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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)

PROPOSED SUBDIVISION OF SHARES

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company be subdivided into 2 shares of HK\$0.005 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below.

The Shares currently trade in board lots of 4,000 Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 4,000 Subdivided Shares.

An ordinary resolution to approve the Share Subdivision will be proposed at the EGM.

A circular containing, amongst other things, the details of the Share Subdivision, the arrangement on free exchange of certificates of existing Shares for new certificates for Subdivided Shares and the trading arrangements in respect of the Subdivided Share together with a notice to convene the EGM will be despatched to Shareholders as soon as practicable.

1. PROPOSED SUBDIVISION OF SHARES

The Board proposes that each of the existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company be subdivided into 2 shares of HK\$0.005 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out below.

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares, of which 1,242,250,000 Shares are in issue and fully paid. Immediately upon the Share Subdivision becoming effective, the authorised share capital of the Company will be HK\$20,000,000 divided into 4,000,000,000 Subdivided Shares, of which 2,484,500,000 Subdivided Shares will be in issue and fully paid assuming that no further Shares are issued or repurchased prior to the Share Subdivision becoming effective.

The Subdivided Shares will rank pari passu with each other in all respects and the rights attaching to the Subdivided Shares will not be affected by the Share Subdivision.

The Share Subdivision is intended to improve the liquidity in trading of shares of the Company and widen the Company's shareholder base. Accordingly, the Board considers the Share Subdivision to be in the interests of the Company and the Shareholders as a whole given the prevailing market conditions.

2. BOARD LOT SIZE

Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 4,000 Subdivided Shares. The Share Subdivision will not result in any odd board lots other than those which already exist.

3. CONDITIONS OF THE SHARE SUBDIVISION

The Share Subdivision is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the EGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares and the Subdivided Shares to be issued pursuant to the exercise of options in accordance with the Share Option Scheme.

Save for the costs incurred by the Company in implementing the Share Subdivision, the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders.

The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

4. EXPECTED TIMETABLE

The expected timetable relating to the Share Subdivision is as follows:

2007

Circular relating to the Share Subdivision
to be despatched on or before Wednesday, 17 January

Latest time for lodging forms
of proxy for the EGM 11:00 a.m. on Sunday,
4 February

Scheduled time and date of the EGM 11:00 a.m.
on Tuesday, 6 February

The following events are conditional on the results of the Extraordinary General Meeting and the granting of listing of, and permission to deal in, the Subdivided Shares and the Subdivided Shares to be issued under the Share Option Scheme by the Listing Committee of the Stock Exchange:

Effective date of the Share Subdivision Wednesday, 7 February

Dealings in the Subdivided Shares
commence 9:30 a.m. on Wednesday,
7 February

Existing counter for trading in Shares
in board lots of 4,000 Shares
temporarily closes 9:30 a.m.
on Wednesday, 7 February

Temporary counter for trading in Subdivided
Shares in board lots of 8,000 Subdivided
Shares (in the form of certificates of existing
shares certificates (“**Existing Share
Certificates**”)) opens 9:30 a.m.
on Wednesday, 7 February

First day of free exchange of certificates of Existing Share Certificates for new Certificates for the Subdivided Shares (“**New Share Certificates**”)) Wednesday, 7 February

Original counter for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of New Share Certificates) reopens 9:30 a.m. on Friday, 23 February

Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) commences 9:30 a.m. on Friday, 23 February

Temporary counter for trading in Subdivided Shares in board lots of 8,000 Subdivided Shares (in the form of certificates for existing Shares) closes 4:00 p.m. on Friday, 16 March

Parallel trading in Subdivided Shares (in the form of New Share Certificates and the Existing Share Certificates) ends 4:00 p.m. on Friday, 16 March

Last day for free exchange of Existing Share Certificates for New Share Certificates Wednesday, 21 March

The Existing Share Certificates, which is in grey, will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. Friday, 16 March and thereafter will not be accepted for delivery, trading and settlement purposes.

However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Share for two Subdivided Shares and may be exchanged free of charge for New Share Certificates, which is in gold, for Subdivided Shares during the business hours of the Company’s Registrar between Wednesday, 7 February, 2007 and Wednesday, 21 March, 2007, and on payment of a prescribed fee at any time after 4:00 p.m. on Wednesday, 21 March, 2007.

5. GENERAL

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares and the Subdivided Shares to be issued pursuant to the exercise of options in accordance with the Share Option Scheme.

A circular containing, among other things, details of the Share Subdivision, the arrangement on free exchange of Existing Share Certificates for New Share Certificates and the trading arrangements in respect of the Subdivided Shares, together with a notice to convene the EGM, will be dispatched to Shareholders as soon as practicable. An ordinary resolution to approve the Share Subdivision will be proposed at the EGM.

A further announcement will be made by the Company as soon as the Share Subdivision becomes unconditional.

6. DEFINITIONS

“Board”	the board of Directors, including independent non-executive Directors, of the Company
“Company”	Xinyu Hengdeli Holdings Limited (Stock code: 3389), whose shares are listed on the Main Board of the Stock Exchange
“Company’s Registrar”	Computershare Hong Kong Investor Services Limited of 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for approving the Share Subdivision
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Listing Committee”	has the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the Company’s share option scheme adopted on 27 August 2005
“Subdivided Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company upon the Share Subdivision becoming effective
“Share Subdivision”	the subdivision of one Share into 2 Subdivided Shares of HK\$0.005 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board of
XINYU HENGDELI HOLDINGS LIMITED
Zhang Yuping
Chairman

5 January 2007, Hong Kong

As at the date of this announcement, the Executive Directors and Chairman of the Company is Mr. Zhang Yuping (Chairman), the Executive Directors are Mr. Song Jianwen and Mr. Huang Yonghua, the Non-executive Directors are Mr. Chen Sheng, Mr. Shen Zhiyuan, Mr. Shi Zhongyang and Mr. George Jian Chuang, the Independent Non-executive Directors are Mr. Cai Jianmin, Mr. Wong Kam Fai William and Mr. Liu Huangsong.

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