

INTERIM RESULTS

The board of directors (the "Directors") of Xinyu Hengdeli Holdings Limited (the "Company") is pleased to present the unaudited combined interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2005, along with the unaudited comparative figures and selected explanatory notes, which are prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and have been reviewed by the Audit Committee of the Company.

COMBINED INCOME STATEMENT

| | | Unaudited | |
|--------------------------------|-------|---------------------------|-----------|
| | | For the six months | |
| | | ended 30 June | |
| | | 2005 | 2004 |
| | Notes | RMB'000 | RMB'000 |
| Sales | 3 | 656,504 | 717,959 |
| Cost of sales | 4(ii) | (491,474) | (573,948) |
| Gross profit | | 165,030 | 144,011 |
| Other revenue | 4(ii) | 342 | 447 |
| Distribution costs | | (50,631) | (43,101) |
| Administrative expenses | | (26,065) | (23,668) |
| Other expenses | | (1,696) | (1,607) |
| Profit from operations | 3 | 86,980 | 76,082 |
| Finance costs | 4(i) | (11,529) | (7,919) |
| Profit before tax | 4 | 75,451 | 68,163 |
| Income tax expense | 5 | (25,872) | (22,685) |
| Profit for the period | | 49,579 | 45,478 |
| Attributable to: | | | |
| Equity holders of the parent | | 46,066 | 40,307 |
| Minority interests | | 3,513 | 5,171 |
| | | 49,579 | 45,478 |
| Basic earnings per share (RMB) | 6 | 0.06 | 0.05 |