2018 INTERIM REPORT

LI-NING COMPANY LIMITED
(Founded in the Cayman Islands with limited liability)
(Stock Code: 2331)
This presentation incorporates information contained in the interim results announcement (the “Results Announcement”) for the six months period ended 30 June 2018 of Li Ning Company Limited (the “Company”). This presentation should be read in conjunction with the Results Announcement and is qualified in its entirety by the more detailed information and financial information contained in the Results Announcement.

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Results highlights
2018H1 Highlights

Financial Highlights:

• Reported net profit of RMB 269 million, margin raised from 4.7% to 5.7%
  ➢ Revenue up 18% to RMB 4,713 million
  ➢ Gross profit margin expanded 1 percentage point
  ➢ Maintained operating leverage notwithstanding investment in new initiatives

• Operating cash flow increased by 12% to RMB 660 million

• Significant improvement in working capital continued
  ➢ Gross average working capital improved (reduced) by 8% while revenue increased by 18%
  ➢ Cash conversion cycle further improved (shortened) by 11 days (2017H1: 56 days / 2018H1: 45 days)

Operational Highlights:

• Mid-teens growth for total platform retail sales, including online and offline channels

• Channel inventory turnover improvement continued

• Overall Same-Store-Sales in 2018H1 grew high-single digit

• Offline channel new product sell-through increased by mid-teens with gross margin improved
  ➢ new product mix up 3 points
Financial review
Growth primarily driven by LI-NING apparel initiative
Enhanced profitability driven by well balanced business model and further improved new product mix.
Same Store Sales Growth (SSSG) Rate
LN Brand

SSSG (H1: 2018 vs 2017)
- Overall: High-Single Digit
- Retail: Low-teens
- Wholesale: Mid-Single Digit
- E-commerce*: Mid-thirties

Overall Platform
- Overall
- Offline: Low-teens, High-Single Digit
- Low-teens: High-Single Digit, Low-Single Digit

Retail
- Negative: Low-Single Digit, Mid-Single Digit
- Low-teens: Mid-Single Digit, High-Single Digit
- High-Single Digit

Wholesale
- Negative: High-Single Digit
- High-Single Digit
- Mid-Single Digit
- Low-Single Digit

E-commerce*
- Low-thirties
- High-teens
- High-thirties
- Mid-thirties

*E-commerce: LN brand sell-through generated from T-mall, JD and Lining.com
Online and Offline Expansion
LN Brand, excl. international market sales

POS number (Period end)

<table>
<thead>
<tr>
<th></th>
<th>LN Brand</th>
<th>LN Young</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun 2016</td>
<td>6,169</td>
<td>6,169</td>
</tr>
<tr>
<td>Dec 2016</td>
<td>6,440</td>
<td>6,440</td>
</tr>
<tr>
<td>Jun 2017</td>
<td>6,329</td>
<td>6,329</td>
</tr>
<tr>
<td>Dec 2017</td>
<td>6,435</td>
<td>6,262</td>
</tr>
<tr>
<td>Jun 2018</td>
<td>6,898</td>
<td>6,267</td>
</tr>
</tbody>
</table>

Sell-through growth, YoY %
Excl. LN YOUNG

<table>
<thead>
<tr>
<th></th>
<th>Offline Channel</th>
<th>Online and Offline Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2016</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>H2 2016</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>H1 2017</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>H2 2017</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>H1 2018</td>
<td>9%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Improved productive platform with integrated online and offline growth
Controlled business growth led by sell-through focus

Wholesale business: Including sale of badminton and football categories products to specialty-store channel wholesaler

*Order placed during trade fair (excl. orders from subsidiaries), e.g. 2019Q1 orders were placed about half year in advance
### Business Performance

<table>
<thead>
<tr>
<th></th>
<th>Revenue (RMB million)</th>
<th>No. of POS (Period End)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2016</td>
<td>1,498</td>
<td>1,261</td>
</tr>
<tr>
<td>H2 2016</td>
<td>1,544</td>
<td>1,330</td>
</tr>
<tr>
<td>H1 2017</td>
<td>1,541</td>
<td>1,369</td>
</tr>
<tr>
<td>H2 2017</td>
<td>1,502</td>
<td>1,556</td>
</tr>
</tbody>
</table>

**Revenue Growth Analysis**

**Growth Drivers**
- +238

**Productive Expansion Initiatives**
- -152

**New Stores 2017 & 2018**: +17

**Special Clearance Sales**: +17

**Closed Stores**

### Solid Growth Driven by Healthy SSSG and Productive Store Expansion

^ Retail business: Refers to direct retail operation
Excluded LN YOUNG stores
Gross margin expansion driven by further enhanced sales mix and product performance
Maintained operating leverage through disciplined cost management to fund investment in new initiative

*Other income and profits include (i) miscellaneous income and gains, (ii) share profit from associate
Successful inventory management initiative achieved target turnover and structure.
Company Inventory

At cost, before provision (RMB Million)

Further optimized inventory level and structure provided healthy foundation for growth
Trade Receivables

At gross amount, before provision (RMB Million)

Jun 2016: 1,879
Dec 2016: 1,784
Jun 2017: 1,506
Dec 2017: 1,540
Jun 2018: 1,441

Receivable Days Sales Outstanding (DSO) improved significantly

25% Below 90 days
23% 91 - 180 days
52% over 180 days

21% Below 90 days
18% 91 - 180 days
61% over 180 days

25% Below 90 days
21% 91 - 180 days
54% over 180 days

22% Below 90 days
8% 91 - 180 days
70% over 180 days

26% Below 90 days
13% 91 - 180 days
61% over 180 days
Achieved working capital efficiency ahead of plan

- Simple average between period opening and ending
- Gross Amounts of inventory, trade receivables and payables, without netting off provisions
- Annualized revenue
Balance sheet summary and cash position

Net Cash Position^  

- RMB Million -

Jun 2016: 1,335  
Dec 2016: 1,754  
Jun 2017: 2,178  
Dec 2017: 2,529  
Jun 2018: 3,052

Cash Conversion Cycle (Days)  

- For the Six Months Period -

Jun 2016: 75  
Dec 2016: 56  
Jun 2017: 56  
Dec 2017: 45  
Jun 2018: 45

Operating Cash Flow*  

- RMB Million -

Jun 2016: 304  
Dec 2016: 532  
Jun 2017: 589  
Dec 2017: 570  
Jun 2018: 660

^Net Cash = Cash and Cash Equivalents + short-term deposits + wealth management products – Borrowings

*Excluded Double Happiness
Business Review
Enhance LI-NING Brand Value Through Experience to satisfy more refined consumer demand

Focusing on the refinement and maturity of consumption structure, creating a more professional and unique brand experience.

**Sports industry trend in China**
- The public tend to purchase high-quality professional sports products due to the continuous upgrade of urbanization and consumption;
- Sportswear market is growing at a CAGR of over 8% (at a constant price) and is estimated that the market size would exceed RMB318 billion in 2022.

**National Policies in favor of industry development**
- Implement various policies to foster sports industry development, e.g., “The Opinions on Accelerating the Development of the Fitness and Casual Sports Industry and Promoting”, “The Opinions on Accelerating the Development of the Sports Industry and Promoting Sports Consumption”;
- Benefited from the two-child policy, the number of births of second child in 2016 was significantly higher than that in the period of “Twelfth Five Year Plan”, while the number of second child in 2017 has increased to 8.83 million, which was 1.62 million higher than that of 2016.

**E-commerce trend**
- In 2020, it is expected the transaction amount of e-commerce to reach RMB43.8 trillion with a CAGR of approximately 15%;
- The current e-commerce penetration rate of LI-NING brand is over 20% which drives the sales growth.

Source: State Council of the People’s Republic of China, Athletic Association of the People’s Republic of China, Industry Research Institute of Qianzhan · Euromonitor, Frost & Sullivan
Enhance LI-NING Brand Value Through Experience to satisfy more refined consumer demand

- Enhance all-round experience through "Three-Pillar": Product, Retail Capability and Channel
  - Enhance online and offline sales efficiency in accordance to data analysis

- Differentiate high and low level markets according to the varied regional needs
- Optimize channel structure, strengthen category store attributes, and advance store evaluation and management system
- Close and transform inefficient and loss-making stores to enhance channel efficiency
- Promote the transformation of product operation model to effectively respond to market changes
- Continue to establish a “Precise + Swift” logistics support system
- Strengthen retail operation standards and optimize uniform store image
- Reinforce the training for frontline salespersons and sports advisors team

- Emphasize on sports specialty, explore the combination of fashion and leisure, enhance products competitiveness
- Integrate professional sports resources with fashion trends, implement multi-dimensional marketing
Product: Five Core Categories Drove Business Growth

**Retail Sell-through – YoY Change**

<table>
<thead>
<tr>
<th>Product</th>
<th>2018H1</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value</td>
<td></td>
<td>+14%</td>
</tr>
<tr>
<td>Running</td>
<td></td>
<td>+21%</td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td>+29%</td>
</tr>
<tr>
<td>Basketball</td>
<td></td>
<td>+25%</td>
</tr>
<tr>
<td>Sports Casual</td>
<td></td>
<td>+22%</td>
</tr>
<tr>
<td>Non-core</td>
<td></td>
<td>-63%</td>
</tr>
</tbody>
</table>

**Retail Sell-through – Mix**

- Non-core: 4%
- Running: 28%
- Training: 22%
- Basketball: 23%
- Sports Casual: 23%

*Sales of badminton products are shown with sell-in data for reference as they are mainly distributed via professional channels.*
Marketing objective: Deliver the message that LI-NING running footwear are professional and have a breakthrough spirit.

Marketing strategy: Sponsoring marathons and exposure in professional events.

Marketing objective: Deliver the message that LI-NING running footwear are the combination of technological innovation and fashion.

Marketing Strategy: LI-NING fun run festival experience, LI-NING iRun running club, Word of mouth (KOL), interaction through APP.
Functional Product Series: Running

Sales Performance Of 3 Major Series

- Sales volume: **Approx. 1.32 million pairs**
- SO rate (6 months): **Approx. 70%**
- SO rate (3 months): **Approx. 57%**

LI-NING Arc Series

- New shock absorbing technology for the sole
- Antiskid and abrasion resistant, free to run

Super Light 15 Series

- Fly Knitting technology creates a lightweight body of running shoes
- Midsole is made of lightweight cushioning material

Light Series

- Lightweight outsole, soft rebound
- Upgrade on permeability, fashionable, joyfully run every steps
Diversified Marketing
- Take seasons as the stages, leverage on star players or leagues to promote products
- Integrate high-end professional basketball resources and seek endorsement from professional opinion leaders

Products and Technology
- Create LI-NING technology platform based on the core functional demand
- Provide top-notch technology, product packaging and independent marketing

Sales Channel Cooperation
- Create buzz while driving sales through sales activities that match channel and product characteristics
Functional Product Series: Basketball

Two Major Functional Basketball Shoes Series
“Sonic" Series and “Shadow Walker” Series
- Midsole using LI-NING Cloud technology with shock absorption function
- Fly Knitting technology, embrace the feet comfortably

Sales Performance in 2018 H1
- Volume: Approx. 150,000 pairs
- SO rate (6 months): Approx. 67%
- SO rate (3 months): Approx. 50%
Training Apparel categorized according to environment and customer demand

- **Professional fitness equipment for gym consumers**
- **Fitness Training (GYM)**
- **Provide protection for outdoor athletes from different weathers**
- **Active Training**
- **Provide basic functions and sports experience for mass fitness enthusiasts**
- **Essentials**

**Training Apparel**

Top 20% SKUs sales performance

- Sales volume: **Over 3.8 million units**
- SO rate (6 months): **Approx. 67%**
- SO rate (3 months): **Approx. 53%**
- Account for **75%** training apparel sales
Explore the combination of sports and fashion to enhance product competitiveness

Sports Casual Series

Sales Volume in 2018H1:
Over 3.5 million (units/pairs)
SO rate (6 months): Over 50%
SO rate (3 months): Approx. 40%

“WADE” Apparel Series

Sales Volume in 2018H1:
Over 1 million units
SO rate (6 months): Over 65%
SO rate (3 months): Approx. 48%

“BAD FIVE” Apparel Series

Sales Volume in 2018H1:
Over 1.92 million units
SO rate (6 months): 70%
SO rate (3 months): Approx. 51%

• Capitalize on trends and hot topics
• Multi-color options, beat boredom

• Playful sport-chic, stylish and functional
• Perennial combinations, simple fashion
• Provide multifarious options for different seasons

• Focus on street basketball fashion
• Playful designs, simple but fashionable
• Trendy and stylish, sporty and energetic
Continue to improve forecast system based on data analysis

- More accurate product planning and sales forecast
- Segmentize consumers according to their needs, create new online stores for professional sports community
- Increase customer loyalty through enhancing user experience
- Continuously increase online and offline interaction to seek business opportunities

Well-defined store categories, focused on experience-store, large store with high productivity and category theme store

- Enhance consumer’s experience
- Optimize and Innovate Stores VI/VM
- Strengthen product and retail operation
Channel: Channel optimization and membership marketing through digitization

Stimulate overall sales

- Increase conversion rate, units per transaction and average transaction amount through promotions
- Increase store and E-commerce sales opportunities by O2O integration
- Online and offline synchronization to expand the interactive experience of members
- Online product launch combined with offline marketing to expand sales opportunities

Expand the scope of consumers by online marketing

- Open running and basketball flagship stores on Tmall
- Open WeChat Mini Programs
- Adopt new marketing models such as live broadcast and interview video
- Festival holiday promotion
- VIP promotion

Enhance foot traffic to stimulate transaction volume, by thematic marketing

- Provide social interaction through running groups and basketball activities
- Launch of limited edition products and fans meeting
- Buzz marketing with the theme of Fashion Week
- Festival holiday promotion
- VIP promotion
Channel: Capitalized on trends, Diversified online experience

LI-NING E-Commerce Event for 2018H1

Taking “China Fresh Youth” as the spiritual theme, use “Super Light 15” Series as key products to promote.

LI-NING Trace (溯) Series

Online exclusive, aim at building customer long term recognition

Pine smoke ink (松煙墨)  Blush · thought (胭脂·念)  Heart of amber (珀之心)  Xuanyuan (軒轅)

Fashion Week

New York Fashion Week

Paris Fashion Week

Tmall Shopping Festivals
Experience Store Sales Performance

In 2018H1

Store Count: 27 stores (Average Size: 445 sq.mt)
Sports Experience participation: Over 20,000 people
Sales related to sports experience: Approx. 3%

Shanghai The River Mall Experience Store
- Opened in 2017Q2
- Store Size: Over 750 sq.mt
- SSSG of 2018Q2: Approx. 50%

Chengdu Chunxi South Road Experience Store
- Opened in 2017Q1
- Store Size: Over 900 sq.mt
- SSSG of 2018H1: Approx. 70%
Channel: Larger stores with high store productivity
Efficient operation to generate profit

Xian SAGA Store
- Opened in 2016Q3
- Store size: Approx. 400 sq.mt
- SSSG for 2018H1: Approx. 40%

Beijing Wangfujing Danyao Store
- Renovation completed in 2017Q2
- Store size: Over 350 sq.mt
- SSSG for 2018H1: Approx. 50%
Category store – Running
Shanghai Longemont Shopping Mall
- Opened in 2016Q2
- Store size: Approx. 80 sq.mt
- SSSG for 2018H1: approx. 30%

Category store – WADE
Shenzhen Raffles City store
- Opened in 2017Q2
- Store size: Approx. 50 sq.mt
- SSSG for 2018Q2: approx. 190%

Category store – Sports Casual
Zhuhai Huafa Store
- Opened on 9 August 2018
- Store size: Approx. 150 sq.mt
Retail Capability: Optimizing Retail Operation Platform

- Strengthen retail operation by single store management
- Refined category store’s operational service standard
- Upgrade the store management system

- Improve online and offline integrated business model
- Consumers’ orders responsibility, precise delivery etc. are improved

- According to the structural change of commercial district in high and low-level market, develop various levels of sports casual oriented stores
- Improve the store image matrix to satisfy the consumption needs of young consumer groups

- Emphasize the technology and functionality of professional products
- According to characteristics of local commercial environment to refine product layout, in order to meet the preferences of different customers.

- Online and offline integration training coverage through “LI-NING School” (寧學堂) training system
- Enhance the standard of “China LI-NING Services+”
- Strengthen mystery visitor survey

- Continue to strengthen the membership marketing of both offline and online
- Simultaneously expand the interactive experience for both online and offline channel
- Use membership information to establish personalized service
Retail Capability: Strengthened The Retail Operation “Closed Loop”

Offline Channel Sales Performance
- Sell-through: high single-digit growth
- Sales Volume: low single-digit growth

New Product Performance
- Sell-through: Up low-teens

New Product Sell-out Rate
- 6 months: declined 4 p.p.
- 3 months: declined 2.6 p.p.

Retail Operation “Closed Loop”

1) Product Planning
2) Product Development
3) Product Sales Mix
4) In-store Retail
5) Store Clearance
6) Cash Recovery

SSSG : mid Single-digit growth

Operating Cash Flow(YOY)
- Cash flow from operating activities: RMB 660 million net inflow
- Net Cash: increased by RMB 874 million
- Trade receivables before provisions: Amount decreased (Improved) by 5%
- Cash conversion cycle: decreased (improved) by 11 days

Over 12 months inventory mix
Prudent expansion, focus on single store profitability

As of the end of June 2018, a total of 631 stores were opened (taken over 361 stores from distributors of the 3rd party on Jan 1, 2018).

Further improve product mix structure of shoes and apparels, and continuously improve product design, leveraging the traditional advantages and brand assets of LI-NING main brand in the product line, e.g. “National Culture”, “Wade High-end Parent and Child Series”.

Improve store management of grading system, store image upgrading and create online and offline channel integration, channel development is in full swing, planning management is more refined.

Build up an official We-media matrix including WeChat, Weibo and Tik Tok, strengthen the cooperation with Disney and other international IP to launch products, and lead the trend of Chinese children sports wear fashion through celebrities’ product trial and promotion.

Sales channel will be increased to 750 stores by the end of 2018.
New Business: DANSKIN

- Product positioned as a women’s fashionable sports performance product;
- Found out suitable product series and main products for brand development, optimize the supplier structure, and ensure the professionalism and quality of the products.
- Digital marketing will be the main channel to deliver brand values.
- Opened 10 stores by the end of 2018H1. The established stores are mainly located in first-tier cities, and they are stationed in local landmark shopping malls and shopping malls.
- Sales channel will be increased to 15-20 stores by the end of 2018.
Enhance brand image through multi-level and multi-dimensional marketing

- Nearly 10,000 communication briefings were collected, # LI-NING, China # Weibo topic discussion and reading volume reached 78 million
- The first step for elevate domestic brand to international market and a higher recognition of Chinese culture.
- Help enhance the popularity of LI-NING brand among trendy youth groups.

New York Fashion Week
Retro Fashion Trend Returned
New York Fashion Week Retro Fashion Trend Returned

Tao Bao Hot Search

Celebrities Participation

Use of Multi-media channels to communicate directly with youth in China through social media

Comments on Tik Tok

Comments on Bilibili

Comics designed by internet users
Paris Fashion Week
Made in China Pay Tribute to the future

- Inspired by Mr. LI-NING’s athlete career, reinterpreted from a future perspective
- Showcase the brand substance that inherited from the classics
- To set the tone through the fashion, trendy community and KOL
- Through diverse media channels to reach a wider audience
- Nearly 40,000 communication briefings were collected, # LI-NING, China # Weibo topic discussion and reading volume reached 140 million
Paris Fashion Week  Made in China Pay Tribute to the future

Furious Rider ACE

Price : RMB 999
Launch: 2018 Aug - Oct

• In e-sports, ACE represents the highest achievement
• Color matching in Mondrian style
• Infuse TPU support structure of Furious Rider with the style of Retro running shoes in the 90’s

Aurora Skywalk

Price : RMB 899
Launch: 2018 Jul – Sep

• The design was inspired the shoes worn by Chinese national sporting delegation at the award ceremony of 2004 Athens Olympic
• Integrated the retro trend with “Dad Shoes” style

001 R-1

Price : RMB 699
Launch: 2018 Jul - Aug

• The design was inspired by the first pair of sneaker “001” of LI-NING brand
Enhance brand image through multi-level and multi-dimensional marketing

2018 Wade and C.J. McCollum China Tour

Provide professional knowledge and sports experience platform through Top NBA players’ endorsement of LI-NING Basketball Academy and 3+1 Basketball League

Exposure of core professional basketball products, providing consumers a professional product experience through interaction

Enhance the professional ambience of sales channels, combined with launching of professional products, enhance consumers’ shopping experience during basketball peak season
2018 Wade and C.J. McCollum China Tour

Jul 18th Beijing LI-NING Center
Wade officially renewed contract with LI-NING
Way of Wade 7 officially launched

Jul 20th LI-NING 3+1 Basketball league in Kunming
Wade and Haslem jointly witnessed the championship

Jul 22nd LI-NING 3+1 Basketball league in Lanzhou
C.J. McCollum joined the event
Yushuai XII “Dunhuang (敦煌)” launched
Open Forum
## Summary of Income Statement and Balance Sheet

### Income Statement

<table>
<thead>
<tr>
<th>(RMB million)</th>
<th>2018</th>
<th>2017</th>
<th>Better/ (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period ended 30 June</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>4,713</td>
<td>3,996</td>
<td>17.9%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>2,294</td>
<td>1,904</td>
<td>20.5%</td>
</tr>
<tr>
<td><strong>Distribution costs</strong></td>
<td>-1,735</td>
<td>-1,502</td>
<td>(15.5%)</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>-296</td>
<td>-220</td>
<td>(34.5%)</td>
</tr>
<tr>
<td><strong>Other income and other gains – net</strong></td>
<td>31</td>
<td>20</td>
<td>55.0%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>294</td>
<td>202</td>
<td>45.6%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>527</td>
<td>416</td>
<td>26.9%</td>
</tr>
<tr>
<td><strong>Profit Attributable to Equity Holders</strong></td>
<td>269</td>
<td>189</td>
<td>42.0%</td>
</tr>
<tr>
<td><strong>Basic Earnings per share(RMB cents)</strong></td>
<td>11.10</td>
<td>7.93</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

### Balance Sheet

<table>
<thead>
<tr>
<th>(RMB Million)</th>
<th>30 Jun 2018</th>
<th>31 Dec 2017</th>
<th>Better/ (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td>2,693</td>
<td>2,529</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Short-term Deposits</strong></td>
<td>109</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Wealth Management Products</strong></td>
<td>250</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>*<em>Net Cash</em></td>
<td>3,052</td>
<td>2,529</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td>2,503</td>
<td>2,128</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Current Ratio(times)</strong></td>
<td>2.3</td>
<td>2.4</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Total Liabilities to Total Assets Ratio</strong></td>
<td>33%</td>
<td>31%</td>
<td>(2p.p.)</td>
</tr>
</tbody>
</table>

*Net Cash = Cash and Cash Equivalents + short-term deposits + wealth management products – Borrowings
## Profit Margins And Key Operating Indicators

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Better/ (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period ended 30 June</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>48.7%</td>
<td>47.7%</td>
<td>1.0p.p.</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>6.2%</td>
<td>5.0%</td>
<td>1.2p.p.</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>11.2%</td>
<td>10.4%</td>
<td>0.8p.p.</td>
</tr>
<tr>
<td>Margin of Profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attributable to Equity Holders</td>
<td>5.7%</td>
<td>4.7%</td>
<td>1.0p.p.</td>
</tr>
<tr>
<td>R&amp;D Expenses(as % of revenue)</td>
<td>1.3%</td>
<td>1.4%</td>
<td>0.1p.p.</td>
</tr>
<tr>
<td>A&amp;P Expenses(as % of revenue)</td>
<td>10.5%</td>
<td>11.3%</td>
<td>0.8p.p.</td>
</tr>
<tr>
<td>Staff Costs(as % of revenue)</td>
<td>11.5%</td>
<td>10.7%</td>
<td>(0.8p.p.)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Better/ (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period ended 30 June</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory Turnover(Days)</td>
<td>85</td>
<td>85</td>
<td>Flat</td>
</tr>
<tr>
<td>Trade Receivables Turnover(Days)</td>
<td>42</td>
<td>56</td>
<td>14</td>
</tr>
<tr>
<td>Trade Payables Turnover(Days)</td>
<td>82</td>
<td>85</td>
<td>(3)</td>
</tr>
<tr>
<td>Cash Conversion Cycle(Days)</td>
<td>45</td>
<td>56</td>
<td>11</td>
</tr>
<tr>
<td>Return on Equity(ROE)</td>
<td>5.1%</td>
<td>4.3%</td>
<td>0.8p.p.</td>
</tr>
<tr>
<td>Return on Asset(ROA)</td>
<td>3.5%</td>
<td>2.8%</td>
<td>0.7p.p.</td>
</tr>
<tr>
<td>CAPEX(RMB million)</td>
<td>187</td>
<td>164</td>
<td>14%</td>
</tr>
</tbody>
</table>