To: Business Editor
For Immediate Release

Hengdeli Achieves Good Business Results for 1H 2014

Healthy Operations Bode Well for Future Success

Financial Highlights		**For the six months ended 30 June**		
		2014	2013	**Change**
Sales	(RMB'000) (HKD'000)	**7,206,514** **9,122,726**	6,294,235 7,831,287	**+14.5%**
Gross profit	(RMB'000) (HKD'000)	**2,060,351** **2,608,198**	1,673,370 2,082,007	**+23.1%**
Gross profit margin	%	**28.6%**	26.6%	**+200bps**
Profit for the period	(RMB'000) (HKD'000)	**320,038** **405,136**	302,199 375,996	**+5.9%**

(19 August 2014, Hong Kong) Hengdeli Holdings Limited ("**Hengdeli**" or the "**Company**" and, together with its subsidiaries, the "**Group**"; stock code: **3389**), a world-leading retailer and distributor of internationally renowned brand watches, announced its interim results for the six months ended 30 June 2014 ("period under review").

During the first half of 2014, faced with a macro environment distinguished by unstable sales, the Group adhered to its market-oriented strategy established in 2013 of "seeking progress amidst stability" and achieved favorable business results. The Group recorded sales of RMB7,206,514,000, representing an increase of 14.5% over the corresponding period last year. Retail sales amounted to RMB5,419,256,000, representing an increase of 12.4% over the corresponding period last year and accounted for 75.2% of the total sales. Gross profit margin was approximately 28.6%, representing an increase of 200 bps from the corresponding period last year. The Group recorded net profit of RMB320,038,000, representing an increase of 5.9% over the corresponding period last year while the profit attributable to equity shareholders of the Company amounted to RMB279,646,000, representing an increase of 2.6% over the corresponding period last year, generating attractive returns for shareholders.

Mr. Zhang Yuping, Chairman and the Executive Director of Hengdeli, said, "In the absence of any fundamental changes in the domestic and global economic landscape compared with 2013, the first half of 2014 saw an on-going restructuring of China's economy, which points to further uncertainties ahead. Proactively responding to this changing market in order to facilitate healthy growth over the long term, the Group focused on two directions during the period under review, namely, stabilising existing operations and seeking new profit sources as a foundation for sustainable growth."

During the period under review, a macro environment which was fraught with sales instability, the Group went ahead with prudent expansion, inventory optimization, a bolstered sales force as well as revamped retail outlets and improved customer management policies in order to raise the performance levels of individual stores. Geographically, the Group continued to reinforce and expand its business operations in second, third and fourth-tier cities during the period under review, maintaining middle-end brands as the mainstay of its overall brand mix. Along with inventory clearances and structural optimisation, efforts to enhance managerial performance resulted in tangible achievements. During the period under review, the Group's sales increased 12.4% over the corresponding period last year while domestic retail sales increased 13.0%.Sales from middle-end brands grew well by 19.3%, and the same store sales achieved a growth of 4.0%, which is above the average growth of the Group. The market downturn was also reflected in a year-on-year decrease in sales by Elegant (Hong Kong) during the period under review. However, the decrease was much smaller than the industry average, which was attributable to the Group's extensive, solid and loyal client base in Hong Kong and favorable partnerships with brand suppliers. Macau, Taiwan and other places also helped steadily expand sales.

Following its optimization strategy, various adjustments and effective market expansion, the Group operated a total of 494 retail outlets in Mainland China, Hong Kong, Macau and Taiwan as at 30 June 2014. The quality of all outlets has improved considerably.

Under a strategy newly developed at the end of last year, the Group consolidated its industrial segment during the period under review, and formulated a mid-to-long-term plan which has already been phased in. As a result, the packaging and display segment which is ancillary to watch sales may become an integral part of the Group's business system. Meanwhile, the Group improved the strategic function of its customer services and started a pilot consolidation of customer services scheme in designated regions. The e-commerce platform is currently in the process of development and enhancement. Franchised by brand suppliers, the strong interaction between online and offline single-brand and multi-brand stores as well as the efficient utilization of Weibo, WeChat and other social networking platforms are expected to effectively underpin the Group's growth.

Capitalizing on its superior services and market expertise, the Group continues to broaden and deepen its cooperative relationships with various brands. During the period under review, the Group entered into an exclusive watch maintenance agent agreement with the KERING Group for the Girard-Perregaux brand. As of now, the Group has become the maintenance agent for 66 international brands, of which 49 brands have engaged the Group as their exclusive maintenance agent. The Group also deepened its partnerships in comprehensive customer services arrangements with Tissot, Mido, Certina and other watch brands of the Swatch Group.

The Group has about 400 wholesale customers in over one hundred cities across Mainland China. The Group distributes and exclusively distributes world-known watch brands, including: TAG Heuer, Zenith, Bulgari of LVMH Group and Hamilton, Certina, Balmain, Tissot, Mido, and CK of Swatch Group.

In the second half of the year, the Group will build on the strategies adopted in the first half of the year, in order to consolidate its overall operational footprint while prudently aiming to achieve new heights of success. The Group expects to ensure steady business growth by further refining its management and inventory mix, plus upgrading the quality of its outlets and the image of its various retail brands. Based on the current healthy operating environment, the Group aims to score new achievements, including: accelerating the development of our industrial segment while raising customer service performance levels and our e-commerce platform. The Group is also committed to creating new value for shareholders and society at large through a pragmatic and innovative approach.

Mr. Zhang concluded, "In the second half of the year, the Group will still see opportunities intertwined with challenges. The complexity and uncertainty of today's global economic recovery will continue to cast a shadow over the retail watch sector. Nevertheless, China is still on the path to continued industrialization and urbanization. Based on current economic policies as well as developmental trends and dynamics, plus the consumption trends across Mainland China, the accurately targeted efforts and regulations initiated by the Chinese government will help guide the economy soundly towards its major goals and will lay a solid foundation for moderate to robust growth over the long term. In this context, we remain cautiously optimistic about overall prospects given the Group's well-established core competitive advantages."

Breakdown of Turnover by Segment

			For the six months ended 30 June			
			2014	**%**	2013	%
Retail Business	Mainland China	(RMB'000) (HKD'000)	**3,224,564** **4,081,976**	**44.8%**	2,852,386 3,548,939	45.4%
	Hong Kong	(RMB'000) (HKD'000)	**1,406,584** **1,780,595**	**19.5%**	1,592,678 1,981,610	25.3%
	Taiwan	(RMB'000) (HKD'000)	**89,176** **112,888**	**1.2%**	90,179 112,201	1.4%
	Harvest Max	(RMB'000) (HKD'000)	**698,932** **884,778**	**9.7%**	284,143 353,531	4.5%
Wholesale Business		(RMB'000) (HKD'000)	**1,613,660** **2,042,732**	**22.4%**	1,361,145 1,693,537	21.6%
Customer Service and Others		(RMB'000) (HKD'000)	**173,598** **219,758**	**2.4%**	113,704 141,471	1.8%
Total		(RMB'000) (HKD'000)	**7,206,514** **9,122,726**	**100%**	6,294,235 7,831,287	100%

Sales Network Distribution

	As of 30 June 2014				
	Mainland China	**Hong Kong**	**Taiwan**	**Macau**	**Total**
Elegant Shop	17	5	1	-	**23**
Prime Time/Hengdeli	364	7(Harvest Max)	34	-	**405**
Brand Boutiques	29	16	20	1	**66**
Total	**410**	**28**	**55**	**1**	**494**

Average Exchange Rate	RMB :	HKD
January to June 2014	1	1.2659
January to June 2013	1	1.2442

About Hengdeli Holdings Limited

Hengdeli Holdings Limited is the largest retailer of internationally renowned brand watches in the world. The Group's strategic shareholders include Swatch Group, the world's largest watch manufacturer and distributor, and LVMH Group, a global luxury giant.

The Group owns an extensive retail network that includes Elegant (for top-grade internationally renowned brand watches), Prime Time/Hengdeli (for middle-end and middle-to-high-end renowned brand watches), and single-brand boutiques. As at 30 June 2014, Hengdeli had an extensive sales network of 494 retail outlets in Mainland China, Hong Kong, Taiwan and Macau, through which it distributes over 50 internationally renowned watch brands. Across its entire wholesale business, Hengdeli serves approximately 400 wholesale customers in over 100 major cities.

The Group runs a top-rate customer service, which provides professional after-sales services to customers in Mainland China, Hong Kong and Taiwan. The Group's all-around related production companies also provides strong support for its principal business operations and its further development.

The Group maintains good relationships with numerous brand suppliers of internationally renowned watches, including the SWATCH Group, LVMH Group, RICHEMONT Group, ROLEX Group and Kering Group, distributing and exclusively distributing numerous world-known watch brands.

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

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