

[For Immediate Release]

# LILANZ 利郎

## China Lilang Announces 2015 Annual Results Net Profit Grew by 12.7% to RMB625 Million “Improving Product Quality without Raising the Price” Policy Generated Initial Results Seek to Gain Market Share amid Industry Consolidation

### Financial Highlights:

RMB million	For the year ended 31 December		
	2015	2014	Change
Revenue	2,689.1	2,433.0	+10.5%
Gross profit	1,142.8	1,035.7	+10.3%
Operating profit	794.1	680.8	+16.6%
Net profit	625.2	554.9	+12.7%
Earnings per share			
- Basic (RMB cents)	51.83	46.17	+12.3%
- Diluted (RMB cents)	51.77	46.06	+12.4%
Final dividend per share			
- Final dividend	HK17 cents	HK17 cents	-
- <u>Special final dividend</u>	<u>HK7 cents</u>	<u>HK6 cents</u>	<u>+16.7%</u>
Total	HK24 cents	HK23 cents	+4.3%
Gross profit margin	42.5%	42.6%	-0.1p.p.
Operating profit margin	29.5%	28.0%	+1.5p.p.
Net profit margin	23.2%	22.8%	+0.4p.p.

(9 March 2016 – Hong Kong) **China Lilang Limited** (“China Lilang” or the “Company”, together with its subsidiaries, known as the “Group”; stock code: 1234), today announces the annual results for the year ended 31 December 2015.

The Group progressed steadily in 2015 with both revenue and profit recording double-digit percentage growth and the Group continued to outperform other industry peers in terms of various performance indicators. The Group’s net profit increased by 12.7% to RMB625.2 million. Basic earnings per share rose by 12.3% to RMB51.83 cents. The increase in profit is mainly attributable to revenue growth and the stable gross profit. During the year, revenue increased by 10.5% to RMB2,689.1 million, reflecting the continued improvement in overall competitiveness of “LILANZ” products due to the implementation of the Group’s strategy of “improving product quality without raising the price”.

The Board recommended the payment of a final dividend of HK17 cents per share and a special final dividend of HK7 cents per share, which will bring the total dividends for the year to HK43 cents per ordinary share.

Mr. Wang Dong Xing, Chairman and Executive Director of China Lilang, said “China Lilang has been implementing the strategy of ‘improving product quality without raising the price’ since 2013. Up to now, such policy has generated initial results. The proportion of original design products continued to increase to close to 60% in 2015 and products are more popular among consumers. The Group is making steady progress towards the primary goal of winning the retail market.”

In 2015, the Group launched a small line of womenswear on a pilot basis in the winter collection, which was available for sale in the large stores of the core brand “LILANZ” and was well received by the market. The Group plans to launch a small line of womenswear for each season starting from its 2016 fall season to tap into a new market while enhancing the sales efficiency of large stores.

Moreover, the Group actively explored ways and directions to promote sales through online platform and formulated a development strategy for 2016. While continuing to use “T-MALL” as a major online sales channel, the Group is also exploring the WeChat platform for customers’ online product selection. Products selected will be delivered to selected stores for fitting, thereby increasing the customer traffic of the brick-and-mortar stores and improving store efficiency, while stores will bear no additional inventory orders commitment. The new service is expected to be launched in the second half of 2016.

In 2015, sales of “LILANZ” increased by 11.4% to RMB2,450.1 million. Sales of the sub-brand “L2” increased by 3.7% to RMB232.0 million. Tops remained the major contributor in terms of sales and accounted for 66.9% of the total revenue. Sales of both pants and accessories increased rapidly during the year, with total sales of belts, footwear and bags up by 22.7% in particular, partly reflecting a more complete accessory collection and the popularity of shoes after the Group’s accessory designer joined in early 2014, which drove the sales growth.

As at 31 December 2015, the Group had a total of 2,985 stores. During the year, “LILANZ” had a net decrease of 123 retail stores to 2,660 stores, mainly due to the Group’s adjustment to low efficiency stores in response to the actual operating conditions and the decrease in the number of shop-in-shops in department stores. “L2” had a net increase of 29 retail stores to 325 stores. In 2016, the Group will continue to focus on store efficiency improvement, with an aim to gain more market share amid market consolidation. The Group will expand in a prudent manner and plans to add new stores under “LILANZ”. In terms of new store location, the Group will continue to open large-scale stores in shopping malls in provincial capitals and prefecture-level cities. For “L2”, the Group will be more prudent in terms of store opening and expects the number of stores to remain flat.

The Group continued to strengthen its design team and enhance product originality, while improving the individuality of its products in order to differentiate them from those of its peers. Original design products accounted for about 60% of the Group’s 2015 products, in which about 25% of those products of original designs adopted the Group’s proprietary fabrics with knitwear and woolen products particularly outstanding. In the medium- to long-run, the Group intends to raise the proportion of original design products in the total product mix to 70%, and 50% of such original design products will adopt its proprietary fabrics.

Chairman Wang Dong Xing concluded, “Stepping into 2016, the global economy has no marked improvement. Uncertainties will continue to hurt consumer confidence and consumer market outlook is not too optimistic. China’s menswear industry is still struggling to gain momentum and it is expected that the industry consolidation will continue.

“China Lilang will follow its direction over the past few years and continue with the strategy of ‘improving product quality without raising the price’. We are confident that the Group will continue to outperform other industry peers and will seek to gain market share amid the industry consolidation. In the long run, China Lilang will adhere to its multi-brand strategy and also proactively enhance the competitiveness and value-for-money of its products to further consolidate its leading position in the menswear industry.”

*-End-*

### **About China Lilang**

China Lilang is one of the leading PRC menswear enterprises. As an integrated fashion enterprise, the Group designs, sources and manufactures high-quality business casual and fashion casual menswear and sells under its core brand “LILANZ” and sub-brand “L2” across an extensive distribution network, covering 31 provinces, autonomous regions and municipalities in the PRC.

For further inquiries, please contact:

#### **Y Communications**

Charis Yau

Tel: (852) 2254 8848

Mob: (852) 9273 0293

Email: [cyau@ycom.hk](mailto:cyau@ycom.hk)

Michael Yau

Tel: 2254 8853

Mob: 9781 5898

Email: [myau@ycom.hk](mailto:myau@ycom.hk)