



CHINA LILANZ LIMITED
中國利郎有限公司



2011 Interim Results

August 2011

Disclaimer

The information contained in this presentation is intended solely for your personal reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information

assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

In addition, the information contains projections and forward-current views with respect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No assurance can be given that

the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.

Agenda

1. Financial Highlights

2. Business and Operational Review

3. Prospects and Strategies

4. Open Forum

Results Highlights

Turnover rose by 31.2% year-on-year to RMB1,032.1 million

Profit attributable to equity shareholders increased by 63.1% to RMB 228.2million. Earnings per share is RMB19 cents, up by 62.4% year-on-year

The Board of directors declared an interim dividend of HK11 cents per share and a special interim dividend of HK5 cents per share



Sub-brand RMB35.6 million in turnover, and contributed 3.4% to the

Product average selling price increased by 13.2% year-on-year, and sales volume increased by 15.8% year-on-year

Core 2,888 retail stores while sub-stores as at 30 June 2011

We aim to strengthen our position as one of the leading business casual menswear enterprises in the PRC

Financial Highlights

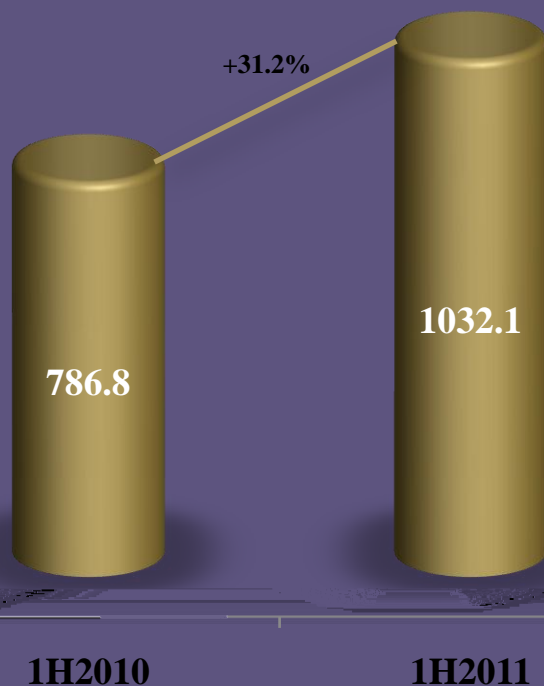
For the six months ended 30 June

	1H2011	1H2010	Change
Turnover (RMB million)	1,032.1	786.8	+31.2%
Gross profit (RMB million)	375.9	272.9	+37.7%
Profit from operations (RMB million)	268.7	159.6	+68.4%
Profit attributable to equity shareholders (RMB million)	228.2	139.9	+63.1%
Basic EPS (RMB cents)	19.0	11.7	+62.4%
Interim dividend per share (HK cents)	11.0	5.0 (RMB cents)	approx. +82%
Special dividend per share (HK cents)	5.0	---	N/A
<i>Profitability ratios</i>			
<i>Gross margin (%)</i>	36.4	34.7	+1.7p.p.
<i>Operating margin (%)</i>	26.0	20.3	+5.7 p.p.
<i>Net margin (%)</i>	22.1	17.8	+4.3 p.p.
<i>Effective tax rate (%)</i>	15.0	12.3	+2.7 p.p.
<i>Advertising and promotional expenses (as percentage of turnover) (%)</i>	6.4	8.5	-2.1 p.p.

Robust Turnover Growth

Turnover

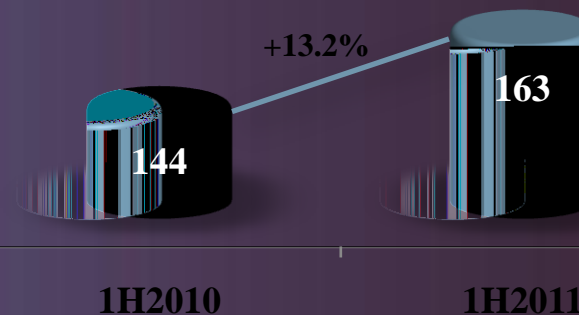
(RMB million)



Turnover increased as a result of product innovation, brand and product upgrades

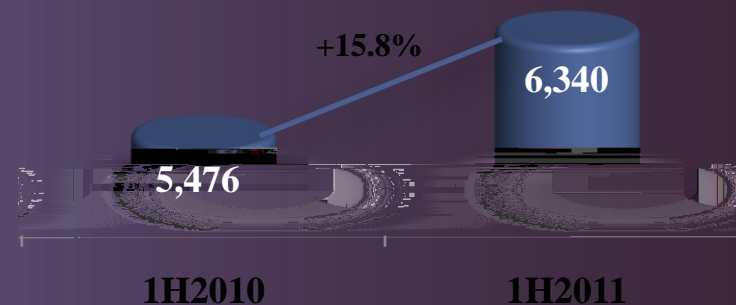
Average Selling Price

(RMB)



Total Sales Volume

(Volume '000)

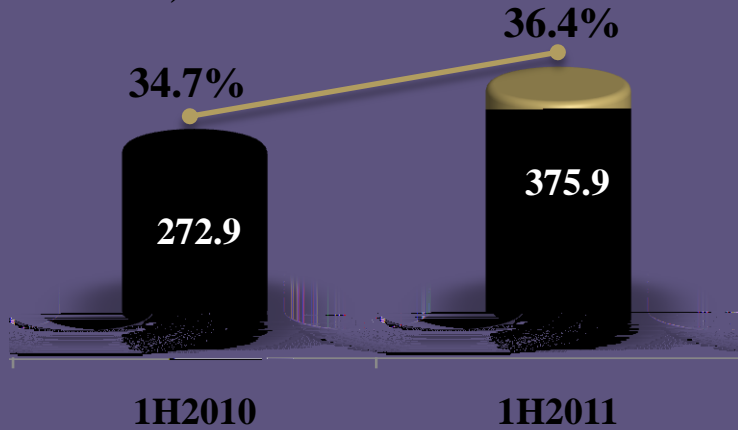




Profit and Margins

Gross Profit and Gross Margin

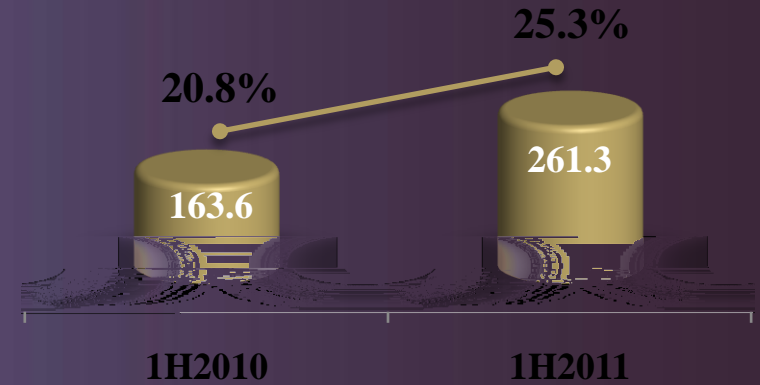
(RMB million)



- Improved product mix and raised average selling price to offset cost inflation
- Streamlined supply chain to control cost

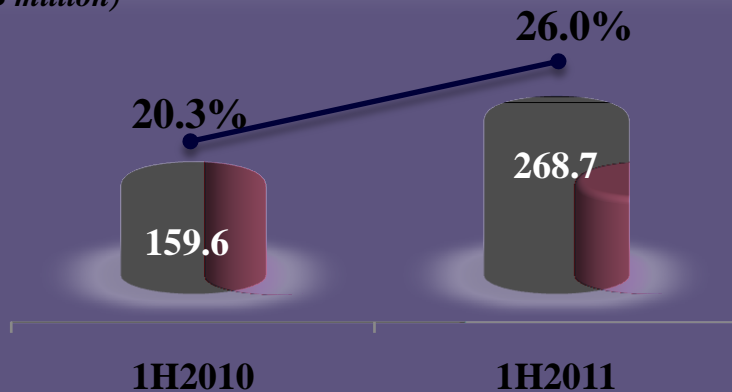
EBITDA and EBITDA Margin

(RMB million)



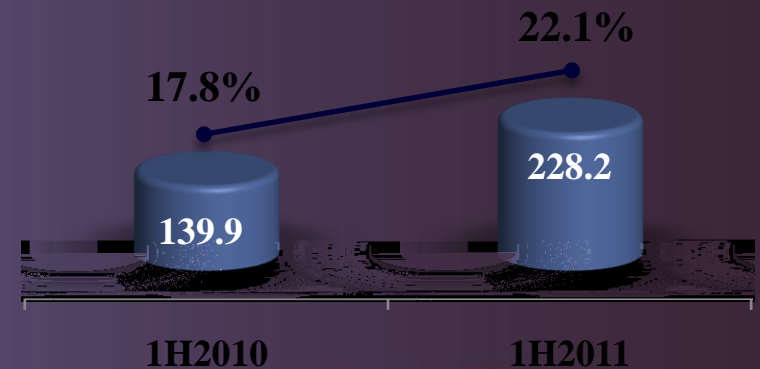
Operating Profit and Operating Margin

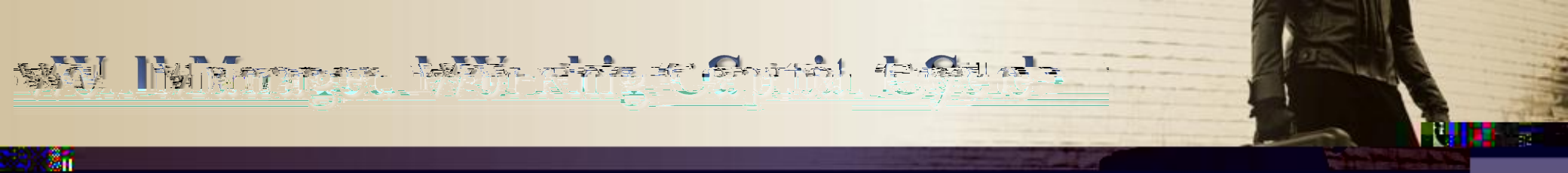
(RMB million)



Net Profit and Net Margin

(RMB million)





	<i>As at</i>		
	30 June 2011	31 Dec 2010	30 June 2010
Average Inventory Turnover Days⁽¹⁾	49	47	53
Average Trade and Bills Receivable Turnover Days⁽²⁾	70	65	71
Average Trade and Bills Payables Turnover Days⁽³⁾	96	86	81

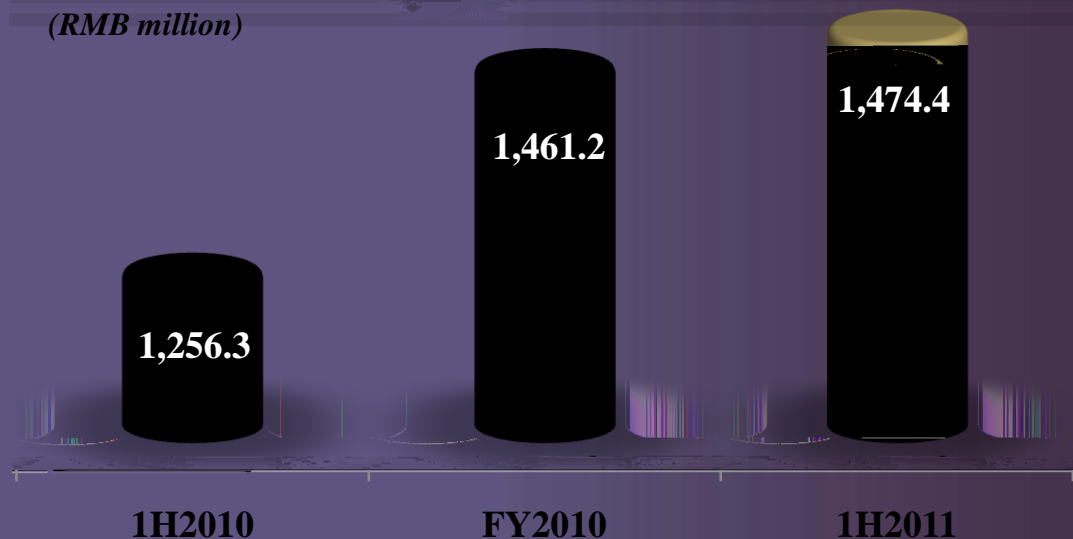
(1) Calculated as average of beginning and ending inventory balance divided by cost of sales and multiplied by 181 days

(2) Calculated as average of beginning and ending trade and bills receivables balance divided by revenue (include value-added tax) and multiplied by 181 days

(3) Calculated as average of beginning and ending trade and bills payable balance divided by costs of sales and multiplied by 181 days

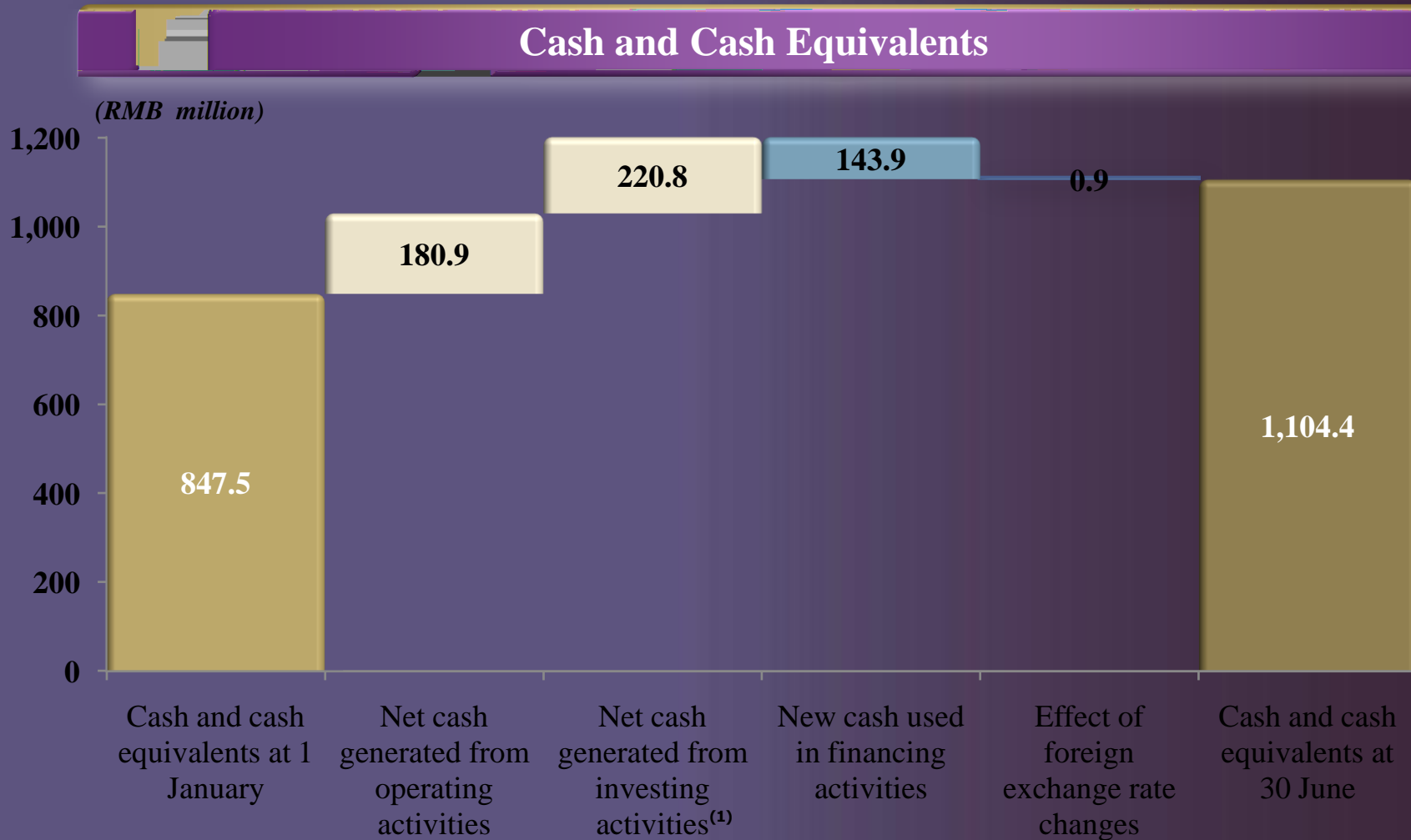
Cash and Bank Balance

(RMB million)



- Cash and bank balance includes time deposits with maturity over 3 months and pledged bank deposits
- The Group does not have any interest-bearing debt

Cash Flow Statement



(1) Included net withdrawal of time deposits with maturity over 3 months



2. Business and Operational Reviews

Branding – Marketing and Retail Outlets

Emphasis on retail stores as the core avenue for enhancing brand image

By the end of 2010, all the 2,800 stores had been renovated according to the latest store image. Further upgrade was carried out to certain stores during the first half of 2011 to improve the display spacing

Targeted Promotional Activities

Fashion Week in Beijing together for the first time ever, where the -brand under China

Lilang

Promoted brand image via a large billboard advertising display at the Shanghai Hongqiao airport

Increased spending on regional advertising, promotional support to distributors for opening of flagship stores, and advertising in magazines

The Group has retained Mr. Chen Dao Ming (陳道明) as the



Nationwide Distribution Network

137
 2, an increase of 3.6%

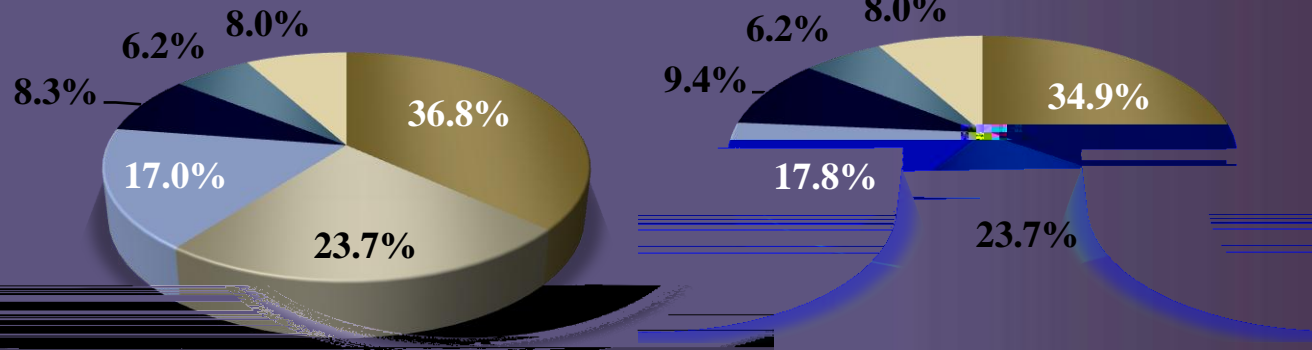
since year end of 2010

Sub- had a total retail outlet area of 14,400 m²

Turnover by Region

1H2010

1H2011



- Eastern
- Central and Southern
- South Western
- North Western
- Northern
- North Eastern

Region	Number of Stores	
	1H2011	FY2010
Eastern	915	859
Central and Southern	671	626
North Western	227	226
South Western	542	532
Northern	285	266
North Eastern	385	376
Total	3,025	2,885

Sales Channel Management

Improved retail management system

The Group has embarked on developing software systems since late 2009 with a plan to connect the sales and inventory records of all retail outlets on-line by the end of 2012

distributors have been connected online
By the end of June 2011, systems connecting to about

1H2011

Systems connecting
retail outlets are
under trial run

2H2011

Aims to connect
retail outlets
online

Opened stores at strategic locations

During the first half of 2011, the Group opened 7 retail outlets sized over 300m² and 12 retail outlets between the sizes 200 to 300m²

Of these 19 stores, 5 are located in provincial capitals and 6 are located in prefecture-level cities

Product Design



Continued to design fashionable, unique and creative styles which attract consumers and add value to the product

Strong product design and development capability

Developed unique fabrics jointly with suppliers to produce menswear of exquisite simplicity with high quality tailoring techniques

The design and product development over 100 people and is headed by Mr. Ji Wen Bo

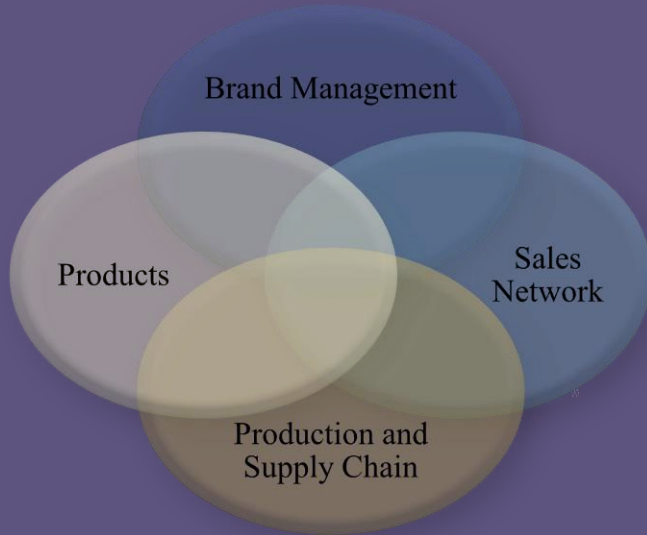
The product design and development with 35 members led by Mr. Wang Yu Tao

Approximately 30 employees are now under design training in the product development centre set up in Guangzhou in the second half of 2010

Production and Supply Chain

- Adjusted the proportion of self-production, OEM purchases and process outsourcing services to achieve optimal quality and cost efficiency
- Streamlined supply chains through partnerships with quality suppliers to better control cost and quality
- Increased direct purchases of fabrics from producers to reduce cost, and effectively alleviated the impact of rising raw material prices

Prospects and Strategies



Brand Management

Continue multi-brand strategy and expand sub-
Continue to enhance store image as a key avenue to promote brand image
Advertising support to distributors for opening flagship stores
More regional advertising supports such as road side billboard to support regional expansion

Products

Persist in the personalized and fashionable style in product design
Continue to upgrade the product mix to have more high value-added products

Sales Network

Maintain committed to the full-
Strengthen retail management to improve store efficiency and boost same-store sales growth
Target to connect 900 retail outlets online by the end of 2011

Production and Supply Chain

Partner with sizable and quality suppliers and streamline the supply chain to improve cost control and product quality
Continue to collaborate with fabric producers to develop innovative and premium quality fabrics



4 Open Forum



Appendix – Sales Fairs



12

Fall order amount increased

28%

(Delivery of orders started in June 2011)

Winter order amount increased

34%

(Delivery of orders started in August 2011)

Autumn and Winter order amount increased

135%

(Delivery of Autumn and Winter orders started in June and August 2011, respectively)