

To: Financial Editor
[For Immediate Release]



Xinyu Hengdeli acquires Larry Jewelry

~ Further extend its retail network to the HK and Singapore market ~

[9 May 2008, Hong Kong] Xinyu Hengdeli Holdings Limited (“Xinyu Hengdeli” or the “Company” and its subsidiaries, the “Group”; stock code: 3389), a leading enterprise engaged in retail and wholesale sales of renowned international watch brands in China, announced the acquisition of 80% of the equity interests of each Larry Jewelry (HK) and Larry Jewelry (Singapore) with the maximum consideration will not exceed HK \$360,000,000 in any event.

The Group entered in the Provisional Acquisition Agreement to purchase the entire equity interests of Sharp Wonder. Sharp Wonder is an investment holding company and will indirectly hold 80% of the equity interests of each of Larry Jewelry (HK) and Larry Jewelry (Singapore) upon the completion of the Reorganizations.

Larry Jewelry (HK) and Larry Jewelry (Singapore) engaged in the design, trading and retailing of jewelry in Hong Kong and Singapore respectively. Through the acquisition of the Larry Jewelry enables the Group to extend its retail network to the Hong Kong and Singapore markets.

Chairman of Xinyu Hengdeli, Mr. Zhang Yuping, said “The acquisition expands the Group’s jewelry business to high end products at a faster pace and a relatively lower cost when compared to developing the similar retail network by the Group itself. We also believe that the acquisition will further enhance the competitiveness of the Group.”

About Xinyu Hengdeli Holdings Limited

Xinyu Hengdeli has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since September 2005. It is the largest watch retailer and wholesaler of internationally renowned watch brands in the PRC. Its strategic shareholders include The Swatch Group (Hong Kong) under Swatch Group Limited, the global largest watch manufacturer and distributor, and LVMH, the world’s largest luxury goods, etc.

Currently, the Group had an extensive sales network of 170 retail shops, through which it distributed approximately 50 renowned international watch brands. In its wholesale business, the Group serves approximately 300 wholesale customers in over 40 cities in the PRC. The Group maintains good business relationship with various suppliers of world-renowned watch brands such as the Swatch Group, the LVMH Group, the Richemont Group, the Rolex Group and the Desco Group, and distributes 19 world-renowned watch brands, 17 of which are on an exclusive basis. **Xinyu Hengdeli** also owns its own watch brands, Nivada, Olma and Numa Jeannin. In October 2007, the Group announced its acquisition of a 90% equity stake in OMAS.

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Issued by Porda International (Finance) PR Co., Ltd. for and on behalf of **Xinyu Hengdeli Holdings Limited**. For further information, please contact:

Porda International (Finance) PR Co., Ltd.

Ms. Kelly Fung Tel: 3150 6732 / 9289 2974

Ms. Fiona Ko Tel: 3150 6750 / 6025 0533

Fax: 3150 6728

Email: kelly@pordafinance.com.hk

Email: fiona@pordafinance.com.hk

