LI-NING COMPANY LIMITED

Annual Results

2018

LI-NING

李寧有限公司
(Incorporated 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 year ended 31 December 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
Financial Highlights:

- **Reported net profit of RMB 715 million, margin raised from 5.8% to 6.8%**
  - Revenue up 18% to RMB 10,511 million
  - Gross profit margin expanded 1 percentage point
  - Enhanced operating leverage notwithstanding investment in new initiatives and organization costs

- **Operating cash flow increased by 44% to RMB 1,672 million**

- **Significant improvement in working capital continued**
  - Gross average working capital improved (reduced) by 12% while revenue increased by 18%
  - Cash conversion cycle further improved (shortened) by 9 days (2017: 49 days / 2018: 40 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 growth in 2018 accelerate to Low-teens**
- **Offline channel new product sell-through increased by mid-teens with new product mix increased by 2 percentage points**
  - Direct retail new product gross margin improved over 1 percentage point
Financial Review
Growth in all product groups with apparel leading the way

*Excluded Double Happiness
Enhanced profitability driven by well balanced business model and further improved new product mix
Same Store Sales Growth (SSSG) Rate

LN Brand

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

Overall Platform

Retail

Wholesale

E-commerce
Online and Offline Expansion
LN Brand, excl. international market sales

POS number (Period end)

<table>
<thead>
<tr>
<th>Year</th>
<th>LN Brand</th>
<th>LN YOUNG</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5,626</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6,133</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>6,440</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>6,435</td>
<td>173</td>
</tr>
<tr>
<td>2018</td>
<td>6,344</td>
<td>793</td>
</tr>
</tbody>
</table>

Sell-through growth, YoY %
Excl. LN YOUNG

<table>
<thead>
<tr>
<th>Year</th>
<th>Offline Channel</th>
<th>Online and Offline Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td>2015</td>
<td>7%</td>
<td>11%</td>
</tr>
<tr>
<td>2016</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>2017</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>11%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Improved productive platform with integrated online and offline growth
Wholesale Business^  
LN Brand, excl. international market sales and LN YOUNG

Business Performance

Revenue (RMB million)
3,344 3,864 4,063 4,216 4,679
No. of POS (Period End)
4,424 4,618 4,829 4,721 4,838

Trade Fair Order* (Tag Price) Growth, % YoY

2018
Q1
Q2
Q3
Q4

2019
Q1
Q2
Q3

Double-Digit growth driven by strong sell-through and continually improved distributors’ confidence

^ 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. 2019Q3 orders were placed about half year in advance
Solid growth driven by healthy SSSG and improved new store productivity

Revenue Growth Analysis

- Revenue (RMB million)
- No. of POS (Period End)
- 15% YoY growth

Business Performance

- Same Store
- New Stores 2017 & 2018
- Closed Stores
- Special Clearance Sales

2017

- Same Store: +195
- New Stores: +436
- Closed Stores: -258
- Special Clearance Sales: +33

2018

- Same Store: +33
- New Stores: +195
- Closed Stores: -258
- Special Clearance Sales: +436

2014 - 2018 Revenue:

- 2014: 2,123
- 2015: 2,357
- 2016: 2,525
- 2017: 2,699
- 2018: 3,105

2014 - 2018 No. of POS (Period End):

- 2014: 1,202
- 2015: 1,515
- 2016: 1,611
- 2017: 1,541
- 2018: 1,506

^ Retail business: Refers to direct retail operation
Excluded LN YOUNG stores
GP Margin Analysis
Net Change in Major Items

2017 Reported GP Margin
Direct Retail New /Old Product Gross Margin
Wholesale Rebate &others
Channel Revenue Mix & LN YOUNG Dilution
Inventory Provision & R&D cost
2018 Reported GP Margin

47.1%
+0.6p.p.

+0.5p.p.
+0.3p.p.
-0.4p.p.

48.1%

13
Enhanced 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
Channel Inventory
Incl. online and offline

Successful inventory management initiative achieved target turnover and structure
At cost, before provision (RMB Million)

<table>
<thead>
<tr>
<th></th>
<th>Dec 2014*</th>
<th>Dec 2015</th>
<th>Dec 2016</th>
<th>Dec 2017</th>
<th>Dec 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months or less</td>
<td>23%</td>
<td>21%</td>
<td>56%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>7 - 12 months</td>
<td>28%</td>
<td>17%</td>
<td>55%</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>over 12 months</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Further optimized inventory level provided healthy foundation for growth

*Excluded Double Happiness
At gross amount, before provision (RMB Million)

Receivable Days Sales Outstanding (DSO) improved significantly

*Excluded Double Happiness
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

#### -RMB Million-

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>1,954</td>
<td>2,529</td>
<td>3,672</td>
</tr>
<tr>
<td>Borrowings</td>
<td>200</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net Cash / (Debt)^</td>
<td>1,754</td>
<td>2,529</td>
<td>3,672</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Period Operating Cash Flow*</td>
<td>835</td>
<td>1,159</td>
<td>1,672</td>
</tr>
<tr>
<td>Dividends**</td>
<td>0</td>
<td>0</td>
<td>215</td>
</tr>
<tr>
<td>Cash Conversion Cycle (Days)</td>
<td>59</td>
<td>49</td>
<td>40</td>
</tr>
</tbody>
</table>

^- Net Cash / (Debt) = Cash and Cash Equivalents – Borrowings
* Excluded Double Happiness
** Upon shareholders approval
Business Review
Rely on favorable national policy and steady sports demand growth, focused on building LI-NING brand value through experience

Sports industry trend in China

- With strong government promotion, domestic sports industry has entered the "Golden Decade." During the "14th Five-Year Plan" period, CAGR will reach 18%.
- Benefiting from consumption upgrades and sports population growth, it is expected sporting goods market will maintain a CAGR of 11% till 2022.

National Policies in favor of industry development

- Government implemented sports development policy and issued the "Marathon Sports Industry Development Plan" which proposes that by 2020, the national marathon sports industry will reach RMB 120 billion.
- Implement the "Guiding Opinions on Accelerating the Development of Sports Competition and Performance Industry" to optimize the sports industry structure as well as to unleash the consumption potential.
- It is estimated that by 2025, the total size of the sports competition and performance industry will reach 2 trillion yuan, and 100 popular high-quality sports events will be launched.

E-commerce trend

- In 2020, it is expected the transaction amount of e-commerce to reach RMB 43.8 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.

Optimize the “Precise + Swift” Retail Business Model

- Build and optimize a more efficient and dynamic retail business model
- Improve the efficiency and precision of online & offline through application of big data analysis and digital tools, realizing experience value

- Business demand-driven supply chain management
- Focus on automation and optimize supplier reserves
- Integrate upstream resources to enhance in-house supply chain management and the capability of R&D technology

- Seek diversified channel development and continue to promote the opening and transformation of high efficient stores
- Continue to close and transform inefficient and loss-making stores to enhance channel efficiency
- Create an efficient operation support platform
- Introduce new retail concepts, simultaneously increase online and offline sales efficiency

- Explore the combination of sports specialty, fashion and leisure, enhance products competitiveness
- Improve product life-cycle management, optimize the breadth and depth of product portfolios to precisely respond to market changes
**Adopt Strategy of “Single Brand, Multi-Categories, Diversified Channels” - Core Categories Drive Business Growth**

### Retail Sell-through – YoY Change

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Value</td>
<td>↑ 15%</td>
</tr>
<tr>
<td>Running</td>
<td>↑ 8%</td>
</tr>
<tr>
<td>Training</td>
<td>↑ 20%</td>
</tr>
<tr>
<td>Basketball</td>
<td>↑ 29%</td>
</tr>
<tr>
<td>Sports Casual</td>
<td>↑ 42%</td>
</tr>
<tr>
<td>Non-core</td>
<td>↓ 64%</td>
</tr>
</tbody>
</table>

### Sell-in – YoY change

<table>
<thead>
<tr>
<th>Product</th>
<th>YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badminton*+Football*</td>
<td>↑ 48%</td>
</tr>
</tbody>
</table>

*Sales of badminton and football products are shown with sell-in data for reference as they are mainly distributed via professional channels.*

### Retail Sell-through – Mix

- **Non-core**: 3%
- **Running**: 25%
- **Basketball**: 25%
- **Training**: 22%
- **Sports Casual**: 25%

---

*23*
Optimize domestic signing player resources, 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.

- Resonate with the youth
- Energy, passion, strong sense of expression & attitude

Create LI-NING technology platform based on the core functional demand.

Provide top-notch technology, product packaging and independent marketing.

Create buzz while driving sales through sales activities that match channel and product characteristics.
Adopt Strategy of “Single Brand, Multi-Categories, Diversified Channels”
- Basketball

**Footwear – Two Major Functional Basketball Shoes Series**

Sales Volume in 2018: over 340,000 pairs
New Product SO rate (6 months): Approx. 70%

**“WADE” Apparel Series**
Sales Volume in 2018: over 4.4 million units
New Product SO rate (6 months): over 75%

**“BAD FIVE” Apparel Series**
Sales Volume in 2018: over 5.6 million units
New Product SO rate (6 months): over 75%
Continue to devote in building reputation for our professional running shoes in order to establish LI-NING as a professional brand among consumers.

<table>
<thead>
<tr>
<th>Professional Runners</th>
<th>Amateur runners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve athletic performance, racing, and lightweight</td>
<td>Provide basic sports protection and comfort</td>
</tr>
<tr>
<td>Build professional reputation</td>
<td>Improve functional wearing experience as well as fashion and stylish</td>
</tr>
<tr>
<td>Professional events, athletes and products</td>
<td>Continuation of classics, create hero products</td>
</tr>
<tr>
<td>Achieve top marathon resources exposure from scratch</td>
<td>Broaden products offered, seek for breakthrough in fashion footwear</td>
</tr>
<tr>
<td>Establish a professional products matrix</td>
<td>Classic continuity</td>
</tr>
<tr>
<td></td>
<td>(i.e. Super Light 15 Series)</td>
</tr>
<tr>
<td></td>
<td>• New Product SO rate (6 mths): over 70%</td>
</tr>
<tr>
<td></td>
<td>• New Product SO rate (3 mths): over 55%</td>
</tr>
<tr>
<td></td>
<td>• Annual Sales Volume over 750,000 pairs</td>
</tr>
</tbody>
</table>

- Racing Category
- Stability Category
New functional technology platform: LI-NING䨻(bèng) technology with lightweight and high resilience features

New material: use long carbon chain polyamide elastomers material PEBAX, foam molding by supercritical fluid

Features:

- **Low Density**, 0.11-0.14g/cm³
- **High Resilience**, energy feedback reaches 80%
- Suitable for broad environment temperatures, won’t get harden even in low temperature (-40°C)
- **Resistance to yellow**, excellent anti-aging and anti-sunlight ability

- Insole of Way of Wade 7 (WOW 7.0) use “LI-NING䨻” technology
- In future, this technology will apply to more LI-NING products in running, basketball and badminton categories
Adopt Strategy of “Single Brand, Multi-Categories, Diversified Channels” - Training

Use technology as the core
According to environment and customer demand
Promote innovation of functional platform

Fitness Training
( GYM )
For gym consumers

Active Training
For outdoor athletes

Essentials
For mass fitness enthusiasts

Implement cooperation with KOLs and Clubs

Functional Apparel Series
Top 20% SKUs sales performance
- Sales volume: Over 16.7 million units
- New Product SO rate (6 mths): Approx. 75%
- New Product SO rate (3 mths): Approx. 49%
- Account for 90% training apparel sales
Adopt Strategy of “Single Brand, Multi-Categories, Diversified Channels” - Sports Fashion

Exploit unique brand DNA
Strategic launching
Entertainment Marketing Placement
Communicate the pop culture and attitude

Apparel Series
Sales volume in 2018: over 5.5 million units
New Product SO rate (6 mths): over 70%

Footwear Series
– three product series with continuity of brand DNA
Sales volume in 2018: over 50,000 units
New Product SO rate (6 mths): over 70%
Adopt Strategy of “Single Brand, Multi-Categories, Diversified Channels”
- Crossover series

**LN X STAR WARS**
*Blooming Youth*

**LN X OG Slick**
*Classic Mix and Match of Street Style and Graffiti*

**LN “Mickey 90th Anniversary Retro Collection”**
*“Popular trend” originated from 1928*

**LN X XLARGE**
*Fabulous and Fashionable*

**LN X EDG**
*Endless Battle & Perpetual Spirit*
The Show was themed as “Xing” (行: Walking). Keep going and you will eventually reach your destination.

#China LI-NING# Weibo topic discussion and reading volume reached 200 million. The Show stirred up heated discussion on social media afterwards.

#China LI-NING# products launched in two popular sneaker stores in Manhattan and Harlem, attracted fashion lovers to queue up for it.
Channel and Retail Capability: Integrate Online and Offline Platform to Enhance the Efficiency and Experience

Improve Overall Efficiency Through Data Analysis and Forecast System

- Precise product planning, assortment and sales forecast
- Improve consumer labelling system, personalize user experience and increase customer loyalty
- Enhance interaction between online and offline platform, continuously to seek new business opportunities

Seek Diversified Sales Channels Development and Implement Strategy of Stores with High Efficiency

- Focus on differentiated consumer demand and diversify the channel development
- Optimize store floor space planning and visual merchandising based on store type
- Enhance products and retail capability
Channel and Retail Capability: Channel Optimization Through Digitalization to Improve Overall Efficiency

01 Expand the Scope of Consumers by Online Marketing
- Social Media operation for the brand and stores
- Adopt new marketing mode, such as live streaming
- Arouse resonance with the brand in online and offline channels with the cultural equity of “China LI-NING” and exclusive series

02 Enhance offline foot traffic to stimulate transaction volume, by thematic marketing
- Stimulate discussion through themed events and visual merchandising
- Sports experience: IRUN Club, Sports Consultant
- “China LI-NING” series arouse brand resonance in online and offline channels

03 Increase conversion rate, units per transaction through promotions
- Festival holiday promotions
- Members Promotion

04 Increase Sales Opportunities Through Integration of Offline and Online Platform
- Increase foot traffic of the stores by cross-channel membership events
- Increase sales opportunities through online launching and offline marketing
- Mix of post-95 members increased

Improve Overall Sales Efficiency
Channel and Retail Capability: Big Data Analysis, Capitalized on Trends, Diversified Online Experience

LI-NING E-Commerce Event for 2018

- **Jan**: Blush·thought (胭脂念) launch
- **Feb**: Launch of Official Mini Program Xuanyuan (軒轅) launch
- **Mar**: Paris Fashion Week 618 Mid-Season Promotion
- **Apr**: Phoenix Dance (鳳舞) launch
- **Jun**: Splendor (錦繡) launch
- **Jul**: Wending (問鼎) launch
- **Aug**: Pine smoke ink (松煙墨) launch
- **Sep**: Heart of amber (珀之心) launch
- **Oct**: New York Fashion Week
- **Nov**: Fengqiwucang (風起物藏)
- **Dec**: LI-NING E-Commerce Event for 2018
Channel and Retail Capability: Offline Channel Diversification

01 Store with high productivity
- Flagship & full-category model stores
- More than 40,000 people joined sports events in experience stores in 2018
- Sales related to sports experience exceeded 3%

02 China LI-NING & Fashion Store
- Mainly cover metropolises to second-tier cities
- Fashion stores use collection store channel which covers multiple brands

03 Professional Sports
- Cover markets in high- and low-tier cities
- Pick sports level as the first choice for location

04 Clearance Channel
Factory store
**Flagship Store**

**Tianjin Binjiang Road Modern City Store**
- Opened in early December 2018
- Store size: Over 800 sq.mt
- Average monthly sales approx. RMB 2 million for the first two mths since open

**Chengdu Chunxi South Road Experience Store**
- Opened at the beginning of 2017Q1
- Store size: Approx. 900 sq.mt
- SSSG of 2018: Approx. 85%

**Full-Category Model Store**

**Xian SAGA Store**
- Opened in late 2016Q3
- Store size: Approx. 400 sq.mt
- SSSG for 2018: Approx. 36%

**Guangzhou Zhengiashengdao Store**
- Opened in late 2018Q2
- Store size: Over 300 sq.mt
- 2018 sales over RMB 6 million
• Total number of stores by the end of 2018: 23 (Channel mainly focuses on high-end business district in metropolises to second-tier cities)
• Initial plan for the number of stores to expand to 50, target to reach 100 by the end of 2019

Hangzhou Hubin Intime Store
- Opened in August 2018
- Store Size: 135 sq.mt
- 2018 average monthly sales over RMB 900,000

Shenzhen Nanshan Mixc World Store
- Opened in November 2018
- Store Size: 180 sq.mt
- 2018 average monthly sales over RMB 1 million

Shanghai Raffles store
- Opened in December 2018
- Store Size: 157 sq.mt
- 2018 average monthly sales over RMB 1 million
Offline Channel Sales Performance
- Sell-through: low-teens growth
- Sales volume: low-single digit growth

Sales volume:
- Low-single digit growth

Operating Cash Flow (YoY)
- Cash flow from operating activities: RMB 1.67 billion net inflow
- Net Cash: increased by RMB 1.14 billion
- Trade receivables before provisions: Amount decreased (improved) by 21%
- Cash conversion cycle: decreased (improved) by 9 days

SSSG: high-single-digit growth
- New product gross profit margin: up 1.5 p.p.

Over 12 months Inventory mix

New Product Performance
- Sell-through: mid-teens growth

New Product Sell-out Rate
- 6 months: declined 1 p.p.
- 3 months: improved 1 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
Response to Channel and Product Demand in High-efficiency and High-quality manner
- Respose to differentiated demand for channels and products
- Further improve the use of materials, introduction of new suppliers and quality standard
- Establish the supplier monitoring department

Focus on Automation and Optimize Resources Reserve of Suppliers
- Emphasize on partners possessing new technologies, materials and techniques in the industry
- Maintain the vitality of supply chain through survival of the fittest and exploration of new suppliers

Consolidate Upstream Resources to Enhance our Supply Chain Capabilities
- Lease a footwear production plant in Nanning, Guangxi Province to strengthen supply chain management and application of R&D knowledge
- Instill core industrial capabilities to self-owned supply chain system
A year for business expansion and strengthening of refined management

**Product**
- Further enrich product lines

**Marketing**
- Design online social media matrix
- Offer promotion in line with hot topics in offline platform

**Channel**
- Expedited the expansion, upgraded store images and pursued retail standard management;
- As of 31 December 2018, LN YOUNG opened 793 stores, expect to reach 1100-1200 stores by the end of 2019.

LN YOUNG
Retail Business Model

- Shanghai The River Mall store
- Zhuhai Leshijie store
Open Forum
## Summary of Income Statement and Balance Sheet

<table>
<thead>
<tr>
<th>(RMB million)</th>
<th>2018</th>
<th>2017</th>
<th>Better/ (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period ended 31 December</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>10,511</td>
<td>8,874</td>
<td>18.4%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>5,053</td>
<td>4,176</td>
<td>21.0%</td>
</tr>
<tr>
<td>Distribution costs</td>
<td>-3,708</td>
<td>-3,273</td>
<td>(13.3%)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-680</td>
<td>-512</td>
<td>(32.8%)</td>
</tr>
<tr>
<td>Other income and other gains – net</td>
<td>95</td>
<td>44</td>
<td>116.7%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>777</td>
<td>446</td>
<td>74.4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,252</td>
<td>889</td>
<td>40.8%</td>
</tr>
<tr>
<td>Profit Attributable to Equity Holders</td>
<td>715</td>
<td>515</td>
<td>38.8%</td>
</tr>
<tr>
<td>Basic Earnings per share(RMB cents)</td>
<td>29.63</td>
<td>21.47</td>
<td>38.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(RMB Million)</th>
<th>31 Dec 2018</th>
<th>31 Dec 2017</th>
<th>Better/ (Worse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>3,672</td>
<td>2,529</td>
<td>45.2%</td>
</tr>
<tr>
<td>Borrowings</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>Net Cash*</td>
<td>3,672</td>
<td>2,529</td>
<td>45.2%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>2,777</td>
<td>2,128</td>
<td>30.5%</td>
</tr>
<tr>
<td>Current Ratio(times)</td>
<td>2.3</td>
<td>2.4</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Total Liabilities to Total Assets Ratio</td>
<td>33%</td>
<td>31%</td>
<td>(2p.p.)</td>
</tr>
</tbody>
</table>

*Net Cash = Cash and Cash Equivalents – 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><strong>Period ended 31 December</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>48.1%</td>
<td>47.1%</td>
<td>1.0p.p.</td>
</tr>
<tr>
<td>Operating Profit Margin</td>
<td>7.4%</td>
<td>5.0%</td>
<td>2.4p.p.</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>11.9%</td>
<td>10.0%</td>
<td>1.9p.p.</td>
</tr>
<tr>
<td>Margin of Profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attributable to Equity Holders</td>
<td>6.8%</td>
<td>5.8%</td>
<td>1.0p.p.</td>
</tr>
<tr>
<td>R&amp;D Expenses(as % of revenue)</td>
<td>2.2%</td>
<td>1.9%</td>
<td>(0.3p.p.)</td>
</tr>
<tr>
<td>A&amp;P Expenses(as % of revenue)</td>
<td>10.4%</td>
<td>11.1%</td>
<td>0.7p.p.</td>
</tr>
<tr>
<td>Staff Costs(as % of revenue)</td>
<td>10.8%</td>
<td>10.2%</td>
<td>(0.6p.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><strong>Period ended 31 December</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory Turnover(Days)</td>
<td>78</td>
<td>80</td>
<td>2</td>
</tr>
<tr>
<td>Trade Receivables Turnover(Days)</td>
<td>36</td>
<td>52</td>
<td>16</td>
</tr>
<tr>
<td>Trade Payables Turnover(Days)</td>
<td>74</td>
<td>83</td>
<td>(9)</td>
</tr>
<tr>
<td>Cash Conversion Cycle(Days)</td>
<td>40</td>
<td>49</td>
<td>9</td>
</tr>
<tr>
<td>Return on Equity(ROE)</td>
<td>13.1%</td>
<td>11.4%</td>
<td>1.7p.p.</td>
</tr>
<tr>
<td>Return on Asset(ROA)</td>
<td>8.9%</td>
<td>7.3%</td>
<td>1.6 p.p.</td>
</tr>
<tr>
<td>CAPEX(RMB million)</td>
<td>597</td>
<td>424</td>
<td>40.8%</td>
</tr>
</tbody>
</table>