To: Business Editor
For Immediate Release

Prudent Innovative Operations Underpin Steady Development

Financial Highlights		For the six months ended 30 June		
		2015	2014	**Change**
Revenue	(RMB'000) (HKD'000)	**6,753,944** **8,561,975**	7,206,514 9,122,726	**-6.3%**
Gross profit margin	%	**30.5%**	28.6%	**+190bps**
Profit for the period	(RMB'000) (HKD'000)	**283,689** **359,633**	320,038 405,136	**-11.4%**
Profit attributable to shareholders	(RMB'000) (HKD'000)	**255,150** **323,454**	279,646 354,004	**-8.8%**

(25 August 2015, 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 2015 ("period under review").

During the first half of 2015, under circumstances that posed significant challenges to their operations, the Group held firm to their current operational strategy while actively formulating new business modes, including a watch accessories industrial chain, and exploring new profit sources in order to achieve favorable business results. During the period under review, the Group recorded sales of RMB 6,753,944,000, a decrease of 6.3% over the corresponding period last year. Retail sales amounted to RMB 4,934,322,000, a decrease of 8.9% over the corresponding period last year. Revenues from watch accessories manufacturing as well as customer services and maintenance increased 39.9% year-on year. During the period under review, the gross profit margin came to approximately 30.5%, an increase of 190 bps from the corresponding period last year, while net profit was RMB 283,689,000, representing a year-on-year decrease of 11.4%.

Mr. Zhang Yuping, Chairman and the Executive Director of Hengdeli, said - "The first half of 2015 saw continued global economic instability with China gradually setting itself a new growth benchmark while fine-tuning its economy from fast-paced to more moderate growth. All of these factors adversely affected the Group's overall operations. Confronted with the challenges of the macro-economy and the increasingly diversified consumption trends of customers, the Group held fast to its guiding business philosophy, set out in 2014, of 'seeking sustainable profits to underpin healthy growth' with a view to achieving stability and development in its overall business operations. The result of this strategy was the safeguarding of shareholders' interests with sound overall operating results."

In terms of sales of renowned watches, the Group sought a strategy that focused on complementary and interactive relationships within the Greater China region, including Mainland China and Hong Kong. mid-end brands remained the mainstay of the Group's brand mix in order to meet the needs of affordability by the general public with second, third and fourth tier cities emerging as the main sales regions. The Group also applied strict and standardised scientific management protocols while continuing to work on constantly improving store quality and enhancing the inventory mix. During the period under review, due to significant changes in consumer market, the sales performance of high-end luxury watches continued to show down while sales of mid-end brands remained basically stable with a further increase in the market share of mainstay brands. The inventory turnover ratio also improved markedly, rising higher than the industry average. After adjustment and optimization, the Group operated a total of 511 retail outlets across Greater China, including Mainland China, Hong Kong, Macau and Taiwan as at 30 June 2015 with superior quality.

The establishment and development of the e-commerce O2O platform marks a new strategic direction for the growth of the Group. During the period under review, the Group’s current existing single brand boutiques recorded solid performance in terms of achieving rate and transaction volume. In addition, as a result of highly focused preparation and continuous innovative enhancements, the commissioning of the O2O interactive e-commerce platform (www.censh.com) is essentially completed and will soon go online. Following the official start of operations, this platform is expected to achieve the Group’s set goals vis a vis its integrated interactive business capabilities, featuring online-to-offline sales, online customer services, a 3D experience, comprehensive reviews, and other features. The Group looks forward to actively promoting this type of platform and make effective use of other social platforms, including Weibo and WeChat, all of which should eventually make positive contributions to the long-term development of the Group.

Capitalising on its advanced management and expertise, the Group continues to broaden and deepen its various cooperative ventures with other brand suppliers. During the period under review, the Group entered into watch maintenance agent agreements with Blita, LOCMAN, Million Horn and others. To date, the Group has become the maintenance agent for 72 international brands such as SWATCH and the LVMH Group, of which 42 brands have contracted the Group to serve as their exclusive maintenance agent. In addition, the Group has taken on the CK brand in a comprehensive customer services arrangements with Tissot, Mido, Certina and other brands under the SWATCH Group. During the period under review, while guaranteeing exceptional brand and customer services, maintenance revenues of the Group also expanded by 7.7%, showing its growth momentum.

Following a major integration project that has spanned nearly two years, the Group has formulated a new business modality, which creates a seamless synergy between watchcase manufacturing, product packaging, production display, interior design, shop decoration and the development of its own brand along with the watch industrial chain. Each of these areas also establishes a brand effect based on the core competitiveness of product quality and service quality. Backed by strict management standards and effective development, the watch industrial chain has achieved a substantial boost in its production capacity, showing a year-on-year increase of 52.5%, a testament to the Group’s powerful developmental prowess.

The Group has maintained strong partnerships with brand suppliers as well as numerous retailers and has about 400 wholesale customers in over 100 cities across China, distributing and exclusively distributing world-famous watch brands.

In the second half of the year, the Group will continue its operating strategy of “stabilisation + expansion” like they did in the first half of the year. With respect to “stabilisation”, the Group’s mid-level watch lines will continue to serve as mainstay brands while the Group will also continue to extend its efforts in expanding the sales network of stores into second, third and fourth tier cities, which offer the most lucrative potential. The Group also aims to further refine its management standards and enhance the overall inventory mix in order to realise stable and sustainable growth. With respect to “expansion”, the Group will further leverage its competitive advantages to help drive the pace of development in the manufacturing of accessories for the watch industrial chain, improve customer services and move ahead full steam with e-commerce initiatives. The Group’s prudent yet innovative operations will create greater value for both its shareholders and society at large.

Mr. Zhang concluded, "In the second half of the year, the recovery of the global economy will remain weak, and China's domestic economy will continue to face greater downward pressures. However, the 'dual objectives' of the Chinese government in maintaining moderate economic growth and moving towards higher end production development as well as implementing a series of important initiatives for maintaining steady growth, while promoting reform, adjusting internal structures and working to benefit people's livelihoods will, in the end, achieve an overall stable advancement of China's economy. This will ultimately provide enterprises with a broader platform for their own development. Amidst both challenges and opportunities, we have the confidence and ability to cope with various risks and challenges ahead. Our aim is to have the Group achieve sustained and sound development by leveraging its core competencies as the true business model of a watch industrial chain, which already has a proven momentum for development, as it continues to grow and mature. Therefore, we are cautiously optimistic about the future prospects for the Group."

Sales Breakdown

			For the six months ended 30 June			
			2015	**%**	2014	%
Retail Business	Mainland China	(RMB'000) (HKD'000)	**3,094,219** **3,922,541**	**45.8%**	3,224,564 4,081,976	44.8%
	Hong Kong	(RMB'000) (HKD'000)	**954,399** **1,209,892**	**14.1%**	1,406,584 1,780,595	19.5%
	Taiwan	(RMB'000) (HKD'000)	**77,324** **98,024**	**1.1%**	89,176 112,888	1.2%
	Harvest Max	(RMB'000) (HKD'000)	**808,380** **1,024,783**	**12.0%**	698,932 884,778	9.7%
Wholesale Business		(RMB'000) (HKD'000)	**1,576,776** **1,998,879**	**23.4%**	1,613,660 2,042,732	22.4%
Watch accessories manufacturing, customer service and Others		(RMB'000) (HKD'000)	**242,846** **307,856**	**3.6%**	173,598 219,758	2.4%
Total		(RMB'000) (HKD'000)	**6,753,944** **8,561,975**	**100%**	7,206,514 9,122,726	100%

Sales Network Distribution

	As of 30 June 2015			
	Mainland China	**Hong Kong and Macau**	**Taiwan**	**Total**
Prime Time/Hengdeli	381	6 (Harvest Max)	36	**423**
Elegant	14	5	1	**20**
Brand Boutiques	35	15	18	**68**
Total	**430**	**26**	**55**	**511**

Average Exchange Rate	RMB	:	HKD
January to June 2015	1		1.2677
January to June 2014	1		1.2659

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 Prime Time/Hengdeli (for middle-end and middle-to-high-end renowned brand watches), Elegant (for top-grade internationally renowned brand watches), and single-brand boutiques. As at 30 June 2015, the Group had an extensive sales network of 511 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 provide 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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