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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)

(Stock code: 3389)

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**
- (2) PROPOSED BONUS ISSUE OF SHARES**
- (3) PROPOSED CHANGE OF COMPANY NAME**

The Board is pleased to announce that at a meeting of the Board held on 12 August 2009, it was resolved that, subject to Shareholders' approval at the EGM, the Company will undertake the following proposals:

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes the Increase in Authorised Share Capital, which involves the increase in existing authorised share capital of Company from HK\$20,000,000 comprising 4,000,000,000 Shares of HK\$0.005 each to HK\$50,000,000 comprising 10,000,000,000 Shares of HK\$0.005 each by the creation of an additional 6,000,000,000 unissued Shares of HK\$0.005 each which will rank pari passu in all respects with the existing issued Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM and no Shareholder is required to abstain from voting on such resolution.

(2) PROPOSED BONUS ISSUE

The Board proposes to make the Bonus Issue to the Qualifying Shareholders on the basis of five Bonus Shares for every ten existing Shares held on the Record Date. The Bonus Issue is conditional upon approval by Shareholders at the EGM and the Stock Exchange granting listing of and permission to deal in the Bonus Shares. An application will be made to the Stock Exchange in this respect.

The Bonus Shares will be issued and credited as fully paid upon issue and will rank pari passu in all respects with the existing Shares with effect from the date of issue. The Bonus Issue will be funded by way of capitalization of HK\$6,781,710 for the time being standing to the credit of the Company's share premium account. Fractional entitlements will not be distributed but will be aggregated, rounded down to the nearest whole number and sold for the benefit of the Company. On the basis of 2,712,684,000 Shares in issue as at the date of this announcement and assuming no further Shares will be issued or repurchased from the date hereof until the Record Date, not less than 1,356,342,000 Bonus Shares will be issued pursuant to the Bonus Issue.

The Bonus Issue is conditional upon (i) approval of the Increase in the Authorised Share Capital by the Shareholders at the EGM; (ii) approval of the Bonus Issue by Shareholders at the EGM by way of an ordinary resolution and (iii) the Stock Exchange granting listing of and permission to deal in the Bonus Shares. No Shareholder is required to abstain from voting on such resolution.

(3) PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Xinyu Hengdeli Holdings Limited 新宇亨得利控股有限公司” to “Hengdeli Holdings Limited 亨得利控股有限公司”.

The proposed change of name of the Company is subject to approval of the Shareholders by passing a special resolution at the EGM and the new name being entered in the Register of Companies by the Registrar of Companies in the Cayman Islands. No Shareholder is required to abstain from voting on such resolution.

A circular containing, among other things, details of the proposed Bonus Issue, the Increase in Authorised Share Capital and proposed change of name of the Company, and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

On 12 August 2009, a meeting of the Board was convened in which the Board has resolved to proceed with the proposals mentioned below. Completion of the proposals is subject to the Shareholders' approval at the EGM.

(1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date hereof, the authorised share capital of the Company is HK\$20,000,000 comprising 4,000,000,000 Shares of HK\$0.005 each, out of which 2,712,684,000 Shares have been issued and fully paid.

The Board proposes to increase the authorized share capital to HK\$50,000,000 comprising 10,000,000,000 Shares of HK\$0.005 each by the creation of an additional 6,000,000,000 unissued Shares of HK\$0.005 each which will rank pari passu in all respects with the existing issued Shares.

Immediately after the completion of the Increase in Authorised Share Capital and assuming no new Shares are issued or repurchased from the date hereof prior to the EGM, the authorised share capital of the Company will comprise authorised ordinary share of HK\$50,000,000 divided into 10,000,000,000 Shares of HK\$0.005 each, with 2,712,684,000 issued Shares and 7,287,316,000 unissued Shares. Assuming the Bonus Issue is effective, 1,356,342,000 unissued Shares (out of the aforementioned 7,287,316,000 unissued Shares) created by the Increase in Authorised Share Capital will be issued and allotted as the Bonus Shares.

Reasons for Increase in Authorised Share Capital

The Board proposes the Increase in Authorised Share Capital to accommodate future expansion and growth of the Group and to facilitate the proposed Bonus Issue. The Board believes that the Increase in Authorised Share Capital is in the benefit of the Company and the Shareholders as a whole.

Condition of the Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM and no Shareholder is required to abstain from voting on such resolution.

(2) PROPOSED BONUS ISSUE OF SHARES

The Board proposes to make the Bonus Issue of Shares, on the basis of five Bonus Shares, credited as fully paid, for every ten existing issued Shares held by the Qualifying Shareholders on the Record Date subject to the conditions detailed below.

The proposed Bonus Shares will be issued and credited as fully paid and will rank pari passu in all respects with the existing Shares with effect from the date of issue. It is proposed that the Directors be authorized to capitalize a sum of HK\$6,781,710, for the time being standing to the credit of the Company's share premium account and apply such sum in paying up the Bonus Shares in full. Fractional entitlements will not be distributed but will be aggregated, rounded down to the nearest whole number and sold for the benefit of the Company. On the basis of 2,712,684,000 Shares in issue as at the date of this announcement and assuming no further Shares will be issued or repurchased from the date hereof until the Record Date, 1,356,342,000 Bonus Shares will be issued pursuant to the Bonus Issue. After completion of the Bonus Issue and assuming there will be no further issue or repurchase of Shares up to the date of completion of the Bonus Issue, the issued share capital of the Company will be increased to HK\$20,345,130, which is higher than the level immediately prior to the Bonus Issue at HK\$13,563,420.

Reasons for the Bonus Issue

During the current global financial crisis and the economic downturn, by standing on its own advantages and focusing on the development of its business, the Company's operations have been growing steadily. The Board proposes the Bonus Issue as a reward to recognize the continual support of the Shareholders and hopes that by doing so the Company can continue to gain support from the majority Shareholders and investors.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:

- (i) approval of the Increase in the Authorised Share Capital by the Shareholders at the EGM;
- (ii) approval of the Bonus Issue by Shareholders at the EGM by way of an ordinary resolution; and
- (iii) the Stock Exchange granting listing of and permission to deal in the Bonus Shares.

No Shareholder is required to abstain from voting on such resolution.

Closure of Register of Members

The Register of Members will be closed from 9 September 2009 (Wednesday) to 11 September 2009 (Friday), both days inclusive, for the purpose of determining entitlements of the Shareholders under the Bonus Issue. In order to qualify for the Bonus Issue, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Registrars no later than 4:30 p.m. on 8 September 2009 (Tuesday).

Overseas Shareholders

It was noted that as at the date of this announcement, no Shareholders whose addresses as shown on the Register of Members are located in a number of places outside Hong Kong.

Overseas Shareholders will not be allotted the Bonus Shares if the Directors consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place.

Instead, the Bonus Shares otherwise falling to be allotted to them would be sold in the market as soon as practicable after dealings in the Bonus Shares commence. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholder, by post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

Listing and Dealing

The Shares are not listed or dealt in on any other stock exchanges except the Stock Exchange. In addition to the Shares, the Convertible Bonds are listed or dealt in on the Singapore Exchange Securities Trading Limited since August 2007.

If approved by the Shareholders at the EGM, the Bonus Shares are expected to be issued on or before 18 September 2009 (Friday). Application will be made to the Listing Committee for the listing of, and permission to deal in, the Bonus Shares to be issued pursuant to the Bonus Issue. The Bonus Shares will not be listed or dealt in on any other stock exchange nor is listing or permission to deal in the same being or proposed to be sought from any other stock exchanges.

Subject to the satisfaction of the above conditions, it is expected that the dealings of the Bonus Shares on the Stock Exchange will commence on 22 September 2009 (Tuesday).

The Bonus Shares will be distributed to the Qualifying Shareholders whose names appear on the Register of Members on the Record Date. In the absence of any specific instruction to the contrary received in writing by the Registrars, certificates for the Bonus Shares will be posted to the persons entitled thereto at their respective addresses shown in the Register of Members. Certificates for the Bonus Shares are expected to be despatched by ordinary post to the Qualifying Shareholders on or before 18 September 2009 (Friday).

Adjustment in the conversion price of the Convertible Bonds

As stated above, the Convertible Bonds are listed or dealt in on the Singapore Exchange Securities Trading Limited.

Subject to the completion of the Bonus Issue, the conversion price of the Convertible Bonds may be required to be adjusted in accordance with its terms as a result of the Bonus Issue. Further announcement may be made by the Company relating to any required adjustment, if necessary, in due course.

Adjustment in the exercise price of the Share Options

As at the date hereof, there are 36,230,000 outstanding Share Options in aggregate granted under the Share Option Scheme which carry rights to acquire an aggregate of 36,230,000 Shares.

As a result of the Bonus Issue, adjustments may be required to be made to the exercise price and the number of outstanding Options granted under the Share Option Schemes. Further announcement may be made by the Company relating to any required adjustment, if necessary, in due course.

(3) PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Xinyu Hengdeli Holdings Limited 新宇亨得利控股有限公司” to “Hengdeli Holdings Limited 亨得利控股有限公司”.

Reasons for the change of company name

“Hengdeli” is registered as a trademark by the Company and has gained its reputation among the customers. While the proposed new name of the Company is consistent with the current name of the Company, the Board believes that by putting effort in promotion and advertisement, the proposed new name of the Company can enhance the awareness of the Company’s brand among the customers, which is in the benefit of the Company and the Shareholders as a whole.

Conditions of the change of Company’s name

The proposed change of name of the Company is subject to approval of the Shareholders by passing a special resolution at the EGM and the new name being entered in the Register of Companies by the Registrar of Companies in the Cayman Islands. No Shareholder is required to abstain from voting on such resolution.

Effect of the change of company name

The proposed change of name of the Company will not affect any of the rights of the existing Shareholders. All existing share certificates in issue bearing the present name of the Company will continue to be evidence of title to the Shares and will remain valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company. However, new share certificates of the Company will be issued under the new names of the Company after the change of its names becomes effective.

The Company intends to change its stock short names upon the proposed change of name of the Company becoming effective and further announcement on the change of name of the Company and the change in stock short names will be made once the proposed change of name of the Company has become effective and the proposed change in stock short names has been approved by the Stock Exchange.

CIRCULAR

A circular containing, among other things, details of the proposed Bonus Issue, the Increase in Authorised Share Capital and proposed change of name of the Company, and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors of the Company
“Bonus Issue”	the proposed bonus issue of the Bonus Shares to the Qualifying Shareholders whose names appear on the Register of Members on the Record Date on the basis of five Bonus Shares for every ten existing Shares held on Record Date
“Bonus Share(s)”	new Share(s) proposed to be allotted and issued pursuant to the Bonus Issue
“Company”	Xinyu Hengdeli Holdings Limited, a company incorporated in Cayman Islands and shares of which are listed on the Stock Exchange
“Convertible Bonds”	the RMB denominated US dollar settled senior unsecured zero coupon convertible bonds due 2012 of an initial aggregate principal amount of RMB1,150 million, details of which are set out in the announcement of the Company dated 25 July 2007
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of all the Shareholders of the Company to be held on or around 11 September 2009 (Friday) to approve, inter alia, the matters referred to in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Increase in Authorised Share Capital”	proposed increase in existing authorised share capital of the Company from HK\$20,000,000 divided into 4,000,000,000 Shares of HK\$0.005 each to HK\$50,000,000 divided into 10,000,000,000 Shares of HK\$0.005 each by the creation of an additional 6,000,000,000 unissued Shares of HK\$0.005 each which will rank pari passu in all respects with the existing issued Shares
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	the Shareholder(s) whose addresses as shown on the register of members of the Company on the Record Date are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s) who are entitled to the Bonus Issue, other than those Overseas Shareholder(s) to whom or which the Board, after making enquiries pursuant to Rule 13.36 of the Listing Rules, considers it necessary or expedient on account either of legal restrictions of the relevant body or stock exchange in that place, not to extend the Bonus Shares
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Record Date”	11 September 2009 (Friday)
“Registrars”	Computershare Hong Kong Investor Services Limited, the share registrars of the Company, of Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 27 August 2005
“Share Options”	the share options granted by the Company under the Share Option Scheme
“Shareholder(s)”	registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US”

The United States of America

By Order of the Board
Xinyu Hengdeli Holdings Limited
Zhang Yuping
Chairman

Hong Kong, 12 August 2009

As at the date of this announcement, the executive Directors are Mr. Zhang Yuping (Chairman), Mr. Song Jianwen, and Mr. Huang Yonghua, the non-executive Directors are Mr. Chen Sheng, Mr. Shen Zhiyuan and Mr. Shi Zhongyang, and the independent non-executive Directors are Mr. Cai Jianmin, Mr. Wong Kam Fai, William and Mr. Liu Xueling.