

To: Financial Editor
【For Immediate Release】



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

Xinyu Hengdeli Announces 2007 Annual Results Profit for the year surges by 107.0% to RMB442,153,000

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*Major initiatives to expand retail network:
Number of retail shops rises 70 to 166*

Financial Highlights (for the year ended 31 December)			
	2006 (RMB'000)	2007 (RMB'000)	Change
Sales	2,404,699	4,578,741	+90.4%
Gross Profit	562,904	1,030,060	+83.0%
Profit attributable to equity shareholders of the company	199,101	417,523	+109.7%
Basic Earnings per share	RMB 0.09	RMB 0.168	+86.7%

[23 April 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 wholesale sales of renowned international watch brands in China, announced its annual results for the year ended 31 December 2007 (the “year”).

The Group recorded satisfactory results for the year ended 31 December 2007, with sales reaching approximately RMB 4,578,741,000, a rise of 90.4% compared to the previous year. The Group’s gross profit, profit attributable to equity shareholders of the company and basic earnings per share were approximately RMB 1,030,060,000, RMB 417,523,000 and RMB 0.168 respectively, representing respective increases of 83.0%, 109.7% and 86.7% compared with 2006. The Board of Directors has proposed payment of a final dividend of RMB 0.060 per share.

Chairman of Xinyu Hengdeli, Mr. Zhang Yuping, said “During the year, the Group worked both to optimize its existing retail network and extend it by various means. At the same time, we expanded our core product lines and enhanced our service quality. We also realigned our brand agency and distribution structure to stay abreast of market trends, improved our operational management, and enhanced sales revenues of individual retail outlets. All these were initiatives that helped us expand our business and kept it growing steadily and rapidly.”

During the year, the Group undertook a number of initiatives for expanding its retail network. These included the setting up of a joint-investment retail company with brand suppliers in Wuhan, Suzhou and Xinjiang Urumqi, thus expanding the number of its retail outlets in the PRC. The Group also opened a number of top integrated shops with unique characteristics and brand name boutique shops. During the year, the number of the Group’s retail shops increased from 96 to 166, which was above its present target.

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During the year, the Group realized retail sales of RMB 3,048,755,000, increased by 123.7% over last year and accounted for 66.6% of the Group's total sales. Retail gross profit is RMB 785,895,000, increased by 109.5 % over last year and accounted for 76.3% of the Group's aggregate gross profit.

The Group and Swatch Group established a jointly-invested retail company in the PRC during the year. The company mainly operates boutiques of watches, jewelry and other related accessories of the Swatch Group. The Group and the Swatch Group undertakes collectively to fully expand the retail network of the jointly-invested company. The establishment of such retail company further deepened the collaboration between the Group and the Swatch Group. Through capital investment and full utilization of resources from both parties, a holistic operation relationship in the PRC retail market is formed.

During the year, the Group set up a jointly-invested retail company in Wuhan and Xinjiang to extend its retail reach to the central and western regions of the PRC. The Group acquired the entire interests of Beijing Century Yingdi Trading Ltd. which owns retail outlets located at the prosperous areas of Kunming, Nanning, Guiyang and Chengdu.

The establishment of the jointly-invested retail company in Wuhan and Xinjiang together with the acquisition of Beijing Century Yingdi represents the Group's initial step to penetrate into the central and western part of the PRC. With the PRC government constantly push on and deepen its policy to develop the west and central regions, the Group believes that the retail expansion thereof will bring in better results, under which the Group's retail network of middle-to-high-end watch will be further strengthened and our earnings will be increased, ultimately bringing satisfactory return to our shareholders.

During the year, the Group acquired the majority interest of Suzhou Xinyu Shijia Watch Ltd.. The acquisition of Suzhou company facilitates the Group to enhance and strengthen the retail network of eastern China areas which provide the Group with additional point of growth.

During the year, the business of Hong Kong Elegant Group recorded a more steady but rapid growth. When compared with the corresponding period of last year, the sales and profit of Hong Kong Elegant both recorded a growth of more than 40%. The development in Hong Kong has complemented the advantages of the Group's business in the PRC, thereby effectively safeguarding the profit of the Group. Meanwhile, "Xinyu Elegant" extended its geographical coverage into the PRC. During the year, the Group establish two "Elegant" shops in the PRC. The two shops are of over 1,000 m² in size and distribute a variety of high-end watch brands. During which time, the business interaction between Hong Kong and the PRC have emerged that facilitate the sales and profit growth of both market.

During the year, the Group established a number of new brand boutique shops. To date, the Group owned 24 brand boutique shops. Establishment of these brand boutique shops for international high-end watches not only met the enormous demand for high-end watches in China market, but also strengthen the relationship with various brand suppliers, enabling the Group to win an even greater business opportunity.

During the year, the Group had newly introduced the following high-end watches and jewelry brands: Glashutte, Jaquet Droz, IWC from Swatch Group, and Roger Dubuis, Van Cleef Arpels and Greubel Forsey from the Richemont Group. The introduction of these new brands was intended to enhance and optimize the structure of its brand distribution business in response to market demand, and also to further increase market share in high-end consumer goods market, so as to create new sources of profit growth for the Group.

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During the year, further cooperation between the Company and the LVMH Group had taken place through our acquisition from the LVMH Group of 90.1% interests in its Italian entity Omas. With this acquisition, the Group's business had been diversified into other luxury goods segment beyond watches. At the same time, the acquisition marked a step forward on the cooperation between the Group and the LVMH Group, and was also deemed an important move in building up the Group's international presence.

The Group has always focused on the provision of premium after-sale services. In light of this, during the year, the Group established "repair and maintenance service centres", "repair service stations" and "repair service points" as a three-tier customer service network, offering a full range of service to customers in a well-regulated and scientific manner, thereby our customers with best assurance in service quality.

The Group's wholly-owned subsidiary, Guangzhou Artdeco Decorating and Packaging Co. Ltd., managed to record rapid development during the year with the production of related ancillary products of watched had commenced in full scale. The full year results of the operation registered substantial growth.

The Group has maintained good relationships with numerous brand suppliers of internationally famous watches, which include the Swatch Group, the LVMH Group, the Richemont Group, the Rolex Group and the Desco Group. The Group was the wholesalers of 19 internationally renowned watch brands (included the groups whose names being mentioned above), of which 17 brands were distributed under an exclusive basis, including Jaeger-LeCoultre, Zenith, TAG Heuer, Audemars Piguet, Carl F. Bucherer, Maurice Lacroix and Christian Dior.

During the year, the Group achieved stable and healthy development in wholesale business. At present, the Group has more than 300 customers in over 40 major cities in China. The status of the exclusive distributor for many international brands and the extensive customer network it owned illustrated the trust and full support of the brands towards the Group.

The Group had acquired the international luxury good brand Omas. It was also the owner of such renowned Swiss watch brands like Nivada, Olma, Numa Jeannin etc.

Facing the future, **Mr. Zhang** concluded, "With international famous watches as the basis, component distribution of high-end consumer goods will be the future direction for the Group. Under the background of a favourable economic environment, the Group brings its advantages into full play, expanding retail network, consolidating and improving the retail management system. We expect the number of retail stores to reach no less than 220 in 2008. Under the principle of limited diversification, the Group will keep up the product line expansion in high-end consumer goods. We control the retail channel and continue to raise the standard of value service at the same time. The Group will also continue to maintain good relationship of cooperation with brand suppliers. With the improvement of services and management level to international operational level, the Group brings shareholders and the society with greater benefit."

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About Xinyu Hengdeli Holdings Limited

Xinyu Hengdeli Holdings Limited (“**Xinyu Hengdeli**” or the “**Company**” and its subsidiaries, the “**Group**”; stock code: **3389**) is the largest enterprise engaged in retail and wholesale sales of renowned international watch brands in China. The global largest watch manufacturer and distributor Swatch Group, the global largest luxury product Group LVMH Group and an investment company of Singapore government Temasek are the strategic shareholders of the 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 166 retail shops in the PRC and Hong Kong, through which it distributed approximately 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 had 1 customer service company and 1 decorating and packaging company, providing excellent after sale service to customers and expanding related extended products effectively.

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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:

Porda International (Finance) PR Co., Ltd.

Ms. Kelly Fung Tel: 3150 6732 / 9289 2974
Ms. Fiona Ko Tel: 3150 6750 / 6025 0533
Fax : 3150 6728

Email: kelly@pordafinance.com.hk
Email: fiona@pordafinance.com.hk

Appendix

Analysis of Turnover by Business

	For the year ended 31 December			
	2006		2007	
	RMB'000	%	RMB'000	%
Wholesale Business	1,362,863	56.7%	3,048,755	66.6%
Retail Business	1,024,507	42.6%	1,439,980	31.4%
Customer Service and Ancillary Business	17,329	0.7%	90,006	2.0%
Total	2,404,699	100.0%	4,578,741	100.0%