

[For Immediate Release]



**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:

<i>RMB million</i>	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>Specialfinal 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

the annual results for the year ended 31 December2015.

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. Total 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 dividend of HK7 cents per share which will bring the total dividends for the year to HK43 cents per ordinary share.

(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 in 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 plan. (As a major online sales channel, the Group is also focusing on 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 increased by 11.4% to RMB2,450.1 million. Sales of the sub-brand 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 line. An 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, there was a decrease of 123 retail stores to 2,660 stores, (due to low efficiency of retail stores in response to the actual operating conditions and the decrease in the number of shop-in-shops in department stores. (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 (large-scale stores in shopping malls in provincial capitals and prefecture (. 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 total sales. 25% of those products of original design adopted (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 (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.

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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 - 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

Michael Yau

Tel: 2254 8853

Mob: 9781 5898

Email: myau@ycom.hk