



新宇亨得利控股有限公司

XINYU HENGDELI HOLDINGS LIMITED

To: Business Editor
[For Immediate Release]

Xinyu Hengdeli Establishes a JV in Wuhan,
Expanding its Sales Network in Middle & Western China

[14 March, 2007, Hong Kong] **Xinyu Hengdeli Holdings Limited** (“Xinyu Hengdeli” or the “Group”, stock code: 3389), China’s leading retailer and distributor of world-renowned watch brands, established a joint venture (“new Company”) in Wuhan at the beginning of this year. The move expanded the Group’s sales network in Middle and Western China and increased the total number of Xinyu Hengdeli’s retail shops to **103**.

The new Company was set up by the Group and Wuhan Old Hengdali World Watch Company Limited (“Old Hengdali”) [武漢老亨達利世界名表有限公司(「老亨達利」)] as an independent economic entity. Registered capital was settled in cash as to 70% by the Group and as to 30% by Old Hengdali. Together with the new Company’s seven retail watch shops in Wuhan, Xinyu Hengdeli now possesses a total of **103** retail shops in the PRC and Hong Kong. These seven retail watch shops are all located in Wuhan’s high traffic commercial hub, giving the Group an attractive stake in the region’s high-potential consumer segment, and a more than 70% market share in Wuhan’s mid- to high-class watch market.

Mr. Zhang Yuping, Chairman of Xinyu Hengdeli Holdings Limited, said, “By setting up this joint-venture with a local retailer in Wuhan, the Group is realizing its development strategy for its sales network. In the past, most of our retail shops have been situated in Eastern and Northern China, and setting up the JV in Wuhan marks our first step in expanding into the Middle and Western parts of China. As the Chinese Government is continuing to promote its policy of developing Middle and Western China, we believe Xinyu Hengdeli will benefit greatly from this move. It will further foster the Group’s sales network for middle-to-high class watches in the PRC, boost the Group’s profitability, and bring satisfactory returns to shareholders.”

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About Xinyu Hengdeli Holdings Limited

Xinyu Hengdeli, listed on the Main Board of the Stock Exchange of Hong Kong, Limited in September 2005, is a leading retailer and distributor of mid- to high-end watches in the PRC. The Group has established solid relationship with the world's leading brand-owners, including the Swatch Group, the LVMH Group, the Richemont Group, the Rolex Group and the Desco Group. The Group currently distributes 19 internationally renowned brands, including 16 top brands under exclusive distribution licenses. Xinyu Hengdeli also sells watches under its own brands: NIVADA, OLMA and NUMA JEANNIN. The Group has an extensive sales network, at present it has **99** retail outlets in prosperous cities in the PRC, distributing about 50 world-renowned watches. In addition, it has approximately 300 wholesale customers from more than 40 cities across the PRC. In July, 2006, the Group had successfully acquired Elegant International Holdings Limited, which has 4 high-end international watch retail outlets located in HK. The Swatch Group (Hong Kong), a strategic shareholder of Xinyu Hengdeli and a corporate member of the Swatch Group Limited, the world's largest watch manufacturer and distributor. While Temasek, an investment company owned by the Singaporean government, is the second largest shareholder of the Group, while LVMH Group holds over 7% of the Group's shares.

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