Some experts pointed out that due to fake goods and lack of after-sales services and some other factors, domestic on-line consumption of luxury goods is still in primary stage and only a small number of consumers are willing to buy luxury goods online.



China's Inflation Reaches 37-Month High

China's inflation accelerated to a 37-month high in July, putting the government in a tough position as its tightening efforts have yet to bear fruit. Worsening global liquidity is also likely to bring more uncertainties for the Chinese economy.

The country's Consumer Price Index (CPI), a main gauge of inflation, surged 6.5 percent in July year-on-year, up from a three-year high of 6.4 percent in June, the National Bureau of Statistics (NBS) said.

The stubbornly high inflation rate has been driven by increasing food costs, which rose by 14.8 percent in July from a year ago. The price of pork, a staple food in China, soared by nearly 57 percent in July.

The Chinese government has made stabilizing prices a top priority in the second half, as many believed that the government's annual inflation target of 4 percent will be difficult to reach this year.

Prices of Gold Products Pushed up by Soaring Gold Prices

Soaring gold prices are also pushing up prices of gold products. But while bullish investors are still pouring in, some are starting to feel the market jitters.

This well-known gold store is located near Shanghai's City God Temple, one of the city's most visited areas. Beautiful gold products are on display, and the store is crowded with customers. Everything is exactly as they were a week ago – except for the price tags.

Li Fuying, a gold store manager said, "The retail price on gold bars has been adjusted to 383 yuan a gram, nearly 20 yuan higher from last week. That's because international gold prices have soared by 100 U.S. dollars per ounce over the past week."

Although gold prices are constantly rising, buyers of gold products seem unaffected.

But their attitude toward gold as an investment is becoming increasingly divided. Some expect the precious metal's value will continue to go up, while some worry about the possibility of volatility.

The gold frenzy has also boosted the business of local pawn shops.



China well-known TradeMark

RARONE 雷诺

Booth ID:IC-D02

Business watch of
BoAo Forum for Asia



Sun Hong Lei as the image spokesman of Rarone Watch



Building the Culture, Challenge for Chinese Horological Industry

The 22nd China Watch & Clock Fair

From June 30th to July 3rd 2011, the 22nd China Watch & Clock Fair was held in Shenzhen Convention and Exhibition Center. Different from previous sessions, the organizer combined other concurrent activities to form the "China 2011 • Watch & Clock Culture Week". It restructured the events from multiple aspects, including market, culture, technology and academy, to make this show more impressive and interesting. More importantly, it promoted watch & clock culture and provided a rich explanation of "time product".

The five-day "China 2011 • Watch & Clock Culture Week" contained the 9th China Watch & Clock Summit Forum, the 22nd China Watch & Clock Fair, the launch of the first clock and watch history work General History of Chinese clock & chronometer in China and show of the "Flying Ball" by Xu Jiabao, the candidate member of AHCI (Academy of Independent Horological Creators), as well as various academic seminars, enterprise communications, brand presentations, new product promotions, fashion shows, art tours and etc. Nearly 500 excellent manufacturers from over 60 countries and regions in the world, including Switzerland, Japan, China (including Hong Kong and Taiwan), Korea, Europe and America, attended the fair, and nearly 40 thousand people from over 30 countries and regions were attracted here for visiting or purchasing.

Getting out of financial crisis, Chinese horological industry began to restore

According to statistics shown in 2010 Report on the Development of Chinese Horological Industry released by China Light Industry Information Center, Chinese horological industry had stepped out of the shadow of financial crisis, and turned to an overall recovery and development. All economic indexes of the industry began to rebound in 2010, while overall industrial output value of enterprises over designated size gained a year-on-year increase of 18.65%, which was at the best level over 3 years. The outputs of clock and watch were increased by 22.64% and 16.72% respectively. Profit





margin of Chinese horological industry was greatly raised from January to November, with a year-on-year growth over 53%. Among which, enterprises invested by Hong Kong, Taiwan, Macao and the domestic saw the most obvious increase, while enterprises invested solely by foreign investment saw a big profit decline. The loss range kept narrowing and the employment was stable. Import and export volume was significantly increased, while export volume of the year was increased by 24.82%. Under promotion of frontier trade and petty trade, export volume of emerging markets saw substantial growth. Export scale also kept expanding, increased by 39.49%, especially export from Switzerland accounted for 61.15% of the whole.

On the whole, horological industry in China has got rid of negative influence of financial crisis through expanding domestic demand and improving added value of export products, and expedited enterprise transition from OEM, processing, wholesale and retail sale to developing self-owned brand. Meanwhile, Chinese enterprises have invested a lot with great strength into brand building and promotion, searching for higher added value of products and brand. Enterprises possessing their own brands saw a significant increase in China Watch & Clock Fair this year, reaching 100. Continuous investment in brand image promotion and culture construction will drive the progress of transition and upgrading of Chinese horological industry.

Fashion brands gather to develop Chinese market

The hotness of Chinese consuming market not only promotes domestic enterprises to expedite their restructuring of domestic market, but also strengthens the determination of overseas brands to explore Chinese market. According to statistics of the organizer, the fair has attracted over 50 overseas brands from United States, Japan, Switzerland, Belgium, Denmark and etc. to attend, which shows their focus on Chinese market.

Casio (Japan), Kenneth Cole (US), Ice Watch (Belgium), Obaku (Denmark) and Time Force (with C. Ronaldo as its advertising spokesman) made their high profile show in special stands as usual. Besides, there were many new shows with remarkable strengths, such as Skagen (Denmark), Louis Erard (Switzerland), Cover, JACQUES du MANOIR, SWISS MILITARY, André Mouche, Claude Bernard, ICRYSTAL New York (US New York female wristwatch), Che New York etc. Their participation injected strong air of fashion and culture to the fair and guided the fashion trend of the next year for domestic market. Converse and J-Spring under Seiko made their first presence in the fair, showing products with powerful integration of advanced technical background and outstanding brand effect of Seiko.

The global CEO of ICE-WATCH was present at the fair for the first time to release new products, showing the brand's emphasis

on Chinese market. ICE-WATCH attended the fair successively for 4 years, searching for distributors to find access to Chinese market. Through years of contact with domestic distributors in the fair, ICE-WATCH has opened more than 30 stores and shops in Beijing, Shanghai, Guangzhou, Shenzhen and other tier I and II cities.

Chinese brands create their own culture

Compared with previous years, this session attracted more domestic enterprises and merchants, including FIYTA, Ebohr, Tian Wang, Rossini, Sea-Gull and etc.. These famous domestic brands all showed their best with amazing new products. Rossini promoted its new sport watch brand "Range 1", while FIYTA showed its E collection handmade cloisonné wrist watch which had just been showed on BaselWorld. The E collection watch was themed of the Revolution of 1911 and architectural culture of the Forbidden City and was featured with fabulous beauty of cloisonné craftwork. Sea-Gull also showed its ST8083GA rose gold double-tourbillion wrist watch with calendar and moon phase, and Beijing showed Star-Moon legend series wrist watch. All of them were produced with utmost effort and were limited for sell.

"Made in China" promotes high-end products

The "Big Brothers" of domestic brands all exhibited complex wristwatches in this session. Ebohr promoted new brand, complex mechanical watch "EC" especially for men, and Tian Wang promoted Peerage Tourbillon series, targeting at middle and high end markets.

"As demand for complex mechanical watch is increased, and due to sense of mission of Chinese entrepreneurs, we have no choice on many things in the watch & clock business. First of all, domestic brands can not compete on the high-end arena in Chinese market, which is occupied by exported watches. Secondly, China is a big





watch export country. According to statistics, China exports multi-millions of watches and clocks each year. This figure will become bigger plus quartz movement export volume. However, we can hardly see any Chinese brand watches in foreign market" Tao Li, General Manager of Ebohr, said on the presentation for EC brand. When he talked about the reason for promoting EC, he mentioned the mission of Ebohr to acquire the dignity for products made in China.

EC is short for Ebohr Complication, which represents Ebohr complex mechanical wristwatch. It is another trial in segmentation market following Ebohr Kana, but it is more challenging in design, positioning and market strategy. It builds an all-China combination for overseas market: Chinese movement + Chinese appearance + Chinese brand. As it was said by Tao Li, "we are sticking to our brand positioning, market strategy and price strategy, and trying to get rid of the old-form price competition to finger out whether there is a growth". He also mentioned that although Ebohr does not rely on the two segmentation brands to survive, they would be deemed as explorations to the road for future development of Ebohr".

Domestic brands favored Japanese movement for a long time, and lacked confidence in quality of domestically-made movement. However, in the exhibition this year, we saw significantly augmented confidence in Chinese movement, especially mechanical movement. During recent years, Shanghai Watch Manufactory, Hangzhou Watch Manufactory and Sea-Gull have conquered multiple technologies for complex mechanical movement, and acquired high-end movement research and development capacity. The Heavenly Nobility Tourbillon of Tian Wang also shows that domestic brands are equipped with high-end manufacture capacity, both in technology and appearance.

Similarly, Mi Changhong, the creator of Longio brand which has been competing in overseas market for a long time, also feels the troubles of "made in China". People would think about low price and quality when "made in China" is mentioned. In order to change such impression, Mi Changhong lets high quality to speak and to prove that "made in China" is not a pronoun for cheap. Since the foundation



of Longio, Mi Changhong has been focusing on overseas market, and has gained much favors by sticking to high quality. He is named as the "proud of Chinese watchmaking industry". Such reputation does not only represent his personal success, but also the success of winning respect for "made in China". As one of the leading roles in the culture week, Mi Changhong brought to the fair the first Hetian white jade tourbillon wrist watch which was highly praised in the BaselWorld—a new legend in the watch field.

For being stereotyped as cheap "made in China" products with no more advantages, Chinese enterprises feel hard to do business. Blocked by practical interest conflicts, it is lucky for us to see a batch of key enterprises to stand out with the determination to rebuild the image of "made in China". Transition road is not that optimistic, but there shall be someone to try it.

Chinese capital pours in

Looking back to 2008, countries in the world suffered from depression in the financial crisis. However, the market of China showed great vitality and saved the life of many luxury brands, which facilitated the fast development of Chinese brands. With a sound economic background, Chinese brands shall consider long-term development except for survival.

In the fair, Shang Jianguang, General Manager of Rossini announced that the day before opening of the fair, International Feixun Co., Ltd, subordinated to China Haidian Holdings Limited, acquired Eterna by CHF 22.911 million. Eterna AG Uhrenfabrik was belonging to the Porsche family, the giant of automobiles in Germany, and the factory is located in Grenchen, Solothurn. It is one of the few enterprises producing mechanical watches. Before that, Haidian purchased Codex brand in Biel, Switzerland in 2009.



Besides, FIYTA is also intended to develop high-end wristwatch market through oversea acquisition. At the beginning of last year, FIYTA acquired 100% equity of MC Company through its wholly-owned subsidiary FIYTA (Hong Kong) Co., Ltd, acquiring famous brand "Emile Chouriet". In June this year, its subsidiary Montres Chouriet SA signed factory purchase agreement with BOUCLEDOR SA, and added investment on other facilities and constructed assembly line.

As a series of traditional Swiss watch brands being successively acquired by Chinese companies, worries arose in Swiss business circle. Jean-Daniel Pasche, chairman of the Swiss Watch Industry Federation provides no clear answer, he thinks that such worries were unnecessary, "acquisition is a common phenomenon in business world, and China has acquired high watch making technology, therefore, it is unnecessary for China to take advantages from Swiss technology". He also said that



"Principally speaking, we do not care for being acquired the factory will not have big structural adjustment. But we hope that it has a long-term target, and Chinese buyers will keep investment to develop the brand."

It is not new for Chinese enterprises to do oversea investment, but such a large scale oversea acquisition is the first time among domestic horological industry. Xu Dongsheng, Director and General Manager of FIYTA, has repeatedly talked about the gap between Chinese and Swiss watch industry in history and system. Therefore, we can see the intention of Chinese enterprises to directly enhance capacity and competitiveness in design, R&D, craftwork, technology and brand, narrow the gap and raise the position in industry value chain by oversea acquisition. In order to achieve higher position in international market, Chinese brands shall realize the transition from "made in China" to "created by China".

Afterword

Reviewing the five-day "China Watch & Clock Culture Week", we feel delighted to see the change in Chinese horological industry. Such change lies not only in products, but also in the strengthened sense of responsibility to win respect for Chinese horological industry and products made in China. Participation of oversea brands and experts further enrich the market of China. It is also the expectation of organizer to "integrate essence of China and oversea nations to lead the industrial innovation and seek for mutual benefit cooperation".



Asian Movement's Development Opportunity

The 9th China Watch & Clock Summit Forum

Movement industry has gained rapid development during recent years in Asia with China and Japan as the main representatives. Most of all, China has conquered multiple highly challenged and complication movement technology. For example, the Chinese movement manufacturer Sea Gull has acquired tourbillon, perpetual calendar, minute repeater and other top movement technologies. Movement industry in Japan has created the unique quartz times, which shocked its Swiss counterparts. Seiko, a famous manufacturer in Japan, has also acquired minute repeater technology. Do China and Japan get closer to the core technology of Swiss movement? Can Asian movement industry find new opportunities for its development? On the 9th China Watch & Clock Summit Forum, senior staff from major movement manufacturers, such as Sea-Gull, Citizen and Pearl, brought an exciting dialogue on new opportunities for Asian movement industry.

Nakazawa Ryoichi (hereinafter referred to as Nakazawa): Movements of Citizen are all made in Japan and used by many Chinese manufacturers, and then are produced into watches to sold around the world. Years ago, as the rapid development of economy of four BRIC countries, including China, Japan, India and other Asian countries, our export focus turned to Asia from Europe and America.

The core of a brand not only lies in high price, but also depends on the comfortable use of general consumers. They can afford the price and we provide them with qualified products. This is also the development direction of our brand.

Many national enterprises in China keep developing forward and build their own brands. They begin to pay more attention to the significance of brand and its added value. It is also the trend of future development for enterprises to ask for more than price and quantity.

Wang Deming (hereinafter referred to as Wang): With the recovery and prosperousness of the world economy, BaselWorld in this spring will become a sign for the watch market to warm up. Horological industry will enter into a new period of rapid growth. Meanwhile, individualized consuming demand gains the momentum and drives the development direction of watch market. Except for the increased demand for mid-range mechanical watches, high-end luxury mechanical watches begin to prevail. Compared with the period before the financial crisis, there is a clear trend of technical and consuming updating, which creates a large market space for mechanical watches.

Mechanical watch industry in Asia shall observe the laws of development and industrial economy as well as the value and tradition of the industry. Meanwhile, sticking to traditions without innovation will deviate from the discipline of the industry development.

A key element supporting the brand is movement manufacturing. The key backup for manufacturing is the intellectual property right, R&D capacity and production technology. On this point, "Swiss Made" is a phenomenon worthy thinking and research for Asian horological industry.

Compared with that in Switzerland, watch manufacture in Asia is still an emerging industry. Sea-Gull Group sets a clear target for itself, that is to achieve the same level of its Swiss counterparts. "Swiss standard" is an international standard. It represents the frontier of mechanical watch industry. We shall find the gap between Swiss enterprises and us. Only in this way can we shorten the distance with world advanced standard. By setting a specific target, our enterprise can keep sustainable development and researching, and the industrial structural adjustment and technical improvement will not become a simple repeating work, but a continuous improvement.

We admire the rapid growth of Japan's horological industry, especially its technical innovation, equipment, talent and high quality. Please allow me to express my desire to cooperate with enterprises in other Asian countries to build international communication upon academic research, management talent training, technology and technical exchange.

Liu Jincheng (hereinafter referred to as Liu): Chinese movement industry for quartz watch is just on the start-up phase. During the phase, entrepreneurs in the field have spared every effort, even with the preparation for bankrupt. Without such determination to challenge technical difficulties, we can never ever make out the movement, let alone to carry it forward. For example, our enterprises have taken research in jet molding for 2 to 3 years and encounter numerous failures. We do all by ourselves using machine hands, and many things that are not found in the market. We even design the machine. We keep researching on, for example, how to make the hardware perfect? We all know that the industrial barrier is big and we take many challenges, including pre-phase assembly. Now, we mainly rely on manual work. If we want to increase the added value of our products, we shall dare to take more challenges.

There are only a few enterprises producing quartz movement in the market. Cutthroat competition will damage the industry by decreasing profit. We have done well in the industrial communication and guidance. We communicate with each other a lot on talent and market maintenance and etc..

They (Japanese and Swiss counterparts) have ordered and friendly competition. I think we have to get improvement in this aspect. Horological industry needs to take initiatives. Now, our horological industry have to enhance cooperation. Although we can not achieve cooperation upon core talent and technology and other core assets, we can share the concepts. We have the determination to strengthen the industry and the care for each other. Honestly speaking, building an enterprise is not an easy thing. We meet each other in the same industry for a reason. Therefore, we are friends rather than enemies. This is what we have to acknowledge.

Japan keeps doing researches on quartz movement but makes few breakthroughs in technology. There are still a lot to do in the functional aspect of movement. We have to put more effort in practice. Pearl Star is establishing an institute to do researches in this field.

Zhu Shunhua (hereinafter referred to as "Zhu"): Is the watch supply in Japan, including Citizen watch and movement in normal after the earthquake?

Host

Zhu Shunhua Vice President and Secretary General of Shenzhen Watch & Clock Association
Vice Chairman of China Watch & Clock Association
Vice president of Guangdong Watch & Clock Association

Guests

Nakazawa Ryoichi Business Management Director of Movement Department of Citizen Watch Co., Ltd, Japan
Lv Jun General Manager of Tianjin Sea-Gull Watch Group Co., Ltd, China
Liu Jincheng Chairman of the board of Guangzhou Panyu Pearl Clock & Watch Co., Ltd, China



Nakazawa: After the big earthquake on March 11th, our production stopped for a while. The company investigated personal injury and equipment damage status rapidly, and released an announcement to our clients immediately to disclose our situation. As a supplier, we consider it as our responsibility to ensure the commodity supply. Therefore, we have been striving to restore our production. Till now, except a part of movements, other productions are restored successfully.

Besides, except for the earthquake, the supply of our mechanical movements and multi-hand and multi-functional movements is behind requirement. We shall deal with this problem separately, and spare no effort to increase our supply.

Zhu: How many years do Chinese and Japanese movement technology fall behind Swiss movement? I was told to be above 10 years.

Wang: Chinese movement is a new industry. Since Sea-Gull began to produce watches in 1955, the industrial history of China as only capable of repairing was finished. We have only 56 years of development history. Compared with Swiss watch industry that can be dated back to 300 years ago, we are just beginners.

We respect history as well as technical innovation. Sea-Gull mechanical watch has mastered the foundation of the so-called "Big Three" and "Big Four" technologies. We launched the "three-in-one" watch, integrating in tourbillon, perpetual calendar and minute repeater in BaselWorld this year. Structurally speaking, the "Big Three" technology ranks the top level in the world. Compared to Swiss counterparts, our precision and craftsmanship, especially branding, still have a long way to go, and we shall keep learning and researching.

The reform and opening of China provides us with a good market and economic environment. I believe, the intelligence and industry of Chinese people will create an amazing speed to approach the top level, and it will be out of the imagination of western people.

Liu: Except mould, the industry in China can not compete with that of Japan. Our electronic parts, intelligent IC, including motor, saving technology and intelligent production, stability and brand image etc, still has a large gap with Japanese level.

Zhu: Citizen is a special company. It leads the market in many aspects, including mechanical watch movement, quartz movement, three-hand movement and multi-functional quartz movement. Therefore, I would like to invite Mr. Nakazawa to talk about his opinion on Chinese movement enterprise.

Nakazawa: I think mechanical movement industry in China develops fast. New products and designs keep coming out. Such a speed is beyond the capability of Japanese manufacturers. This is a big advantage for Chinese manufacturers. As far as I know, there are many colleagues in Chinese horological industry with mechanical watch or mechanical movement background, so they are rich in experience in this aspect. But with regards to "how to improve precision in mass production" proposed by President Wang, we have the same concern. It will become an important issue in the future.

The quantity of watch exported from China to the world, including Europe and America, is very large. It is a key issue to satisfy our final users. The top four brands in China have excellent brand and appearance design. With the strengthening of their brand awareness, it is not a long way for Chinese products to gain recognition in the world.

Interaction

Representatives from Hong Kong Watch Manufacturers Association: Since March 11th, the whole movement industry in the country (including Hong Kong) has suffered from great pressure. Citizen movement, including basic movement 203, was once out of supply, and the whole market fell into panic. The price of many movements was doubled in the Mainland. We found that there were problems between agent and supply chain distribution. Through much hardworking, the movement supply is now basically restored.

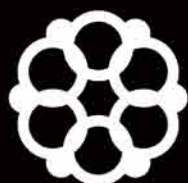
The movement panic tells us that the supply chain is not transparent enough. It causes damages to our industry and members in the earthquake. What's more, have you ever thought about reviewing your supply process, or increasing transparency of the supply chain to protect fundamental interest of customers? I hereby represent members of our association to raise the question to Citizen. Have you taken any measures to solve the problem?

Nakazawa: First of all, I want to make it clear that the current market supply of Citizen movement is multiplied compared to the beginning. 25 years ago, when Citizen started to supply movement to the market, our business communication with Hong Kong customers in watch and clock field was not so fluent, and it was impossible for us to make deal with stores. Because it was difficult for manufacturer to contact thousands of customers directly, we began to sell our movement to manufacturers through suppliers in Hong Kong. We will continue to adopt this method in future.

China was and will be a valuable market for us. We have greatly improved our collection of customer information, so we can hear more from the users. We hope the communication here (in the forum) will create a better environment for us to communicate with our users.

What's more, due to the world economic crisis in 2009, demand for movement saw a big fluctuation. It was hard for the enterprise to adjust output substantially. After the crisis, the sales volume in 2010 was amplified unexpectedly, which involved various equipment investment issues. Especially the demand for mechanical movement was doubled. We will do our best and expect our colleagues to give us more time. The question from Mr. Li provides us with a precious suggestion, and we will send the message back to our headquarters to discuss how to improve our environment.





STARKING
星皇表



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Shenzhen Clock & Watch Industrial Agglomeration Base Aggregating Industrial Effect

Horological industry is a traditional industry of Shenzhen. Through 29 years of development, Shenzhen has become one of the top three major timepiece producing areas in the world. In 2002, Shenzhen Municipal Government proposed a strategic objective of transforming traditional industry by high and new technologies, then the horological industry immediately took giving full play to the advantages of precision finishing technological advantages and the construction of international brands as the basis of development Through 6 years of hardworking, enterprises with high technological content and good brand effect have emerged in large numbers, and they contributed a lot to their core products. Among which, ten enterprises, including FIYTA, had obtained the Certificate of High and New Technological Enterprise of Shenzhen. To order to implement "Beneficial Shenzhen" development strategy, improving the competitiveness of traditional leading enterprises, building industrial agglomeration base and developing industrial groups are the primary measures to guide the traditional industrial agglomeration and to promote the improvement of traditional leading industrial technologies.

Industry agglomeration means the upstream and downstream of enterprises in the industrial chain as well as the relevant auxiliary industries and service industrial agglomeration together forming an industrial group. Industrial agglomeration enables different enterprises to share public facilities and professional technological labor resources, which will greatly save production costs and reduce the transaction and supporting facilities costs. Besides, industrial agglomeration will also create and strengthen the innovation ability.

Shenzhen Clock & Watch Industrial Agglomeration Base

Shenzhen Clock & Watch Industrial Agglomeration Base is located in the south of Guangming Central District of Shenzhen, and the base devotes itself to establishing a modern ecological and environmental horological industrial park. The planned total occupied land area is 1.15 million sqm, and the current accumulated total investment for infrastructures is RMB 150 million Yuan and eight famous enterprises have been introduced here, including FIYTA, Ebohr, Berny, Junsd, Jingrui Movement, Senfung Vacuum Plating, Geya and Ruihui.

Shenzhen Municipal Government and Guangming New District are devoting themselves to creating the clock & watch base into an ecological environmental industry agglomeration base integrating in product research and development, design, supporting facilities production, exhibition and marketing, brand promotion as well as talents cultivation.



As one of the priority regions in Shenzhen's development, Guangming New District is the core region of the high-tech clustering area in the west. It has been given the historic responsibility and strategic position of a new anchor for the high-tech industry and a new pillar for regional development of Shenzhen. It is a major gathering place for accelerated development of high-end industries and expansion of high-tech industries during the process of Shenzhen's industrial upgrading.



Introduction to Guangming District



The Guangzhou–Shenzhen–Hong Kong Passenger Line, which is about to be put into operation, has set up a Guangming Station in Guangming New District, which will considerably shorten the space–time distance between the district in question and the surrounding cities. As an important node on the Guangzhou–Shenzhen–Hong Kong 'Metropolitan Corridor', Guangming New District will be within the 'Half–an–hour Transport Circle' of Hong Kong, Guangzhou and other major cities in the Pearl River Delta.

Preferential policy for the base

Fund supporting project for the economic development of Guangming New District

1. Support for new and high industrialization project

Industrialize the research and development achievements with self-owned proprietary intellectual property rights of the enterprises. A maximum RMB 5 million Yuan of financial intermediary loan or RMB 300 thousand Yuan of loan with interest subsidies will be granted to the projects with scale production capacity.

2. Financial support for research and development project of enterprises

With regards to the state-owned enterprises or Shenzhen high and new tech. enterprises and the enterprises' proportion of investment in research and development out of the sales revenue over 3%, the enterprises will obtain a maximum RMB 300 thousand Yuan financial support for project development and research.

3. Financial support for technological innovation service platform project

The following municipal level and above units (including municipal and similarly hereinafter) within the scope of Guangming New District will obtain a maximum RMB 500 thousand million Yuan financial support in three installments, such as key laboratory, development and research center (engineering or technical center), public technical platform, public development and research platform of Guangming New District, public technical platform, public testing platform, public information service platform, Guangming New District open development and research base, Guangming New District technological enterprise incubator and accelerator etc..

4. Financial support for enterprise incubator project

A maximum RMB 200 thousand Yuan of loan with interest subsidies support will be provided for those domestic scientific research personnel or returned overseas students, who have good perspective research and development projects in accordance with the high and new tech industrial catalogue and the industrial development orientation and incubator bringing of Guangming New District (the proportion of the share held by domestic scientific researchers shall be no less than 50% of the company's share, and the proportion of the share held by returned overseas students shall be no less than 35% of the company's share).

With regards to those incubator graduation enterprises, which will graduate within three years and have realized industrialization in Guangming New District with the annual sales amount in the graduation year no less than RMB 5 million Yuan and the tax payment no less than RMB 500 thousand, the enterprises will obtain a maximum RMB 5 million Yuan financial intermediate lever loan or a maximum RMB 300 thousand Yuan of loan with interest subsidiaries.

5. Financial support for the technological transformation project of enterprises

With regards to those traditional enterprises, which make constant improvements by high and new technologies and advanced applicable technologies, promote the property and resource optimization configuration of enterprises and specialize in energy saving and consumption reduction, environmental protection, new products and informatization projects, the enterprises will obtain a

maximum RMB 5 million Yuan financial intermediate lever loan or a maximum 300 thousand Yuan loan with interest subsidiaries.

6. Financial support for exhibition economy projects

Enterprises participating in domestic economic and scientific exhibitions in the name of Guangming New District in group will obtain 50%–100% of decoration fee, exhibition fee, group organization fee as funding support according to the importance of the exhibitions, but the total financial support shall not exceed RMB 50 thousand Yuan.

With regards to those enterprises, who apply for participating all kinds of economic and technological exhibitions by themselves (excluding those enterprises participating in exhibitions in groups in the name of the New Area), if they belong to traditional advantage or high and new tech industries, they will obtain 50% of the actual decoration fee and booth fee, but the financial support that every enterprise obtain shall not exceed RMB 20 thousand Yuan.

7. Awards for the famous brands of enterprises

With regards to those enterprises with China Name-brand Products, Famous Trademark of China, and China Designated Geographic Protective Products, the enterprises will obtain a maximum RMB 200 thousand Yuan as a reward.

With regards to enterprises with the titles of Guangdong Name-brand Products of Guangdong Province, Famous Trademark of Guangdong Province and Name Enterprise of Guangdong Province, the enterprises will obtain a maximum RMB 100 thousand Yuan as a reward.

With regards to those enterprises with Food Sanitation Registration Certificates of America and EU, the enterprises will obtain a maximum RMB 50 thousand Yuan as a reward.

8. Financial support for the listing of enterprises

With regards to those enterprises, which change to be limited liability companies for listing, the enterprises will obtain a maximum RMB 100 thousand Yuan as a financial support.

With regards to those enterprises having completed teaching phase, the enterprises will obtain another financial support within RMB 200 thousand Yuan.

With regards to the enterprises listing in Shenzhen Stock Exchange (including Growth Enterprise Market) or other domestic and overseas stock exchanges, each will obtain another financial support within



RMB 700 thousand Yuan (Shenzhen Stock Exchange) or with in RMB 500 thousand Yuan (other domestic and overseas stock exchanges).

9. Awards for excellent and leading enterprises

With regards to those enterprises having obtained the awards of excellent and leading enterprises of Guangming New District, the enterprises will obtain RMB 300 thousand Yuan as a reward;

With regards to those enterprises having obtained the innovative enterprises awards of Guangming New District, the enterprise will obtain RMB 100 thousand Yuan as enterprise reward.

10. Financial supporting for agricultural development

With regards to those enterprises belonging to high and new tech agriculture, traditional advantageous agriculture as well as modern agriculture, engaging in the production, wholesale and distribution of agricultural products, the enterprises will obtain a maximum RMB 5 million Yuan financial intermediate lever loan or a maximum RMB 300 thousand Yuan loan with interest subsidies.

Enterprises entering the incubator or professional scientific and technological park by renting will obtain plant rent subsidies at the rate of RMB 3 Yuan per sqm.

Flow for acquiring the land

Foreign investment flow



Flow for acquiring project land



Economic service

Administrative examination and approval matters of Economic Service Bureau

● **Foreign investment** (total investment is less than USD 30 million)

1. Establishment of a foreign-funded enterprise

2. Change of a foreign-funded enterprise

- (1) Change (expand) business scope
- (2) Increase aggregate investment and registered capital
- (3) Extend operating term
- (4) Terminate the contract in advance or dismiss the enterprise in advance
- (5)Change the general content of contracts and articles of association of enterprises
- (6) Change stock rights
- (7) Foreign investors merge and acquire domestic enterprises
- (8) Foreign-funded enterprises amalgamate
- (9) Foreign-funded investment enterprises discrete
- (10) Reduce aggregate investment and registered capital

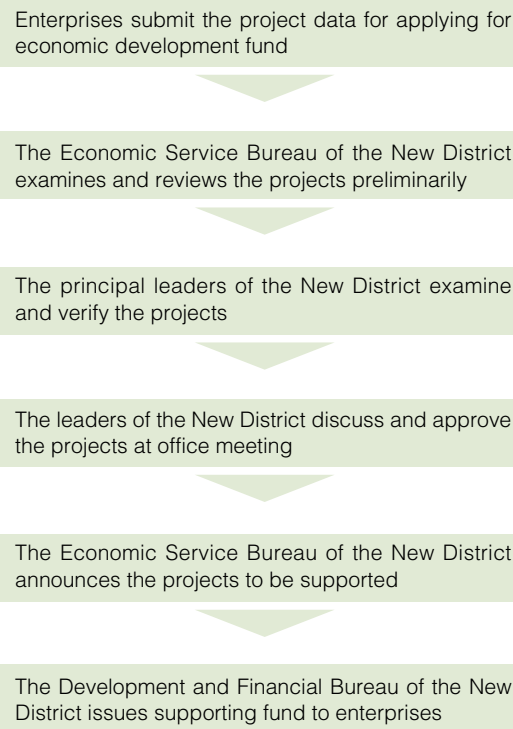
3. Other matters of foreign-funded enterprises

- (1) Change company name
- (2) Change company's legal address
- (3) Change shareholders' name
- (4) Change period of investment
- (5) Foreign investment enterprises in other areas apply for entering Shenzhen
- (6) Foreign-funded enterprises in Shenzhen apply for retreating from Shenzhen
- (7) Pledge of stock rights
- (8) Apply for reliving investors' pledge of stock rights

● **Processing trade**

- 1. Examination and approval of processing trade contract
- 2. Examination and approval of selling the processing trade bonded imported materials and parts in domestic market
- 3. Examination and approval of domestic legal enterprises engaging in foreign processing and assembly business agreement (contract)

● **Financial support for enterprises' projects (funds for economic development of Guangming New District)**



Relevant activities of the base

Enterprises were competitively bidding the land



In April 2007, the enterprises (Shenzhen Senfung Vacuum Plating Co., Ltd. and Shenzhen Ruihui Clock & Watch Co., Ltd.) were bidding for the first batch of lands in the base respectively.



In October 2008, the joint photo of enterprises (Ebohr Luxuries International Co., and Shenzhen Jingrui Movement Co., Ltd.) and the representatives of Shenzhen Watch & Clock Association in Shenzhen Land Transaction Center.

Green Declaration Ceremony of Clock & Watch Base and the Landmark Building of Ebohr Mansion



In October, 2009, the Declaration Ceremony of Green Building of Shenzhen Clock & Watch Industrial Agglomeration Base was held and it fully inflected intensive, high efficient, harmonious and ecological essence of circular economy, and built a harmonious city integrating in the nature, city and human beings.

In October 2009, the Launch Ceremony of the landmark building Ebohr Mansion in the Clock & Watch Base was held.

Commencement Ceremony

In March 2011, Commencement Ceremony for the first batch of enterprises entering into Shenzhen Clock & Watch Industrial Agglomeration Base was held.



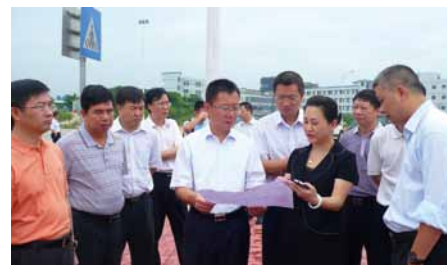
Declaration of National Demonstrating Base

In July 2011, the team discussion guided by Director Zhang Hengchun before the defense of "Declaring National Foreign Trade Transition Upgrading Demonstration Base" in Beijing.

Photos of Leaders taken when they were investigating



In July 2011, Tian Fu, Secretary of Party Labor Committee of Guangming New District, personally investigated on the base site.



In August 2011, Zhang Hengchun, Director of Management Committee of Shenzhen Guangming New District, personally investigated on the base site.



In May 2011, the leaders of Ministry of Commerce investigated the enterprise Ebohr.



In March 2011, the leaders of Ministry of Commerce investigated the enterprise FIYTA.

Historical publicity and promotion activities of the base

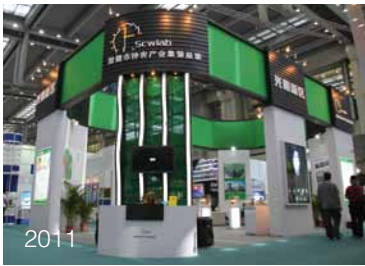
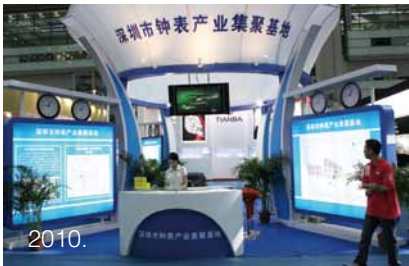
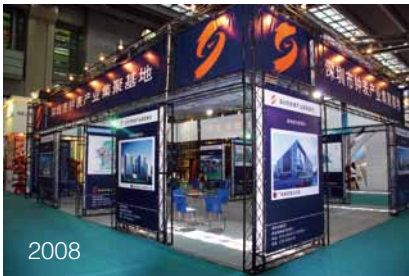
Shenzhen Clock & Watch Industrial Agglomeration Base actively participates in exhibitions held both at home and abroad every year, and it attracts the attention of many excellent brands from home and abroad through many publicity and promotion activities and promotes the intention of foreign brands to enter into the base.



Promotion Conference held in BASEL of Switzerland

In March 2009, Tian Fu, Secretary of Party Labor Committee of Guangming New Area, hosted the “Promotion Conference of Shenzhen Clock & Watch Industrial Agglomeration Base” held in BASEL of Switzerland.

Publicity and promotion activities on China Watch & Clock Fair



"Shenzhen Clock & Watch Industrial Agglomeration Base" participated in China Watch & Clock Fair in July 2008.

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"Shenzhen Clock & Watch Industrial Agglomeration Base" participated in China Watch & Clock Fair in July 2011.

Historical publicity and promotion activities on Hong Kong Watch & Clock Fair



In September, 2008, a joint photo of Wang Yi, Director of Economic and Service Bureau of Guangming New District and Zhu Shunhua, Executive Vice Chairman of Shenzhen Watch & Clock Association was taken when they were attending the publicity and promotion activity on Hong Kong Watch & Clock Fair .



In September, 2010, Tian Fu, Secretary of Party Labor Committee of Guangming New District, guided a team to participate in the publicity and promotion activity of "Shenzhen Clock & Watch Industrial Agglomeration Base" to Hong Kong Watch & Clock Fair .

Main Part of Management Operation

Shenzhen Watch & Clock Association (hereinafter referred to as SZWA) was established on January 16, 1987 and it is one of the earliest associations in Shenzhen City.

Main honors: "National Advanced Social Organization" awarded by the Ministry of Civil Affairs, "Excellent Non-government Organization of Guangdong Province" awarded by Bureau of Civil Affairs of Guangdong Province, "5A" grade of industrial association awarded by administration of non-government organization, and also the only association in Guangdong Province which has been awarded by State Intellectual Property Office as "Demonstrative Unit of Intellectual Property Protection of Guangdong Province".

Achievements: Advantage Unit of Intellectual Property of Guangdong Province; Experimental Unit of Intellectual Property of Guangdong Province.

Main business scope of association: Industry coordination, communication, training, consultation service, research and development of products, and holding economic and technological exhibition of domestic and foreign trade.

Current president of the association is Mr. Xu Dongsheng, (Managing Director of Shenzhen FIYTA (Group) Co., Ltd.), and Zhu Shunhua, executive vice president and secretary general of the association is also the legal representative.

The composition of members: nationwide enterprises specializing in the production and sales of clock & watch, parts of clock & watch, jewelries and accessories there are more than 400 member enterprises till December 31, 2010.

Regard "Gathering—Changing—Creating value for enterprises" as the vision and mission, insist on the concept of "popularization, institutionalization, internationalization and branding", gradually establish three service systems of matrix including 12 industrial service platforms: "China Watch & Clock Fair, China Watch & Clock Summit Forum, Shenzhen Watch & Clock Research Institution, Shenzhen Watch & Clock Quality Inspection Center, Watch & Clock Association Training Center, Skill Testing Authority for Watch & Clock of Shenzhen, the magazine named Shenzhen Watch & Clock (English), the magazine named Moment, information platform of China Watch & Clock —www.ewatch.cn, Information Center of Intellectual Property for Watch & Clock of Shenzhen City, Innovation Design Center for Products, Construction Center for Shenzhen Clock & Watch Industrial Agglomeration, provide the government, industry and enterprises with "practical, high efficient, innovative" service.

Public Service Platform

First, establish a comprehensive system of public service. Relying on industry, establish a service platform with Shenzhen City Watch &

Clock Research Institute as the main part, including Shenzhen Watch & Clock Quality Inspection Center, Watch & Clock Training Center Industry of Shenzhen City, Skill Testing Authority for Watch & Clock of Shenzhen, Information Platform for Watch & Clock of China, Watch & Clock Industry Library of Shenzhen City (the first one in the industry of China), Industry Innovation Design Center, etc. Supply such services as product testing, development, E-commerce, information spreading, standardization, training of talents, and intellectual property for clock & watch enterprise in every aspect and all processes. Shenzhen Clock & Watch has been published, which is the first special publication of China in Baselworld.

Second, establish a diversified foreign trade platform. Realize the combination of the two exhibitions of national horological industry; cooperate with Shenzhen International Science and Technology Business Platform on the aspects of importing advanced technology and organization and assisting enterprises in expending foreign business; sign an agreement of forging the base of head office of listed enterprise with the service centers of medium and small enterprises of the city, support the watch enterprises in the base to develop strongly; cooperate with Shenzhen Advanced Technology Institutes of Chinese Academy of Sciences, provide the enterprises in the base with research and development supports.

Third, establish Intellectual Property Protection Committee for Horological Industry. Employ overseas professional intellectual property consultant to effectively deal with dispute of intellectual property and trade friction.

Fourth, set up the first workstation for WTO affairs. Establish the early warning center of horological industry, collect and analyze the market information from home and abroad to guarantee the smooth import and export business.



Project investments of base enterprises and the rendering of factories



1. Fiyta
Fiyta got the base plot in July, 2011. The project will include Fiyta Technology Center, Precision Machining Plant, Machine Movement Assembly Plant, Production Center of Special Clock & Watch, Museum, after the completion of the project. The planning scheme is under design at present.

- 2. Ebohr**

3. Berny

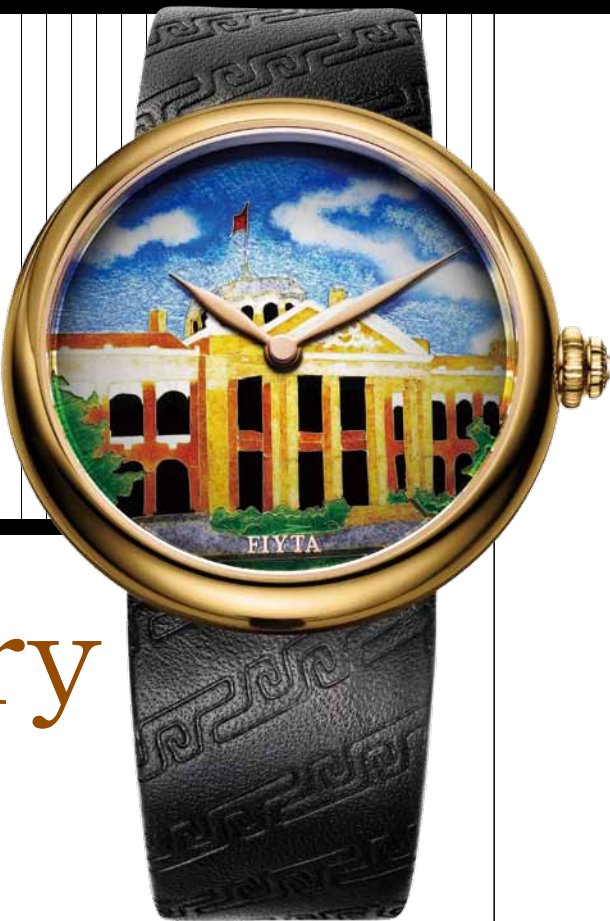
4. Starking
- 5. Ruihui**

6. Geya

7. Junsd

8. Senfung

Architecture, history, cloisonné or wrist watch, they are different approaches but equal satisfactory effects in art—all deriving from a magnificent concept and carrying superb wisdom and technique. They achieve beauty and create an ever-lasting legend.



(1)

History of E Memory Collection of Times

For Centennial Celebration of the Revolution of 1911,
FIYTA Launches the Handmade Cloisonn Wrist Watch



(2)

Collection E: different crafts,the same magnificence

FIYTA E Collection wrist watch has purely handmade cloisonné dial and FYITA creates this legendary treasure by the outstanding watch-making spirit and majestic history theme.

In March 2011, FIYTA made its presence in International Brand Hall—Dream Hall of BaselWorld and became the only international wrist watch brand from China. Meanwhile, FIYTA promoted its E Collection with the Chinese elements as background. It was based on such great themes as "Centennial Celebration of the Revolution of 1911", "Architectural Art of The Forbidden City" and "Ethnic Purity". Each theme covers 5 types of writs watch with a limited edition of 10 for each type globally.

Purely handmade craftwork arising from the fire

Handmade cloisonné ——one of the top wristwatch techniques integrating in gorgeousness and complexity

The craftsmen hand paint patterns such as "Yunnan Military Academy", "Taihe Palace" and "Ethnic Purity" etc, make filigree on the silver base plate with 24k gold wire, glaze them with different colors and burn them under such high temperature as 800~900°C. In order to achieve perfect effect, each cloisonné dial has gone through several times of burning and cooling, and then undergoes polishing to become spotless.

Colorful and unique

Various kinds of color powder condense into magnificent patterns after burning. The complexity of handmade craft and the subtle relationship between temperature and color ensure the



uniqueness of each cloisonné dial. The final product shows fire-like color and is of high resistance to color fading.

Only history can create classics

The most exquisite watch is not only featured with top technique but also of great significance. The modest buildings and faces witnessed the most thrilling historical changes.

(1) Centennial Celebration of the Revolution of 1911

The Revolution of 1911 happening 100 years ago claimed the termination of 2,000 years of imperialism in China and marked the starting of its new role in the trend of world development. The spectacular movement showed the goodness and brevity of humanity and became an epic of grandness itself.

(2) Architectural Art of the Forbidden City

The Forbidden City, as the legend in the world architecture field, is stunning in beauty with bright combination of red walls and yellow tiles, elegant appreciation of painted ridges and carved beams, elaborate layout of symmetrical pavement, proud pageantry and profound wisdoms, which create an ever-lasting cultural collection.

(3) Ethnic Purity

Beauty is something to be met by chance rather than by diligent research, just like the tender and lovely youth; Beauty is something afford for though, just like the rosy flush on the cheek.

Girls, flowers and birds, these enamored poises and charms, may be called as amorous feelings in art.



Detail shows ingenuity

Unique connection of case and band with ultra-thin Swiss manual-winding movement makes the watch lighter. The watch widely adopts 18k rose gold. The elegant color and luster shows harmonious interaction and communication between human and watch in winding movement.

The band adopts black kidskin, decorated with "F" texture of FIYTA. In European literature, such texture usually appears in the description of noble dresses, and is rarely seen in the application of watches. The softness and fineness creates comfort and elegance beyond the common level.

The crown embedded with natural gemstone draws inspiration of "Temple of Heaven".

The dial keeps silent under the smooth touch of the hands. On the oil-painting style cloisonné dial, you can see handmade textures. Cloisonné is arising from the fire, just like history, and keeps immovable as time passes by.

E Collection Configuration
Movement: super-thin manual-winding mechanical movement
Dial: handmade silver bottom and gold-rimmed cloisonné dial
Case: 18k rose gold
Glass: sapphire crystal glass
Crown: 18k rose gold embedded with natural gemstone
Strap: black kidskin (with a black oxhide band)
Buckle: 18k rose gold
Water resistant: 30m
Limited Edition: 10 watches for each type globally



Catic Jade

A Beautiful Salute to the Great Man

Hetian Jade Reserved Watch
for Chairman Mao



Shenzhen Caticjade Culture Limited is a modern enterprise promoting Chinese (Shenzhen) culture and Jade culture. Among its new products shown at the exhibition this year, there is a special and innovative one: Hetian jade reserved watch for Chairman Mao.

The watch has very bold and innovative craft design by adopting jade materials and the "red theme" (revolutionary history). The whole ring and dial is made out of Hetian grey jade, being engraved and polished by hand and embedded with stainless steel K gold case. Hour is marked by Burma ruby, decorated with 0.5 carat African white diamonds between each hour and K gold hands, showing an elegant appearance. The watch is designed with a simple, decent, and modestly luxurious style. The black green dial and case shows the mildness of jade, while stainless steel K gold case and chain provides a modern feel. The watch is water resistant within 50 meters. Except for golden head portrait of Chairman Mao and his poetry "For truly great men, we look to this age" in the 12 o'clock and 6 o'clock position, the watch is also equipped with Swiss movement, original installation process and PCT international technology patent label, which greatly increases its value for collection and appreciation.

As it is introduced, the Hetian Jade watch series also includes white jade series pocket watch and wrist watches for men and women. With delicate texture, jade watch has a high-end market, especially the exquisite



"gold and jade" pocket watch with small second hand design. The pocket watch has purified K gold case, white jade dial, and beautiful plum blossom hollow design in the back. The watch is promoted in the face of the 118 year anniversary of Mao Zedong, and is expected to raise another collection upsurge for great men wrist watch.



Haofa



Berny

Shenzhen Berny Industrial Co.,Ltd, granted with ISO9001:2000 certificate, is one of the professional watch manufacturers in China. The key products are Radio controlled watch, Automatic watch, Chronograph, Quartz Analog, Digital Watch, Athletes Watch, Digital Module, etc. On-line showroom will be updated on our webpage www.bernywatch.com. All of watches are in compliance with CE regulation and Rohs directives.



Quality products with competitive price, the most valuable personalized services, prompts BERNY to be one of the top suppliers. Moreover, Berny branded watches also distribute worldwide. Agents are wanted.



Booth No. 3E-A06

HOFEA

WENZHOU ROUNDSTAR TIMER CO., LTD



Booth No. 3E-A16

IN TIMES

SHENZHEN ININ WATCH CO., LTD.



Booth No. 3E-B17



POLIT

YIWU CHUANHUI HOROLOGE FACTORY

Booth No.3E-B08



DWG

SHENZHEN DWG WATCH &CLOCK COMPANY LIMITED

FURITIME

FURITIME (HK) LIMITED

Booth No.3E-C09



Booth No. 3E-B07

TONGQING

JIANGXI TONGQING METAL HANDICRAFTS CO., LTD



Booth No. 3E-A08

BONYUAN

BONYUAN DEVELOPMENT CO., LIMITED

BERNY

伯尼表



BERNY 深圳市伯尼实业有限公司
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WATCHSMITH

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Baojiang China owes its 28 years legendary course to one belief --- It has always upheld the sincerest maintenance service concept since 1983 when it started to develop clock and watch maintenance service in Chinese market. It is specialized in providing high-quality, comprehensive after service for Swiss and other international brands.

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Through professional procedures and technologies, we provide high-quality after services, and follow up horologe maintenance statuses for customers in efficient way with the help of our horologe maintenance and monitoring system. As one of the most forward-looking watchmakers in China's horologic maintenance industry, we will not rest contented on the past and the present situations, but will continue to invest to the latest equipment continuously, and develop the first set of horologe maintenance service system to become a leader in this industry. We will devoted to building ourselves as "The Number One Chinese Watch-making Brand" with our persistent spirit, and will keep striving towards this goal.

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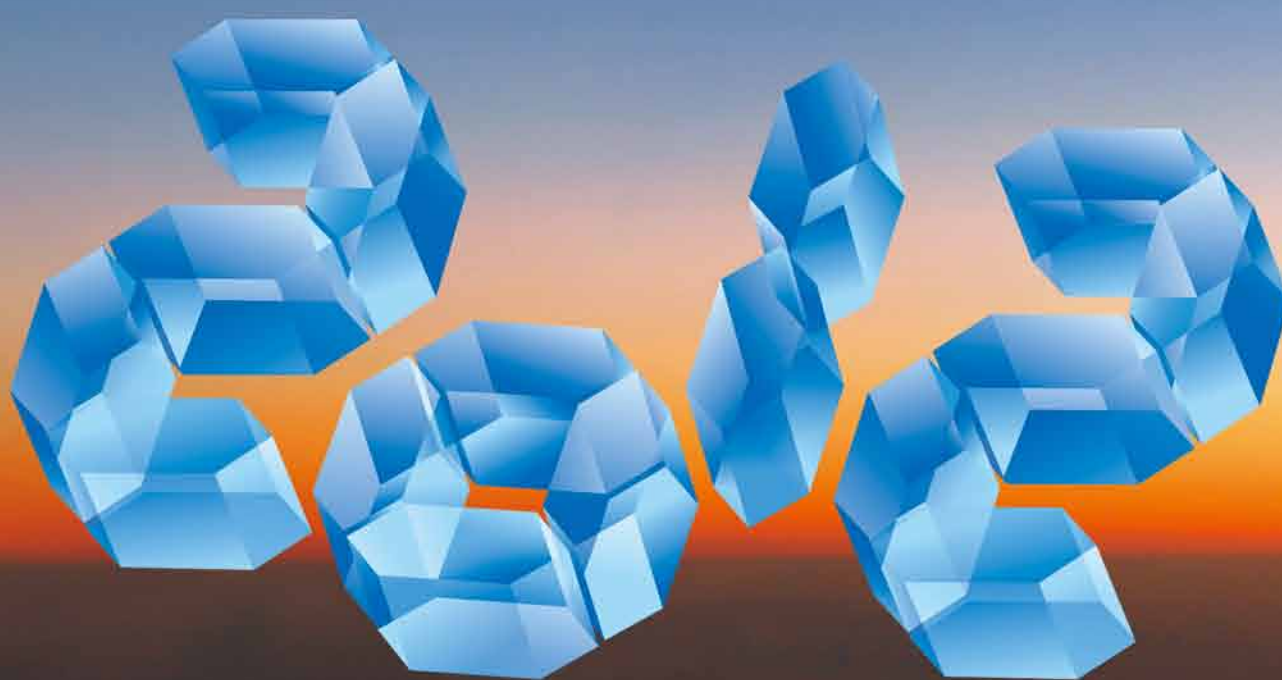
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