

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Xinyu Hengdeli Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**XINYU HENGDELI HOLDINGS LIMITED**  
**新宇亨得利控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(the “Company”)**

**(Stock code: 3389)**

**GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES,  
APPOINTMENT AND RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company to be held at Conference room, 5th Floor, Jardine House, 1 Connaught Place Central, Hong Kong on Tuesday, 3 June 2008 at 11:00 a.m. is set out on pages 12 to 15 of this circular.

Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual Report”	the annual report incorporating the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2007
“Annual General Meeting”	the annual general meeting of the Company to be held at Conference room, 5th Floor, Jardine House, 1 Connaught Place Central, Hong Kong on Tuesday, 3 June 2008 at 11:00 a.m. the notice of which is set out on pages 12 to 15 of this circular
“Articles of Association”	the existing articles of association of the Company
“Associates”	has the meanings ascribed to it under the Listing Rules
“Company”	Xinyu Hengdeli Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange
“Director(s)”	the board of directors or directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	the general mandate proposed to be granted to the Directors to issue, allot and deal with the aggregate number of Shares not exceeding the aggregate of 20% of the existing issued share capital of the Company as at date of passing resolution no. 5A
“Latest Practicable Date”	21 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing on Securities on The Stock Exchange of Hong Kong Limited
“Notice”	the notice convening the Annual General Meeting which is set out on pages 12 to 15 of this circular

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## DEFINITIONS

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“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares up to a maximum number of 10% of the existing issued share capital of the Company as at the date of passing resolution no. 5B
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of par value of HK\$0.005 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchase



**XINYU HENGDELI HOLDINGS LIMITED**  
**新宇亨得利控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(the “Company”)**

(Stock code: 3389)

*Executive Directors:*

Mr. ZHANG Yuping (*Chairman*)

Mr. SONG Jianwen

Mr. HUANG Yonghua

*Non-executive Directors:*

Mr. CHEN Sheng

Mr. SHEN Zhiyuan

Mr. SHI Zhongyang

Mr. CHUANG Jian George

*Independent Non-executive Directors:*

Mr. CAI Jianmin

Mr. WONG Kam Fai William

Mr. Liu Xueling

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal*

*Place of Business in Hong Kong:*

Room 301, 3/F.

Lippo Sun Plaza

28 Canton Road

Tsim Sha Tsui

Kowloon

Hong Kong

22 April 2008

*To shareholders of the Company*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE SHARES  
AND REPURCHASE SHARES,  
APPOINTMENT AND RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the Annual General Meeting. These include: (i) the ordinary resolutions granting the Directors general mandate to issue new Shares; (ii) the ordinary resolutions granting the Directors general mandate to repurchase Shares; (iii) extension of general mandate to issue Shares; and (iv) appointment and re-election of Directors.

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## LETTER FROM THE BOARD

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### **1. GENERAL MANDATE TO ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution, as set out as resolution no. 5A, will be proposed for the shareholders to consider and if, thought fit, to grant the Issue Mandate to the Directors to allot, issue and deal with the aggregate number of Shares not exceeding the aggregate of 20% of the existing issued share capital of the Company as at the date of passing of such resolution, that is, 496,900,000 Shares. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Issue Mandate is set out in resolution no. 5A in the Notice.

The Issue Mandate to issue shares will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

### **2. GENERAL MANDATE TO REPURCHASE SHARES**

At the Annual General Meeting, an ordinary resolution, as set out as resolution no. 5B, will be proposed for the shareholders to consider and if, thought fit, to grant the Repurchase Mandate to enable them to repurchase Shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of Shares that may be repurchased will be 10% of the existing issued share capital of the Company as at the date of passing of such resolution. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Repurchase Mandate is set out in resolution no. 5B in the Notice.

An explanatory statement containing all relevant information relating to the Repurchase Mandate and as required pursuant to the Listing Rules is set out in the Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution relating to the Repurchase Mandate.

### **3. EXTEND GENERAL MANDATE TO ISSUE SHARES**

At the Annual General Meeting, an ordinary resolution, as set out as resolution no. 6, will be proposed that the Issue Mandate will be extended by the addition to the aggregate number of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of the share capital of the Company repurchased by the Company pursuant to the Repurchase Mandate being approved provided that such extended amount will not exceed 10% of the aggregate of the total number of the share capital of the Company in issue on the date of the resolution approving the Issue Mandate. The full text of the ordinary resolution to be proposed at the Annual General Meeting in relation to the Issue Mandate is set out in resolution no. 6 in the Notice.

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## LETTER FROM THE BOARD

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### 4. RE-ELECTION OF DIRECTORS

Mr. Zhang Yuping, Mr. Shi Zhongyang, Mr. Chuang Jian George and Mr. Liu Xueling will retire by rotation in accordance with articles 87 of the Articles of Association, and, Mr. Zhang Yuping, Mr. Shi Zhongyang and Mr. Liu Xueling being eligible, offer themselves for re-election at the Annual General Meeting. Under resolution no. 3, the re-election of Directors will be individually voted on by Shareholders.

Particulars of Directors proposed to be appointed or re-elected (as the case may be) at the Annual General Meeting is set out in the last paragraph of the Appendix II of this circular.

### 5. ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting is set out on pages 12 to 15 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of Issue Mandates and Repurchase Mandate and appointment and re-election of directors.

A form of proxy for the Annual General Meeting is enclosed with this circular. If you do not intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the Annual General Meeting. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

### 6. PROCEDURE TO DEMAND A POLL

A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

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## LETTER FROM THE BOARD

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A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

### 7. RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the Repurchase Mandate and the Issue Mandate and re-election of Directors are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of all of these resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
By Order of the Board  
**XINYU HENGDELI HOLDINGS LIMITED**  
**Zhang Yuping**  
*Chairman*



*The following explanatory statement contains all the information required pursuant to Rule 10.06 of the Listing Rules to be given to all Shareholders relating to the resolution to be proposed at the Annual General Meeting authorising the Repurchase Mandate.*

## **1. EXERCISE OF THE REPURCHASE MANDATE**

It is proposed that up to 10% of the Shares at the date of the passing of the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the total issued number of Shares was 2,484,500,000. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares would be issued or repurchased after the Latest Practicable Date and up to the date of passing of such resolution, the Directors would be authorised to repurchase up to 248,450,000 Shares (being 10% of the Shares in issue) during the period up to (a) the next annual general meeting in 2009 or (b) the expiration of the period within which the next annual general meeting of the Company is required by law or its Articles of Association to be held or (c) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

## **2. REASONS FOR REPURCHASE**

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, enhance the net assets value of the Company and/or earnings per Share.

## **3. GENERAL**

As compared with the financial position of the Company as at 31 December 2007 (being the date of its latest published audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. The Directors confirm that no repurchase would be made to such extent as would have a material adverse impact on the working capital or gearing position of the Company.

## **4. FUNDING OF REPURCHASES**

The Company is empowered by its memorandum and articles of association and the applicable laws of the Cayman Islands to repurchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of the fund of the Company that would otherwise be legally available for dividend or distribution or out of the share premium account of the Company for such purpose under the laws of the Cayman Islands. Under the Cayman Islands law, the Shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced so that the shares may be subsequently re-issued.

## 5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of Shares held by him/her to the Company in the event that Repurchase Mandate is granted.

## 6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed Repurchase Mandate in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

## 7. EFFECT OF TAKEOVER CODE

If as a result of a share repurchase exercised pursuant to the Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeover Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 and Rule 32 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Best Growth International Limited, held 1,340,648,000 Shares (representing approximately 53.96% of the issued share capital of the Company). As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Mr. Zhang Yuping, Director was interested or deemed to be interested in the said 1,340,648,000 Shares (representing approximately 53.96% of the issued share capital of the Company). In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the resolution no. 5B to be proposed at the Annual General Meeting, then (if the present shareholdings otherwise remained the same) the respective shareholding of Best Growth International Limited and Mr. Zhang Yuping, in the Company would be increased to approximately 59.96% of the issued share capital of the Company. Best Growth International Limited would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeover Code. If the present Shareholdings otherwise remained the same, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of any repurchases made under the Repurchase Mandate.

**8. SHARE PURCHASE MADE BY THE COMPANY**

During each of six months preceding the Latest Practicable Date, no Shares have been repurchased by the Company.

**9. SHARE PRICES**

The highest and lowest prices at which the Shares had traded on the Stock Exchange in each of the previous twelve months prior to the Latest Practicable Date were as follows:-

	<b>Highest Price HK\$</b>	<b>Shares Lowest Price HK\$</b>
<b>2007</b>		
April	3.79	3.24
May	3.87	3.25
June	3.90	3.41
July	5.28	3.68
August	4.96	3.57
September	4.99	4.02
October	4.38	3.76
November	4.20	3.60
December	4.40	3.80
<b>2008</b>		
January	4.80	3.26
February	4.17	3.90
March	4.09	2.76
April (up to the Latest Practicable Date)	3.90	3.13

## 1. PARTICULARS OF THE DIRECTORS

The following is the particulars of the director to be retired and proposed to be appointed or re-elected (as the case may be) at the Annual General Meeting:

### **Mr. Zhang Yuping**

Mr. Zhang Yuping (alia, Cheung Yu Ping) (張瑜平), aged 47, is the chairman and chief executive officer of the Company and the founder of the Group. He founded the Group in September 2001. He is in charge of the Group's overall management and strategic development. He has more than 20 years of experience in the watch distribution industry for the PRC market.

Pursuant to the letter of appointment, Mr. Zhang has been serving as an executive Director for three years commencing from 26 September 2005. The appointment may be terminated in accordance with the Company's article of association. The director's fee payable to him will be determined by the Directors pursuant to the authority granted by the shareholders at the Annual General Meeting and by reference to his duties and responsibilities with the Company, the Company's current standards for emolument and the market condition. Mr. Zhang's current annual remuneration is HK\$100,000. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Zhang Yuping, Director was interested or deemed to be interested in the said 1,340,648,000 Shares (representing approximately 53.96% of the issued share capital of the Company).

Save as disclosed in this circular, Mr. Zhang has no relationship with any Directors or the senior management of the Company, or with any management shareholders, substantial shareholders or controlling shareholders. Mr. Zhang does not held any directorship in any other listed company in the last three years.

Save as disclosed in this circular, Mr. Zhang has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h) - (v) of the Listing Rules.

### **Mr. Shi Zhongyang**

Mr. Shi Zhongyang (史仲陽), aged 33, is a non-executive Director. Mr. Shi graduated from Nanjing University in the PRC and University of Goetting in Germany with master degree in law. Mr. Shi joined The Swatch Group Limited in 2000. He is currently a legal counsel of the legal department of The Swatch Group Limited.

Pursuant to the letter of appointment, Mr. Shi has been serving as a non-executive Director for three years commencing from 15 February 2006. The appointment may be terminated in accordance with the Company's article of association. The director's fee payable to him will be determined by the Directors pursuant to the authority granted by the shareholders at the Annual General Meeting and by reference to his duties and responsibilities with the Company, the Company's current standards for emolument and the market condition. Mr. Shi's current annual remuneration is HK\$100,000. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Shi does not have any interest in the Shares (within the meaning of Part XV of the Securities and Futures Ordinance).

Save as disclosed in this circular, Mr. Shi has no relationship with any Directors or the senior management of the Company, or with substantial shareholders or controlling shareholders. Mr. Shi does not held any directorship in any other listed company in the last three years.

Save as disclosed in this circular, Mr. Shi has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h) - (v) of the Listing Rules.

### **Mr. Liu Xue Ling**

Mr. Liu Xue Ling, (劉學靈), aged 50, is an independent non-executive Director. He graduated from East China Normal University, China with a doctorate degree in history. From 1992 to present, Mr. Liu is a lawyer in Shanghai Zhongxin Law Firm.

Pursuant to the letter of appointment, Mr. Liu will serve as an independent non-executive Director for three years commencing from 1 June 2007. The appointment may be terminated in accordance with the Company's article of association. The director's fee payable to him will be determined by the Directors pursuant to the authority granted by the shareholders at the Annual General Meeting and by reference to his duties and responsibilities with the Company, the Company's current standards for emolument and the market condition. Mr. Liu's annual remuneration will be HK\$50,000. As at the Latest Practicable Date, to the best knowledge and belief of the Company, Mr. Liu does not have any interest in the Shares (within the meaning of Part XV of the Securities and Futures Ordinance).

Save as disclosed in this circular, Mr. Liu has no relationship with any Directors or the senior management of the Company, or with any management shareholders, substantial shareholders or controlling shareholders. Mr. Liu does not held any directorship in any other listed company in the last three years except that he was an independent director of Shanghai Yimin Department Stores Company Limited from April 2003 to early April 2007.

Save as disclosed in this circular, Mr. Liu has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election, nor is there any information required to be disclosed pursuant to Rules 13.51(2)(h) - (v) of the Listing Rules.



**XINYU HENGDELI HOLDINGS LIMITED**

**新宇亨得利控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(the “Company”)**

(Stock code: 3389)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the shareholders of Xinyu Hengdeli Holdings Limited (the “Company”) will be held at Conference Room, 5th Floor, Jardine House, 1 Connaught Place Central, Hong Kong on Tuesday, 3 June 2008 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the report of directors and auditors for the year ended 31 December 2007.
2. To declare the final dividend.
3. To re-elect directors and authorise the board of directors of the Company to fix their remuneration.
4. To re-appoint auditors and authorise the board of directors of the Company to fix their remuneration.
5. As special business, to consider and, if thought fit, to pass the following as ordinary resolutions:

A. **“THAT**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers to allot, issue and deal with the new additional shares in the capital of the Company, and to make or grant offers, agreements, options and warrants which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and warrants which might require the exercise of such power after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to
  - (i) a Right Issue (as defined below),
  - (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or
  - (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of 20% of the existing issued share capital of the Company as at the date of this Resolution and the said approval shall be limited accordingly;
- (d) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

“**Right Issue**” means an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China).

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## NOTICE OF ANNUAL GENERAL MEETING

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B. **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, be and is hereby generally and unconditionally approved and authorised;
- (b) the aggregate number of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the existing issued share capital of the Company as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. As special business, to consider and, if thought fit, to pass the following as ordinary resolution:

“**THAT** conditional upon resolutions nos. 5A and 5B being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in resolution no. 5B shall be added to the aggregate number of shares of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to resolution no. 5A above.”

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

Hong Kong, 22 April 2008



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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

- (1) Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. All proxies must be deposited with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the meeting.
- (2) The Register of Members will be closed from Saturday, 17 May 2008 to Monday, 2 June 2008 (both days inclusive). In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 16 May 2008.
- (3) Mr. Zhang Yuping, Mr. Shi Zhongyang, Mr. Chuang Jian George and Mr. Liu Xueling will retire by rotation and, all (except Mr. Chuang Jian George) being eligible, offer themselves for re-election at the Annual General Meeting.
- (4) With reference to resolutions nos. 5 and 6 above, the Directors wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares or warrants pursuant to the relevant mandate.
- (5) If the declaration of the final dividend has been approved at the Annual General Meeting, the dividend will be payable on or before 25 June 2008.