

To: Business Editor  
[For Immediate Release]



**Xinyu Hengdeli Holdings Limited**  
**新宇亨得利控股有限公司**

**Xinyu Hengdeli Announces 2008 Interim Results**  
**Net Profit Surged by 63.4% to RMB 237,605,000**

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*Proactively strengthened and expanded retail network to 190 outlets*

| <b>Financial Highlights (for the six months ended 30 June)</b> |                  |                  |               |
|--|------------------|------------------|---------------|
|  | <b>2008</b>      | <b>2007</b>      | <b>Change</b> |
|  | <b>(RMB'000)</b> | <b>(RMB'000)</b> |               |
| Sales  | <b>2,725,609</b> | 1,921,606        | <b>+41.8%</b> |
| Gross profit   | <b>664,715</b>   | 410,797          | <b>+61.8%</b> |
| Profit attributable to equity shareholders                     | <b>237,605</b>   | 145,386          | <b>+63.4%</b> |
| Basic earnings per share                                       | RMB 9.6 cents    | RMB 5.9 cents    | <b>+62.7%</b> |

[27 August 2008, 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 announced its unaudited interim results for the six months ended 30 June 2008 (the “period under review”).

During the period under review, the Group recorded satisfactory results by proactively developing its retail and other businesses in the mainland China and Hong Kong. For the six months ended 30 June 2008, the Group’s sales amounted to RMB 2.725 billion, representing an increase of 41.8% as compared to the corresponding period of last year. Gross profit, profit attributable to equity shareholders and basic earnings per share were RMB 664 million, RMB 238 million and RMB 9.6 cents respectively, up by 61.8%, 63.4% and 62.7% over the same period last year. The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008.

**Commenting on the interim results, Chairman of Xinyu Hengdeli, Mr. Zhang Yuping,** said “Leveraging on the sound economic environment in the mainland China and Hong Kong, the Group achieved promising results by enhancing operational management, proactively expanding and strengthening retail network, enhancing customer service, as well as extending product lines and optimizing distribution brand portfolio.”

During the period under review, the Group had been dedicated in the development of its retail network. As at 30 June 2008, the Group operated a total of 190 retail outlets in the mainland China and Hong Kong, an increase of 57 retail outlets over the same period last year. The sales and gross profit of its retail business grew by 40.8% and 62.4% to RMB1.889 billion and RMB 547 million respectively, representing 69.3% of the Group’s total sales and 82.3% of the total gross profit.

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The Group currently owns 11 Elegant shops, of which three are located in Hong Kong and eight are in the mainland China. During the period under review, the business of Hong Kong Elegant grew rapidly. The five newly established Elegant shops in the mainland China also achieved satisfactory results. Occupying a total floor area of over 7,000 square feet, Beijing Wanghujing Shop is one of the Group's Elegant flagship stores, offering a wider range of premium worldwide brands. In the first half of 2008, the Group started to expand its business to Taiwan market with planning to open chain outlets in selling international renowned watches.

With the growing Chinese economy and increasing living standard among citizens, the second- and third-tier cities have become areas with high growth potential for the consumption of luxury products. During the period under review, the Group proactively expanded its retail network in the second- and third-tier cities while maintaining its leading position in the first tier cities. The Group was able to achieve breakthrough on this front with new stores opened in Urumqi, Fushun, Chengdu, Chongqing, Suzhou, Wuhan and Yangzhou.

The Group continues to maintain solid relationship with numerous renowned watch manufacturers worldwide, including SWATCH, LVMH Group, RICHEMONT Group, ROLEX Group and DESCO Group, distributing more than 50 internationally acclaimed brands from these brand suppliers. In addition, the Group has also partnered with brand suppliers to establish high-end brand outlets. As of 30 June 2008, the Group operated a total of 27 brand outlets.

Following the acquisition of the international well-known brand OMAS last year, the Group redefined its business positioning by expanding its product portfolio from writing instruments to other high-end leather goods. As of 30 June 2008, OMAS has opened 15 shops in the mainland China, including Beijing, Nanjing, Wuxi, Zhengzhou, Hangzhou and Suzhou with steady growth of sales recorded.

The Group strives to provide superior after-sale services to its customers. During the period under review, the Group established more than 20 new maintenance services stations and points, and has successfully obtained the exclusive maintenance rights of two world's renowned brands in China, namely FRED, a stylish jewel brand from France and Victorinox from Switzerland. As of 30 June 2008, the Group has licensed maintenance rights for 36 international watch brands.

The Group continued to strengthen the internal management of its ancillary business subsidiary, Guangzhou Artdeco, with the aims of maintaining stringent control production costs 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. Hence, the sales from ancillary business increased by 73% as compared to the same period last year.

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Looking ahead, Mr. Zhang concluded, "The Group is optimistic to the outlook of mid-to-high-end consumer product market in China. With international brand name watches remains as our core focus for future development, the Group will actively pursue business opportunities in the distribution of high-end consumer products. With respect to the expansion of retail network, the Group will continue to heighten its presence in the second- and third-tier cities by riding on its leading market position in the first tier cities. The Group will also enhance its retail business management by optimizing the structure of its three retail network and strengthening operational management. In addition, the Group will further develop own brands, improve customer services as well as developing the watch-related ancillary business in order to enhance the Group's profitability. We are confident that with the continuous enhancement of our corporate image, the Group is able to solidify its leading position in mid-to-high-end watches industry."

### **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) and TEMPTATION (fashion high-end watch). **Xinyu Hengdeli** had an extensive sales network of 190 retail outlets in the mainland China and Hong Kong, 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.

The Group has maintained good relationships with numerous brand suppliers of internationally famous watches, including the SWATCH Group, the LVMH Group, the RICHEMONT Group, the ROLEX Group and the DESCO Group. The Group is also the distributor of 21 internationally renowned watch brands. With the acquisition of international luxury goods brand Omas, the Group now owns renowned Swiss watch brands like Nivada, Olma, Numa Jeannin 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.

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

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**Appendix:**

**Analysis of Turnover by Business**

|  | <b>For the six months ended 30 June</b> |              |                  |              |
|--|---|--------------|------------------|--------------|
|  | <b>2008</b>                             |              | <b>2007</b>      |              |
|  | <b>RMB'000</b>                          | <b>%</b>     | <b>RMB'000</b>   | <b>%</b>     |
| <b>Retail Business</b>                         | <b>1,889,420</b>                        | <b>69.3</b>  | <b>1,341,816</b> | <b>69.8</b>  |
| <b>Wholesale Business</b>                      | <b>768,375</b>                          | <b>28.2</b>  | <b>553,026</b>   | <b>28.8</b>  |
| <b>Customer Service and Ancillary Business</b> | <b>67,814</b>                           | <b>2.5</b>   | <b>26,764</b>    | <b>1.4</b>   |
| <b>Total</b>                                   | <b>2,725,609</b>                        | <b>100.0</b> | <b>1,921,606</b> | <b>100.0</b> |