

Interim Results

The board of directors (the "Directors") of Xinyu Hengdeli Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006, 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.

Consolidated Income Statement

	Notes	For the six months ended 30 June	
		2006 RMB'000 (Unaudited)	2005 RMB'000 (Unaudited)
Sales	3	907,668	656,504
Cost of sales		(683,302)	(491,474)
Gross profit		224,366	165,030
Other revenue and net income	4	8,179	342
Distribution costs		(76,034)	(50,631)
Administrative expenses		(42,295)	(26,065)
Other expenses		(931)	(1,696)
Profit from operations		113,285	86,980
Finance costs	5(i)	(9,336)	(11,529)
Share of losses of a jointly controlled entity		(170)	–
Profit before tax		103,779	75,451
Income tax	6	(33,632)	(25,872)
Profit for the period		70,147	49,579
Attributable to:			
Equity shareholders of the Company		64,951	46,066
Minority interests		5,196	3,513
		70,147	49,579
Basic earnings per share	7	RMB0.06	RMB0.06