

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

(Stock Code: 1234)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Board of Directors (the “Board”) of China Lilang Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2014. This announcement, containing the full text of the 2014 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

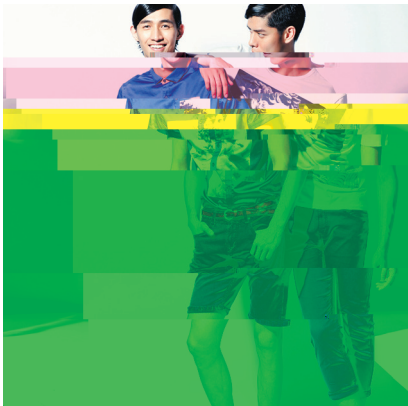
FINANCIAL HIGHLIGHTS

Six months ended 30 June			
	2014	2013	Change
	(RMB million)	(in million)	(%)
Revenue	1,090.5	1,012.1	+0.2
Operating profit	445.8	431.1	+2.1
Profit attributable to equity holders of the Company	295.0	271.0	+3.3
Profit attributable to equity holders of the Company excluding non-controlling interests	248.1	242.3	+2.4
	(RMB cents)	(in cents)	(%)
Operating profit per share	20.7	20.2	+2.5
Profit attributable to equity holders of the Company per share	20.6	20.1	+2.5
Profit attributable to equity holders of the Company excluding non-controlling interests per share	211.9	177.3	+3.3
Profit attributable to equity holders of the Company per share excluding non-controlling interests	HK12 cents	HK12 cents	0
Profit attributable to equity holders of the Company excluding non-controlling interests per share	HK5 cents	HK5 cents	0
	(%)	(%)	(%)
Operating profit margin	40.9	40.0	+0.9
Profit attributable to equity holders of the Company margin	27.1	27.2	+1.0
Operating profit margin excluding non-controlling interests	22.7	22.2	+0.5
Profit attributable to equity holders of the Company margin excluding non-controlling interests ⁽¹⁾	9.8	10.1	-0.3
Operating profit margin excluding non-controlling interests	26.6	20.2	+6.4
Profit attributable to equity holders of the Company margin excluding non-controlling interests	9.0	8.3	+0.7
	As at	As at	As at
	30 June 2014	31 Dec 2013	30 Dec 2013
Operating profit attributable to equity holders of the Company ⁽²⁾	70	68	0
Operating profit attributable to equity holders of the Company excluding non-controlling interests ⁽³⁾	76	70	0
Operating profit attributable to equity holders of the Company excluding non-controlling interests ⁽⁴⁾	53	49	0

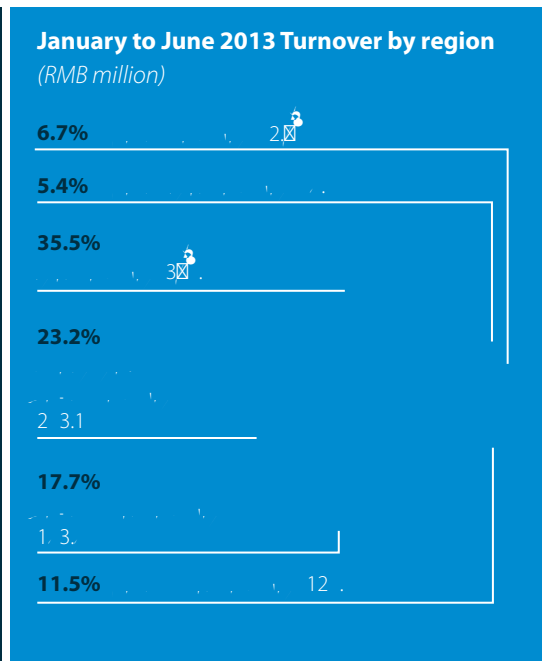
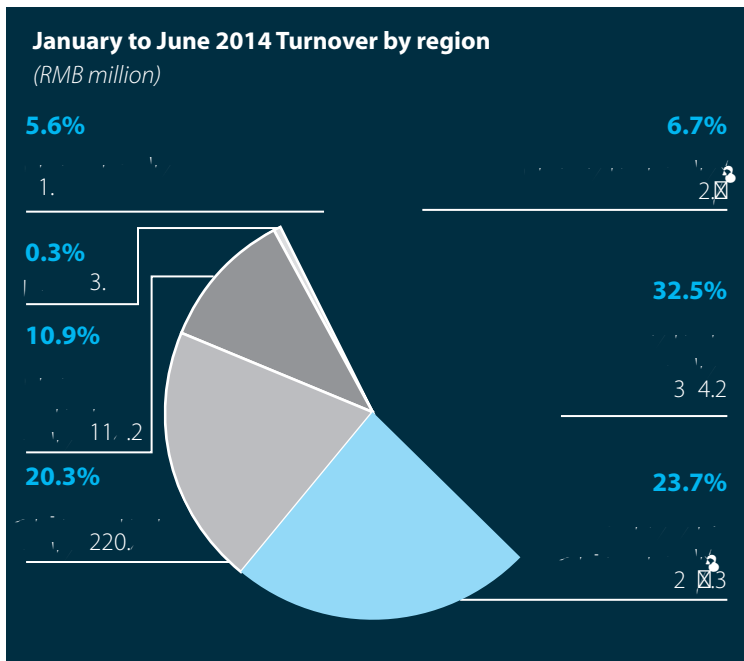
Notes:

- (1) Profit attributable to equity holders of the Company margin excluding non-controlling interests is calculated as operating profit attributable to equity holders of the Company excluding non-controlling interests divided by the weighted average number of shares outstanding during the period.
- (2) Operating profit attributable to equity holders of the Company is calculated as operating profit less non-controlling interests.
- (3) Operating profit attributable to equity holders of the Company excluding non-controlling interests is calculated as operating profit less non-controlling interests and non-controlling interests.
- (4) Operating profit attributable to equity holders of the Company excluding non-controlling interests is calculated as operating profit less non-controlling interests and non-controlling interests.

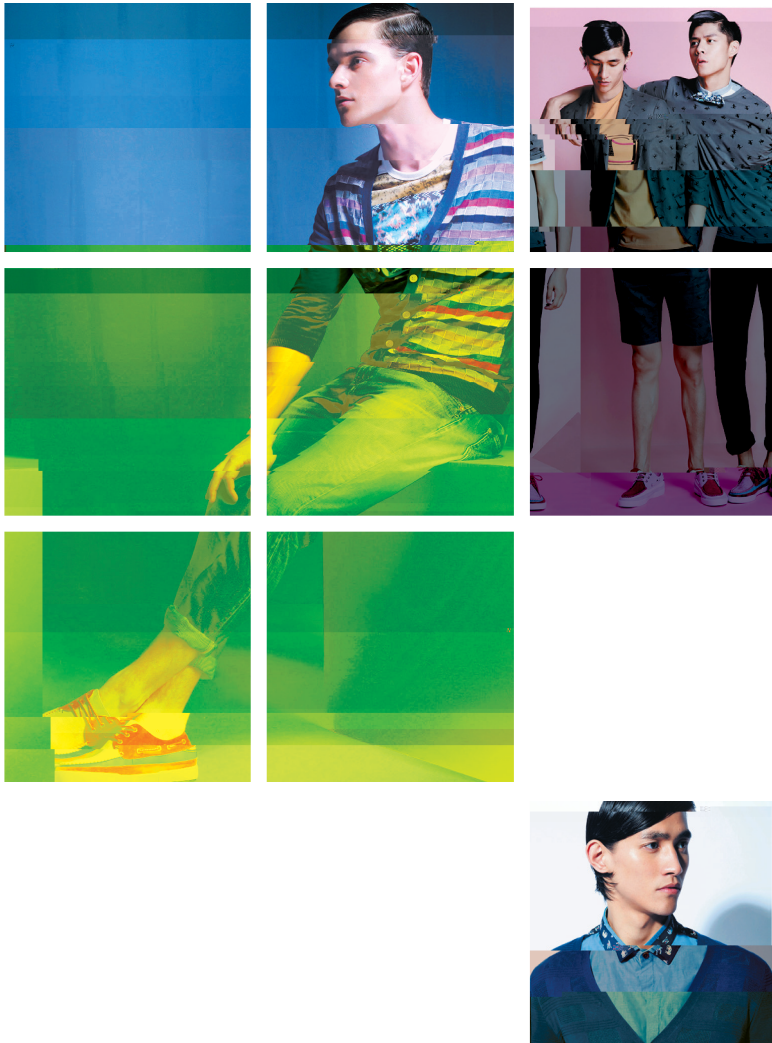
MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



■ Selling and Distribution Expenses. In 2014, selling and distribution expenses were \$124.1 million, or 1.0% of total revenue, compared to \$124.0 million, or 1.0%, in 2013. Selling and distribution expenses increased 0.0% from 2013 to 2014. Selling and distribution expenses increased 20.0% from \$103.4 million in 2012 to \$124.1 million in 2014. Selling and distribution expenses as a percentage of total revenue decreased 0.1% from 1.1% in 2012 to 1.0% in 2014.

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Administrative Expenses

■ Administrative Expenses. In 2014, administrative expenses were \$44.3 million, or 0.4% of total revenue, compared to \$44.3 million, or 0.4%, in 2013. Administrative expenses increased 0.0% from 2013 to 2014. Administrative expenses increased 4.1% from \$42.5 million in 2012 to \$44.3 million in 2014. Administrative expenses as a percentage of total revenue decreased 0.1% from 0.5% in 2012 to 0.4% in 2014.

Other Operating Expenses

■ Other Operating Expenses. In 2014, other operating expenses were \$0.1 million, or 0.0% of total revenue, compared to \$0.1 million, or 0.0%, in 2013. Other operating expenses increased 0.0% from 2013 to 2014. Other operating expenses increased 4.1% from \$0.1 million in 2012 to \$0.1 million in 2014. Other operating expenses as a percentage of total revenue decreased 0.0% from 0.0% in 2012 to 0.0% in 2014.

Profit from Operations

■ Profit from Operations. In 2014, profit from operations was \$2.0 million, or 0.0% of total revenue, compared to \$2.0 million, or 0.0%, in 2013. Profit from operations increased 0.0% from 2013 to 2014. Profit from operations increased 2.2% from \$1.9 million in 2012 to \$2.0 million in 2014. Profit from operations as a percentage of total revenue decreased 0.1% from 0.1% in 2012 to 0.0% in 2014.

Net Finance Income

■ Net Finance Income. In 2014, net finance income was \$43.2 million, or 0.4% of total revenue, compared to \$43.2 million, or 0.4%, in 2013. Net finance income increased 0.0% from 2013 to 2014. Net finance income increased 14.1% from \$37.9 million in 2012 to \$43.2 million in 2014. Net finance income as a percentage of total revenue decreased 0.0% from 0.4% in 2012 to 0.4% in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Income Tax

Income tax expense for the period ended 30 June 2014, increased by 2.1% from 20.2% of the profit before income tax for the period ended 30 June 2013. The increase was mainly due to the increase in the effective tax rate from 20.1% in 2013 to 20.2% in 2014. The increase in the effective tax rate was mainly due to the increase in the tax rate from 20.1% in 2013 to 20.2% in 2014.

Net Profit

Net profit for the period ended 30 June 2014, increased by 24.1% from 2013. The increase was mainly due to the increase in the gross profit margin from 22.0% in 2013 to 22.2% in 2014. The increase in the gross profit margin was mainly due to the increase in the price of the products sold. The increase in the price of the products sold was mainly due to the increase in the price of the raw materials used in the production of the products.

Interim Dividend

The Board of Directors has declared a final dividend of 12 cents per share for the period ended 30 June 2013. The dividend was paid on 12 July 2013. The Board of Directors has also declared a final dividend of 13 cents per share for the period ended 30 June 2014. The dividend was paid on 2 July 2014.

BUSINESS REVIEW

Retail and Distribution Network

The following table shows the number of stores operated by the Group as at 30 June 2014:

Region	Number of stores			As of 30 June 2014
	As of 1 January 2014	Opening during the period	Closing during the period	
China	330	11	23	313
Malaysia	3	10	43	334
Indonesia	1,011	3	4	952
Philippines	70	3	0	791
Other regions	23	20	2	651
	23		20	274
	3,4	120	20	3,315

2014年1-6月，公司实现营业收入1.11亿元，较上年同期增加1.1%；实现净利润0.11亿元，较上年同期增加1.1%。2014年1-6月，公司经营活动产生的现金流量净额为0.08亿元，较上年同期增加0.08亿元。2014年1-6月，公司总资产为1.11亿元，较上年同期增加1.1%；总负债为0.11亿元，较上年同期增加1.1%；所有者权益为1.00亿元，较上年同期增加1.1%。

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Marketing and Promotion

2014年1-6月，公司实现营业收入1.11亿元，较上年同期增加1.1%；实现净利润0.11亿元，较上年同期增加1.1%。2014年1-6月，公司经营活动产生的现金流量净额为0.08亿元，较上年同期增加0.08亿元。2014年1-6月，公司总资产为1.11亿元，较上年同期增加1.1%；总负债为0.11亿元，较上年同期增加1.1%；所有者权益为1.00亿元，较上年同期增加1.1%。

Trade Fairs

2014年1-6月，公司实现营业收入1.11亿元，较上年同期增加1.1%；实现净利润0.11亿元，较上年同期增加1.1%。2014年1-6月，公司经营活动产生的现金流量净额为0.08亿元，较上年同期增加0.08亿元。2014年1-6月，公司总资产为1.11亿元，较上年同期增加1.1%；总负债为0.11亿元，较上年同期增加1.1%；所有者权益为1.00亿元，较上年同期增加1.1%。

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Production and Supply Chain

2014年1-6月，公司实现营业收入1.11亿元，较上年同期增加1.1%；实现净利润0.11亿元，较上年同期增加1.1%。2014年1-6月，公司经营活动产生的现金流量净额为0.08亿元，较上年同期增加0.08亿元。2014年1-6月，公司总资产为1.11亿元，较上年同期增加1.1%；总负债为0.11亿元，较上年同期增加1.1%；所有者权益为1.00亿元，较上年同期增加1.1%。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Bank Loans

As at 30 June 2014, the Group's bank loans were RMB1,667.0 million (31.12.2013, RMB1,444.0 million). The Group's bank loans were primarily secured by property.

	As at 30 June 2014 RMB million	31.12.2013
Secured bank loans	2,445.8	2,200.0
(Unsecured bank loans)	(778.8)	(756.0)
Total	1,667.0	1,444.0

As at 30 June 2014, the Group's bank loans were primarily secured by property (100.0%) and unsecured bank loans were (46.1%), which were primarily secured by bank deposits.

	As at 30 June 2014 RMB million	31.12.2013
Secured bank loans	778.8	410.0
Unsecured bank loans	—	144.0
Total	778.8	554.0

As at 30 June 2014, the Group's bank loans were primarily secured by property (100.0%) and unsecured bank loans were (0.0%), which were primarily secured by bank deposits.

Trade Working Capital Ratios

The Group's trade working capital ratios are as follows:

	31.12.2013	30.6.2014
Days receivable	10.1	14.0
Days payable	2.0	2.0
Days inventory	0.1	3.0

As at 31.12.2013, the Group's days receivable was 10.1 days, days payable was 2.0 days, and days inventory was 0.1 days. As at 30.6.2014, the Group's days receivable was 14.0 days, days payable was 2.0 days, and days inventory was 3.0 days.

PLEDGE OF ASSETS

As at 30 June 2014, the Group has pledged assets with a carrying amount of RMB12.0 million (31 June 2013: RMB12.0 million) to secure bank loans.

CAPITAL COMMITMENTS AND CONTINGENCIES

As at 30 June 2014, the Group has capital commitments of RMB24.1 million, of which RMB10.0 million is due within one year, RMB10.0 million is due between one and five years, and RMB4.1 million is due after five years. The capital commitments are for the purchase of property, plant and equipment. The Group has no contingencies as at 30 June 2014.

As at 30 June 2014, the Group has no contingencies.

FINANCIAL MANAGEMENT POLICIES

The Group's financial management policies are designed to ensure that the Group has sufficient resources to meet its operational requirements and to maximize the value of the Group. The Group's financial management policies are to maintain a strong financial position, to ensure that the Group has sufficient resources to meet its operational requirements and to maximize the value of the Group. The Group's financial management policies are to maintain a strong financial position, to ensure that the Group has sufficient resources to meet its operational requirements and to maximize the value of the Group. The Group's financial management policies are to maintain a strong financial position, to ensure that the Group has sufficient resources to meet its operational requirements and to maximize the value of the Group.

HUMAN RESOURCES

As at 30 June 2014, the Group has 2,010 employees. The Group's human resources are managed in accordance with the Group's human resources policies. The Group's human resources are managed in accordance with the Group's human resources policies. The Group's human resources are managed in accordance with the Group's human resources policies.

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REVIEW REPORT OF THE AUDITOR



REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA LILANG LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial statements of China Lilang Limited (the "Company") for the period from 1 January 2014 to 30 June 2014, comprising the interim balance sheet as at 30 June 2014, the interim statement of profit or loss, the interim statement of comprehensive income, the interim statement of changes in equity and the interim cash flow statement, and the related disclosures, collectively referred to as the "interim financial reporting".

The interim financial reporting is the responsibility of the Company's management. Our review was conducted in accordance with the standards for independent member firms affiliated with the International Network of Independent Member Organizations ("INMO") of the International Federation of Accountants ("IFAC").

SCOPE OF REVIEW

Our review was conducted in accordance with the standards for independent member firms affiliated with the International Network of Independent Member Organizations ("INMO") of the International Federation of Accountants ("IFAC") regarding the review of interim financial information performed by the independent auditor of the entity, which is substantially similar to, but not equivalent to, the standards for independent member firms affiliated with the INMO of the IFAC regarding the audit of financial statements.

CONCLUSION

In our opinion, based on the review, the interim financial reporting for the period from 1 January 2014 to 30 June 2014, is consistent with the accounting records and supporting documents for the period from 1 January 2014 to 30 June 2014, and is in accordance with the applicable financial reporting framework.

KPMG
Certified Public Accountants
10
11 January 2014

CONSOLIDATED BALANCE SHEET

At 30 June 2014 — unaudited
(Expressed in Renminbi)

		30 June 2014 RMB'000	31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	8	292,797	303,311
Intangible assets	9	35,383	3,700
Investments	10	5,504	1,422
Available-for-sale financial assets	11	66,613	1,142
Financial assets at fair value through profit or loss	12	18,245	1,400
		—	1,400
		418,542	303,411
Current assets			
Monetary funds	13	224,666	2,104
Accounts receivable	14	682,071	7,233
Prepaid expenses	12	819,501	4,000
Financial assets at fair value through profit or loss	1	170,000	1,000
Other current assets	1	1,456,249	1,43,000
		3,352,487	2,13,300
Current liabilities			
Accounts payable	1	778,837	41,311
Other current liabilities	1	328,435	332,400
Financial liabilities at fair value through profit or loss	1	56,603	2,404
		1,163,875	745,115
Net current assets		2,188,612	2,13,121
Total assets less current liabilities		2,607,154	2,21,532
Non-current liabilities			
Accounts payable	1	—	144,200
Other non-current liabilities	1	60,774	2,000
Financial liabilities at fair value through profit or loss	1	910	1,100
		61,684	147,300
Net assets		2,545,470	2,13,485

CONSOLIDATED BALANCE SHEET (CONTINUED)At 30 June 2014 — unaudited
(Expressed in Renminbi)

	30 June 2014 RMB'000	31 December 2013 , '000
Capital and reserves	105,843	10,002
	2,439,627	2,400,000
Total equity	2,545,470	2,134,000

As at 30 June 2014, the consolidated balance sheet is unaudited.

Mr. Wang Dong Xing
Chairman

Mr. Wang Liang Xing
Chief Executive Officer

Mr. Wang Cong Xing
Executive Director

11 June 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						
	Share capital	Share premium	Statutory reserve	Capital reserve	Exchange reserve	Retained profits	Total equity
	‘000	‘000	‘000	‘000	‘000	‘000	‘000
As at 1 January 2013	10,801	2,112	1,120	30,888	(23,810)	1,153	2,382
As at 30 June 2013	10,801	2,112	1,120	30,888	(23,810)	1,153	2,382
As at 1 January 2014	10,801	2,112	1,120	30,888	(23,810)	1,153	2,382
As at 30 June 2014	10,843	1,355	1,120	31,635	(25,123)	2,232,502	2,545,470
As at 1 January 2014	105,826	616	199,258	31,589	(11,360)	2,187,554	2,513,483
Changes in equity for the six months ended 30 June 2014:							
As at 1 January 2014	—	—	—	—	—	248,091	248,091
As at 30 June 2014	—	—	—	—	(13,763)	—	(13,763)
As at 1 January 2014	—	—	—	—	(13,763)	248,091	234,328
As at 30 June 2014	17	739	—	(214)	—	—	542
As at 1 January 2014	—	—	—	260	—	—	260
As at 30 June 2014	—	—	—	—	—	(203,143)	(203,143)
As at 30 June 2014	105,843	1,355	199,258	31,635	(25,123)	2,232,502	2,545,470

Refer to pages 20 to 34 of the consolidated financial statements for further details.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2014 RMB'000	2013 '000
Operating activities			
		251,673	420,833
		(54,594)	(2,13)
		(8,559)	(1,112)
Net cash generated from operating activities		188,520	333,111
Investing activities			
		(10,544)	(14,001)
		52,232	1,144
		(10,000)	(0,000)
		(207,501)	(4,000)
		422	2,044
Net cash used in investing activities		(175,391)	(0,21)
Financing activities			
		349,660	2,133
		(133,791)	(2,033)
		(203,143)	(23,033)
		(5,602)	(1,111)
Net cash generated from/(used in) financing activities		7,124	(2,442)
Net increase in cash and cash equivalents		20,253	1,041
	Cash and cash equivalents at 1 January	1,435,788	1,242,041
	Effect of foreign exchange rate changes	208	(32)
	Cash and cash equivalents at 30 June	1,456,249	1,209,649

For the six months ended 30 June 2014, the consolidated cash flow statement is unaudited.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1. BASIS OF PREPARATION

The interim financial report is prepared in accordance with the accounting policies and methods consistently applied in the annual financial statements, and the accounting standards for interim financial reporting issued by the Ministry of Finance of the PRC (「财会」34, *Interim financial reporting*, issued on November 11, 2014).

The interim financial report is prepared on the basis of the accounting records and supporting documents for the period ended 2013, and the accounting records and supporting documents for the period ended 2014.

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2013

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

3. TURNOVER

Turnover is derived from the sale of clothing, shoes, accessories and other products. Turnover is recognized when the goods are delivered to the customer and the customer has accepted the goods. (Continued)

4. NET FINANCE INCOME

	Six months ended 30 June	
	2014 RMB'000	2013 '000
Interest income	48,750	34,333
Interest expense	(6,474)	(13)
Net finance income	903	341
	43,179	28,361

5. PROFIT BEFORE TAXATION

Profit before taxation is calculated as follows: (Continued)

	Six months ended 30 June	
	2014 RMB'000	2013 '000
(a) Profit before taxation	60,725	5,004
Provision for doubtful debts	998	1,110
Provision for doubtful accounts receivable	260	4,110
	61,983	10,224
(b) Profit after taxation	407	400
Provision for doubtful debts	1,422	1,210
Provision for doubtful accounts receivable	15,835	14,000
Provision for doubtful accounts payable	644,714	-
Provision for doubtful accounts receivable	95	420
Provision for doubtful accounts payable	4,242	4,000
Provision for doubtful accounts receivable	35,412	2,300
Provision for doubtful accounts payable	23,795	4,200
Provision for doubtful accounts receivable	(14,509)	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

5. PROFIT BEFORE TAXATION (continued)

(i)

(ii) 2014年6月30日止六個月，本公司錄得研發開支為人民幣10,200,000元(2013年6月30日止六個月為人民幣24,300,000元)。該等研發開支均於產生時支銷。

(iii) 2014年6月30日止六個月，本公司錄得政府補助金為人民幣1,100,000元(2013年6月30日止六個月為人民幣10,100,000元)。該等政府補助金均於產生時支銷。

(iv) 2014年6月30日止六個月，本公司錄得政府補助金為人民幣0元。

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Current tax		
中國境內所得稅	80,531	0,12
香港所得稅	28	1,11
中國境外所得稅	10,723	1,12
	91,282	2,35
Deferred tax		
中國境內所得稅	14,392	1,11
中國境外所得稅	(10,723)	(1,12)
香港所得稅	(4,815)	1,11
	90,136	1,33

(i)

(ii) 2014年6月30日止六個月，本公司錄得研發開支為人民幣10,200,000元(2013年6月30日止六個月為人民幣24,300,000元)。該等研發開支均於產生時支銷。

(iii) 2014年6月30日止六個月，本公司錄得政府補助金為人民幣1,100,000元(2013年6月30日止六個月為人民幣10,100,000元)。該等政府補助金均於產生時支銷。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

11. DEPOSITS FOR PURCHASES OF FIXED ASSETS AND LAND USE RIGHTS

	30 June 2014 RMB'000	31.12.2013 RMB'000
Deposits for purchases of fixed assets (i)	64,993	4,773
Deposits for purchases of land use rights	1,620	3
	66,613	4,776

(i)

(i) Deposits for purchases of fixed assets are deposits for purchases of property, plant and equipment. Deposits for purchases of land use rights are deposits for purchases of land use rights. Deposits for purchases of fixed assets and land use rights are recorded in the "Other non-current assets" account in the balance sheet.

12. PLEDGED BANK DEPOSITS

	30 June 2014 RMB'000	31.12.2013 RMB'000
Deposits for purchases of fixed assets (i)	819,168	12,000
Deposits for purchases of land use rights (i)	333	—
	819,501	12,000
Deposits for purchases of fixed assets	819,501	4,000
Deposits for purchases of land use rights	—	1,400
	819,501	12,000

(i) Deposits for purchases of fixed assets are deposits for purchases of property, plant and equipment. Deposits for purchases of land use rights are deposits for purchases of land use rights.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

13. INVENTORIES

	30 June 2014 RMB'000	31.12.2013 RMB'000
Raw materials	60,083	1,143
Work in progress	11,907	120
Finished goods	152,676	23,280
	224,666	24,543

At 30 June 2014, the carrying amount of inventories is RMB1,010,000 (31.12.2013: RMB12,421,000). The carrying amount is based on the cost of inventories less any provision for obsolescence.

14. TRADE AND OTHER RECEIVABLES

	30 June 2014 RMB'000	31.12.2013 RMB'000
Trade receivables	585,026	1,483
Other receivables	(10,129)	(24,380)
	574,897	1,239
Prepaid expenses and deposits	53,309	42,404
Accounts receivable from related parties	4,456	1
Accounts receivable from non-related parties	2,402	-
Accounts receivable from government	47,007	4,233
	682,071	4,877

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

14. TRADE AND OTHER RECEIVABLES (continued)

At 30 June 2014, the carrying amount of trade receivables was RMB1,244,404 (2013: RMB1,244,404), of which RMB1,244,404 (2013: RMB1,244,404) were due within one year.

	30 June 2014 RMB'000	31.12. 2013 '000
Trade receivables	574,897	433,034
Other receivables	669,507	811,370
	1,244,404	1,244,404

At 30 June 2014, the carrying amount of other receivables was RMB669,507 (2013: RMB811,370), of which RMB669,507 (2013: RMB811,370) were due within one year.

	30 June 2014	31.12. 2013
Other receivables		

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

16. BANK LOANS

As at 30 June 2014, the bank loans are denominated in Renminbi (RMB) as follows:

	30 June 2014 RMB'000	31.12.2013 '000
1-year bank loans	778,837	410,313
1-year bank loans	—	144,252
	778,837	2,200,500

17. TRADE AND OTHER PAYABLES

	30 June 2014 RMB'000	31.12.2013 '000
Accounts payable	191,909	104,100
Accounts receivable (Note 12)	1,110	—
Accounts payable to related parties	193,019	104,100
Accounts payable to other parties	23,626	2,273
Accounts payable to subsidiaries	12,896	14,200
Accounts payable to other subsidiaries	6,766	10,000
Accounts payable to other related parties	25,637	2,023
Accounts payable to other entities	3,502	4,011
Accounts payable to other entities	62,989	1,440
	328,435	332,447

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

18. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (continued)

(b) Deferred tax assets/(liabilities) recognised: (continued)

	30 June 2014 RMB'000
Income tax receivable	18,245
Income tax payable	(60,774)
	(42,529)

(c) Deferred tax liabilities not recognised

At 30 June 2014, the Group has unrecognised deferred tax assets of RMB3,000 (31 December 2013: RMB4,000) in relation to the following items:

19. DIVIDENDS

The following table shows the dividends declared by the Group:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Final dividend for the year ended 31 December 2013 (2013: 12 cents per share)	115,636	112,000
Final dividend for the year ended 31 December 2012 (2012: 4 cents per share)	48,182	4,000
	163,818	116,000

The final dividend for the year ended 31 December 2013 was paid on 20 June 2014.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

19. DIVIDENDS (continued)

於六月三十日止六個月內，本公司並無派發任何股息。本公司董事會建議於二零一四年六月三十日止六個月內派發股息，詳情載於附註11。

	Six months ended 30 June	
	2014 RMB'000	2013 '000
<p>於六月三十日止六個月內，本公司並無派發任何股息。本公司董事會建議於二零一四年六月三十日止六個月內派發股息，詳情載於附註11。</p> <p>(2013年六月三十日止六個月：—)</p>	154,776	1,200,203
<p>於六月三十日止六個月內，本公司並無派發任何股息。本公司董事會建議於二零一四年六月三十日止六個月內派發股息，詳情載於附註11。</p> <p>(2013年六月三十日止六個月：—)</p>	48,367	13
	203,143	2,300,313

20. EQUITY SETTLED SHARE-BASED TRANSACTIONS

本公司於二零一三年十二月三十一日及二零一四年六月三十日分別有 12,000,000 及 4,000,000 份尚未行使的購股權。購股權的詳情載於附註12。

	Pre-IPO Share Option Scheme		Share Option Scheme	
	Exercise price	No. of options	Exercise price	No. of options
於二零一三年一月一日	HK\$3.12	10,400,000	HK\$6.63	1,130,000
於二零一三年六月三十日	HK\$3.12	(134,774)	—	—
於二零一三年三月三十日	HK\$3.12	1,003	HK\$6.63	1,130,000
Outstanding at 1 January 2014	HK\$3.12	7,733,479	HK\$6.63	1,130,000
於二零一四年六月三十日	HK\$3.12	(216,409)	—	—
Outstanding at 30 June 2014	HK\$3.12	7,517,070	HK\$6.63	1,130,000

於二零一四年六月三十日，本公司有 7,517,070 份尚未行使的購股權，其行使價為每股 3.12 港元。

於二零一四年六月三十日，本公司有 1,130,000 份尚未行使的購股權，其行使價為每股 6.63 港元。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

21. COMMITMENTS

(a) Operating leases commitments

At 30 June 2014, the Group has entered into operating leases for office premises, equipment and vehicles. The terms of the leases are normally 1 to 3 years.

	30 June 2014 RMB'000	31 Dec 2013 RMB'000
Operating lease commitments	1,598	1,000

(b) Capital commitments

At 30 June 2014, the Group has entered into capital commitments for the purchase of property, plant and equipment, which are as follows:

	30 June 2014 RMB'000	31 Dec 2013 RMB'000
Property, plant and equipment	4,230	4,310
Capital commitments for acquisition of subsidiaries	241,821	243,000
	246,051	247,310

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (CONTINUED)

(Expressed in Renminbi)

22. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

The remuneration of key management personnel is determined by the Board of Directors based on the performance of the company and the remuneration policy of the company.

	Six months ended 30 June	
	2014 RMB'000	2013 '000
Salaries and bonuses	3,658	3,727
Short-term employee benefits	69	0
Share-based payments	—	1,100
Total	3,727	3,727

(b) Other related party transaction

	Six months ended 30 June	
	2014 RMB'000	2013 '000
Recurring transaction		
Interest expense on bank loans (100%)	1,560	1,100

The interest rate on bank loans is 33.3%, 33.3% and 33.4% for the six months ended 30 June 2014, 2013 and 2012, respectively. The interest expense on bank loans is included in the financial statements of the company.

The interest expense on bank loans is included in the financial statements of the company. The interest expense on bank loans is included in the financial statements of the company.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at 30 June 2014, the interests and short positions in the shares, underlying shares and debentures of the Company held by the directors and chief executives of the Company are as follows: (1) the interests and short positions in the shares of the Company held by the directors and chief executives of the Company are as follows: (2) the interests and short positions in the underlying shares of the Company held by the directors and chief executives of the Company are as follows: (3) the interests and short positions in the debentures of the Company held by the directors and chief executives of the Company are as follows: (4) the interests and short positions in the shares of the Company held by the directors and chief executives of the Company are as follows: (5) the interests and short positions in the underlying shares of the Company held by the directors and chief executives of the Company are as follows: (6) the interests and short positions in the debentures of the Company held by the directors and chief executives of the Company are as follows:

Name of shareholder	Name of Group company/ associated corporation	Capacity/nature of interest	Number and class of securities ()	Approximate percentage of shareholding
Mr. [Name]	[Company Name]	[Capacity]	22,000, ()	1.1%
	[Company Name]	[Capacity]	2,000, ()	2.0%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()
Mr. [Name]	[Company Name]	[Capacity]	22,000, ()	1.1%
	[Company Name]	[Capacity]	2,000, ()	2.0%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()
Mr. [Name]	[Company Name]	[Capacity]	22,000, ()	1.1%
	[Company Name]	[Capacity]	2,000, ()	2.0%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()
Mr. [Name]	[Company Name]	[Capacity]	1,010,000, ()	0.1%
	[Company Name]	[Capacity]	300, ()	0.000%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()
Mr. [Name]	[Company Name]	[Capacity]	4,000,000, ()	0.3%
	[Company Name]	[Capacity]	100, ()	0.00%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()
Mr. [Name]	[Company Name]	[Capacity]	2,000,000, ()	0.22%
	[Company Name]	[Capacity]	300, ()	3.00%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()
Mr. [Name]	[Company Name]	[Capacity]	2,000,000, ()	0.22%
	[Company Name]	[Capacity]	300, ()	3.00%
	[Company Name]	[Capacity]	— \$1.00 ()	()
	[Company Name]	[Capacity]	— ()	()

SHARE OPTION SCHEMES

本公司目前並無任何尚未行使的購股權。於2012年12月31日，本公司有200,000份購股權(200,000份)尚未行使。於2014年6月30日，本公司有4,423份購股權(4,423份)尚未行使。本公司並無任何尚未行使的購股權。

本公司並無任何尚未行使的購股權。於2013年12月31日，本公司有4,423份購股權(4,423份)尚未行使。

Pre-IPO Share Option Scheme

本公司於2013年12月31日，有4,423份尚未行使的購股權。

Name or category of participant	As at 1 January 2014	Options granted by the Company Number of underlying shares			As at 30 June 2014	Exercise price per share	Date of grant	Exercise period
		Exercised	Cancelled	Lapsed				
董事	4,000	(21,400)	-	-	4,423	1 \$3.12	4月1日 200	1
高級管理人員	10,000	-	-	-	10,000	1 \$3.12	4月1日 200	2
其他員工	2,400	-	-	-	2,400	1 \$3.12	4月1日 200	3
	33,400	(21,400)	-	-	11,000			

於2014年6月30日，本公司有4,423份尚未行使的購股權。本公司尚未行使的購股權的加權平均行使價為每股1.00元，佔本公司總股本的0.3%。

附註

OTHER INFORMATION (CONTINUED)

Share Option Scheme

The following table shows the details of the Share Option Scheme:

Name or category of participant	As at 1 January 2014	Options granted by the Company Number of underlying shares			As at 30 June 2014	Exercise price per share	Date of grant	Exercise period
		Exercised	Cancelled	Lapsed				
Director	1,130,000	0	0	0	1,130,000	HK\$ 0.32	20 July 2011	2011-2015

As at 30 June 2014, the Company has no outstanding options under the Share Option Scheme. The weighted average exercise price of the options outstanding at the end of the reporting period is HK\$ 0.00.

- The following table shows the details of the Share Option Scheme:

CORPORATE GOVERNANCE

The Company has adopted the provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules as its corporate governance code for the reporting period ended 30 June 2014.

The Company has also adopted the provisions of the Model Code for Directors' Securities Transactions set out in Appendix 10 to the Listing Rules as its code of conduct for the reporting period ended 30 June 2014.

REVIEW OF INTERIM RESULTS

The Board has reviewed the Company's interim financial results for the reporting period ended 30 June 2014 and the Company's financial position and performance for the reporting period ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not purchased, sold or redeemed any of its listed securities during the reporting period ended 30 June 2014.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The 2014 Interim Report of the Company will be dispatched to shareholders and published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.lilanz.com in due course. This announcement can also be accessed on the above websites.

As at the date of this announcement, the Board comprises:

Mr. Wang Dong Xing

Mr. Wang Liang Xing (*Chief Executive Officer*)

Mr. Wang Cong Xing

Mr. Cai Rong Hua

Mr. Hu Cheng Chu

Mr. Wang Ru Ping

Mr. Pan Rong Bin

Dr. Lu Hong Te

Mr. Chen Tien Tui

Mr. Nie Xing

Mr. Lai Shixian

By order of the Board
China Lilang Limited
Ko Yuk Lan

Hong Kong, 11 August 2014