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19

LILANZ

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

2019 Annual Results
全年业绩

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19

业绩亮点
RESULTS HIGHLIGHTS

2019 Annual Results Remained Solid

二零一九年全年业绩保持稳健

Revenue
收入

Increased by 15.5% to RMB 3,658.5 mn
上升15.5%至人民币 3,658.5百万元

Net Profit
净利润

Up by 8.1% to RMB812.2 mn
上升8.1%至人民币812.2百万元

EPS
每股盈利

Up by 8.1% to RMB67.82 cents
人民币67.82分，增加8.1%

No. of stores
店铺数量

A net increase of 145 during the year
年内净增加145家

SSS
同店销售

Average mid single-digit growth for the year
全年平均中单位数增长

Retail sales
of online stores
网店零售额

Recorded a significant increase
over last year
较去年大幅增长



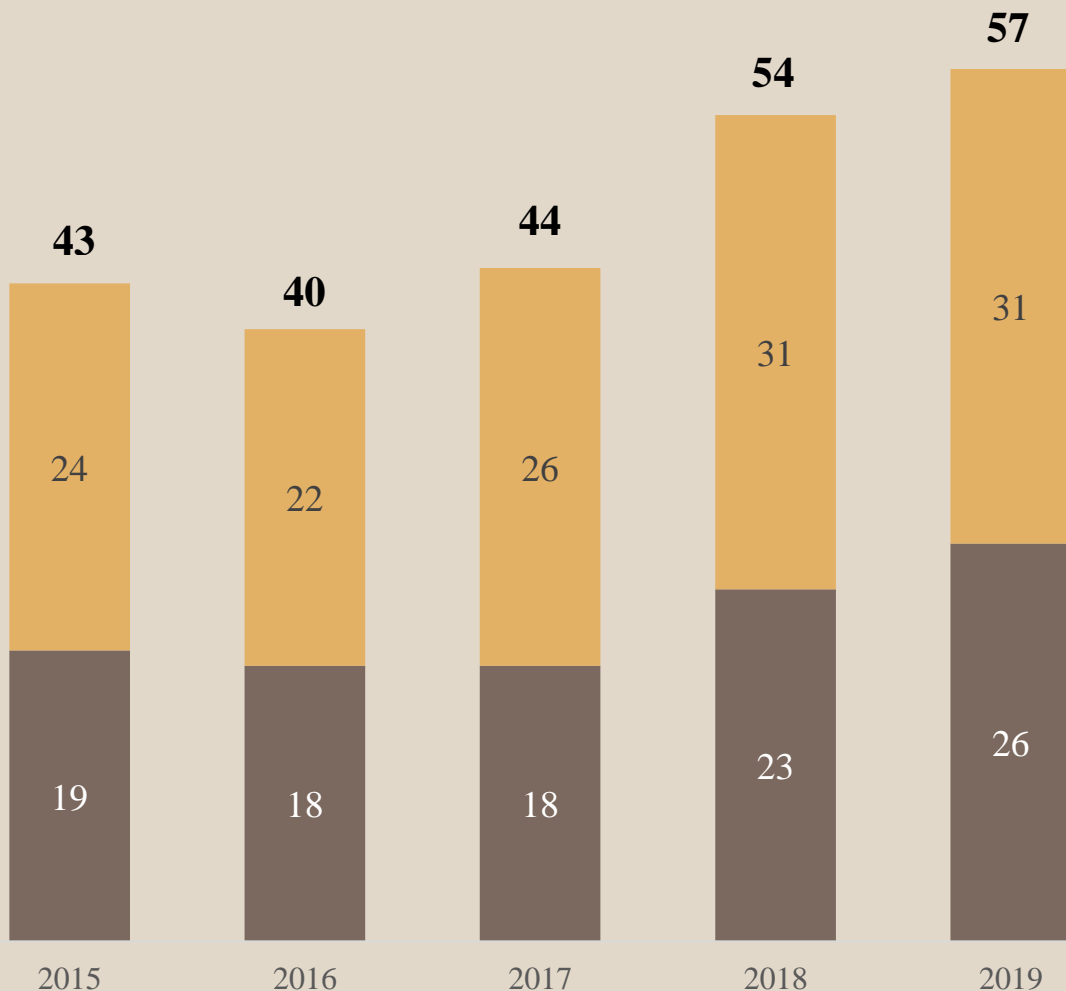
Maintaining High Dividend Payout

保持高派息比率

(HK cents)

Dividends per share 每股派息

■ 中期股息 Interim Dividends ■ 末期股息 Final Dividends



- Final dividend: HK21 cents per share and Special Final dividend: HK10 cents per share
- 末期股息每股：21港仙及特别末期股息每股：10港仙
- Interim dividend: HK18 cents per share and Special interim dividend: HK8 cents per share
- 中期股息每股：18港仙及特别中期股息每股：8港仙
- **Total dividends for 2019: HK57 cents per share**
- **2019年合共派息每股：57港仙**

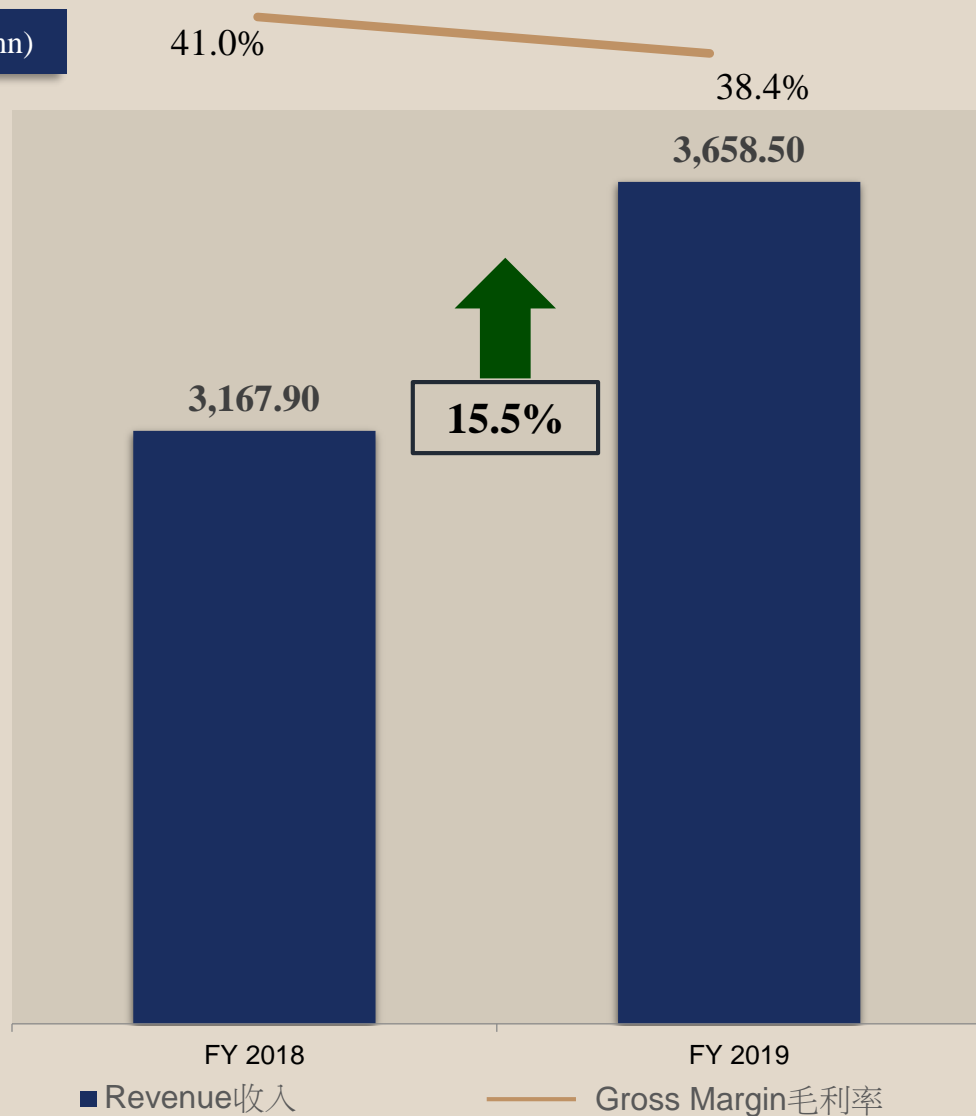


财务表现回顾 FINANCIAL REVIEW

Revenue and Gross Margin

收入及毛利率

(RMB mn)



Revenue Continued Growing 收入保持增长

- Revenue increased by 15.5% to RMB3,658.5 mn
- Amount included sales of 2018 inventories of the smart casual collection at low margin
- After provision made for rebates to distributors as incentive to offering discount clearance sales of the 2019 fall and winter inventories
- Footwear sales surged by more than 60% and accounted for more than 10% of total revenue, up from about 7% in 2018
- 收入增长 15.5%至人民币3,658.5百万元
- 含轻商务以低毛利率卖断二零一八年库存的销售
- 扣除预提向分销商提供销售回扣补贴，以提升打折促销2019秋冬库存的积极性
- 鞋类产品销售增长超过六成，总收入的占比从2018年约7%提升至超过10%

Lower Gross Margin 毛利率下降

- Impacted by the sales of 2018 inventories of the smart casual collection at low margin and the provision of sales rebates, gross profit margin down by 2.6 pp
- Gross profit margin of the core collection, before rebates, was similar to that of 2018
- 受到轻商务以低毛利销售2018库存以及预提销售回扣补贴的影响，毛利率下降2.6个百分点
- 主系列的毛利率在扣除回扣前与2018年相若

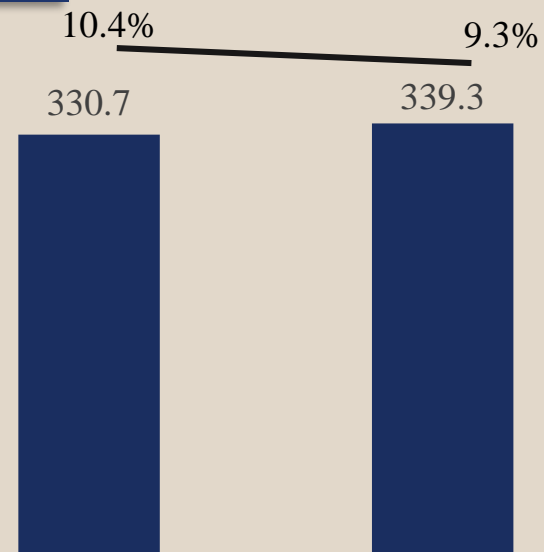
SD & A Expenses

销售、分销及行政开支

Advertising and Promotional Expenses

广告及推广开支

(RMB mn)



FY 2018

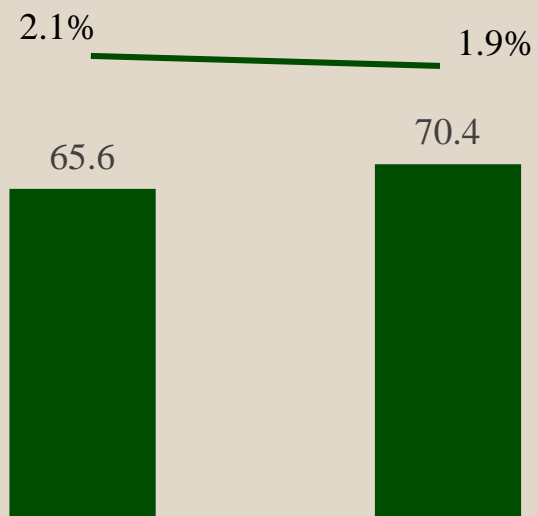
FY 2019

- More advertising and promotional activities particularly via the online channel
- Renovation subsidies reduced as fewer new store openings
- Expenses ratio dropped as revenue increased
- 广告及推广活动增加，尤其是通过线上渠道
- 新增店铺减少，装修补贴亦有所减少
- 费用率因为销售增长而下降

Other Selling and Distribution Expenses

其他销售及分销开支

(RMB mn)



FY 2018

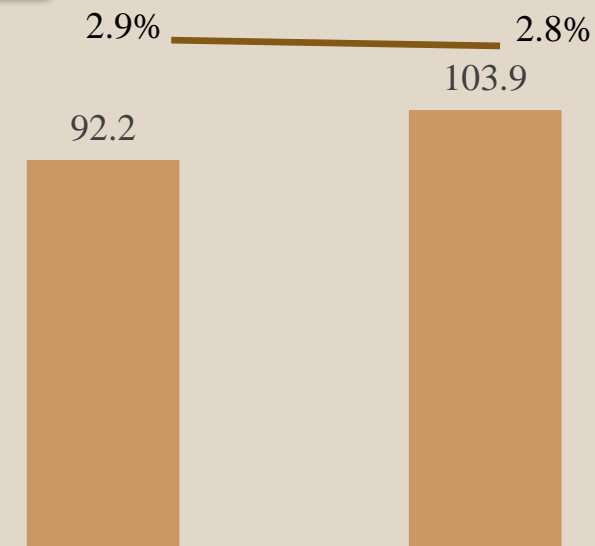
FY 2019

- Additional transportation and courier expenses as online business and business of smart casual collection expanded.
- Expenses ratio dropped as revenue increased
- 电商业务及轻商务业务增长，令运输及快递费用增加
- 费用率因为销售增长而下降

Administrative Expenses

行政开支

(RMB mn)



FY 2018

FY 2019

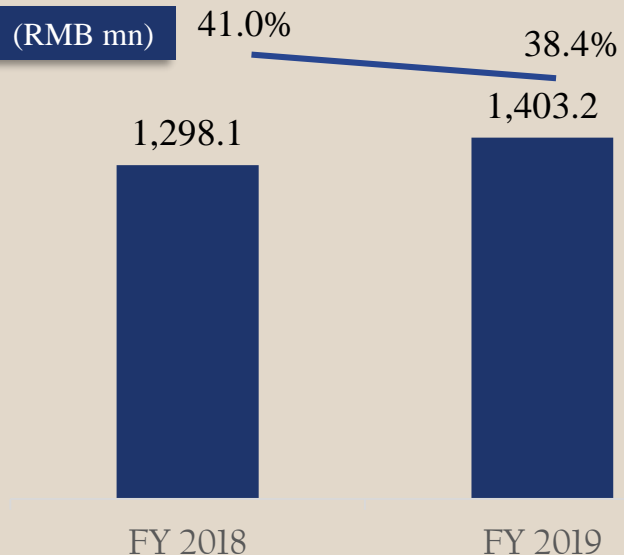
- Administrative expenses increased as :
 - the operation center for the smart casual collection in Shanghai commenced operation in Q4 2018
 - Improved meal benefits for staff
- 行政开支增加，由于：
 - 上海的轻商务营运中心于2018年第四季度开始营运
 - 员工膳食福利提高

Profit & Margin

盈利及利润率

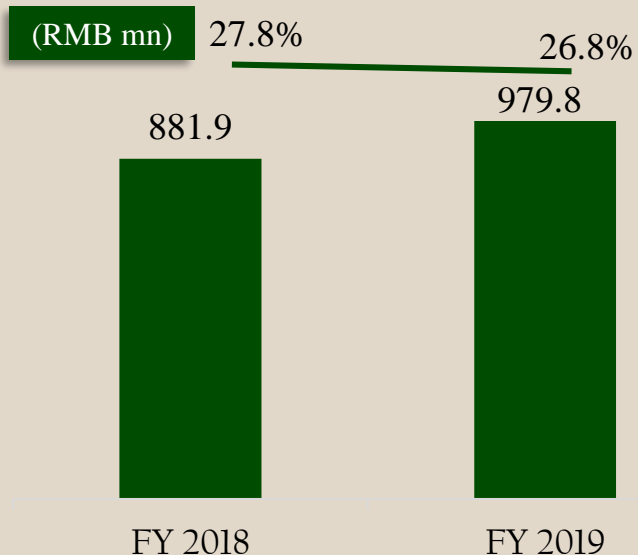
Gross Profit & Margin

毛利及毛利率



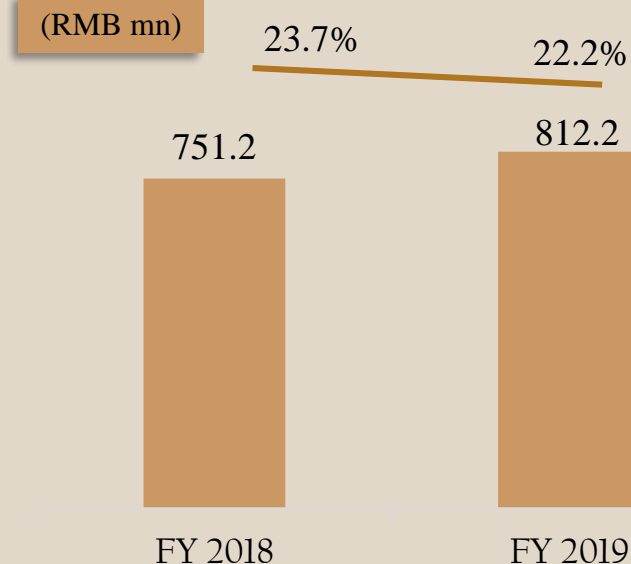
Operating Profit & Margin

经营利润及经营利润率



Net Profit & Margin

净利润及净利润率



- GP margin dropped 2.6 pp due to :
 - rebates provided to distributors as incentive for discount sales of the 2019 fall and winter inventories
 - the disposal of the 2018 inventories of the smart casual collection at low margin
- 毛利率下降2.6个百分点，原因：
 - 向分销商提供补贴以提升打折促销2019秋冬季库存的积极性
 - 以低毛利销售轻商务2018年库存

- Operating margin decreased by 1.0 pp to 26.8% as gross profit margin dropped
- 由于毛利率下降，经营利润率下降1.0个百分点

- Net profit margin declined by 1.5 pp
- 净利润率下降1.5个百分点

Working Capital Cycle

营运资金周转天数

Average Trade Receivables Turnover Days 平均应收贸易账款周转天数

(Days)



IH 2017 FY 2017 IH 2018 FY 2018 IH 2019 FY 2019

- AR balance increased by 16.4% to RMB957.3 mn as revenue increased by 15.5% y-o-y.
- Repayments from certain distributors in Q4 were slightly affected by the slower than expected retail sales due to the mild winter.
- 应收贸易账款增加 16.4% 至人民币 957.3 百万元，对比销售按年增加15.5%
- 暖冬令零售额低于预期，轻微影响部分分销商于第四季度的还款

Average Inventory Turnover Days 平均存货周转天数

(Days)



IH 2017 FY 2017 IH 2018 FY 2018 IH 2019 FY 2019

- Inventory balance increased by RMB12.8 mn to RMB689.2 mn.
- Improved control over consignment inventories of the smart casual collection.
- Excessive 2018 inventories of the smart casual collection were sold during the year for clearance sales online and in discount stores.
- 存货余额年内上升人民币 12.8百万元至人民币 689.2 百万元
- 轻商务系列代销库存管理有改善
- 二零一八年積壓下來的存貨已於年內出售作綫上及於折扣店促銷

Average Trade Payables Turnover Days 平均应付贸易账款周转天数

(Days)



IH 2017 FY 2017 IH 2018 FY 2018 IH 2019 FY 2019

- AP turnover days based on year end balance was 84 days.
- AP balance dropped by RMB89.4 mn to RMB517.7 mn as the large AP balance at the end of 2018 due to the increase of consignment inventories of the smart casual collection in Q4 of 2018, was settled during the year.
- 按应付贸易账款余额计算周转天数为84天
- 应付贸易账款减少人民币89.4百万元至人民币517.7百万元，2018年第四季度轻商务代销库存增加而引致2018年底大额应付贸易账款余额，于年内已清付

Cash Flow

现金流量

RMB mn 人民币百万元

FY 2019

Net cash generated from operating activities
经营活动现金流入

609.2

Net cash used in investing activities
投资活动现金流出

(85.1)

Net cash used in financing activities
融资活动现金流出

(616.9)

Net decrease in cash and cash equivalents
现金及现金等价物减少净额

(92.8)

Cash and cash equivalents as at 1 Jan
于1月1日现金及现金等价物

1,842.8

Effect of foreign exchange rate changes
外币汇率变动的影响

0.6

Cash and cash equivalents at 31 Dec
于12月31日现金及现金等价物

1,750.6

Operating cash inflow 经营现金流入

- The major reconciling items with net profit for the year:
 - AR balance up by RMB134.8 mn mainly due to increase in revenue
 - AP balance dropped by RMB89.4 mn as the large AP balance at the end of 2018 due to the increase in consignment inventories of the smart casual collection late last year, was settled during the year.
- 与年度净利润主要调节项目:
 - 应收贸易账款余额上升人民币134.8百万元, 主要由收入增加所致
 - 应付贸易账款余额减少人民币89.4百万元。去年底轻商务代销库存增加而引致的大额应付贸易账款余额, 已于年内清付。

Investing cash outflow 投资现金流出

- Capex of RMB136.9 mn less interest income of RMB51.7 mn
- 资本开支人民币136.9百万元, 扣减利息收入人民币51.7百万元

Financing cash outflow 融资现金流出

- Payments of 2018 final dividends and 2019 interim dividends totalling RMB611.6 mn
- 支付2018末期股息及2019中期股息共人民币611.6百万元

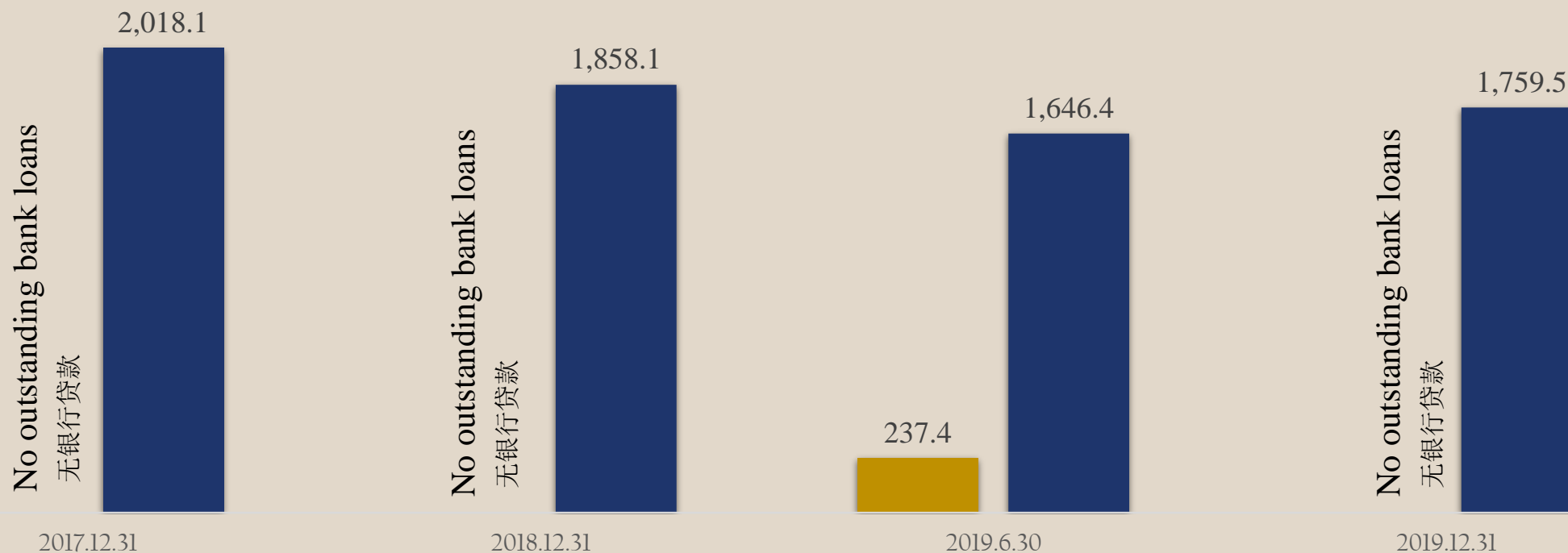
Healthy & Strong Cash Position

稳健的现金水平

(RMB mn)

Total Cash and Bank Balance 银行及现金结余

■ Bank Loans 银行贷款*
■ Net Cash Balance 净现金结余



* Secured by pledged bank deposits 以已抵押银行存款担保



LILANZ

2020 SPRING // THE NEW LOOK

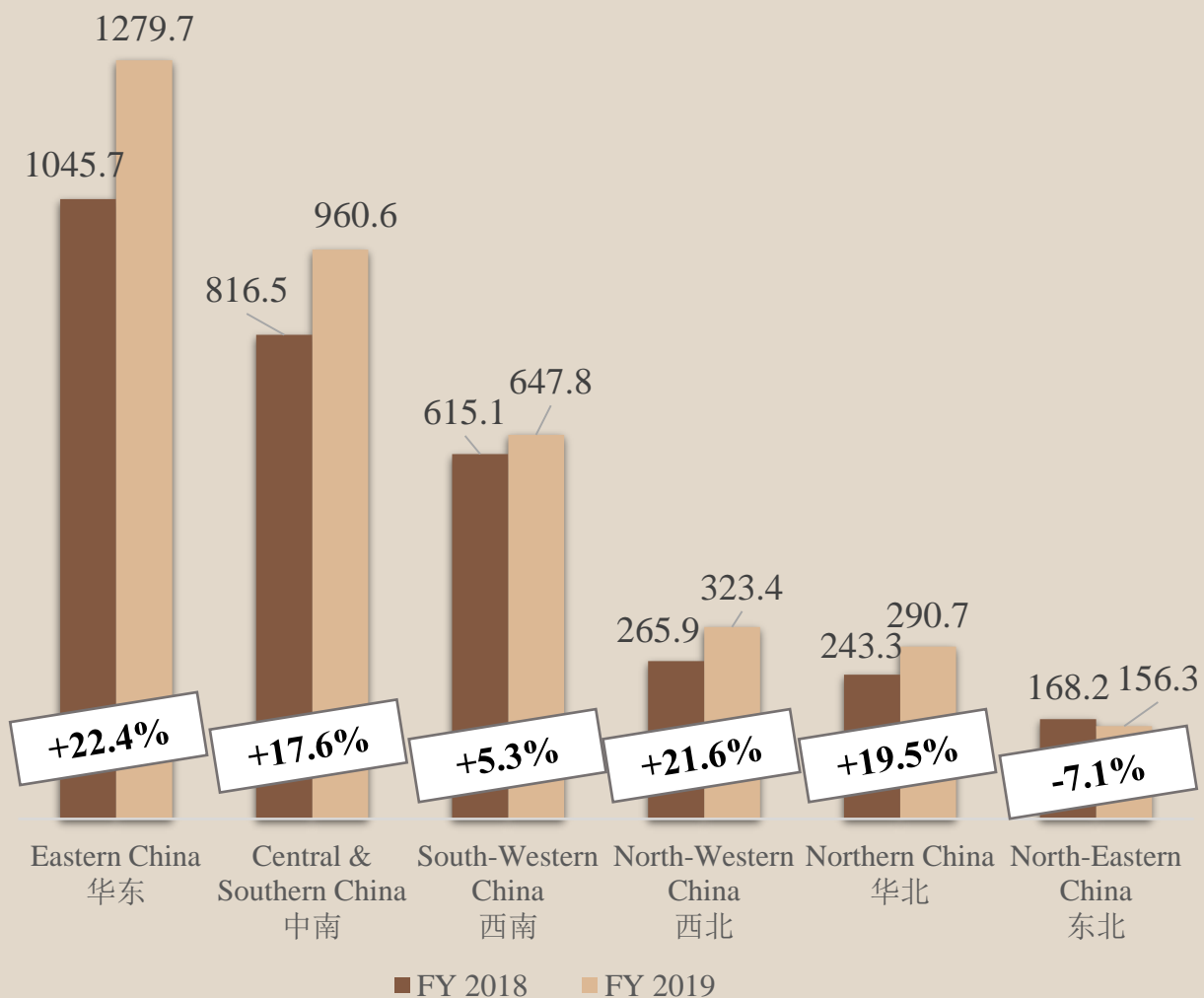
业务及营运回顾 BUSINESS & OPERATIONAL REVIEW

Sales Channel Management

销售渠道管理

(RMB mn)

Sales by region 各区销售



Store Count by Region 各区店铺数目

	2019-1-1	Opened 开店	Closed 关店	2019-12-31
Eastern China 华东	764	158	112	810
Central and Southern China 中南	677	79	42	714
South-Western China 西南	482	65	42	505
North-Western China 西北	262	49	23	288
Northern China 华北	278	50	29	299
North-Eastern China 东北	207	24	32	199
Total 总数	2,670	425	280	2,815
Total Retail Floor Space 总店铺面积 (sqm 平方米)	379,900			406,400 (+7.0%)

Sales Channel Management (Con't)

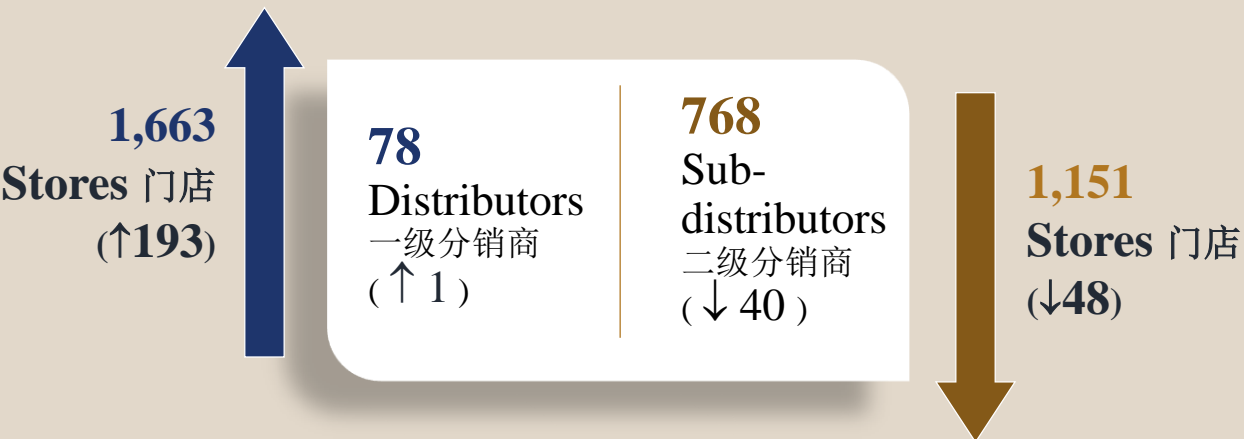
销售渠道管理 (续)

Increase in number of stores operated by 1st tier distributors:

- Growing foothold in first- and second-tier markets
- Results of continuous upgrade of retail management
- Phasing out underperformed stores operated by sub-distributors

一级分销商经营店铺数目增加:

- 在一、二线市场的覆盖持续扩大
- 零售管理水平持续提升
- 管理水平较差的二级分销商店铺被淘汰



Ongoing measures enhancing sales channel management:

- **Channel upgrade:** about **780** stores in shopping malls, accounting for nearly **28%** of total store count and about **31%** of the total retail floor space
- Launched the 7th generation store image for the newly opened stores of the core collection on pilot basis
- Continued to provide training to distributors
- ERP system monitoring sales and inventory levels of all stand-alone stores

持续提升销售渠道管理:

- **渠道提升:** 购物商场店铺约**780**家, 占店铺总数目接近**28%**, 占总店铺面积约**31%**
- 在新开主系列店铺试点推出第七代门店装修
- 继续向分销商提供培训
- ERP系统接连所有独立店铺, 监控销售及库存情况

New Retail Business Development

新零售业务发展

- ✓ Launched limited edition products online
- ✓ Commissioned influencers to promote products
- ✓ Placed advertisements on renowned web portals
- ✓ Collaboration with Baidu

Sales on the Double Eleven Online Shopping Festival significantly increased over last year

Organized various promotional activities to boost customer flows

双十一销售额相比去年大幅增长

- ✓ 协助分销商清理库存
- ✓ 带动客流量显著增长

筹划不同的推广活动加强引流

- ✓ 推出网上特别版产品
- ✓ 委聘网红推销产品
- ✓ 于著名门户网站摆放广告
- ✓ 跟百度合作



Product Design, Development and Supply Chain Management

产品设计、开发及供应链管理

- A 440-membered strong R& D team comprising international and local talents designing fashionable and stylish products of excellent value-for-money
- The proportion of originally-designed products is about the target level of 70%; about 50% of these products, also the target level, utilizing proprietary fabrics
- Sustainable fashion initiatives:
 - launching an environmentally-friendly jeans collection using 7 recycled plastic bottles for each pair of jeans in 2020 spring and summer collections
 - adopting latest washing technology in the washing process of jeans products, saving labour and energy, and reducing water consumption by 20%
- Increasing the proportion of season-neutral products such as lightweight down jackets, jeans and shirts to further reduce the impact of extreme weather on sales



2020春夏新品发布秀 (2020 SS Trade Fair)



2020春夏新品发布秀 (2020 SS Trade Fair)

- 一支由440名国际和本地人才组成的强大研发团队，设计出物超所值的时尚产品
- 原创比例约为70%的目标水平，其中，应用由集团开发的独有面料产品比例接近50%的目标
- 可持续时尚举措：
 - 于二零二零年的春夏季系列，推出环保牛仔裤系列，每条牛仔裤使用7个再生塑料瓶
 - 在牛仔裤产品的洗水过程中采用最新的洗水技术，减少人力、能源消耗及约20%的用水量
- 增加轻薄羽绒、牛仔裤、正衬等非季节性产品的比例，进一步减低极端天气对销售的影响

Marketing, Promotion & Awards

品牌管理、宣传及奖项



- The Group ranked among the “Top 500 Brands in China” at the Third China Brand Innovation Conference and garnered the “China (Industry) Quality Evaluation Gold Award 2019”
- Granted the “Better Living – Fashion Culture Contribution Award” by the New Weekly

- 集团于「第三届中国品牌创新大会」上入选「中国品牌500强」，及荣获「二零一九中国（行业）质量评鉴金奖」
- 获《新周刊》颁发「优化生活·服饰文化贡献奖」



- The Group won the “Alifish Innovative Marketing Pioneer Award” in respect of the promotion campaign of The Longest Day In Chang'an crossover products

- 「长安十二时辰」联名产品的推广方案荣获阿里鱼创新营销先锋奖

- Worked with the Academy Award of Advertising Festival of Chinese College Students to solicit publicity plans and ideas for our brand and products from college students
- Successfully promoted its brand philosophy of “LESS IS MORE” to college students and further establish a sound brand awareness among the young consumer demographic



- 与中国大学生广告艺术节学院奖携手，征集大学生为集团品牌及产品设计的宣传方案
- 成功向高校学生推广「简约而不简单」的品牌哲学，进一步在年轻消费群中建立良好的品牌美誉



前景与策略 OUTLOOK & STRATEGY

2020 Outlook 展望

Impact of COVID-19 Epidemic

- The COVID-19 epidemic has halted much of the economic activity in China since late January and most of LILANZ were temporarily closed
- By mid-March, about 70% of LILANZ stores have resumed operation
- Despite a strong run before the CNY in January, total retail sales for Q1 is expected to decline by over 40% year-on-year
- Plan to reduce the production of 2020 fall products to facilitate the destocking of the spring channel inventories
- Consider granting sales rebates to distributors who are most affected as subsidies for discount clearance sales of the spring products
- Estimate that the financial performance for 1H2020 will be adversely affected

 **Adopt a prudent strategy**

新型冠状病毒疫情的影响

- 新型冠状病毒疫情使中国大部分的经济活动自一月底开始停顿，大部分「LILANZ」店铺暂停营业
- 在三月中，约70%的「LILANZ」店铺已恢复营业
- 尽管一月份春节前零售表现强劲，第一季度总零售额预期同比下跌超过40%
- 计划减少2020秋季产品的生产数量，以配合春季渠道库存的消化
- 考虑提供销售扣点予个别受影响较大的分销商，以补贴春季库存的打折促销
- 预计上半年的财务表现将受到不利影响

 **采取谨慎的策略**

PRUDENT & Flexible Operation Strategy

审慎而灵活的经营策略

Channel Management

Strengthening retail management to enhance store efficiency:

- ✓ Core collection:
 - continue to encourage 1st tier distributors to operate more direct-retail stores to further improve retail management
 - reduce percentage of pre-orders starting 2020 fall trade fair to lower channel inventory risk
- ✓ Smart casual collection:
 - plan to replace the current consignment model with a direct-retail model in autumn 2020 to strengthen various retail management areas such as inventory, market expansion, brand marketing and training of retail personnel
- ✓ Continue upgrading the channel and open more stores in quality shopping malls
- ✓ Plan to open more stores in outlet malls and department stores to facilitate cleaning up channel inventories in a timely manner

Target Store Count: Certain underperformed distributors or low efficiency street stores will be closed and the total number of stores to remain at the current level

渠道管理

加强零售管理以提升店效:

- ✓ 主系列:
 - 继续促进一级分销商开设更多自营店铺以进一步提升零售管理
 - 2020年秋季订货会开始降低预订比例，以减轻渠道库存风险
- ✓ 轻商务系列:
 - 计划2020年秋季开始转为直营模式，取代目前的代销模式，以加强管理库存、市场开拓、品牌营销、以及零售人才培养等
- ✓ 继续推进渠道升级，在优质购物商场开设更多店铺
- ✓ 计划增加在奥特莱斯商场及百货商场开店，以便及时清理渠道库存

目标店铺数目: 个别经营能力较差的分销商或效益较低的街边店将会结业，整体店铺总数目标维持目前水平

PRUDENT & Flexible Operation Strategy (Con't)

审慎而灵活的经营策略（续）

Product Positioning

- ✓ Continue with the strategy of “providing products of excellent value-for-money”
- ✓ Enhance the fashion and design elements of the smart casual collection to improve its pricing structure and profitability

New Retail Business Development

- ✓ Continue to drive online sales by:
 - further boosting customer flows,
 - increasing online marketing
 - launching online special editions and IP cross-over products

Brand Promotion

- ✓ More activities through various channels to promote its brand, in particular the online channels
- ✓ Plan to roll-out the 7th-generation store image for the core collection to 100-200 existing stores

Total retail sales target for 2H 2020:

No less than mid single-digit growth

产品定位

- ✓ 继续执行“提供物超所值产品”的策略
- ✓ 适度加强轻商务系列的时尚度和设计感，以加强系列的定价及盈利能力

新零售业务的发展

- ✓ 继续通过以下方式推动电商销售：
 - 进一步加强引流
 - 增加网上推广
 - 推出网上特别版/IP联名产品

品牌推广

- ✓ 增加不同的活动、渠道推广品牌，尤其是网上渠道
- ✓ 主系列第七代店铺装修工作陆续展开，计划推广至100-200家现有门店

2020年下半年总零售目标:

不低于中单位数增长

Construction of the New Headquarters and New Logistics Park

兴建新总部及新物流园



- The construction of the new headquarters in Fujian has been completed and the renovation work is in progress. It is expected to begin operation by the year-end
- 位于福建的新总部建筑工程已完成，并已开始装修，预计年底前正式启用



- Construction of the new logistics park commenced in December 2019 and Phase I is targeted to open in late 2021
- 新的物流园已在二零一九年十二月开始动工兴建，第一期的目标于二零二一年底前开始营运

DISCLAIMER

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