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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1234)

PROFIT WARNING

This announcement is made by the board of directors (the “**Board**”) of China Lilang Limited (the “**Company**”, together with its subsidiaries known as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”) and the information currently available to the Board, it is estimated that the net profit for the Period would decrease by 30% to 35% as compared to the same period in 2019. The decrease in net profit is mainly attributable to the drop in sales revenue.

Impacted by the COVID-19 epidemic (the “**Epidemic**”), total retail sales of LILANZ products for the first half of 2020 decreased by 30% to 35% as compared to the same period in 2019. To reduce the channel inventory pressures of the distributors, the Group has cancelled some of the 2020 spring and summer trade fair orders of the distributors totalling about RMB140.0 million (wholesale value excluding VAT). As disclosed in the 2019 annual report of the Group, the Group has planned to open more stores in outlet malls through distributors. This will be implemented starting from the second half of the year and will help to clear those inventories in a timely manner.

In addition, as the Group has reduced the production of the 2020 fall products to facilitate the destocking of the spring channel inventories as planned, coupled with the fact that the fall trade fair held in the second quarter had been delayed for more than a month due to the Epidemic, sales of the fall products during the Period dropped remarkably as compared to the same period last year.

This announcement is based on the Board's preliminary review of the unaudited management accounts of the Group and the information currently available to the Board, and it is not based on any figures or information which have been audited or reviewed by the Company's auditor. The information contained in this announcement may be subject to change and adjustment. The consolidated results of the Group for the Period will be published in August 2020.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Company's shares.

By order of the Board
China Lilang Limited
Wang Dong Xing
Chairman

Hong Kong, 15 July 2020

As at the date of this announcement, the executive directors are Mr. Wang Dong Xing, Mr. Wang Liang Xing, Mr. Wang Cong Xing, Mr. Cai Rong Hua, Mr. Hu Cheng Chu and Mr. Pan Rong Bin; and the independent non-executive directors are Dr. Lu Hong Te, Mr. Nie Xing and Mr. Lai Shixian.