



新宇亨得利控股有限公司

XINYU HENGDELI HOLDINGS LIMITED

To: Business Editor
[For Immediate Release]

Xinyu Hengdeli Announces 2007 Interim Results: Excellent Profit Growth, Retail Shops Increase in Number to 133

Financial Highlights (For the six months ended 30 June)			
	2007	2006	Change
	(RMB'000)	(RMB'000)	(%)
Sales	1,921,606	907,668	+111.7%
Gross Profit	410,797	224,366	+83.1%
Operating Profit	220,238	113,285	+94.4%
Profit for the period	155,898	70,147	+122.2%
Profit per share	RMB0.06	RMB0.03	+50%

[5 September 2007, Hong Kong] Xinyu Hengdeli Holdings Limited (“Xinyu Hengdeli” or the “Group”; stock code: 3389), a leading enterprise engaged in retail and wholesale sales of renowned international watch brands in China, today announced its interim results for the six months ended 30 June 2007 (the “period”).

With China’s economy continuing to grow at a rapid rate, the Group grasped the huge opportunities in the high-end watch market and vigorously implemented expansion strategies within its retail and wholesale businesses. As a result, all the Group’s operations performed outstandingly during the period ending 30 June 2007, achieving encouraging results that exceeded projected targets. For the six months ended 30 June 2007, the Group’s sales, gross profit, operating profit and profit for the period amounted to approximately RMB1,921,606,000, RMB410,797,000, RMB220,238,000, and RMB155,898,000 respectively. Profit per share was RMB0.06, an increase of 50% over profit per share for the same period in 2006.

This strong growth in the Group’s sales and profits was mainly attributable to the Group’s ability to leverage China’s flourishing economic situation, its energy in expanding its retail network in China and overseas, and its commitment to meeting the needs of the market in order to regulate the structure of agent and retail brands. It was also able to improve sales performances at individual retail stores, strengthen its operations management, and lower its management costs.

Xinyu Hengdeli continues to maintain close relationships with all its brand suppliers. During the period under review, the Group signed a memorandum with Swiss company the Swatch Group Limited to establish a joint venture retail company in Mainland China. The memorandum will see the two parties mutually operating exclusive stores specializing in fashionable high-end items including high-end watches, jewellery and related accessories of the Swatch Group.

The Group also signed a distribution agreement with the LVMH Group to become exclusive distributor in Mainland China, Hong Kong, Macau, and Taiwan of all products of OMAS, a renowned international brand of the LVMH Group, including high-end writing instruments and leather goods.

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The Group continued with its commitment to enhancing its customer service facilities. During the period under review, the Group formally established a customer service company designed to provide customer service for Mainland China and Hong Kong, further improving coverage of its interactive customer service network across the Greater China region. Currently, the Group holds authorized repair maintenance rights for 34 brands, indicating the respect in which its maintenance and customer service system is held by brand owners.

In the retail field, the Group is committed to reinforcing its retail network. During the period under review, the Group concentrated on developing its retail network in the central and western parts of China, with a particular focus on Wuhan. It further consolidated its relationships with brand suppliers and retailers, and cooperated with brands such as Omega and TAG Heuer to establish six exclusive brand boutique shops. It also introduced Swatch and Richemont Group brands of high-end watches and jewellery, including Glashutte, Jaquet Droz, IWC, Roger Dubuis, Van Cleef Arpels, and Greubel Forsey, with the aim of enlarging its share of high-end markets and locating new sources of profit growth for the Group. Moreover, the segmentation of brands which started Xinyu Elegant, Prime Time and Temptation has been shaped. After a process of expansion, adjustment and consolidation, the Group increased the number of its retail shops to 133 in the period under review, an extra 46 compared to the number at the same time last year, at a rate of expansion that was considerably greater than the rate specified in the Group's development plan. The Group achieved sales of RMB1,341,816,000 during the first half of the year, an increase of 195.7% over the corresponding period last year. The proportion of retail profit to the Group's total profit was 69.8%, which was a raise of 19.8% compared to the corresponding period last year.

During the period under review, the Group was distributor for a total of 20 international brands, of which 18 were on an exclusive basis. These brands included products such as high-end watches, leather goods and writing instruments. Meanwhile, the Group's wholesale business enjoyed stable and robust growth: currently it has over 300 wholesale customers in over 40 cities across China. As exclusive distributor for numerous international brands, and owner of a huge wholesale network, the Group has won the trust and full support of its brands.

During the period under review, the Group also launched production of various watch-related ancillary products, improving the Group's image and marking out a new profit-growth opportunity.

Chairman of Xinyu Hengdeli, Mr. Zhang Yuping, said "A memorandum was signed with the Swatch Group in establishing a joint venture retail company, and our signing of an agreement with LVMH to become an exclusive distributor of its OMAS brand, each show how close is the Group's relationship with leading brand suppliers. We are continuing to explore markets for luxury goods besides watches, such as jewellery for example."

Mr. Zhang expressed strong confidence in the Group's future, saying, "Based firmly in the distribution of international brand name watches, the Group is now planning to focus its future development on complementary activities such as the distribution of related high-end products. These will include watches, jewellery, leather goods, and writing instruments, amongst others. The Group will continue to maintain and consolidate its growing retail network, and reinforce the cooperative relationships it enjoys with brand suppliers. We will also continue to improve our customer service network system in the Greater China region, enhancing our service and management standards to meet international levels, and achieving the best possible returns for our shareholders."

Background information about Xinyu Hengdeli Holding Limited

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 20 internationally renowned brands, including 18 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 133 retail shops in prosperous cities in the PRC, distributing around 50 world-renowned watch brands. In addition, it has approximately 300 wholesale customers in more than 40 cities across the PRC. In July 2006 the Group successfully acquired Elegant International Holdings Limited, which has 4 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**.

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Appendix

Analysis of Turnover by Business

	For the six months ended 30 June			
	2007		2006	
	RMB'000	%	RMB'000	%
Wholesale Business	553,026	28.8%	444,757	49.0%
Retail Business	1,341,816	69.8%	453,834	50.0%
Customer Service and Ancillary Business	26,764	1.4%	9,077	1.0%
Total	1,921,606	100%	907,668	100%