



Hengdeli Announces 2010 Interim Results

Number of retail shops increases to 302

Profit for the Period rises 46.7% to RMB 330,956,000

Continued enhancement of retail networks and boosting middle-to-high end consumer goods in the greater China region

Financial Highlights	(For the six months ended 30 June)		
	2010 (RMB'000)	2009 (RMB'000)	Change (%)
Sales	3,714,767	2,694,978	+37.8
Gross profit	914,560	663,710	+37.8
Gross profit margin (%)	24.6%	24.6%	-
Profit for the period	330,956	225,555	+46.7
Profit attributable to shareholders	306,411	212,198	+44.4
Profit for the period (excluding the effect of convertible bonds and profit/loss from currency exchange)	337,500	247,033	+36.6
Basic earnings per share (RMB)	0.075	0.057	+31.6

[10 August 2010, Hong Kong] Hengdeli Holdings Limited (“Hengdeli” or the “Company” and its subsidiaries, the “Group”; stock code: 3389), a leading enterprise in the global retail and distribution sales of renowned international watch brands, announced its interim results for the six months ended 30 June 2010 (the “period under review”).

During the period under review, despite slow economic conditions globally, China has recorded notably positive results. With its strong resources and striving business spirit, the Company recorded total revenues of RMB 3,714,767,000, a year on year increase of 37.8%, while revenues from retail sales increased 44.4%, reaching RMB 2,819,968,000. A breakdown of retail revenues reveals that mainland China and Hong Kong markets contributed RMB 1,774,053,000 and RMB 1,045,915,000, a growth of 39.7% and 53.4% respectively compared to last year. The Group’s profit for the period amounted to RMB 330,956,000 a year on year increase of 46.7%. Excluding the effect of convertible bonds and profit/loss from currency exchange, the actual profit for the period reached RMB 337,500,000, a year on year growth of 36.6%.

Chairman and Chief Executive Officer of Hengdeli, Mr. Zhang Yuping said - “While global economic conditions are still unstable, China’s economy is moving in a positive direction. The policies of the Chinese Government to help maintain steady and fast development of the economy have been fully implemented. Drawing on our own strengths and seizing opportunities in China’s burgeoning market, we have expanded our business in a pro-active and prudent manner. While ensuring a sound and healthy financial balance sheet, we also expanded our Group’s retail network across the greater China region while successfully launching auxiliary operations that have generated promising results.”

During the period under review, the Company's business focused primarily on the development of its retail network throughout the greater China region centred on mainland China, providing comprehensive customer services, extensive product manufacturing and carrying out brand distribution activities. Over the past six months, the Company added 32 new retail outlets. As of 30 June 2010, the number of Company-operated retail outlets increased from 216 to 302 compared to the same period last year. Retail sales amounted to RMB 2,819,968,000, an increase of 44.4% and accounted for 75.9% of the total sales revenue over the corresponding period of last year. Gross profits from retail operations came to RMB 770,646,000 an increase of 37.2% over the corresponding period last year, accounting for 84.3% of the Group's total gross profits. These figures achieved the goals set for the first half of the year which are in line with the Company's overall strategic development.

The average growth rate of same store sales overall was 37.6% compared to the corresponding period last year with the growth rate of same store sales in mainland China and Hong Kong recording 34.1% and 44.8% respectively.

The Company is keeping close pace with market trends, expanding its retail network by simultaneously carrying out mergers and acquisitions, and actively developing its own retail outlets. Moreover, the Company continues to consolidate and strengthen its operations in first-tier cities across China. In addition a great deal of effort has gone into strengthening overall market development in second, third and fourth tier cities with respect to sales of middle-to-high-end branded goods. As of 30 June 2010, the Company operated a total of 252 retail outlets in Mainland China. During the period under review, the Company also acquired a number of retail chains, including: Guangzhou Longyue Watch Company Ltd. with outlets mainly located in Hubei, Hunan, Tianjian and Shenyang, selling middle-to-high end brands such as Tudor, TAG Heuer, Hamilton, Longines, Rado and Tissot. The Guangzhou Longyue acquisition has significantly expanded and reinforced the Company's retail network in central and northern China, boosting market share there.

Looking at the Hong Kong Market, as of 30 June 2010, the Company operated a total of 15 retail outlets mainly located in the central business districts of Tsim Sha Tsui, Central and Causeway Bay. During the period under review, the Group launched an Elegant shop in the high end Central district, offering international luxury brands like Breguet, Chopard and Zenith. Moreover, the Company opened a Panerai brand boutique in Times Square, Causeway Bay, which helped strengthen the positioning of brand boutiques in Hong Kong. The local Hong Kong economic recovery has boosted consumer confidence and tourism, and has stimulated sales of high-end watches. This is evident in same store retail sales in Hong Kong recorded a growth exceeding 44.8% over the corresponding period of 2009, reflecting increased future market potential.

In order to bolster its leading position across the greater China region, the Company continues to expand its retail network in Taiwan. During the period under review, the Company launched its first Taiwan Elegant Flagship shop in Taipei. The 1,230 sq. m. two storey shop located on Zhongxiao East Road sells ten of the world's top first-class watch brands, including Cartier, Jaeger-Lecoultre, Omega and Tiffany. This new Taiwan venture has boosted the Company's prospects in the high-end retail watch sector there.

To help ensure healthy business development during the period under review, the Company along with China Construction Bank Corporation, and Shenzhen Branch ("Shenzhen CCB") entered into a joint strategic cooperative agreement to further cement their close partnership. In future, the China Construction Bank will consider the Company as one of its most important clients, while

Shenzhen branch will provide comprehensive financial services and support to Hengdeli. This will help guarantee the Company's continued growth and sustainable development over the long term.

The Company will continue to strengthen and consolidate its customer services and full array of production services to provide the finest support and assurance to its retailers.

The Company has continued to nurture solid relationships while seeking closer and expanded co-operation with many world renowned watch group suppliers, including: SWATCH, LVMH, RICHEMONT, ROLEX and DKSH. This type of co-operation is not limited just to the retail sector. Our brand and production operations will also continue to be developed and strengthened. During the period under review, we expanded our cooperative arrangements to include after-sales maintenance services. Also, we are now providing better support to businesses in the retail sector by extending customer services for new specifications and requests with brand suppliers.

“Chairman Zhang concluded his remarks by saying - “As we look to the future, the Chinese Government will continue to spur increased consumption demand in order to fulfill its long-term economic aims. This will create excellent market conditions for the Company's business prospects in the coming six months. The Company expects that China's consumer market will continue to be positive and sales prospects for middle-to-high-end consumer goods will remain strong. The Company will continue to expand its business operations in a proactive and progressive manner. We also aim to strengthen our leading position vis a vis sales of international high-end watches across the greater China region to achieve better returns to investors and shareholders.”

Breakdown of Turnover by Business Sector

	For the six months ended 30 June			
	2010		2009	
	RMB'000	%	RMB'000	%
Retail Business - Mainland China	1,774,053	47.8	1,270,355	47.1
Retail Business - Hong Kong	1,045,915	28.2	681,940	25.3
Wholesale Business	751,329	20.2	680,687	25.3
Customer Service and Others	143,470	3.8	61,996	2.3
Total	3,714,767	100	2,694,978	100.0

Retail Outlets Distribution

	As of 30 June 2010			
	Mainland China	Hong Kong	Taiwan	Total
Elegant Shop	12	4	1	17
Prime Time/ Hengdeli	174	-	27	201
TEMPTATION	26	-	-	26
Brand Boutiques	40	11	7	58
Total	252	15	35	302

About Hengdeli Holdings Limited

Hengdeli Holdings Limited is the world's largest retailer of renowned international watch brands. The Group's strategic shareholders include the world's largest watch manufacturer and distributor – the Swatch Group and global luxury giant – the LVMH Group.

The Group owns an extensive retail network that includes Elegant (for luxury watches), Prime Time (for middle- to high-end watches), TEMPTATION (for high-end fashion watches) and various other brand boutiques. As of 30 June 2010, Hengdeli had an extensive sales network of 302 retail outlets in mainland China, Hong Kong and Taiwan, from which it distributes over 50 deluxe international watch brands. Across its entire wholesale operations, Hengdeli serves approximately 300 customers in over 50 cities in the PRC.

As an integral part of its retail business, the Group offers world-class customer care, including professional after-sales services to customers in China, Hong Kong and Taiwan. The Group's ancillary production company also provides strong support for its principal business operations.

The Group maintains close relationships with numerous internationally renowned branded watch suppliers, including the SWATCH Group, the LVMH Group, the RICHEMONT Group and the ROLEX Group. Hengdeli also distributes many internationally elite watch brands, mostly on an exclusive basis.

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.

Issued by Porda International (Finance) PR Group for and on behalf of **Hengdeli Holdings Limited**. For further information, please contact:

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