



新宇亨得利控股有限公司

XINYU HENGDELI HOLDINGS LIMITED

**To: Business Editor
(For Immediate Release)**

Renewal of Long-term Exclusive Agency Cooperation Agreement Between Xinyu Hengdeli and Audemars Piguet

~ Strengthening Cooperation and Enhancing Market Predominance ~

[5 July 2006, Hong Kong] **Xinyu Hengdeli Holdings Limited** (“**Xinyu Hengdeli**” and its subsidiaries, collectively the “**Group**”, stock code: **3389**), a leading international branded watch retailer and agent in the PRC, announces that the Group has renewed an exclusive agency agreement with Audemars Piguet (Hong Kong) Ltd., a subsidiary of Audemars Piguet Holding SA, an international watch brand owner, pursuant to which the parties extended their cooperation in the long run.

Xinyu Hengdeli and Audemars Piguet (Hong Kong) Ltd., a subsidiary of Audemars Piguet Holding SA, an international watch brand owner, renewed Audemars Piguet’s PRC exclusive agency agreement in Hong Kong recently. Pursuant to the agreement, the two parties will enter into long-term cooperation by renewal once every three years, marking a new era of alliance between the two.

“The PRC economy is booming and the whole world takes a positive view towards the PRC market. Audemars Piguet is confident in the prospect of the PRC market and in Xinyu Hengdeli. We hope to further develop this market through sincere cooperation with Xinyu Hengdeli. With an experienced management and an efficient operational team, Xinyu Hengdeli Holdings Limited has been a leading retailer and agent of luxury imported watches in the PRC. For years, it has been the exclusive agent of Audemars Piguet in the Mainland and we have established a long-term, closed business relationship. Audemars Piguet has been in persistent pursuit in bringing PRC consumers the finest product quality and a classy life style. We believe that Xinyu Hengdeli will help us achieve this goal. The extension of our close and long-term cooperation will ensure a faster and better development for Audemars Piguet in the PRC,” said **Mr. Georges-Henri Meylan, Global President of Audemars Piguet**.

“We are excited about the renewal of agreement with Audemars Piguet,” said **Mr. Zhang Yuping, Chairman of Xinyu Hengdeli Holdings Limited**, commenting on the cooperation. “Our partnership in the luxury watch market in the PRC proved very successful over the years. This long-term exclusive agency agreement marks a new era of our cooperation. With over a hundred years of history, Audemars Piguet has established its predominant position in the global market of luxury watches with its classic design and superior quality. I am confident that the furtherance of our cooperation will provide a robust foundation for building a brighter future of the Group and Audemars Piguet in the PRC market.”

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“With our outstanding management and after-sales service network, the Group has won the trust and confidence of many top international brands. Working closely with our partners, we have established a leading position in the rapidly growing luxury watch market of Swiss. In order to provide an extensive and excellent distribution platform for various international brands and strive for better development, we will persistently pursue our established strategy of expanding domestic and international retail distribution networks, adjusting the operational structure of our licensed brands as appropriate, improving our sales support systems and exploring new revenue sources, as well as strengthening our relationship with suppliers and retailers,” concluded Mr. Zhang.

Background Information of Xinyu Hengdeli

Xinyu Hengdeli, listed on the Main Board of the Stock Exchange of Hong Kong Limited on September 2005, is a leading retailer and distributor of high-end Swiss watches in the PRC. Its strategic shareholder, The Swatch Group (Hong Kong), subsidiary of the Swatch Group Limited - the world’s biggest watch manufacturer and distributor has acquired over 7% of the shares of Xinyu Hengdeli since June 2006. Besides, Temasek Holdings, the Singapore Government owned investment arm, has become the second largest shareholder of Xinyu Hengdeli, holding nearly 10% of the Group’s enlarged share capital. The Group has an extensive sales network that includes 75 retail outlets in prosperous major Chinese cities. Besides, it has approximately 300 wholesale customers from more than 40 cities in the PRC. The Group has established solid relationships with the world’s top brand-owners, including Swatch Group, Richemont Group, LVMH Group (LVMH Group has recently announced its purchase of shares in the Group from the capital market of Hong Kong and its intension to continue increasing its shareholding in the Group), Rolex Group and Desco Group. The Group holds agency contracts for 19 watch brands, including 15 on an exclusive basis, carried by those four international top watch groups. And also it owns proprietary brand NIVADA, OLMA and NUMA JEANNIN.

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Issued by Porda International (Finance) PR Company Limited for and on behalf of **Xinyu Hengdeli Holdings Limited**.

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