LLANZ 利郎 CHINA LILANG LIMITED 中國利郎有限公司

Annual Results 2014

Hong Kong, March 2015

Disclaimer

The information contained in this presentation is intended solely for your personal reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning China Lilang Limited (the "Company"). The Company makes no representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

In addition, the information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.



Agenda





LILANZ 利郎 CHINA LILANG LIMITED 中國利郎有限公司

RESULTS

HIGHLIGHTS

Outperformed Other Industry Players

Menswear industry in the PRC remained weak in 2014

- Retail consumption slowed down
- Indiscriminative and extensive expansion in the past led to excess inventory and winding-up of retail stores
- Channel inventory clearance was drawing to a close, and operating environment has improved

China Lilang's performance indicators continued to improve



- Sales proportion of original products increased
- Products are better value for money
- Product designs are more individuated to give distinctive brand image
- Completed nation-wide store network restructuring, store closing cycle ended
- Channel inventory is back to a healthy level
- Retail discounts narrowed with expanding average same-store sales growth

LILANZ 利郎

2014 Annual Results Financial Highlights

(RMB million)	FY2014	FY2013	Change
Turnover	2,433.0	2,298.6	+5.8%
Gross profit % of Turnover	1,035.7 42.6	979.8 42.6	+5.7% - p.p.
Profit from operations % of Turnover	680.8 28.0	582.0 25.3	+17.0% +2.7 p.p.
Net Profit % of Turnover	554.9 22.8	516.1 22.5	+7.5% +0.3 p.p.
Earnings per share Basic (RMB cents) Diluted (RMB cents)	46.17 46.06	42.97 42.88	+7.4% +7.4%
Final dividends per share Final (HK cents) Special final (HK cents)	17.0 6.0	16.0 5.0	+6.3% +20.0%
Net cash per share (RMB)	1.61	1.37	+17.5%





LILANZ 利郎 CHINA LILANG LIMITED 中國利郎有限公司

FINANCIAL

REVIEW

Turnover Analysis

Total Turnover & Turnover By Brand

(RMB million)



Turnover change due to:

- Measures to boost brand image and product designs drove stable volume growth with more competitive products
- ASP fell slightly under the strategy of "improving product quality without raising the price"
- Trade fair results on an uptrend during 2014, and delivery on schedule
- Sales of LILANZ and L2 accounted for 90.4% and 9.2% respectively of turnover

LILANZ 利郎

Cost of Goods Sold

(RMB million)



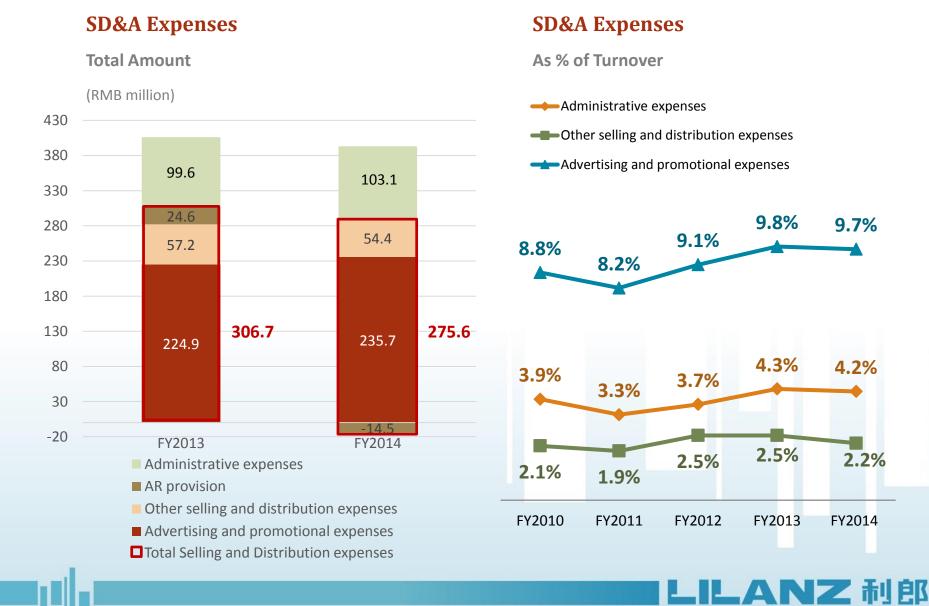
Gross profit margin stable at 42.6%

- Slight pressure on GP margin under "improving product quality without raising price" strategy
- Production cost savings from:
 - Slightly lower raw materials prices
- Increased proportion of original products
- Self production cost (including process outsourcing) ratio up by 1.8 p.p. to 52.8%
- R&D cost increased by 20.3% to RMB81.1 million



LILANZ 利郎

SD&A Expenses

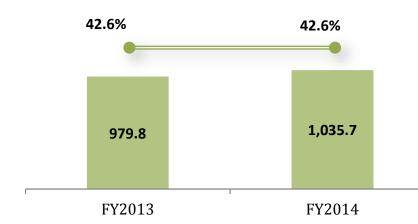


10

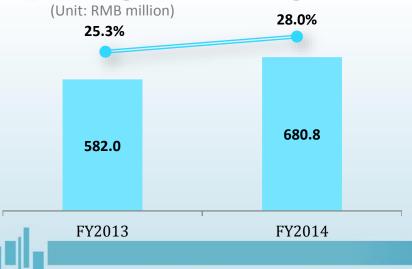
Increased Profit and Margins

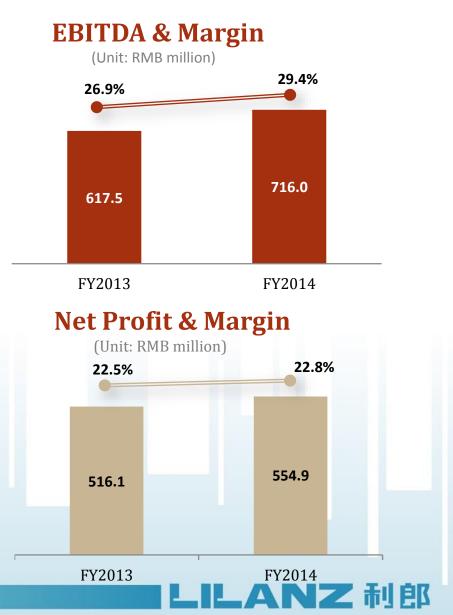
Gross Profit & Margin

(Unit: RMB million)



Operating Profit & Margin

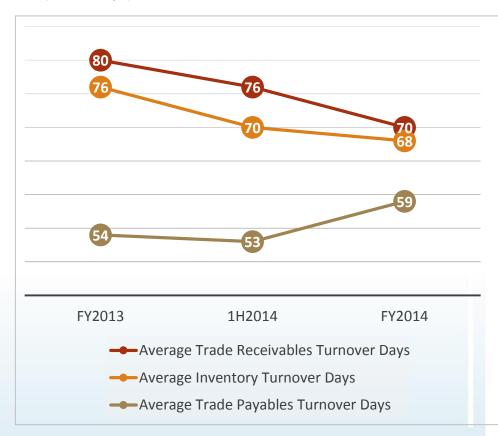




Working Capital Cycle

Turnover Days

(Unit: Days)



Working capital cycle shortened

Trade Receivables

- Average turnover days decreased by 10 days to 70 days
- Year-end balance increased by 22.0% due to sales growth of 2014 winter collections and extended credit terms granted to some distributors to encourage them to open large-scale stores in shopping malls
- Provision for doubtful debts of RMB10.1 million as at December 2014

Inventory

 Inventory turnover days dropped by 8 days to 68 days mainly because of the 8.2% decrease of the inventory balance from December 2013

Trade Payables

 Average turnover days increased to 59 days as longer payment terms were adopted for new suppliers

Remarks:

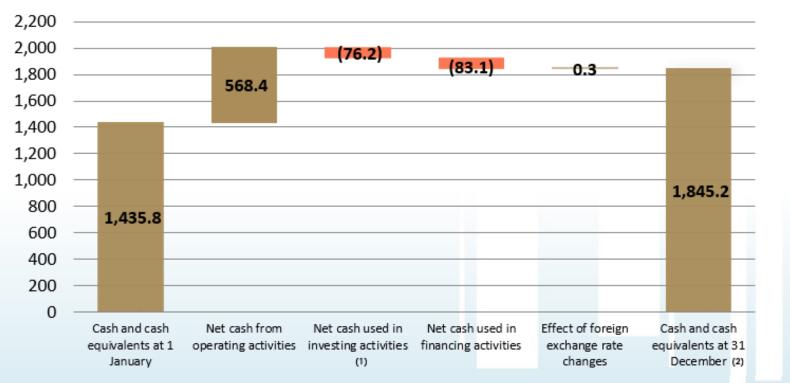
- Average trade receivables turnover days is equal to the average of the beginning and closing trade receivables balance divided by the turnover (including value-added tax) and multiplied by the number of days in the period.
- Average inventory turnover days is equal to the average of the beginning and closing inventory balance divided by the cost of sales and multiplied by the number of days in the period.
- Average trade payables turnover days is equal to the average of the beginning and closing trade and trade bills payables balance divided by cost of sales and multiplied by the number of days in the period.



Cash Flow

Cash and cash equivalents

(RMB million)



(1) Included placements of time deposits and pledged bank deposits with maturity over 3 months

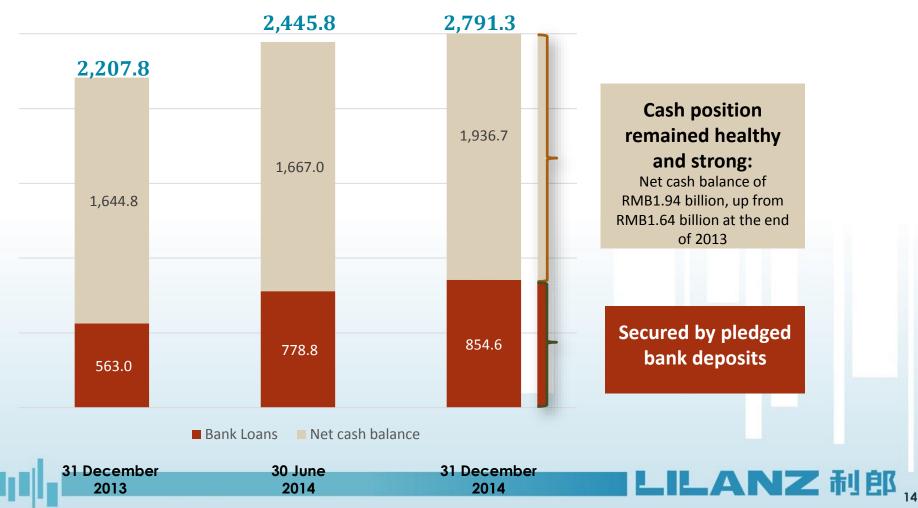
(2) Excluded fixed deposits held at banks with maturity over 3 months and bank deposits pledged as security for bank
 loans.

LILANZ 利郎

Healthy and Strong Cash Position

Total Cash and Bank Balance

(Unit: RMB million)



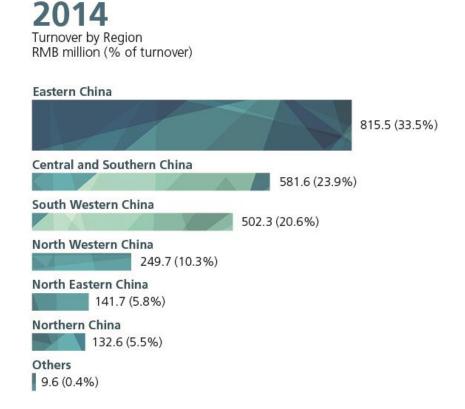
2-F A

LILANZ 利郎 CHINA LILANG LIMITED 中國利郎有限公司

BUSINESS & OPERATIONAL

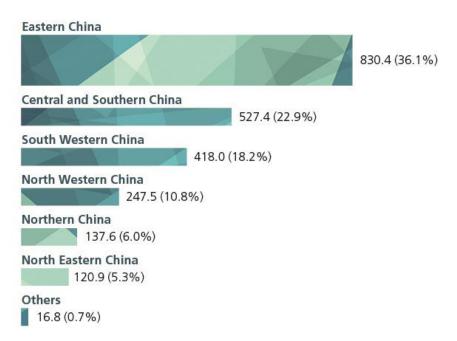
REVIEW

Nationwide Distribution Network



2013

Turnover by Region RMB million (% of turnover)



Group store count	2014 Dec 31	2014 Jan 1	Change
Eastern China	850	1,011	-161
Central and southern China	740	806	-66
South Western China	615	656	-41
North Eastern China	305	367	-62
Northern China	295	330	-35
North Western China	274	285	-11
Total store count	3,079	3,455	-376

	No. of stores renovated
2012	280
2013	750
2014	680
2015	250 - 300 (Expected)

Sales Channel Management

Paying close attention to the potential of e-business channel

- Operate online flagship stores for LILANZ and L2
- L2 also uses various online shopping platforms for inventory clearance
- Products are at the same price on online sales platforms and brick-andmortar stores except for out-of-the-season inventories

ns

Managing sales channel

- Monitor sales and channel inventories through ERP system
- Operate discount stores prior to store renovation and temporary promotion counters in department stores to clear out-of-the-season inventories

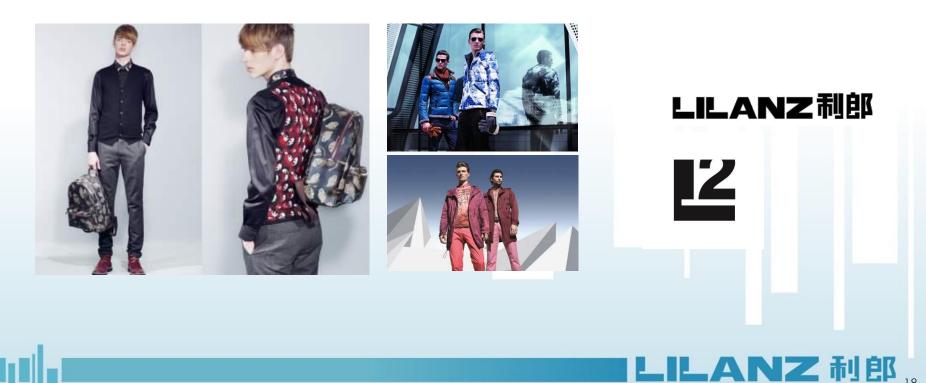
Enhancing the management skills and efficiency of distributors

- Training programs provided for the distributors:
 (1) upgrade and planning of distribution channels;
- (2) transformation from 'brand wholesaling' to 'brand retailing'

Brand LILANZ L2 Total Total no. of retail stores 3,079 2,783 296 Total area of retail stores 334,000 301,400 32,600 (sq.m.) Change -8.0% -6.5% +9.4%

Product Design and Development

- Promote individuation in its product designs and further differentiate its products from market peers
- 2014 products of LILANZ incorporating new design concepts from the international R&D team were well received by the market
- Increased proportion of original products
- A new accessory designer joined the international design team in early 2014 with an aim to increase sales and profitability of accessory
- L2 focuses on trendy casual wear which better suits the needs of target customers



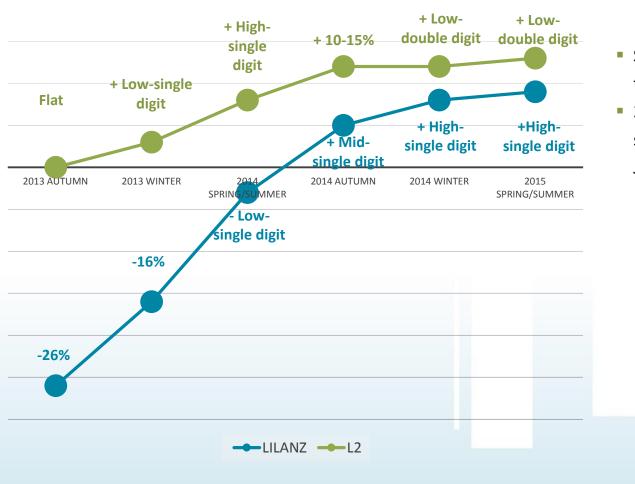
Marketing and Promotion



- Continue to engage Mr. Chen Dao Ming (陳道明), as the spokesperson for "LILANZ". A micro film was made during the year and available for viewing on the internet since December
- Putting soft-sell advertisements in magazines and newspapers
- Placing pre-movie advertisements in cinemas
- Setting up billboards in a dozen of airports in China and the airport in Bangkok, Thailand



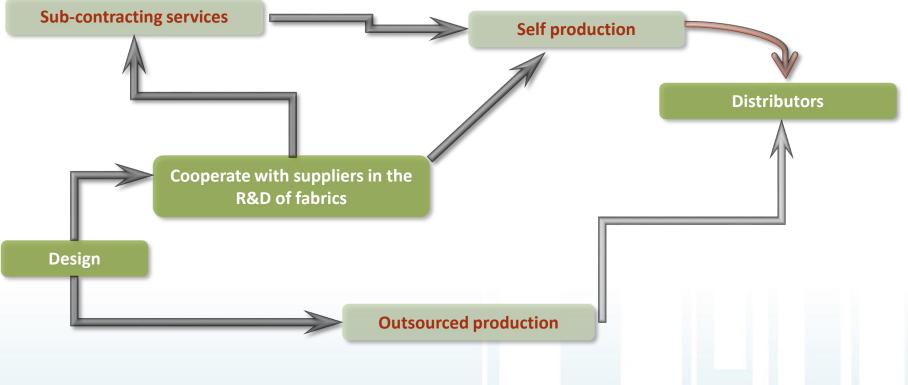
Trade Fair Results



- Sequential improvement of trade fair results
- 2015 Spring/Summer products shipment commenced in January 2015



Production and Supply Chain



- Continue to improve its supply chain management and control costs by identifying more cost-efficient fabric suppliers and processing plants
- Enhance the fabric texture and workmanship skills to make the products more comfortable
- Share the benefits of its improved supply chain management with the consumers by offering them products of better value for money





LILANZ 利郎 CHINA LILANG LIMITED 中國利郎有限公司

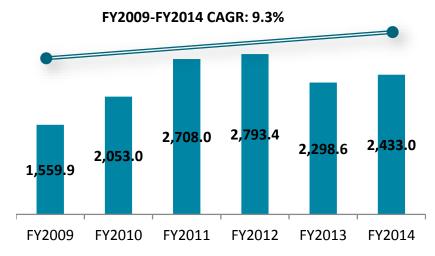
OUTLOOK

& STRATEGY

Growth in five years since listed

Turnover

(Unit: RMB million)



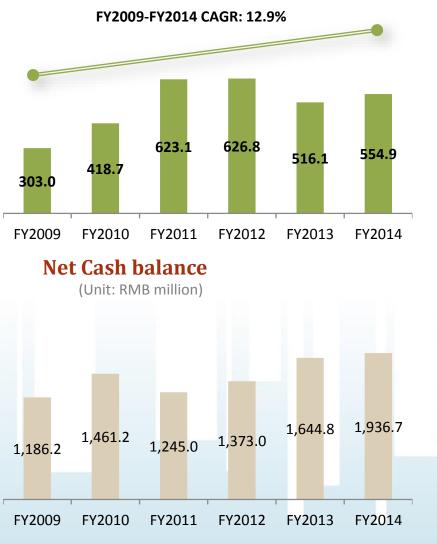
Net Margin

(Unit: RMB million)



Net Profit

(Unit: RMB million)



LANZ 利郎

Prudent and Flexible Operation Strategy

Enhance core competitiveness

- Continue to implement the strategy of "improving product quality without raising the price"
- Raise the proportion of original products in sales
- Further enhance value for money of its products by improving product design, workmanship and materials

Management of retail network

- Focus on improving store efficiency to capture the opportunities arising from the industry consolidation
- Maintain a prudent approach to store opening in 2015
 - "LILANZ": keep the existing number of store count
 - "L2": 20-30 net increase
- Open large-scale stores in shopping malls in provincial capitals and prefecture-level cities
- Continue the renovation program of "LILANZ" stores with the remaining 250 to 300 stores scheduled to be completed in 2015



We are cautiously optimistic about the prospects for 2015, expecting satisfactory growth at 2015 Autumn Trade Fair, and target to achieve mid-to-high-single digit SSS growth



LILANZ 利郎 CHINA LILANG LIMITED 中國利郎有限公司

OPEN FORUM