

(For Immediate Release)

**China Lilang Announces 2010 Annual Results  
Profit Attributable To Shareholders Surged 38.2% to  
RMB419 million  
Enhanced Product Mix and Boosted Brand Value**

**Financial Highlights:**

<i>RMB million</i>	<b>For the year ended 31 December</b>		
	<b>2010</b>	2009	Change (%)

During the year under review, the Group capitalized on the market's growing demand for fashionable and premium branded apparel, the Group dedicated to improving product quality and product design and further enhanced the product mix for "LILANZ". In doing so, the Group successfully increased the sales mix of products with higher added-value and price point, especially for the fall and winter collections where sales of expensive items such as leather jackets and Nick garments have increased significantly, and raised the average selling price by 23.2% as compared to last year. Moreover, the group's total sales volume recorded an increase of 6.9%.

As for turnover mix by product category, tops were still the main product by sales and accounted for 75.3% of the total turnover, and the total amount recorded a year-on-year growth of 31.4%. Sales of suits recorded the most significant sales growth amongst other product categories, and had surged by 66.7%. It was mainly accredited to the well-received casual suits made with diverse fabric that were introduced by the Group during the year. The average selling price increased by 23.0% to RMB191, major reasons for the increase were the change in the Group's product mix with sales of more products with higher added-value and price point, improved sales of higher-priced products and the transfer of the increased costs to selling prices. The average selling price for various product categories ranged from 3.6% to 12.4%, except for accessories which decreased by 5.0%.

Breaking down by region, Eastern China as well as Central and Southern China continued to be the Group's main turnover contribution regions, accounting for 60.7% of total turnover in aggregate. Benefiting from the Central Gover A

Looking at the retail and distribution network, after the consolidation of retail stores in the past few years, the Group's retail stores now spread across China, covering second-tier, third-tier and fourth-tier cities within 31 provinces, autonomous region and municipalities. Most of these retail stores are located in the popular commercial area. As of 31 December, 2010, "LILANZ" had 59 distributors and 1,321 sub-distributors, operating a total of 2,805 retail stores. The total area of retail outlets is about 299,000 square meters. In addition, "L2" had 38 distributors and 9 sub-distributors, operating a total of 80 retail outlets. The total area of retail outlets is about 8,200 square meters. The Group adjusted its distribution strategy according to the market situation and leveraged the resources of the current distributors of "LILANZ" to develop the sales network of "L2" to ensure it could rapidly expand in the target market.

In respect of capacity expansion, The Group's production facilities are located in Wuli and Changting in Fujian Province, with a total of 82 production lines. For the year ended 31 December 2010, the production plants achieved an average utilization rate of over 90%. To cater for the rapidly expanding market needs and business development, in addition to outsourcing production ("OEM purchase"), the Group also increased the proportion of subcontracting services. These subcontracting arrangements allow the Group to leverage the expertise and resources of subcontractors, providing the Group with more flexibility in responding to tight schedules. At the same time, it enables the Group to have tighter control of the quality of key raw materials as well as certain key production processes. Also, to alleviate the impact of soaring raw material costs, the Group purchases 60% of raw material for fabrics directly from suppliers.

Looking forward, Mr. Wang said, "Following the steady development of China's national economy, continued urbanization and the rising national consumption power, people's mode of consumption continues to change. Consumers now pursue products with better quality and more fashionable; and their sensitivity towards brand image gradually heightens. We will continue to enhance our distribution network and management, targeting at a net increase of 200 to 250 'LILANZ' retail stores, and opening 150 to 200 'L2' retail stores in 2011. In view of the increasing popularity of internet sales across the nation, the Group has launched an online sales platform for the sub-brand 'L2' in 2010. The Group plans to develop an online sales platform for 'LILANZ' products in the second half of 2011 to tap into another source of income. As a leading menswear brand in China, Lilang will continue striving to enhance its brand image, and product qualities to bring consumers a better shopping experience, so as to seize market development opportunities and reward our shareholders, employees and customers for their support."

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## **About China Lilang**

China Lilang is one of the leading PRC menswear brands. As an integrated fashion enterprise, the Group designs, sources, manufactures and sells high-quality business and casual apparel for men. Its products are sold across an extensive distribution network, covering 31 provinces, autonomous regions and municipalities in the PRC.

The Group offers its customers designs for all seasons under its "LILANZ" brand. Its menswear products are designed for business and casual purposes. Its products include suits, jackets, shirts, trousers, sweaters and accessories and are broadly divided into business formal, business casual, fashion casual and sports. As at 31 December, 2010, the Group's products were sold to consumers through 2,885 retail outlets operated or subcontracted by 87 distributors nationwide.

The Group's sub-brand "L2" has launched officially. Its first store has been opened in Hunan in late July 2010.

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