To: Business Editor
For Immediate Release

Hengdeli Achieves Steady and Healthy Business Results for 2013

Prudent Response to the Market Environment
Developing Steadily while Seeking New Opportunities

Financial Highlights		**For the year ended 31 December**		
		2013	2012	**Change**
Turnover	(RMB'000) (HKD'000)	**13,375,443** **16,750,066**	12,120,448 14,949,361	**+10.4%**
Gross profit margin	%	**27.2%**	26.0%	**+120bps**
Profit for the year	(RMB'000) (HKD'000)	**468,872** **587,168**	945,518 1,166,202	**-50.4%**
Profit attributable to equity shareholders	(RMB'000) (HKD'000)	**400,421** **501,447**	855,153 1,054,746	**-53.2%**
Profit attributable to equity shareholders excluding the non-core business	(RMB'000) (HKD'000)	**514,066** **643,765**	786,648 970,252	**-34.7%**
Final dividend per ordinary share proposed		**RMB 2.5 cents per share**		

(25 March 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 annual results for the year ended 31 December 2013 (the "year under review"). The Group achieves steady and healthy business results. The Board proposed a dividend payout of RMB 2.5 cents per share (approximately HKD 3.1cents per share) for the financial year ended 31 December 2013, in return for shareholders' support.

In 2013, amid the complex and volatile economic environment, the Group achieved stable performance despite the challenging operating environment. The Group recorded sales of RMB13,375,443,000, representing a growth of 10.4% year-on-year. Retail sales amounted to RMB9,978,633,000, increased by 11.4% year-on-year, and accounted for 74.6% of the total sales, which was in line with the Group's strategic direction. During the year under review, the Group's net profit excluding the non-core businesses was RMB514,066,000, representing a decrease of 34.7% as compared to the same period last year due to the impact from macro environment. The Group's net profit was RMB468,872,000, decreased by 50.4% compared to last year. Apart from a decrease in gross profit margin of the sales of high-end brands and an increase in expenses arising from higher labor cost and rental expenses, the corresponding impairment provision for shares of Ming Fung Jewellery Group Limited ("Ming Fung Group") made according to accounting standards after the share price of Ming Fung Group plunged from the beginning of the year, and the relatively substantial impact on the non-recurring gain from the disposal of OMAS in 2012 also caused the decrease in profits for the year.

Mr. Zhang Yuping, Chairman and the Executive Director of Hengdeli, said, "In the context of a tamed global economic recovery in 2013, China's economy showed smooth and positive signs through structural adjustments. Well positioned for every market opportunity, the Group gave full play to its strengths to align its professional operations with market dynamics in a customer-oriented approach, seeking to provide consumers the thoughtful and personalized service experience with an aim at new development. As a result, the Group achieved stable performance despite the challenging market environment, effectively safeguarded the interests of its shareholders."

During the year under review, the Group continued business restructuring and refined management to foster new growth sources according to the watch-sales market environment. In Mainland China, the Group continued to allocate resources in an effort to target the middle-end watch market, and steadily expanded the retail network for its middle-end watches with the aim of penetrating second, third and fourth tier cities with potential. At the same time, the Group endeavoured to adjust and rationalise the structure of its high-end brands. In Hong Kong, the Group worked to stabilise its high-end retail segment while planning to develop a multi-faceted marketing system, set up middle-end and middle-to-high-end retail platforms, in looking for new ways to expand its market shares and achieve steady growth in profitability. After adjustments, optimization work and effective expansion, the number of the Group's retail outlets as to 31 December 2013 had increased to 470 from 452 at the end of last year. Meanwhile, sales of the Group's middle-end watches in 2013 continued to increase, at a rate of 8.9% as the demand for middle-end brand watches is growing. This not only mirrored a success of the Group's sales strategy, but also justified its approach in China in the coming years.

As of 31 December 2013, the Group had 384 retail outlets in Mainland China. During the year under review, demand for middle-end watches was more obvious. The Group took a middle-end concentrated approach to re-position and adjust the middle-end outlets with a view to further expand and strengthen the retail network of middle-end watches. New outlets have been set up in the regions with the highest sales records such as third and fourth tier cities as well as emerging second and third tier cities to seize and secure the market shares. Meanwhile, highlighting the solidification and improvement of revenue contribution from single outlets, the Group intensified its efforts in streamlining outlets in the first tier market and high-end watch retail market.

The Group's business in Hong Kong remained positively stable during the year under review. As of 31 December 2013, the Group operated 21 "Elegant" Shops in Hong Kong, which are mainly located in prime districts such as Tsim Sha Tsui, Central, Causeway Bay and Shatin. The Group repositioned its retail shops in Hong Kong during the year by opening a new multi-brand "Elegant" shop in New Town Plaza in Shatin, and opening three single brand boutiques in Times Square to form regionalization and synergy. As of 31 December 2013, the Group recorded an increase of 1.2% in sales in Elegant Hong Kong as compared to the same period last year, a growth of 2.8% if the effect of exchange rate changes excluded. Whereas gross profit margin slightly decreased because the Group allowed more flexibility in discount offering in sales of high-end watches amid subdued economic environment.

During the year under review, the Group complied with the rising trend of e-commerce platform. As authorized by the brand supplier, the Group began to set foot in online retails in cooperation with certain brands, and opened the first single-brand flagship store. During the "11 November" event in the year, the store was added to favorites over 14,000 times and the sales amount also turned out very good. The established O2O interactive sales platform is believed to become a new driver to the Group's development in a new economic era.

During the year under review, in respect of customer services, the Group broadened and deepened the cooperation with brands, successively signed watch maintenance agent agreements with International Luxury Group and Eterna Group. As of now, the Group has become the maintenance agent for 65 internationally brands, of which 48 brands have engaged the Group as their exclusive maintenance agent. The Group also worked closely with SWATCH Group to provide pre-sale services for Tissot and other watch brands distributed by the Group. Such cooperation will be strengthened in the further. The Group dispatched selected maintenance technicians to attend overseas training courses on a regular basis, so as to secure consistent supply of high-calibre maintenance technicians. At the same time, the Group organized maintenance technical training courses in and around second and third tier cities, with overseas senior technicians in charge of course planning and teaching, so as to provide strict training for the front-line maintenance technicians in a timely and phased manner. As a result, the Group's high-level customer services on par with the international standards are guaranteed.

The packaging and display segment is one of the profit generators for the Group in the long run. As such, the Group developed a new strategic goal during the year, under which the Group repositioned and consolidated the segment by introducing high-calibre industry players to jointly establish companies for manufacturing watchcase, display and packaging supplies. This move aims to build up a comprehensive and complete platform to support the Group's watch business and forge a new growth base in the long run.

The Group has maintained good partnerships with brand suppliers and numerous retailers. The Group has about 400 wholesale customers in almost one hundred cities across Mainland China. The Group distributes and exclusively distributes world-known watch brands including Balmain, Certina, CK, Hamilton, Mido and Tissot of SWATCH Group, as well as Bulgari, TAG Heuer and Zenith of LVMH Group.

In 2014, the Group will adhere to the market-oriented, customer-centric and service-driven approaches, seeking transformation and progress amidst stability based on its prudent and stable operations. Specifically, the Group will continue to prioritize its resources in middle-end brand operations in order to deepen the refined management, upgrade quality of outlets and image of retail brands for the steady business growth. Under its new strategy for the new environment, the Group will speed up the construction of e-commerce platform, build up and improve the business platform for packaging and display products related to watches; and further expand the scope of customer services to build it into a new profit generator while serving the Group's retail business.

Chairman Zhang concluded, "In 2014, despite the challenges ahead for corporates amid uncertainties in global economy, we believe that opportunities will come along with challenges in the new era. With Chinese government's commitment to steady economic growth and its advocacy and practices focusing on increasing the quality and effectiveness of economic growth, we believe that an innovative and solid economy is ahead to provide the Group new opportunities and a favorable backdrop for its development in the long run. The Group will seek all-round progresses in a practical manner to ensure its stability and sustainability in pursuit of value additions for shareholders and the community."

Breakdown of Turnover by Segment

			For the year ended 31 December			
			2013	**%**	2012	%
Retail Business	Mainland China	(RMB'000) (HKD'000)	5,598,929 7,011,539	41.9%	5,627,893 6,941,443	46.4%
	Hong Kong	(RMB'000) (HKD'000)	3,151,948 3,947,184	23.6%	3,113,940 3,840,734	25.7%
	Taiwan	(RMB'000) (HKD'000)	206,454 258,542	1.5%	214,612 264,702	1.8%
	Harvest Max	(RMB'000) (HKD'000)	1,021,302 1,278,976	7.6%	-	N.A.
Wholesale Business		(RMB'000) (HKD'000)	3,118,244 3,904,977	23.3%	2,924,747 3,607,383	24.1%
Customer Service and Others		(RMB'000) (HKD'000)	278,566 348,848	2.1%	239,256 295,098	2.0%
Total		(RMB'000) (HKD'000)	13,375,443 16,750,066	100%	12,120,448 14,949,361	100%

Sales Network Distribution

	As of 31 December 2013				
	Mainland China	**Hong Kong**	**Taiwan**	**Macau**	**Total**
Elegant Shop	17	5	1	-	**23**
Prime Time/Hengdeli	338	7	36	-	**381**
Brand Boutique	29	16	20	1	**66**
Total	**384**	**28**	**57**	**1**	**470**

Average Exchange Rate	RMB :	HKD
January to December 2013	1	1.2523
January to December 2012	1	1.2334

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, world's largest watch manufacturer and distributor, and LVMH Group, 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 31 December 2013, Hengdeli had an extensive sales network of 470 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.

As an integral part of the retail business, the Group runs a top-rate customer service, which provides professional after-sale service 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 and it is further developing.

The Group maintains good relationships with numerous brand suppliers of internationally renowned watches, including SWATCH Group, LVMH Group, RICHEMONT Group, ROLEX Group and Kering Group, distributes and exclusively distributes 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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