



**新宇亨得利控股有限公司**

XINYU HENGDELI HOLDINGS LIMITED

**To: Business Editor**  
**【For Immediate Release】**

**Memorandum of Understanding between Xinyu Hengdeli and Swatch Group**

**~ Establishment of Retail Joint Venture Expansion of China Retail Network ~**

[15 May 2007, Hong Kong] **Xinyu Hengdeli Holdings Limited** (“**Xinyu Hengdeli**” or the “**Group**”; stock code: **3389**), a leading group engaged in retail and wholesale sales of prestige watches in the PRC, today announced its co-operation with the Swatch Group through the signing of a Memorandum of Understanding with its subsidiary “The Swatch Group (HK) Ltd” in Shanghai. The Memorandum provides for the two parties to establish a retail joint venture that will expand the retail network for Swatch watches & accessories of the Swatch Group in the PRC.

Pursuant to the agreement, Xinyu Hengdeli will jointly invest with the Swatch Group (HK) to establish a retail company ( “the Company”) in Shanghai in the near future. Each party will hold a 50% share. The Company will operate concessionaires which will mainly sell Swatch watches, accessories and other related ornaments. Xinyu Hengdeli and the Swatch Group have agreed to establish a retail network for the joint venture as soon as possible.

Mr. Zhang Yu Ping, Chairman of Xinyu Hengdeli Holdings Limited, said: “This agreement establishes a closer bond between Xinyu Hengdeli and the Swatch Group, as the two parties fully utilize their resources to strengthen relationship in the China retail market. Xinyu Hengdeli is a major importer of high-end watches and the country’s biggest retailer and distributor, and possesses an experienced sales team and excellent resources. The Swatch Group is a world-famous watch manufacturer and distributor with internationally experienced management. Given the current robust state of China’s economy, the co-operation of the two parties promises to move the watches and accessories market a significant step forward.”

Mr Zhang further commented, “China’s economy is currently progressing very well. As a market leader in retail sales and a major distributor of watches and accessories, with strong relationships with suppliers and retailers, we are looking to further expanding our distribution network in the PRC. Meanwhile, China ‘A’ Shares in China are moving towards a stage of full maturity. At an appropriate time, we will consider returning to the China ‘A’ Shares market to expedite the company’s long-term development.”

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**Background Information on Xinyu Hengdeli**

**Xinyu Hengdeli** is a retailer and distributor of high-end Swiss watches in the PRC, and is listed on the Main Board of the Stock Exchange of Hong Kong Limited. **Xinyu Hengdeli** has established solid relationships with the world's leading brand-owners, including the Swatch Group, the LVMH Group, the Richemont Group, the Rolex Group and the Desco Group. The Group currently distributes 19 internationally renowned brands, including 17 top brands under exclusive distribution licenses. Xinyu Hengdeli also sells watches under its own brands: NIVADA, OLMA and NUMA JEANNIN. The Group has an extensive sales network. Currently it has **99** retail outlets in prosperous cities in the PRC, distributing around 50 world-renowned watch brands. In addition, it has approximately 300 wholesale customers from more than 40 cities across the PRC. In July 2006 the Group successfully acquired Elegant International Holdings Limited, which has four high-end international watch retail outlets located in Hong Kong. The Swatch Group (Hong Kong) is a strategic shareholder of Xinyu Hengdeli; it is a corporate member of the Swatch Group Limited, the world's largest watch manufacturer and distributor. Temasek, an investment company owned by the Singaporean government, is the second largest shareholder of the Group, while LVMH Group holds over 7% of the Group's shares.

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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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