

To: Business Editor
[For Immediate Release]



Xinyu Hengdeli Completed Share Placing of HK\$602 million

[25 June 2009, 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 distribution sales of renowned international watch brands in China, announced that the Group has successfully completed the share placing amounted to HK\$602 million.

Xinyu Hengdeli is a leading enterprise engaged in the retail and distribution sales of renowned international watch brands in China and has made remarkable achievement over the past years of development. The use of proceeds from the placing will mainly be used for the further business development of the Group but not in any other businesses. The usage includes (1) the acquisition of the existing retail network in the central and south western regions in China which will further strengthen the retail sales coverage of the Company in these regions. After the acquisition, the total number of the Company’s retail outlets in the mainland China will be increased by 10-15%; (2) the opening and expansion of 10-20 self-operated retail outlets in strategic regions; (3) continue to develop the business of its own brands including OLMA; and (4) as general working capital of the Group.

Meanwhile, Shenzhen Xinyu Watches Company Limited, Xinyu Hengdeli’s wholly-owned subsidiary, had obtained credit facilities of RMB400 million from Bank of China, Shenzhen Branch, which includes a 5-year term loan facility of RMB200 million and a 1-year term cash flow loan of RMB200 million. Besides, Shenzhen Xinyu Watches received a RMB250 million loan facility from China Construction Bank Corporation, Shenzhen Branch, which includes a 2-year term loan facility of RMB150 million and 1-year loan facility of RMB100 million. The loan facilities enable the Group to optimize its debt structure and is beneficial to the Group’s sustainable development in the long run.

Chairman and CEO of Xinyu Hengdeli, Mr. Zhang Yuping, said, “We are pleased to complete the share placement successfully and to obtain the loan facilities from the Bank of China, Shenzhen Branch and the China Construction Bank Corporation, Shenzhen Branch. Through the years of concerted effort, Xinyu Hengdeli has established an extensive retail network covering the Mainland China, Hong Kong and Taiwan. At present, the Group owns more than 200 retail stores. Going forward, Xinyu Hengdeli will continue to work harder to achieve a steady and prudent development.”

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About Xinyu Hengdeli Holdings Limited

Xinyu Hengdeli Holdings Limited is the largest enterprise engaged in retail and distribution sales businesses of renowned international watch brands in the Mainland China. The Group's strategic shareholders include the global largest watch manufacturer and distributor Swatch Group and the global largest luxury product Group LVMH Group.

The Group owns an extensive retail network included Xinyu Elegant (the international high-end watch), Xinyu Prime Time (international middle-to-high end watch), TEMPTATION (fashion high-end watch) and brand boutiques. Xinyu Hengdeli had an extensive sales network of more than 200 retail outlets in the mainland China and Hong Kong, etc, through which it distributed over 50 renowned international watch brands. In its wholesale business, Xinyu Hengdeli serves approximately 300 wholesale customers in over 40 cities in the PRC.

As an integral part to the retail business, the Group possesses a customer service company which provides professional after-sale services to customers.

The Group has maintained good relationships with numerous brand suppliers of internationally famous watches, including the SWATCH Group, the LVMH Group, the RICHMONT Group and the ROLEX Group. The Group is also the distributor of 19 internationally renowned watch brands.

With the acquisition of international luxury goods brand Omas, the Group also owns renowned Swiss watch brands like Nivada, Olma and Numa Jeannin.

Xinyu Hengdeli has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since September 2005 with stock code 3389. The stock name is Xinyu Hengdeli for short.

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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:

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