



2013
ANNUAL
RESULTS

LILANZ 利郎

CHINA LILANG LIMITED
中國利郎有限公司

March 2014

Disclaimer



“Company”)

Company's

Company's





AR2013 Results Summary

FY2013

Turnover 2,298.6

Gross profit 979.8
42.6

Operating Profit 582.0
25.3

Net Profit 516.1
22.5

Dividend per share 16.0
5.0

Operating cash inflow 655.1

Net cash per share 1.37

Highlights





OPERATIONAL EFFICIENCY IMPROVEMENTS in 2013



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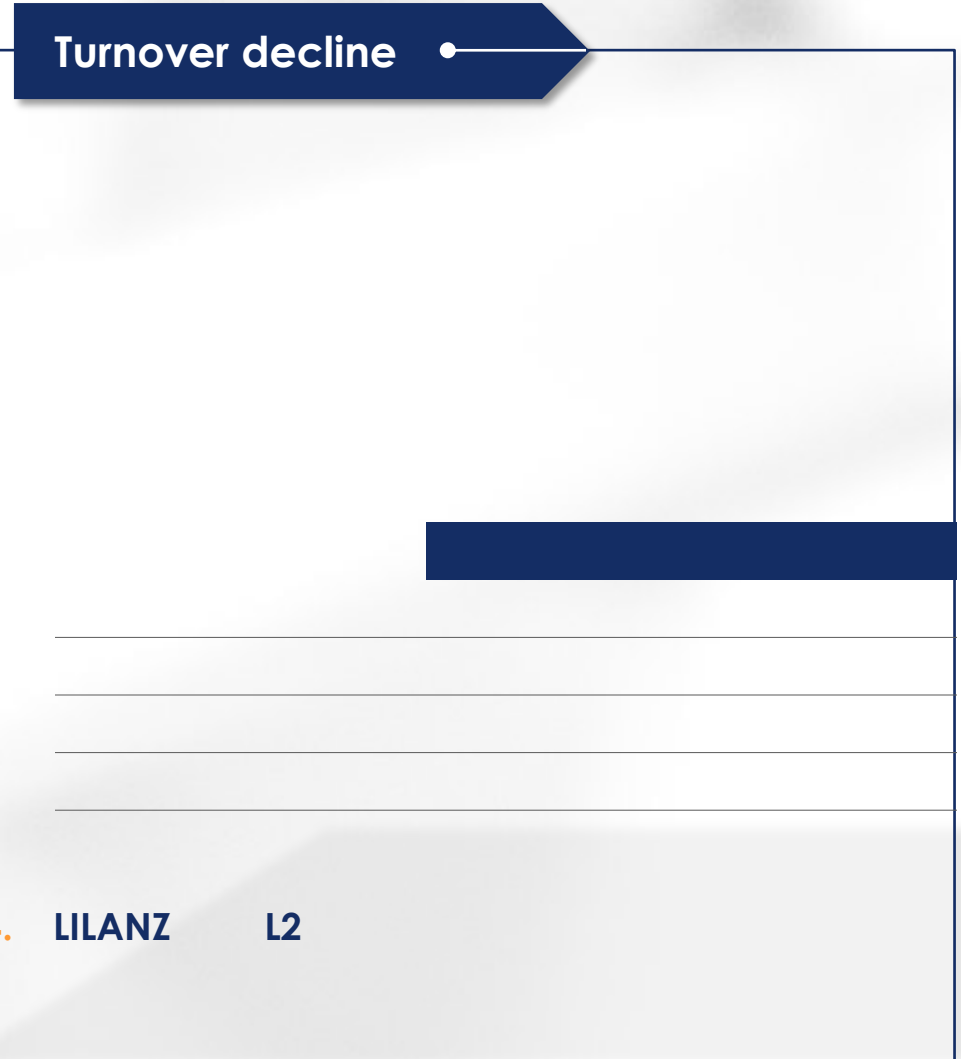
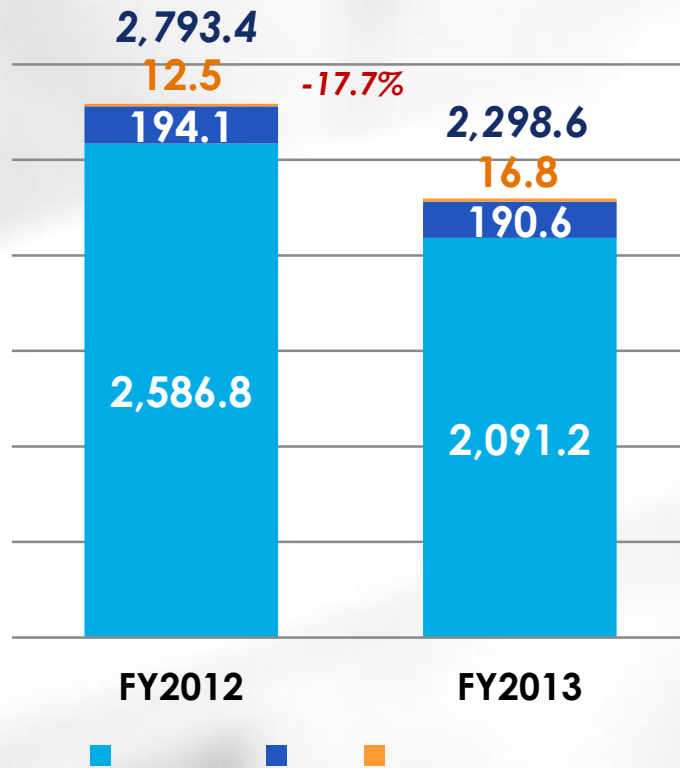
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Turnover Analysis

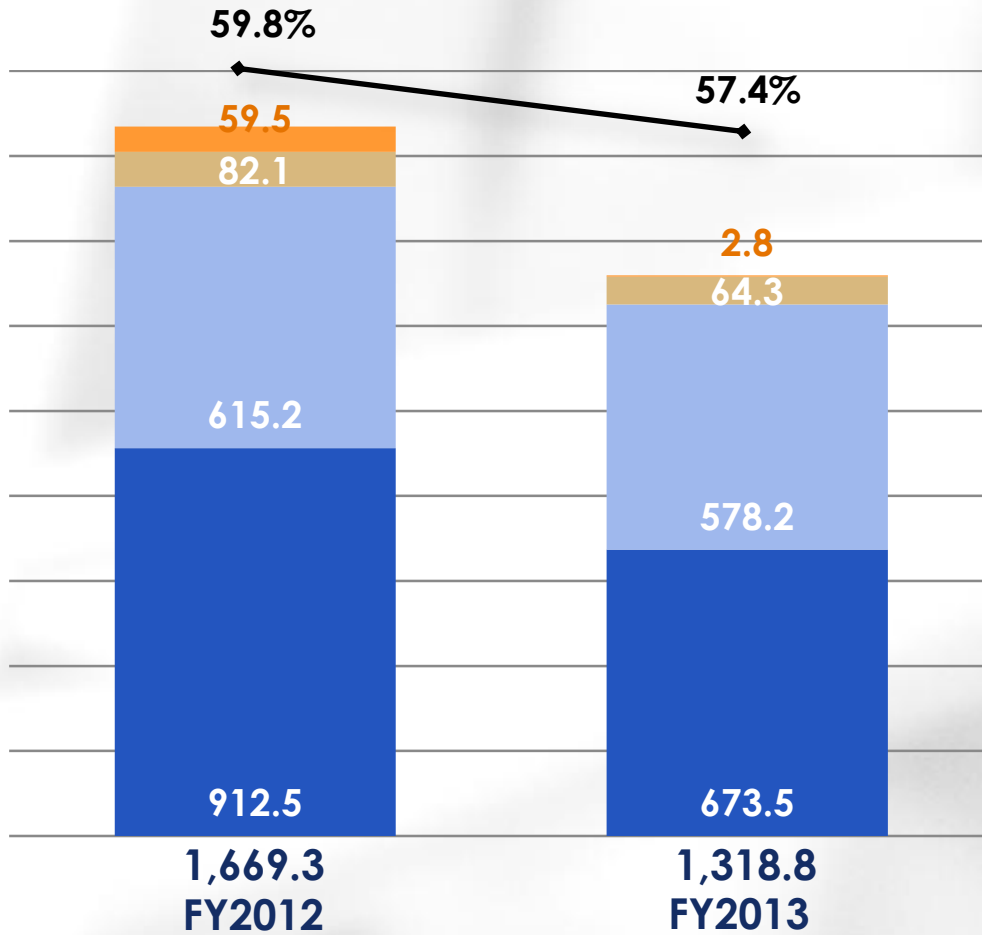
Total Turnover & Turnover By Brands



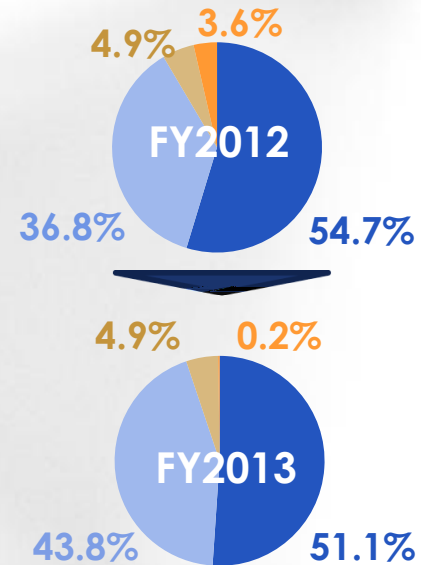


Cost of Goods Sold

Drop in COGS:



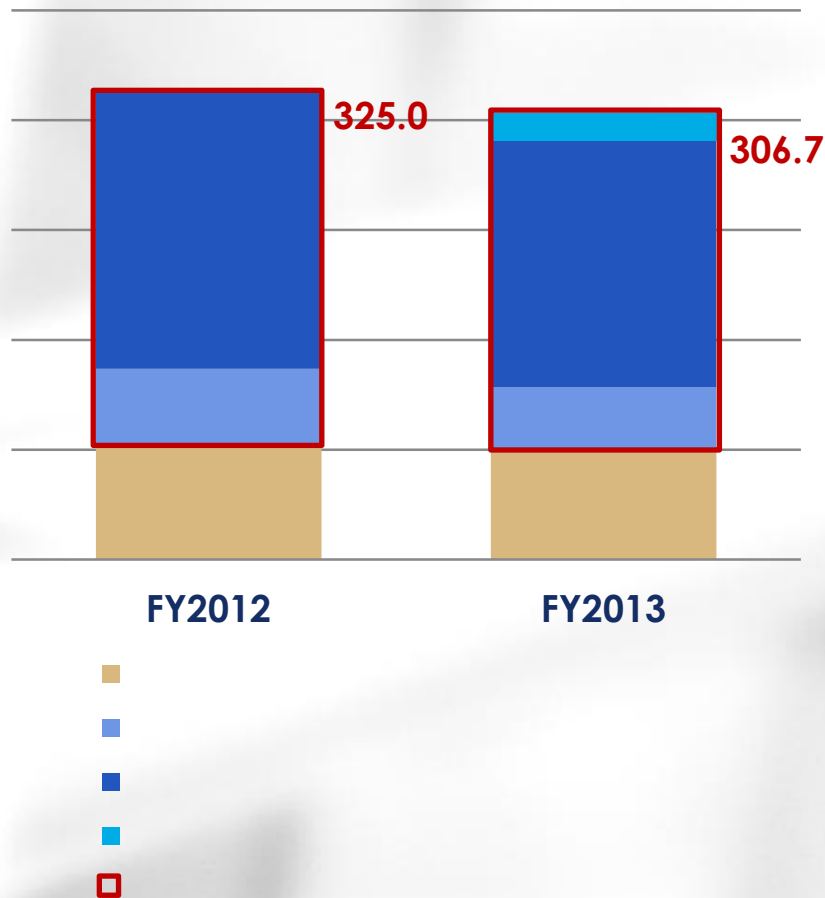
Cost as percentage of COGS



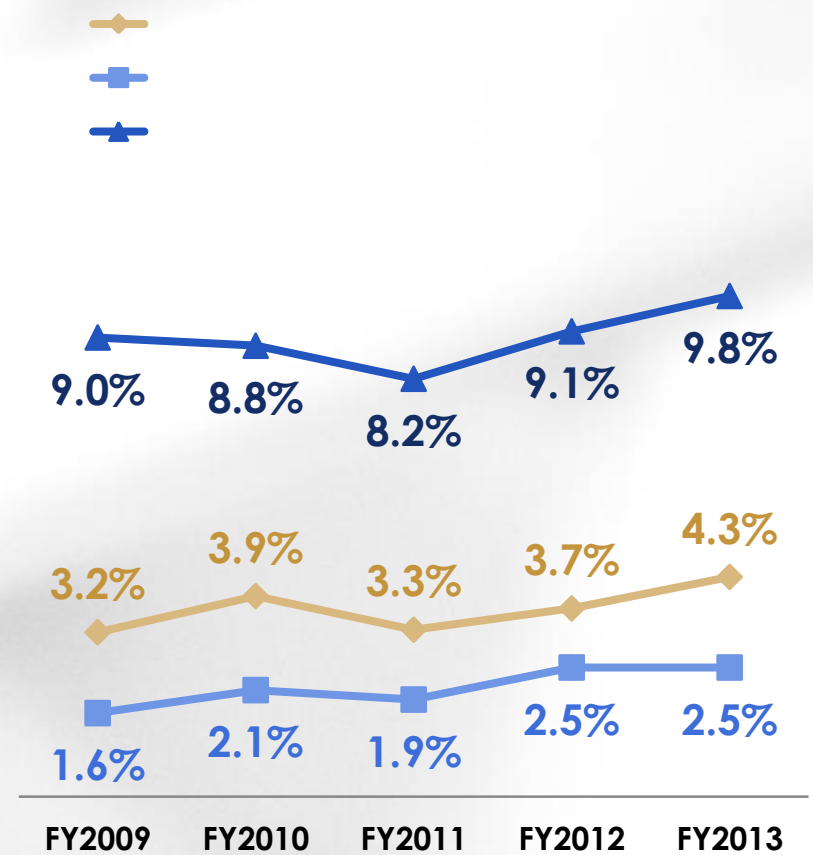


SD&A Expenses

SD&A Expenses
Total Amount



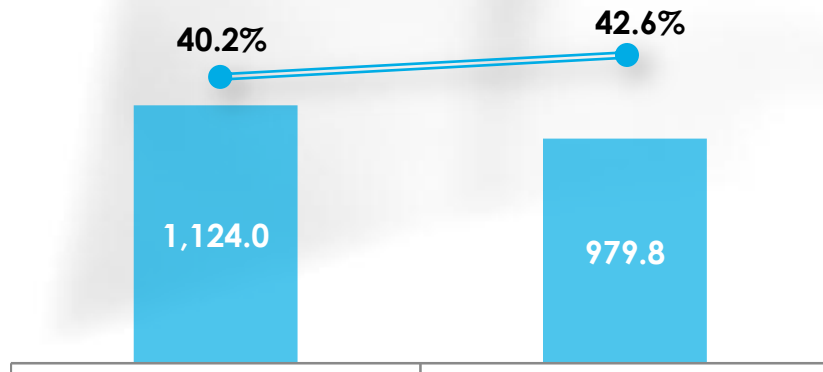
SD&A Expenses
As % of Turnover



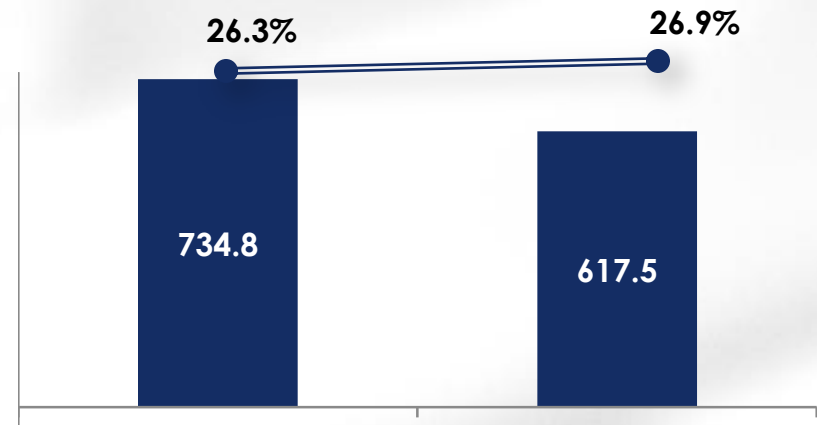


Profit and Margins

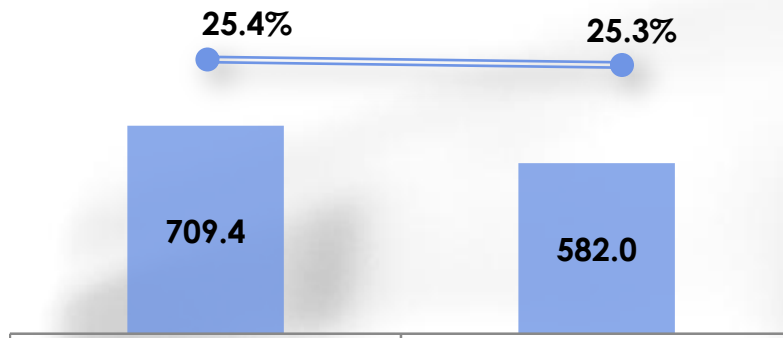
Gross Profit & Gross margin



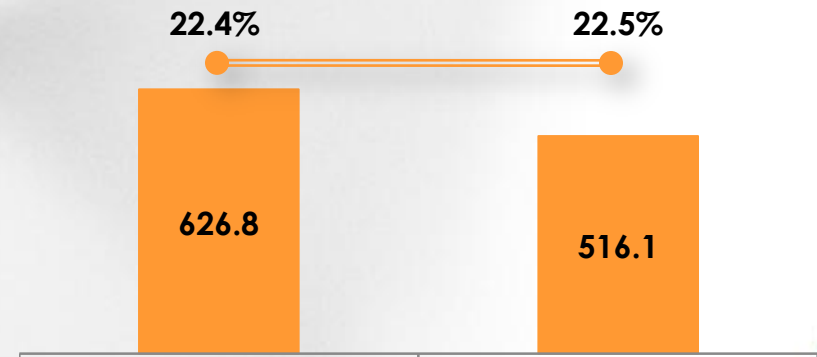
EBITDA & EBITDA margin



Operating Profit & Operating margin



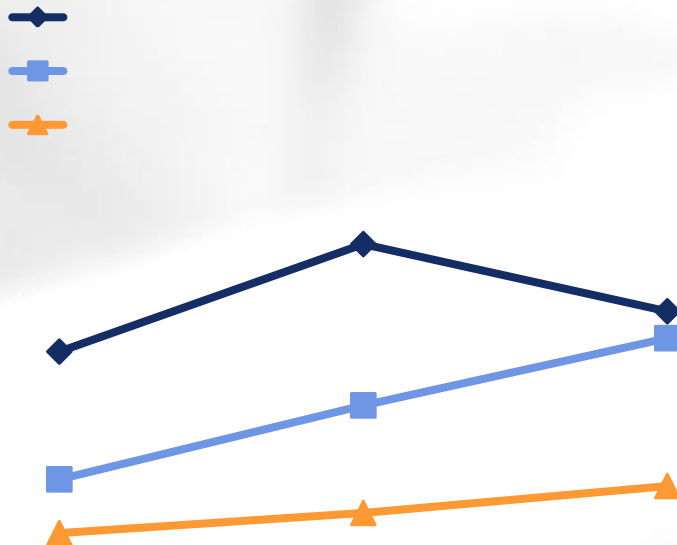
Net Profit & Net margin





Working Capital Cycle

Turnover Days



Notes

Trade Receivables Turnover Days

Inventory Turnover Days

Trade Payables Turnover Days

Remarks:

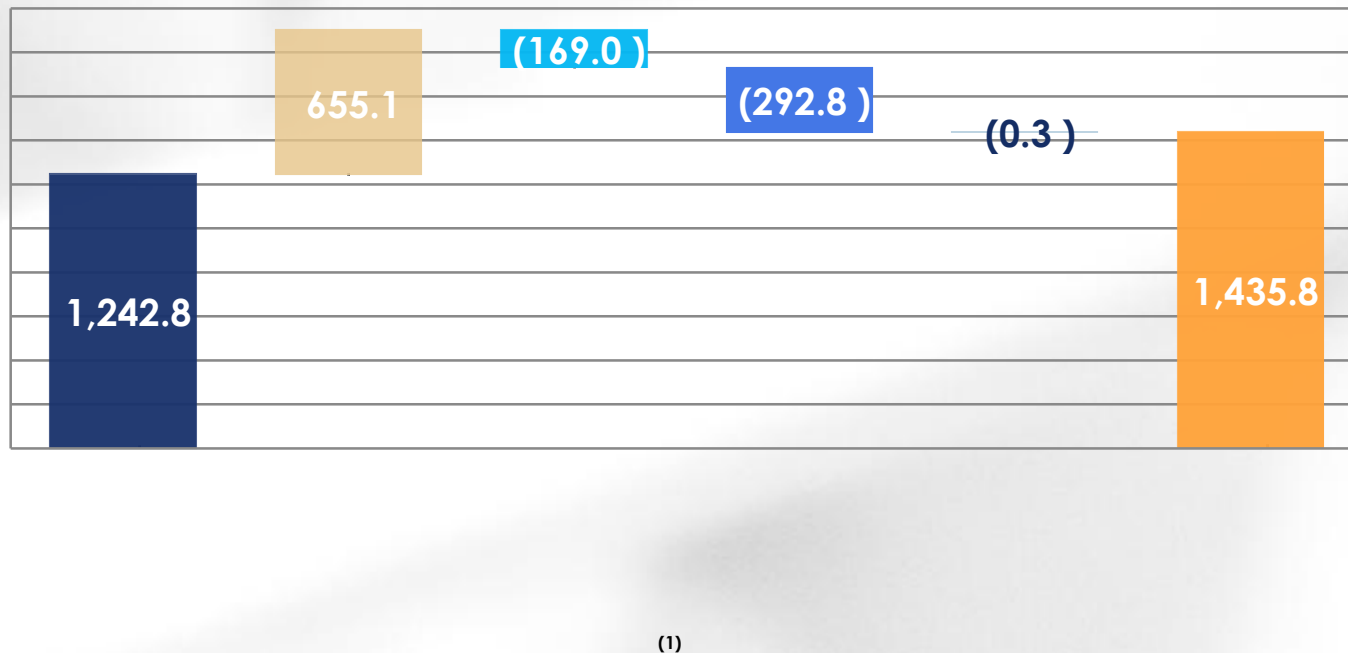
- Average trade receivables turnover days is equal to the average of the beginning and closing trade receivables balance divided by the turnover (including value-added tax) and multiplied by the number of days in the year.
- Average inventory turnover days is equal to the average of the beginning and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





Cash Flow Statement

Cash and cash equivalents



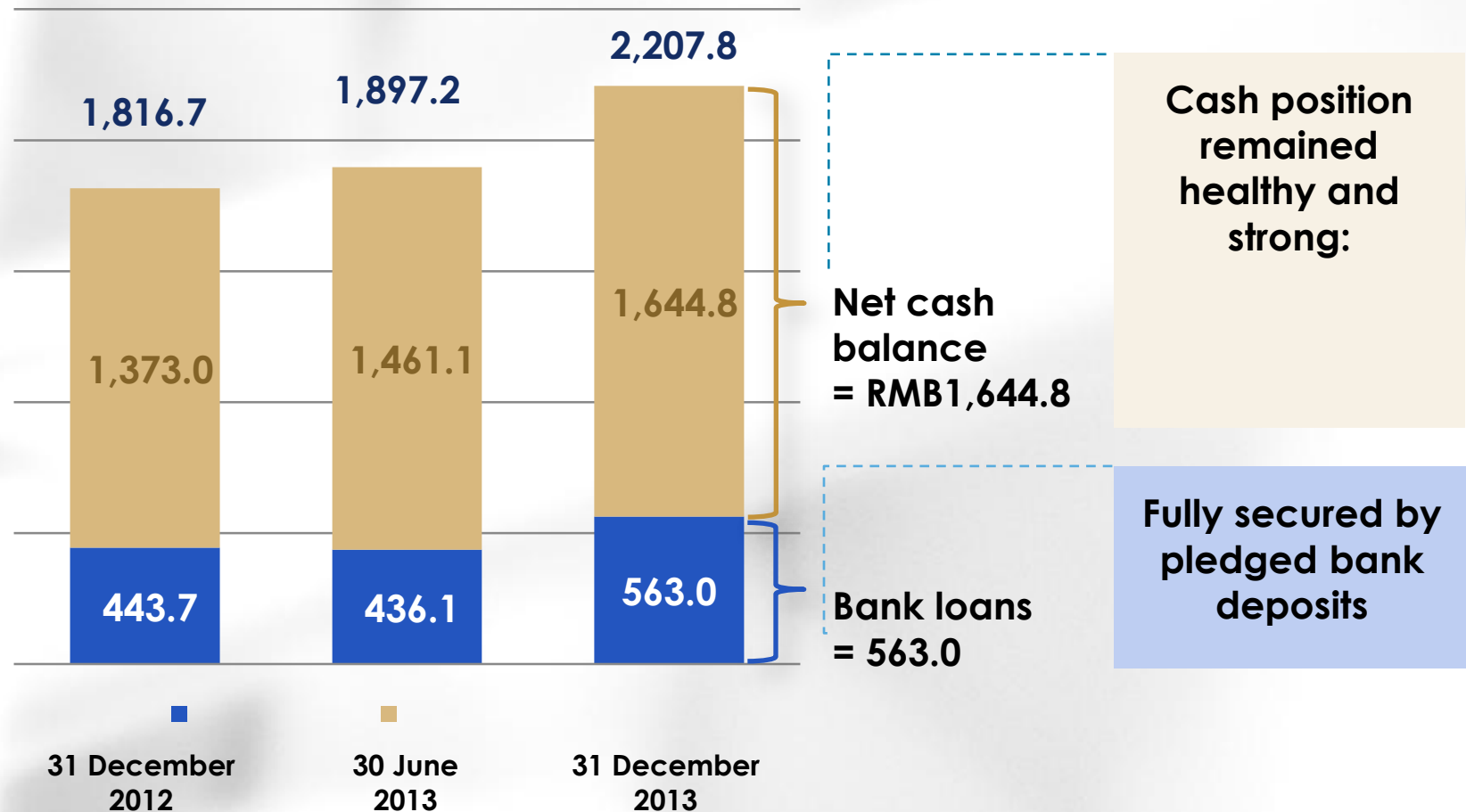
- (1) Included placements of time deposits and pledged bank deposits with maturity over 3 months
(2) Excluded fixed deposits held at banks with maturity over 3 months and bank deposits pledged as security for bank loans.





Healthy and Strong Cash Position

Total Cash and Bank Balance



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Brand Marketing and Promotion

Store Image

- “LILANZ” to enhance and reinforce



Advertising and Marketing



Nationwide Distribution Network

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Group's store count	FY2013	FY2012	Change
<i>as at end of FY2013</i>			
Brand breakdown	LILANZ	L2	TOTAL



Product Design and Development

Product Design and Development

LILANZ

brand's fashionable yet simple



Fabric innovation

enhance products' quality and



L2





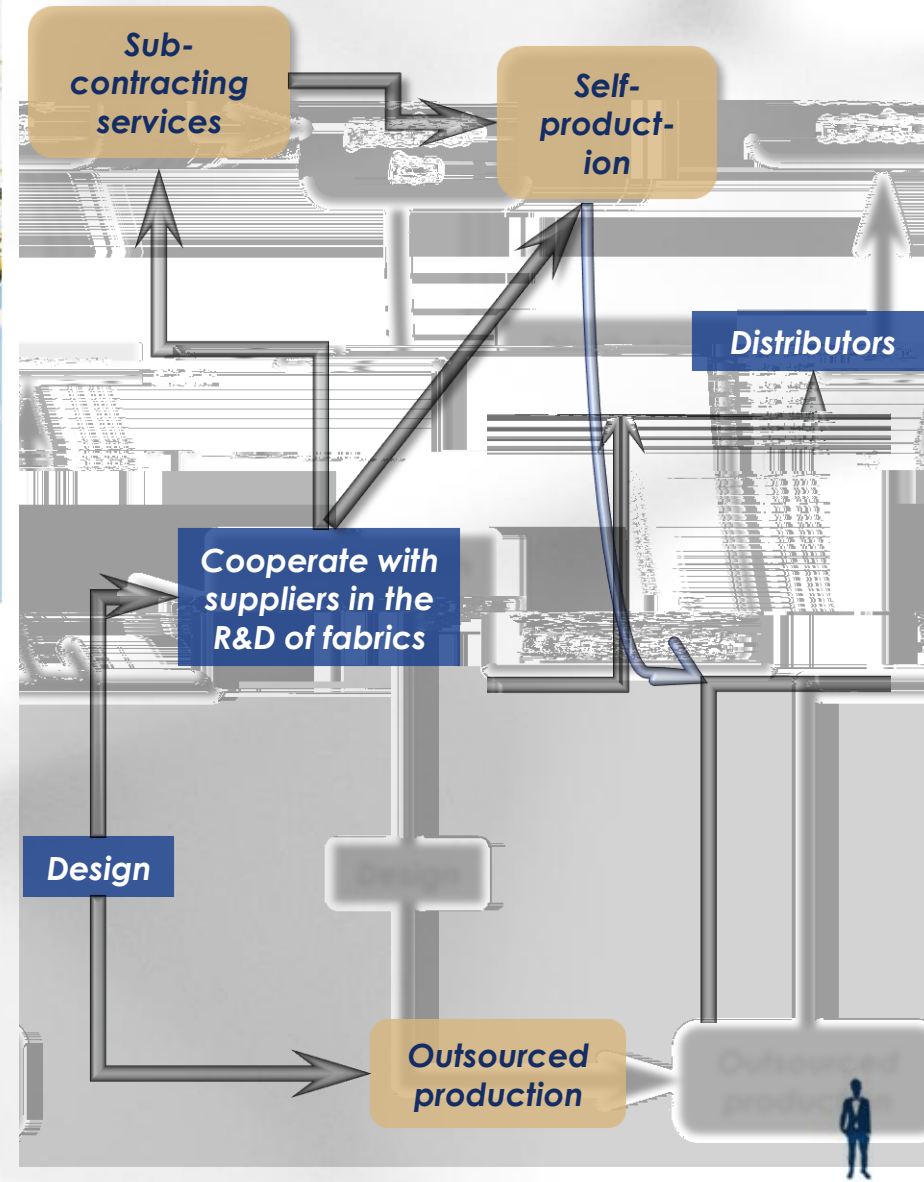
Production and Supply Chain



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Sales Channel Management

Monitoring of sales channels

- Encouraged distributors to clear old inventories by:
 - Operate discount stores for a period of about 30 days before the store renovation or store opening
 - Set up temporary promotion counters in department stores



Elevating distributors' management skills and efficiency

- Continue to provide training for distributors and their management teams
- Elevate the retail management skills and sales technique as well as refining management of chain business for distributors
- Over 2,000 people attended in the training courses during FY2013



Utilizing front-line data to better address market needs

- Sales and inventory levels of all retail stores of “LILANZ” and “L2” are web-enabled except for the shop-in-shops in department stores
- Respond promptly to various issues
- Develop products which meet market needs better



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2014 Prospects and 2014 Fall Trade Fair

Short term

Progress made in inventory clearance of the entire industry is slower than expected

Outlook of consumer confidence and retail environment remains uncertain

Long term

Accelerating urbanization continues to boost income level and lift consumer sentiment

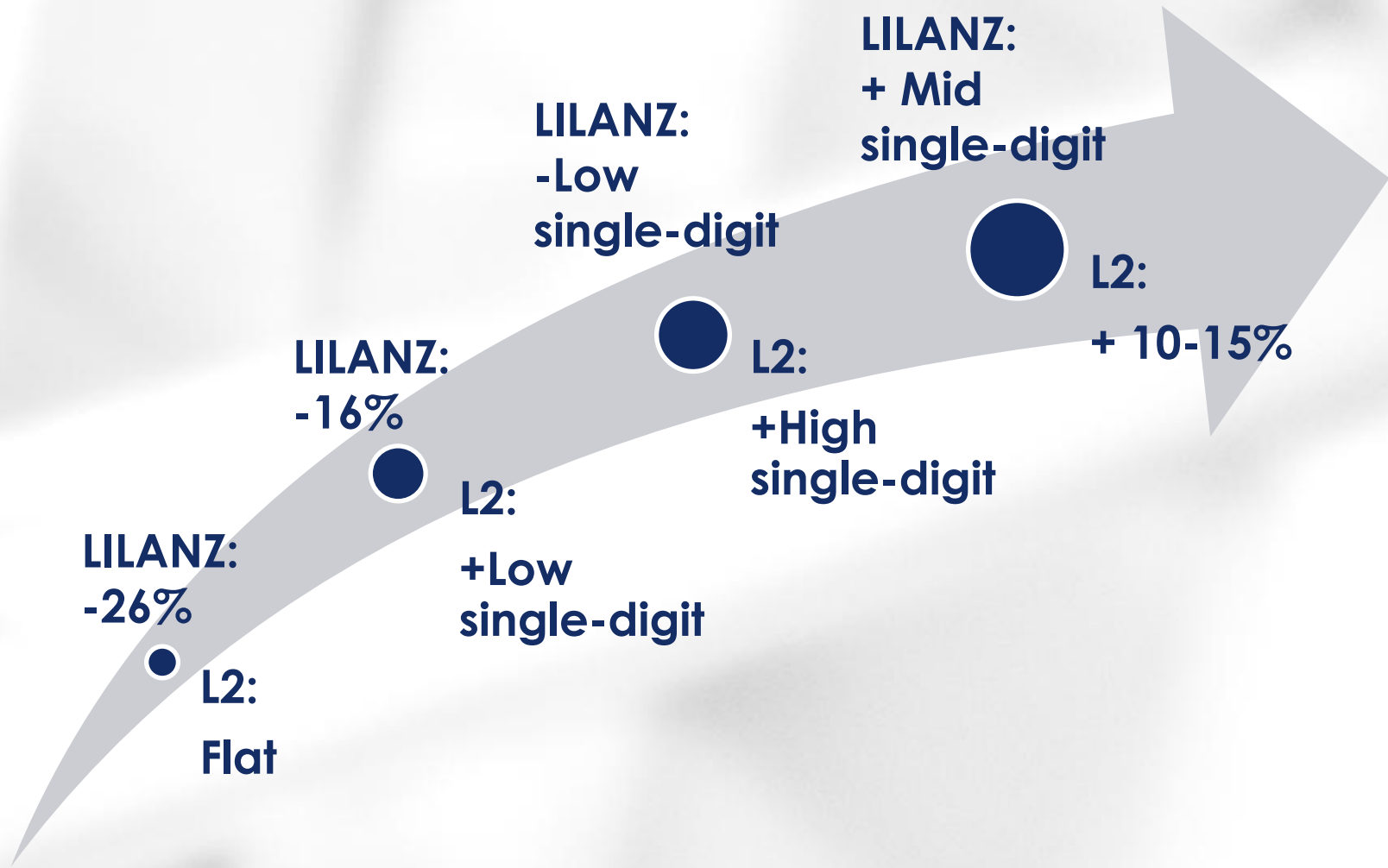
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- ▶ **Stays optimistic about the long-term development of the menswear industry in China**
- ▶ **Attained moderate growth in 2014 fall trade fair orders**
 - ▶ "LILANZ": +5-6%
single digit
 - ▶ "L2": +10 to 15%





Trade Fairs Results



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Prudent and flexible operation Strategy

Our Work in 2014

提質不提價

Store opening target

LILANZ

L2

Renovation



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