

To: Business Editor
[For Immediate Release]



Xinyu Hengdeli Announces 2008 Annual Results Net Profit Surged by 10.4% to RMB 488 million

* * *

Steady and Prudent Development for Maintaining Leading Position

***Adjusted business strategies in accordance with market changes
Reached 210 retail outlets***

Financial Highlights (For the year ended 31 December)			
	2008 (RMB'000)	2007 (RMB'000)	Change (%)
Sales	5,516,496	4,578,741	+20.5%
Gross profit	1,331,569	1,030,060	+29.3%
Profit for the year	488,165	442,153	+10.4%
Basic earnings per share	RMB 0.185	RMB 0.168	+10.1%

[25 March 2009, Hong Kong] Xinyu Hengdeli Holdings Limited (“Xinyu Hengdeli” or the “Company” and its subsidiaries, the “Group”; stock code: 3389), a leading enterprise engaged in retail and distribution sales of renowned international watch brands in China, today announces its annual results for the year ended 31 December 2008 (the “year under review”).

During the year under review, the Group developed its businesses healthily and achieved a steady growth in results. For the year ended 31 December 2008, the Group’s sales amounted to RMB 5,520 million, representing an increase of 20.5% over last year. Gross profit and profit for the year were approximately RMB 1,330 million and RMB 490 million respectively. Basic earnings per share increased by 10.1% over last year to RMB0.185. The Board recommends the payment of a final dividend of RMB 0.056 per share for the year ended 31 December 2008.

Chairman of Xinyu Hengdeli, Mr. Zhang Yuping, said “2008 was a year full of changes and challenges. China’s economy maintained a strong growth momentum during the first half of the year. However, it experienced a downturn triggered by the global financial crisis in the second half of the year, which brought serious challenges to the consumer products market in the PRC. Leveraging on our extensive experience, the Group swiftly implemented a host of measures including timely adjustment of its business strategies and pace of expansion as well as further strengthening the risk management and internal control. We proactively responded to various challenges and were able to record a steady business growth during the year under review.”

During the year under review, the Group expanded its retail network steadily through acquisition, opening of its own outlets and brand outlets together with brand suppliers in accordance with market changes. The Group operated a total of 210 retail outlets in the mainland of China, Hong Kong and Taiwan, representing an increase of 44 retail outlets over last year. Sales results remained upbeat with the sales of retail business grew by 22.8% over last year to RMB3,740 million, representing 67.8% of the Group’s total sales. The gross profit of retail business grew by 37.2% over the previous year about RMB1,080 million, representing 81% of the Group’s total gross profit.

~ more ~

It has always been the Group's mission to continuously enhance its retail network to cope with market development. During the year under review, the Group timely adjusted its retail network to maintain the quality of retail network. With the mainland of China's growing economy, Prime Time, which sells middle to high-end brand watches, focused on the strategy of "strengthening and maintaining its market share in the first tier cities, while committed to expanding into the second tier cities and selectively explore the business potential in the third tier cities". During the year under review, the Group has established new outlets of Prime Time in Urumqi, Fushun, Chengdu, Chongqing, Suzhou, Wuhan and Yangzhou. In addition, the Group has acquired Wuxi Zhongbai Watch Company and renamed it as Wuxi Prime Time, strengthening its businesses in eastern China region.

The Group owned a total of 12 Elegant shops during the year under review, of which three shops are located in Hong Kong while the other nine shops are operated in the mainland of China. The business of Hong Kong Elegant continued to maintain fast growth during the first three quarters and remained to be growing steadily in the fourth quarter. Regarding the Elegant shops in the mainland of China, six new Elegant shops achieved satisfactory business development. As the Elegant flagship stores of the Group, the premises of Beijing Wangfujing Danyao Shop and Taiyuan Flagship Shop are also owned by the Group. Located in the busiest Pedestrian Street, Beijing Wangfujing Danyao Shop has a total floor area of over 7,000 square feet, offering various worldwide premier brands.

The Group maintained solid relationship with numerous renowned brand suppliers worldwide, including SWATCH, LVMH Group, RICHEMONT Group and ROLEX Group, distributing more than 50 internationally acclaimed brands from these brand suppliers. In addition, the Group has partnered with brand suppliers to establish high-end brand outlets. During the year under review, the Group expanded its foothold to Taiwan for the first time by establishing an Omega brand outlets jointly with the brand supplier. As at 31 December 2008, the Group operated a total of 38 brand outlets.

In respect to customer services, the Group established more than 20 new maintenance service stations and maintenance points nationwide as well as created "4008 Xinyu Hengdeli Customer Services Hotline" to provide timely and promptly consultation and real time services to customers during the period under review. Besides, the Group has currently obtain licensed maintenance rights for 38 international watch brands in China including the newly exclusive maintenance rights of four world's renowned brands obtained during the year under review, namely Frederique Constant, Celine, French-based trendy jewel brand Fred and Swiss-based Victorinox.

Following the acquisition of the international well-known brand OMAS last year, the Group redefined its business strategies and business positioning by expanding its product portfolio from writing instruments to other high-end goods, commencing strong marketing activities in the mainland of China as well as speeding up its expansion efforts in the mainland of China. As at 31 December 2008, OMAS has opened 23 outlets in the mainland China, including Beijing, Shanghai, Nanjing, Shenyang, Zhengzhou, Hangzhou, Suzhou and Wuxi, which recorded steady growth in sales.

In addition to retail business, the Group's distribution business performed well. The Group has established an extensive distribution network with more than 300 wholesale customers over 40 cities in China. It distributes and exclusively distributes numerous renowned brand watches in the world. During the year under review, the Group has newly obtained the exclusive distribution rights of Frederique Constant and Celine in the mainland of China.

Furthermore, the Group continued to strengthen the internal management of its ancillary business subsidiary, Guangzhou Artdeco, with the aims of maintaining stringent cost control and upholding its product quality. Guangzhou Artdeco has established long-term relationship with various renowned brand manufacturers worldwide such as Omega, Rolex, Tudor, Rado, Longines, Tissot and Ernest Borel. This has provided strong supports for the steady development of the Group's principal retail business.

~ more ~

Looking ahead, Mr. Zhang said, “The world’s economy in 2009 is not optimistic. The economy of China will also enter into its phase of adjustment. However, with the policies implemented by Chinese government in stimulating domestic demand, in particular the consumption sector, the Group believes that China is still one of the promising markets with substantial potential in the world. As such, China will continue to be the Group’s targeted market. The Group will further establish and enhance its retail network, so as to build up a sound business platform in the Greater China region. We will continue to optimize the retail outlets and strive to enhance the brand images of our three-tier retail network, namely “Elegant”, “Prime Time” and “TEMPTATION”. Meanwhile, we will continue to strengthen our brand portfolio as well as enhancing our customer services system and the ancillary production business.”

Mr. Zhang concluded, “With international watches brand as the core focus, the sales distribution of middle to high-end consumer goods will remain as the direction for the Group’s business development in 2009. In light of new economic environment, the Group will continue to adopt sound financial management policies, take on a prudent approach for business operation in accordance with market changes, as well as strengthening its risk management and corporate governance, in an effort to maintain a steady development and reward our shareholders for their long-term care and support to the Group.”

~ End ~

Appendix

Turnover Breakdown by Business

	For the year ended 31 December			
	2008		2007	
	RMB'000	%	RMB'000	%
Retail Business	3,742,367	67.8	3,048,755	66.6
Wholesale Business	1,631,916	29.6	1,439,980	31.4
Customer Service and Ancillary Business	142,213	2.6	90,006	2.0
Total	5,516,496	100.0	4,578,741	100.0

About Xinyu Hengdeli Holdings Limited

Xinyu Hengdeli Holdings Limited is the largest enterprise engaged in retail and distribution sales businesses of renowned international watch brands in China. The Group's strategic shareholders include the global largest watch manufacturer and distributor Swatch Group and the global largest luxury product Group LVMH Group.

The Group owns an extensive retail network included Xinyu Elegant (the international high-end watch), Xinyu Prime Time (international middle-to-high end watch), TEMPTATION (fashion high-end watch) and brand outlets. As at 31 December 2008, Xinyu Hengdeli had an extensive sales network of 210 retail outlets in the mainland of China, Hong Kong and Taiwan, through which it distributed over 50 renowned international watch brands. In its wholesale business, Xinyu Hengdeli serves approximately 300 wholesale customers in over 40 cities in the PRC.

As an integral part to the retail business, the Group possesses a customer service company which provides professional after-sale services to our customers. The Group's ancillary production company also provides strong support for its principal business.

The Group has maintained good relationships with numerous brand suppliers of internationally famous watches, including the SWATCH Group, the LVMH Group, the RICHEMONT Group and the ROLEX Group. The Group is also the distributor of numerous internationally renowned watch brands. With the acquisition of international luxury goods brand Omas, the Group now owns renowned Swiss watch brands like Nivada, Olma etc.

Xinyu Hengdeli has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since September 2005 with stock code 3389. The stock name is Xinyu Hengdeli for short.

Issued by Porda International (Finance) PR Co., Ltd. for and on behalf of **Xinyu Hengdeli Holdings Limited**. For further information, please contact:

Porda International (Finance) PR Co., Ltd.

Ms. Helen Chung
Ms. Kelly Fung
Fax : 3150 6728

Tel : 3150 6730 / 9585 5027
Tel : 3150 6763 / 9289 2974

Email : helen.chung@pordafinance.com.hk
Email : kelly.fung@pordafinance.com.hk