



**Hengdeli records excellent results for 2010**  
**Net Profit surges 59.9% to RMB617,378,000 (HKD713,380,000)**  
**Number of retail shops up by 80 to 350**

*Hengdeli develops watch retail business  
and ventures into jewellery market*

Financial Highlights		For the year ended 31 December		Change (%)
		2010	2009	
Sales	(RMB'000) (HKD'000)	<b>8,215,643</b> <b>9,493,175</b>	5,899,422 6,694,664	<b>+39.3%</b>
Gross profit	(RMB'000) (HKD'000)	<b>2,048,950</b> <b>2,367,562</b>	1,409,125 1,599,075	<b>+45.4%</b>
Gross profit margin	%	<b>24.9%</b>	23.9%	<b>+4.2%</b>
Profit for the year	(RMB'000) (HKD'000)	<b>617,378</b> <b>713,380</b>	386,093 438,138	<b>+59.9%</b>
Profit attributable to equity shareholders	(RMB'000) (HKD'000)	<b>553,989</b> <b>640,134</b>	364,809 413,985	<b>+51.9%</b>
Basic Earnings per share	(RMB) (HKD)	<b>0.133</b> <b>0.154</b>	0.094 0.107	<b>+41.5%</b>

[22 March 2011, 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 2010 (the “year under review”).

In 2010, the Group achieved excellent operating results. During the year under review, the Group recorded total revenue of RMB8,215,643,000, a year on year increase of 39.3%, while revenue from retail sales increased 43.7% to RMB6,374,658,000, of which RMB3,769,908,000 were contributed by the Mainland China market and RMB2,412,052,000 were from the Hong Kong market, representing growth rates of 38.5% and 41.4% respectively compared to last year. The Group’s net profit amounted to RMB617,378,000, a year on year increase of 59.9%. The Board proposed a dividend payout of RMB0.042 per share for the fiscal year ended 31 December 2010.

Mr. Zhang Yuping, Chairman and Chief Executive Officer of Hengdeli, said, “Under favorable economic conditions, the Group followed the market closely. In a strong financial position, the Group focused on the development of the watch retail business in the Greater China region covering Mainland China, Hong Kong and Taiwan in a proactive and prudent manner, along with other businesses such as customer services, ancillary business and brand distribution business, which achieved satisfactory results.”

During the year under review, the Group continued to be active and prudent. It expanded its retail network by carrying out mergers and acquisitions and developing its own retail outlets. While strengthening the business in the first-tier cities, the Group expanded into second and third-tier cities and ventured into selective areas in the fourth-tier cities. As at 31 December 2010, the Group operated a total of 350 retail outlets in Mainland China, Hong Kong, Macau and Taiwan, an increase of 80 outlets from the previous year. Retail sales climbed 43.7% year-on-year to RMB6,374,658,000, accounting for 77.6% of the Group's total. The average same store sales rose 35% from 2009.

As at 31 December, 2010, the Group operated a total of 286 retail outlets in Mainland China. During the year under review, the Group acquired Guangzhou Longyue Watch Company Ltd as well as Tianjin Hengdeli Watch and Clock Company. These companies have retail outlets mainly in Hubei, Hunan and Tianjin. Meanwhile, the Group extended its retail presence in Yunnan, Guizhou, Sichuan and Guangxi, and stepped up development in second and third-tier cities in the Yangtze River Delta, of which the center is Nanjing and Suzhou. These acquisitions and expansion greatly strengthened the retail network in southern and southwest regions of Mainland China, increased the Group's market share in those regions and maintained the Group's market share in eastern China.

As at 31 December 2010, the Group operated a total of 15 retail outlets in Hong Kong, of which 4 are Elegant shops that sell multiple brand products and 11 are single-brand boutiques or image shops. These stores are mainly located in prime districts including Tsim Sha Tsui, Central and Causeway Bay. At the end of the year, the Group successfully entered Macau and opened the first shop, an Omega boutique, which achieved robust sales. In addition, the Group operated a total of 48 retail outlets in Taiwan and opened the first Taiwan "Elegant" flagship shop in Taipei's supreme business district during the year under review. The shop is located on Chung Hsiao East Road, covering a total area of 1,230 square meters. The shop sells the world's top ten brand watches, which has set a new trend of high-end watch retail in Taiwan.

The Group provides comprehensive and quality after-sales warranty services within the Greater China region. During the year under review, the Group became the maintenance services agent for a number of world famous brands such as Gucci, Chaumet of LVMH Group and DAMIANI from Italy. The Group's customer services have been widely recognized and greatly supported by the brands.

The distribution business of the Group also grew. During the year under review, the Group entered into a cooperation agreement with Bulgari to become an exclusive distributor of the well-known brand in Mainland China.

In addition, the Group achieved a breakthrough in the jewellery business. During the year under review, the Group entered into a legal-binding cooperation agreement with famous jewelry group Ming Fung Jewellery Group Limited to jointly develop the mid-range to high-end jewellery retail business in the Greater China. The business looks set to start operations.

The Group also entered into a strategic cooperation agreement with China Construction Bank Corporation Shenzhen Branch ("Shenzhen CCB") during the year under review to strive together for a great success.

Looking forward, Mr. Zhang said, "The Group has confidence in the Chinese economy. The stable monetary policy and the flexible fiscal policy of the Chinese government will become drivers of the economy. 2011 is the first year of the second five-year plan which the Group experienced after its listing. Under new economic conditions, the Group will operate in line with market changes to expand its businesses in a proactive yet prudent manner so as to strengthen its leading position in the internationally renowned brand watch business. In addition, the Group will explore other areas in the mid- range to high-end consumer market such as jewelry to seek new factors of profit growth. The Group will adhere to its goal and excel, generating satisfactory returns for our shareholders and the community."

### **Breakdown of Turnover by Business Sector**

		For the year ended 31 December			
		2010	%	2009	%
Retail Business (Mainland China)	(RMB'000) (HKD'000)	<b>3,769,908</b> <b>4,356,129</b>	<b>45.9</b>	2,722,275 3,089,238	46.2
Retail Business (Hong Kong)	(RMB'000) (HKD'000)	<b>2,412,052</b> <b>2,787,126</b>	<b>29.4</b>	1,705,476 1,935,374	28.9
Retail Business (Taiwan)	(RMB'000) (HKD'000)	<b>192,698</b> <b>222,663</b>	<b>2.3</b>	7,912 8,979	0.1
Wholesale Business	(RMB'000) (HKD'000)	<b>1,661,119</b> <b>1,919,423</b>	<b>20.2</b>	1,329,967 1,509,247	22.5
Customer Service and Ancillary Business	(RMB'000) (HKD'000)	<b>179,866</b> <b>207,835</b>	<b>2.2</b>	133,792 151,827	2.3
<b>Total</b>	(RMB'000) (HKD'000)	<b>8,215,643</b> <b>9,493,175</b>	<b>100</b>	5,899,422 6,694,664	100

### **Sales Network Distribution**

		For the year ended 31 December				
		Mainland China	Hong Kong	Taiwan	Macau	Total
Elegant Shop		12	4	1	-	<b>17</b>
Prime Time/Hengdeli		197	-	35	-	<b>232</b>
With Time (formerly "TEMPTATION")		30	-	-	-	<b>30</b>
Brand Boutiques		47	11	12	1	<b>71</b>
<b>Total</b>		<b>286</b>	<b>15</b>	<b>48</b>	<b>1</b>	<b>350</b>

Average Exchange Rate	RMB	:	HKD
January to December 2010	1		1.1555
January to December 2009	1		1.1348

### **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 luxury watches), Prime Time/Hengdeli (for middle- to high-end watches), With Time (Formerly "TEMPTATION", for high-end fashion watches) and single-brand boutiques. As at 31 December 2010, Hengdeli had an extensive sales network of 350 retail outlets in Mainland China, Hong Kong, Taiwan and Macau, through which it distributes over 50 renowned international watch brands. Across its entire wholesale business, Hengdeli serves approximately 300 wholesale customers in over 50 cities in the PRC.

As an integral part of the retail business, the Group runs a top-rate customer service, which provides professional after-sale services to customers in Mainland China, Hong Kong and Taiwan. The Group's ancillary production company also provides strong support for its principal business.

The Group maintains good relationships with numerous brand suppliers of internationally famous watches, including the SWATCH Group, the LVMH Group, the RICHMONT Group and the ROLEX Group. Hengdeli also distributes numerous internationally renowned watch brands, mostly on 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.

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