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# XINYU HENGDELI HOLDINGS LIMITED

## 新宇亨得利控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3389)

### ANNOUNCEMENT

#### The Unaudited Financial Data of the Group for the First Quarter of 2007:

- Turnover reached RMB944 million, up by 109% compared to the corresponding period of last year
- Profit attributable to equity shareholders amounted to RMB78 million, up by 152% compared to the corresponding period of last year

To enhance the transparency of our operation so that our shareholders, investors and the general public may better appraise our business and financial result, the board of directors (the “**Board**”) of Xinyu Hengdeli Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to the “**Group**”) publishes certain selected key financial data (unaudited) of the Group for the first quarter of 2007.

#### Selected key unaudited financial data (note)

	For the three months from 1 January 2007 to 31 March 2007	For the three months from 1 January 2006 to 31 March 2006	Increase
Turnover (RMB)	944 million	451 million	109%
Profit attributable to equity shareholders (RMB)	78 million	31 million	152%

*Note:* The above unaudited financial data has been prepared in accordance with accounting principles generally accepted in Hong Kong. Financial data for the first quarter of 2007 include results of the Company and its subsidiaries. Financial data for the first quarter of 2006 include results of the Company and its subsidiaries.

The Group always commits to improving its corporate governance, so as to ensure decisions made by the Group will be in the interest of its shareholders as its goal. The Group endeavours to strengthen its retail network, actively yet conservatively expanding its sales network, and pursuit of business development always in response to market demand.

The Group takes full advantage of the enormous market opportunities in medium to high-end watch retail market in the PRC through adopting aggressive expansion strategy in retail and wholesale businesses. Building on the satisfactory results in year 2006, during the period, the Group continued to achieve solid growth in its financial results for the first quarter of 2007. The Group's turnover reached 944 million (RMB, as all amounts hereinafter shall refer to), increased by 109% as compared to the corresponding period of last year. Profit attributable to equity shareholders was 78 million, increased by 152% from that of the corresponding period of last year. Sales from retail business, wholesale business and after-sales services contributed 70.1%, 29.4% and 0.5% to the Group's total turnover respectively. The number of retail outlets also increased from 75 of a year ago to 103 at present.

During the period, we set up a joint venture (the "New JV") with Wuhan Old Hengdali World Watch Company Limited 武漢老亨達利世界名表有限公司 for expanding our retail network in the Central and Western China. Taking into account with the 7 outlets owned by the New JV at Wuhan, the Group has a total of 103 retail outlets in the PRC and Hong Kong. All 7 outlets of the New JV are located at the high traffic shopping areas at Wuhan, giving the Group an attractive stake in the region's high-potential consumer segment, and are currently commanding more than 70% market share in Wuhan's middle-to-high-end watch market. Our retail network had mainly covered the Eastern and Northern parts of the PRC. The formation of the New JV marks our first step to explore business opportunity in the Central and Western regions. With the breadth and depth of the PRC government's policy to develop the Central and Western parts of the country continues to grow, we stand a good chance of enjoying great success in our retail expansion there. As a result, we could enlarge our middle-to-high-end watch retail network in the PRC further, enhance our profitability and bring satisfactory returns to our shareholders.

During the period, a dealership has also been duly concluded by the Group, pursuant to which the Group will become the sole distributor for all products of OMAS, a prestigious Italian brand carried by LVMH, in the Mainland China, Hong Kong SAR, Macau SAR and Taiwan. The products will include luxury writing instruments and leather products. The cooperation represents our diversification into a new business segment in luxury consumer goods other than timepieces. The dealership has come into effect from 1 January 2007.

The Group will continue its effort in building up the retail networks in both the domestic and overseas markets. For this year, our plan is to roll out not less than 20 retail outlets and keep up our work in enhancing our brand portfolio with the additions of more high-calibre watch brands. We will also seek to diversify into business segments of luxury consumer goods other than timepieces to capitalize on substantial opportunities in the market, to maintain the steady business growth and development, as well as to maximize the returns to our shareholders and the community.

The Board wishes to remind investors that the above key financial data are based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such data.

**In the meantime, investors are advised to exercise caution in dealing in the securities of the Company.**

As at the date of this announcement, the Board of Directors of the Company is comprised Mr. Zhang Yuping, Mr. Song Jianwen and Mr. Huang Yonghua as executive directors, Mr. Chen Sheng, Mr. Shen Zhiyuan, Mr. Shi Zhongyang and Mr. Chuang Jian, George as non-executive directors, and Mr. Cai Jianmin, Mr. Wong Kam Fai William and Mr. Liu Huangsong as independent non-executive directors.

By order of the Board  
**Xinyu Hengdeli Holdings Limited**  
**Ng Man Wai, Peter**  
*Company Secretary*

Hong Kong, 18 April 2007

Please also refer to the published version of this announcement in South China Morning Post.