



LILANZ

CHINA LILANG LIMITED

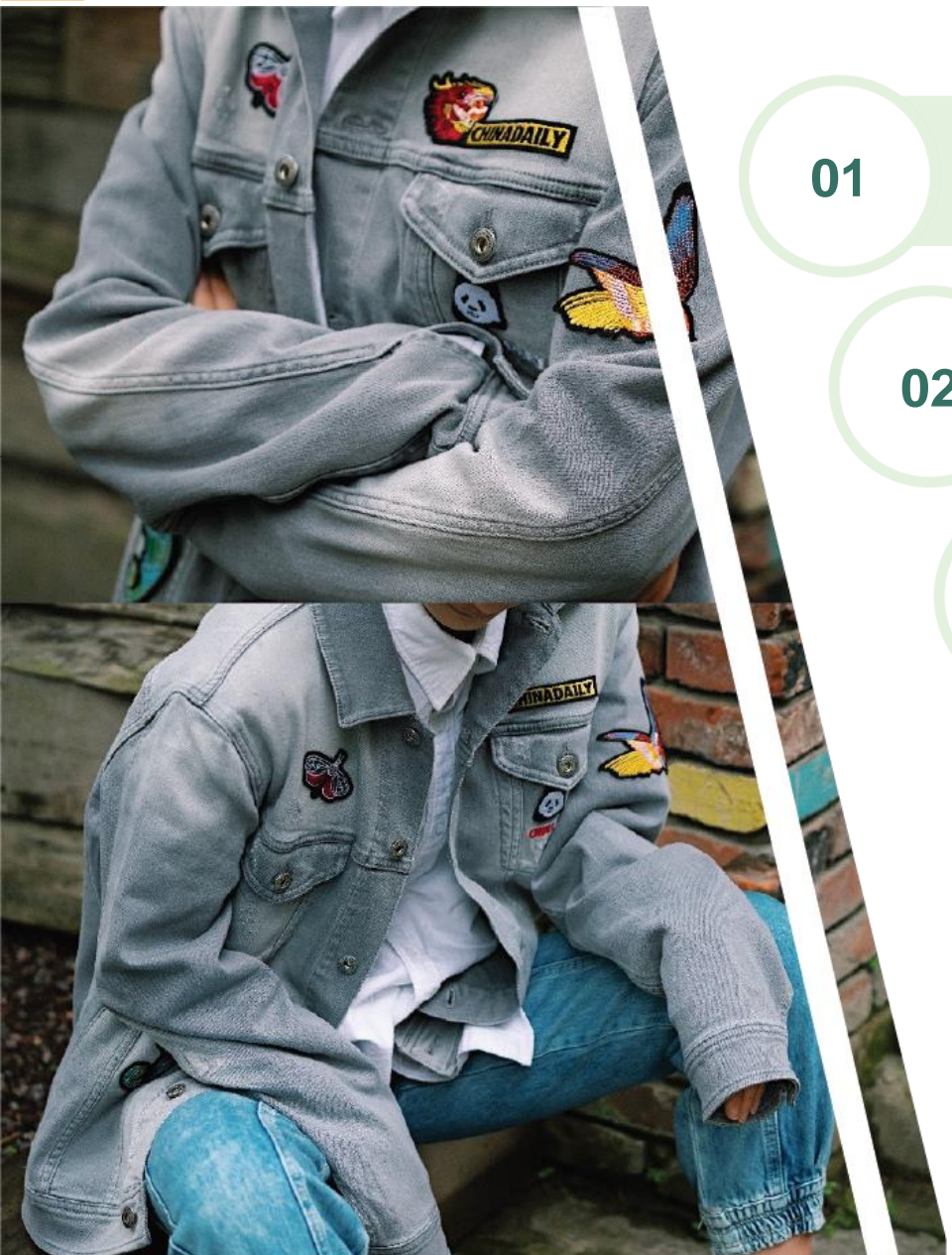
中國利郎有限公司

Stock Code: 1234

2020

中期報告

Agenda 议程



01 业绩重点 **Results Highlights**

02 财务表现回顾 **Financial Review**

03 业务及营运回顾 **Business and Operational Review**

04 前景及策略 **Outlook and Strategy**

05 问答时间 **Open Forum**



业绩重点
RESULTS HIGHLIGHTS

2020 Interim Results Adversely Impacted by COVID-19

二零二零年中期业绩受疫情不利影响

Revenue down by 29.0% to RMB1,093.3 mn
收入减少29.0%至人民币 1,093.3百万元

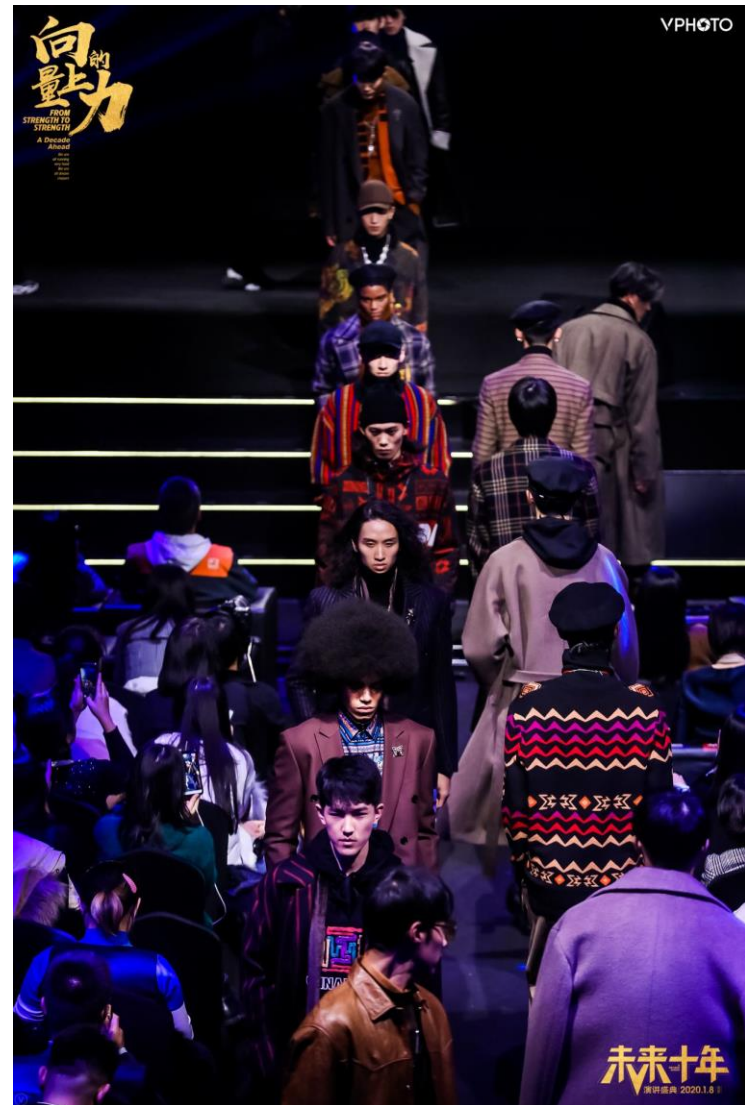
Net profit down by 30.8% to RMB268.9 mn; EPS down by 30.8% to RMB22.5 cents
净利润减少30.8%至人民币268.9百万元；每股盈利为人民币22.5分，下降30.8%

Total retail sales down by 30% to 35%
总零售额下降30%至35%

Online retail sales up by more than 1.5 times; sales by physical stores to VIP customers via the CRM system in the WeChat platform also increased substantially
线上零售额增长超过1.5倍；实体店通过微信客户关系管理系统进行的VIP客户销售亦有可观增长

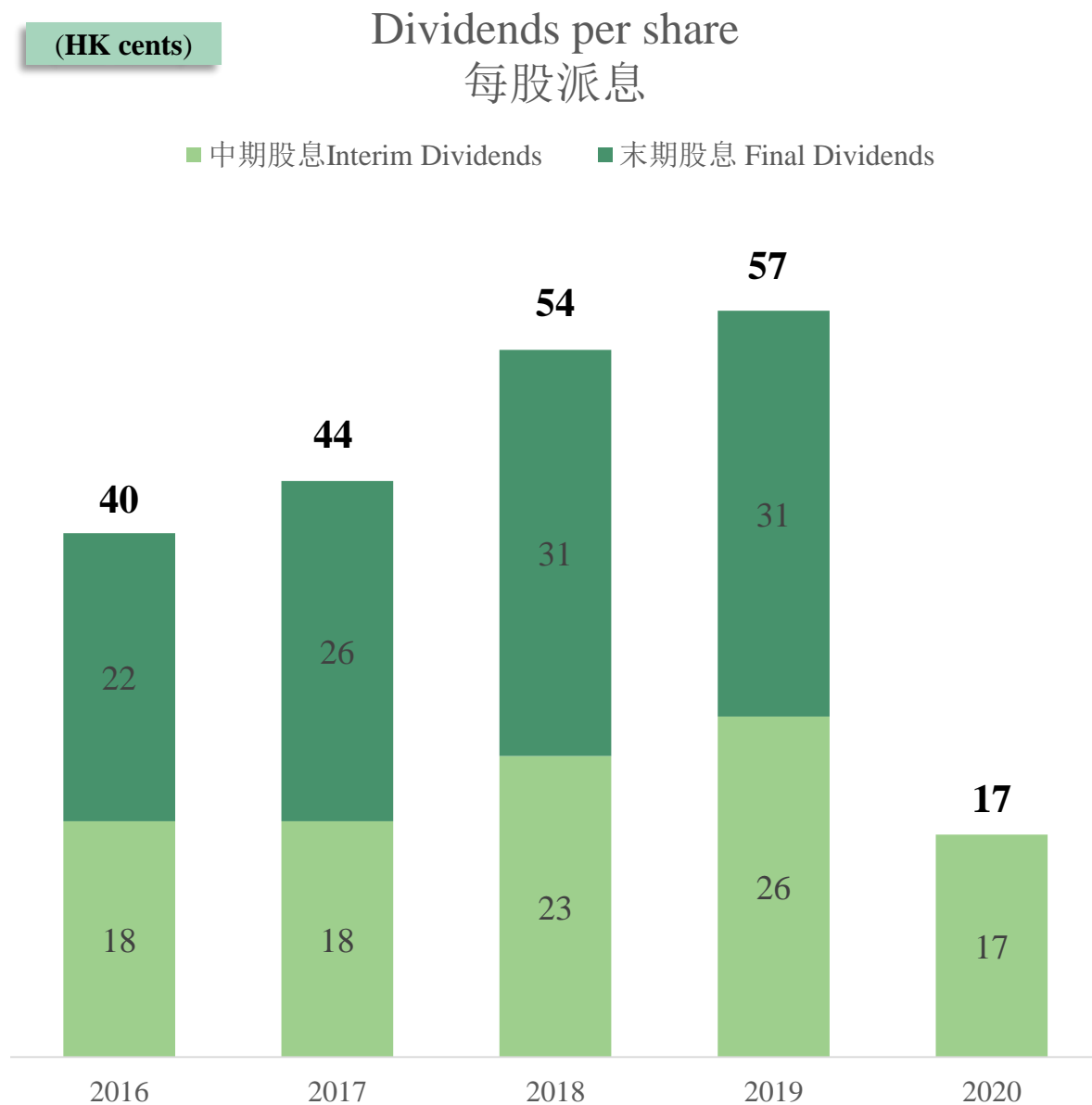
Extended credit periods and cancelled some spring and summer orders to support distributors
延长分销商的账期，并取消部分春、夏季订单以支持分销商

Strictly controlled pre-order levels of the fall and winter trade fairs to reduce the risk of further inventory backlog
严谨控制秋、冬季订货会订单，减低库存进一步积压的风险



Maintaining Relatively High Dividend Payout

保持较高派息比率



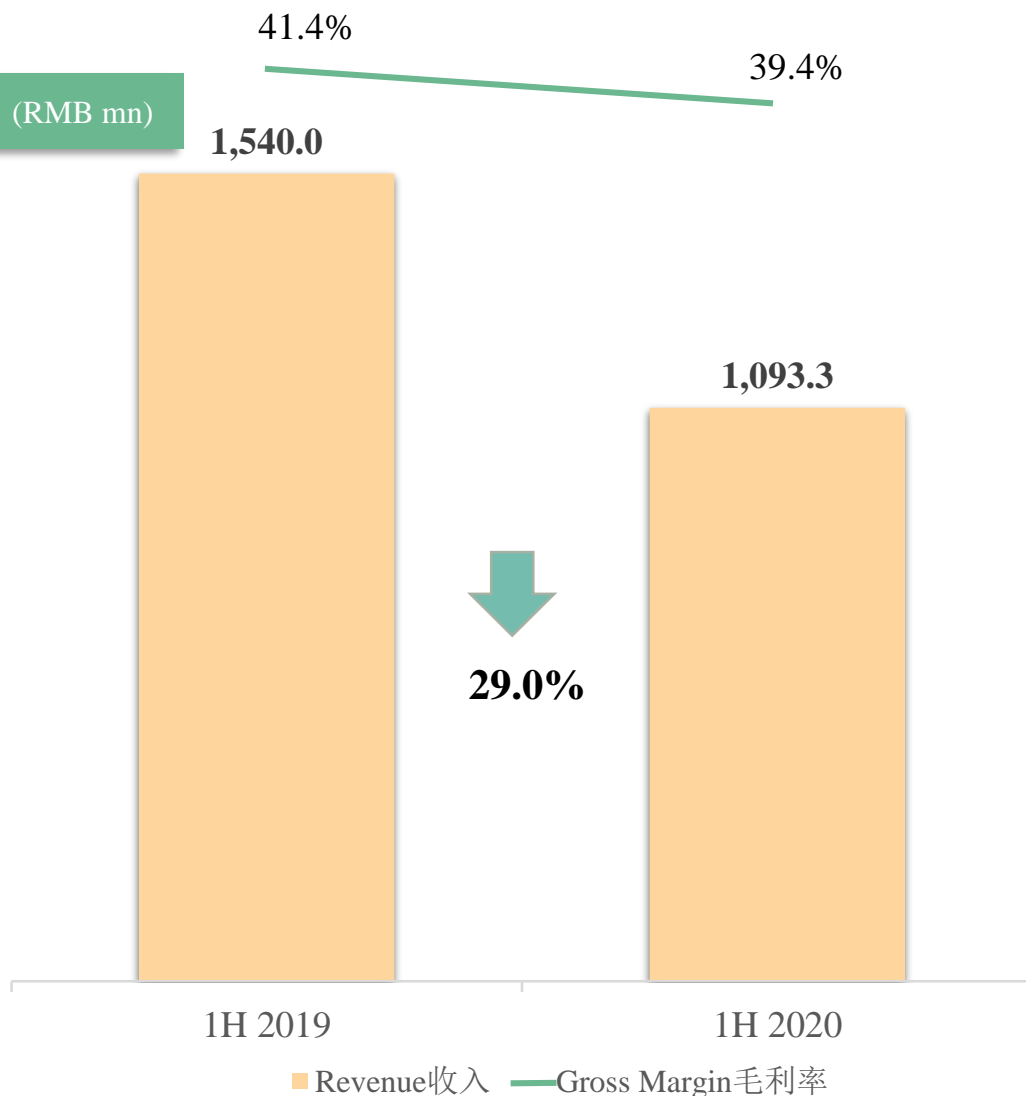
- ▶ Interim dividend: HK12 cents per share and Special interim dividend: HK5 cents per share
- ▶ 中期股息每股：12港仙及特别中期股息每股：5港仙



财务表现回顾 FINANCIAL REVIEW

Revenue and Gross Margin

收入及毛利率



Revenue 收入

- Revenue decreased by 29.0% to RMB1,093.3 mn
- Cancelled S/S orders of about RMB140.0 mn to reduce channel inventory pressures of distributors
- Sales of fall products in 1H 2020 were significantly lower y-o-y as:
 - 2020 fall pre-orders were reduced to facilitate destocking of channel inventories from spring and to reduce the risk of further inventory backlog
 - fall trade fair was delayed by more than 1 month as compared to last year
- 收入减少29.0%至人民币1,093.3百万元
- 为减轻分销商的渠道库存压力，取消约人民币1.4亿元春夏季订单
- 2020年上半年秋季产品销售同比大幅减少，原因：
 - 减少二零二零年秋季产品订单，以配合春季渠道库存的消化，以及降低库存进一步积压风险
 - 秋季订货会较去年延迟超过1个月

Gross Margin 毛利率

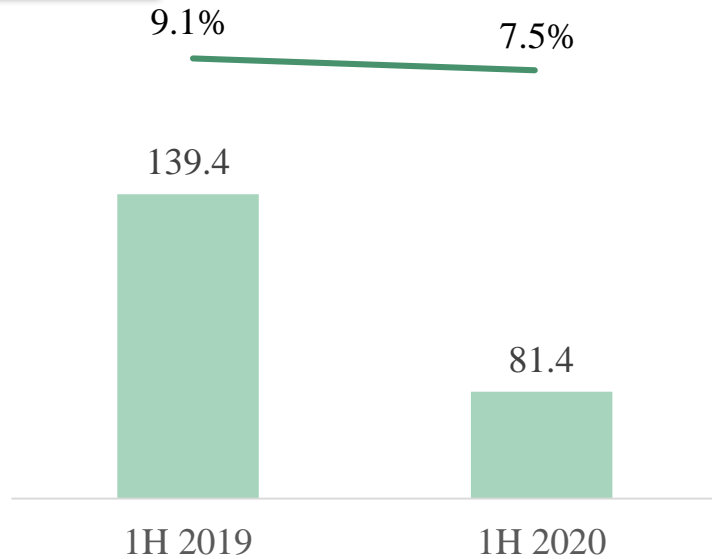
- GP margin dropped by 2.0 pp to 39.4% due to the higher fixed production overhead (including research and development costs) to revenue ratio as sales revenue declined
- 毛利率下降2.0个百分点至39.4%，主要由于销售收入下跌，使固定生产费用（包括研发费用）占收入比率上升

SD & A Expenses

销售、分销及行政开支

Advertising and Promotional Expenses 广告及推广开支

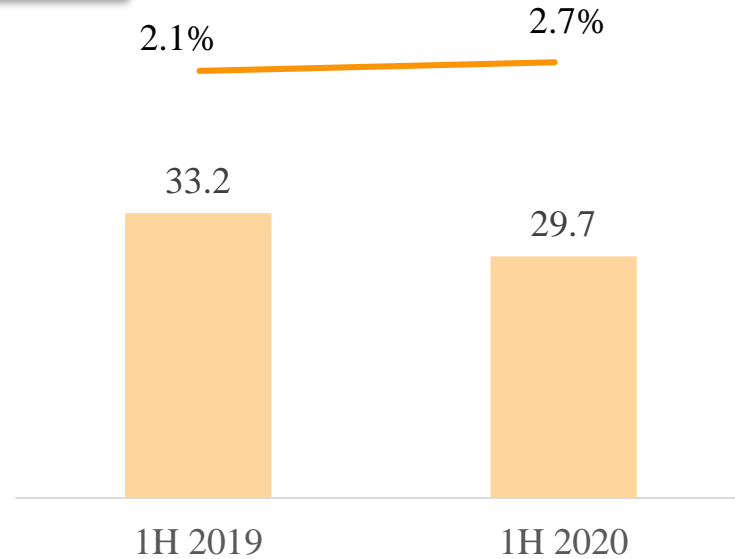
(RMB mn)



- Advertising expenses increased
- Renovation subsidies decreased significantly as there were substantially fewer new store openings
- 广告费用增加
- 装修补贴费用因开店数目下降而大幅减少

Other Selling and Distribution Expenses 其他销售及分销开支

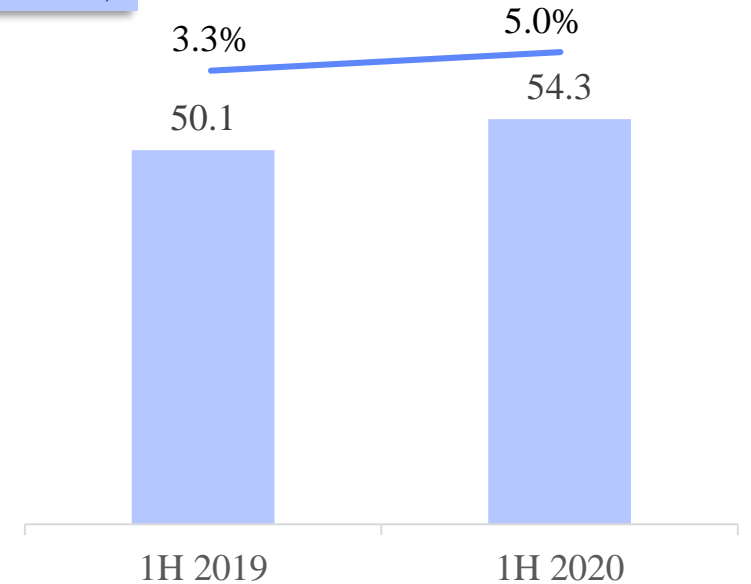
(RMB mn)



- Other selling and distribution expenses decreased, mainly because less was spent on organizing trade fairs
- 其他销售及分销开支减少，主要由于订货会费用减少所致

Administrative Expenses 行政开支

(RMB mn)



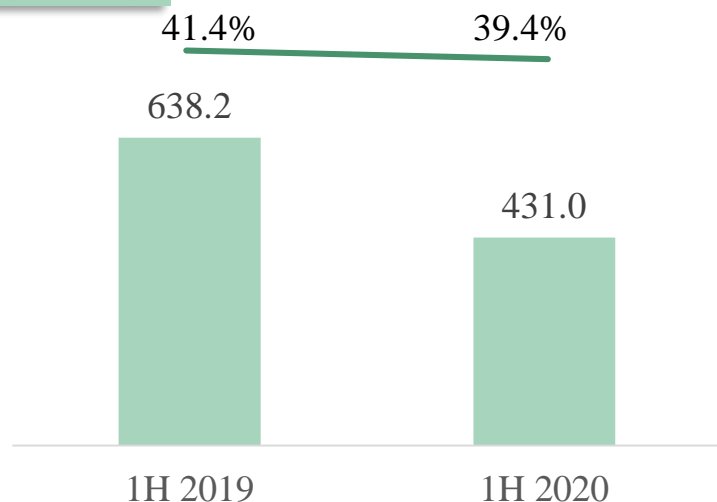
- Administrative expenses for the period included additional provision of RMB7.4 million for trade receivables made in accordance with the Group's provision policy
- 期内行政开支包括按照集团拨备政策额外计提人民币7.4百万元应收账款拨备

Profit & Margin

盈利及利润率

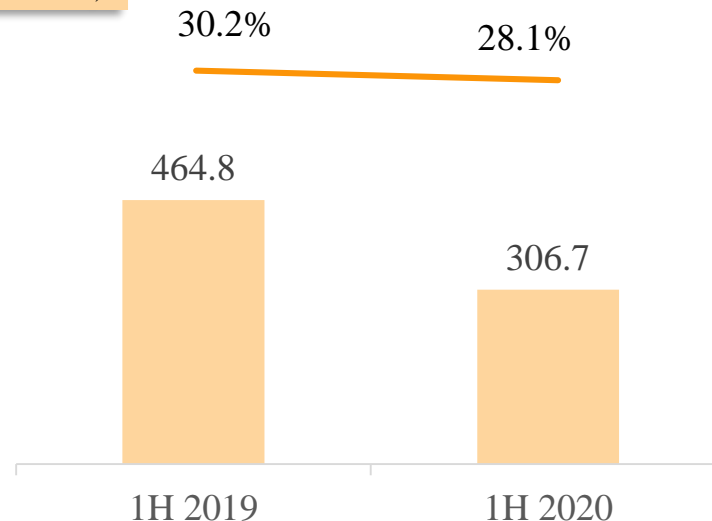
Gross Profit & Margin 毛利及毛利率

(RMB mn)



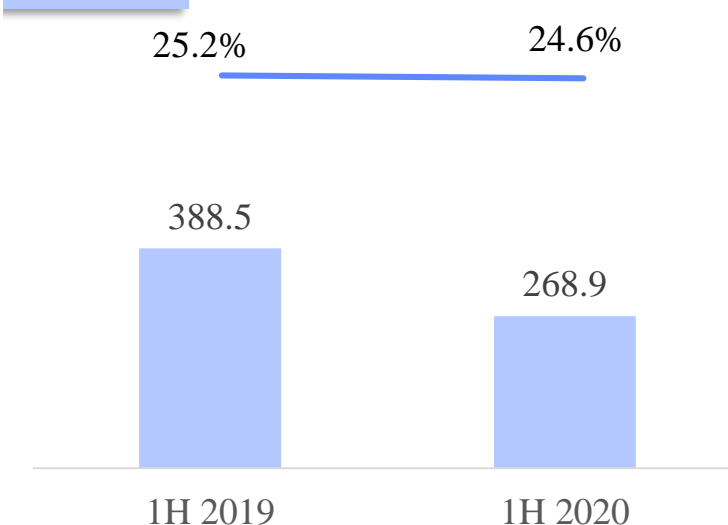
Operating Profit & Margin 经营利润及经营利润率

(RMB mn)



Net Profit & Margin 净利润及净利润率

(RMB mn)



- GP margin down by 2.0 pp to 39.4% due to the higher fixed production overhead to revenue ratio as sales revenue declined
- 毛利率下降2.0个百分点至39.4%，随着销售收入下跌，固定生产费用占收入比率上升所致

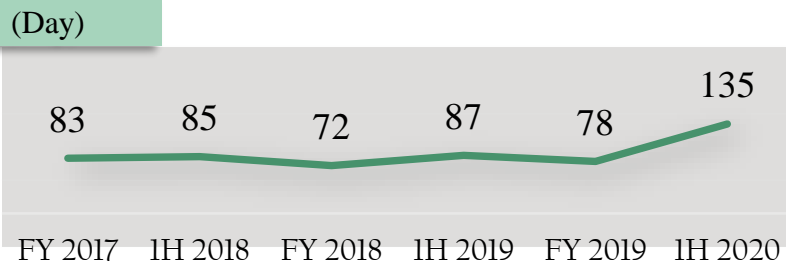
- Operating margin down by 2.1 pp to 28.1% as GP margin dropped by 2.0 pp.
- 随着毛利率下降2.0个百分点，经营利润率下跌2.1个百分点至28.1%

- Net profit down by 30.8% to RMB268.9 mn, which was mainly attributable to the decrease in sales revenue
- 净利润减少30.8%至人民币268.9百万元，主要是由于销售收入减少所致

Working Capital Cycle

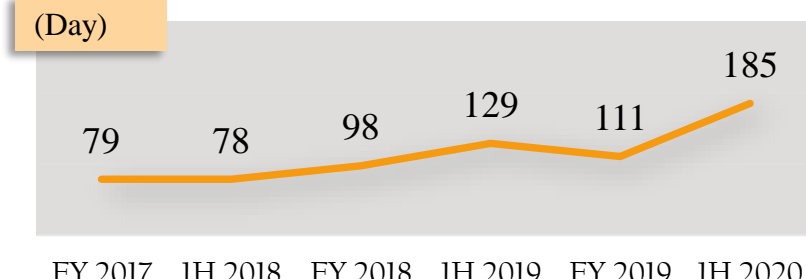
营运资金周转天数

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



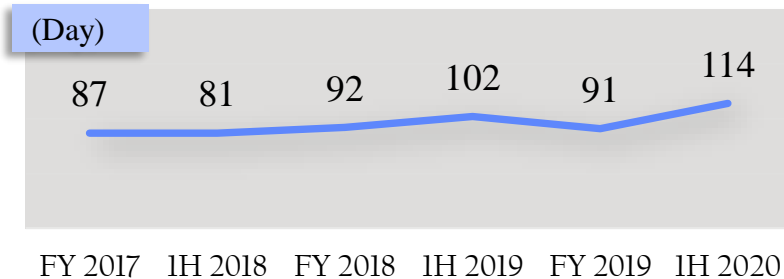
- Credit periods were extended to support distributors
- AR balance down by RMB75.1 mn over the period to RMB882.3 mn and up by RMB7.6 mn as compared to interim period last year
- AR ageing is expected to improve in 2H 2020 as retail sales further pick up and inventory clearance accelerates
- At 30 June 2020, AR provision of RMB16.6 mn was made
- 延长账期以支持分销商
- 应收账款余额期内减少人民币75.1百万元至人民币882.3百万元，对比去年中期则增加人民币7.6百万元
- 应收账款账龄预期于2020年下半年随着零售进一步回升以及库存清理加速而改善
- 于2020年6月30日，已计提应收账款拨备人民币16.6百万元

Average Inventory Turnover Days 平均存货周转天数



- Inventory balance dropped RMB35.4 mn over the period to RMB653.9 mn and up by RMB44.0 mn as compared to interim period last year
- Inventory balance included 2020 S/S inventories of the core collection of about RMB78.0 mn as the Group cancelled orders to reduce inventory pressure of distributors
- At 30 June 2020, inventory provision of RMB3.4 mn was made
- 存货余额期内下降人民币35.4百万元至人民币653.9百万元，对比去年中期则增加人民币44.0百万元
- 库存余额包括主系列2020春夏库存约人民币78.0百万元，因集团为减轻分销商库存压力而取消订单所致
- 于2020年6月30日，已计提库存拨备人民币3.4百万元

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



- AP turnover days based on period end balance was 85 days compared to 81 days for the interim period last year
- AP balance down by RMB208.6 mn over the period to RMB309.2 mn
- AP balance down by RMB96.6 mn as compared to the interim period last year, which mainly reflected the decrease in 2020 fall and winter trade fair orders
- 按应付账款余额计算周转天数为85天，2019中期为81天
- 应付账款余额期内减少人民币208.6百万元至人民币309.2百万元
- 与2019年中期比较，应付账款余额减少人民币96.6百万元，主要反映2020年秋、冬季订货会订单减少。

Cash Flows

现金流量

RMB mn 人民币百万元	1H 2020
Net cash generated from operating activities 经营活动现金流入	117.3
Net cash used in investing activities 投资活动现金流出	(63.3)
Net cash used in financing activities 融资活动现金流出	(71.7)
Net decrease in cash and cash equivalents 现金及现金等价物减少净额	(17.7)
Cash and cash equivalents as at 1 Jan 于1月1日现金及现金等价物	1,750.6
Effect of foreign exchange rate changes 外币汇率变动的影响	0.6
Cash and cash equivalents at 30 Jun 于6月30日现金及现金等价物	1,733.5

Operating cash inflows 经营现金流入

- Major reconciling items with net profit for the period:
 - AP and other payable balances down by RMB208.6 mn and RMB 49.3 mn respectively as revenue and operating expenses decreased, impact partly offset by:
 - decreases in AR and inventory balances by 75.1 mn and RMB35.4 mn respectively
- 与期内净利润主要调节项目:
 - 随着收入及营运开支减少, 应付贸易账款及其他应付款分别减少人民币208.6百万元及人民币49.3百万元, 部分影响由以下项目抵消:
 - 应收贸易账款及库存余额分别下降人民币75.1百万元及人民币35.4百万元

Investing cash outflows 投资现金流出

- CAPEX of RMB87.7mn less interest income of RMB24.3 mn
- 资本开支人民币87.7百万元, 扣除利息收入人民币24.3百万元

Financing cash outflows 融资现金流出

- Payment of 2019 final dividends RMB341.7 mn less proceeds from bank loans RMB273.8 mn
- 支付2019末期股息人民币341.7百万元, 扣除银行贷款所得款项人民币273.8百万元

Healthy & Strong Cash Position

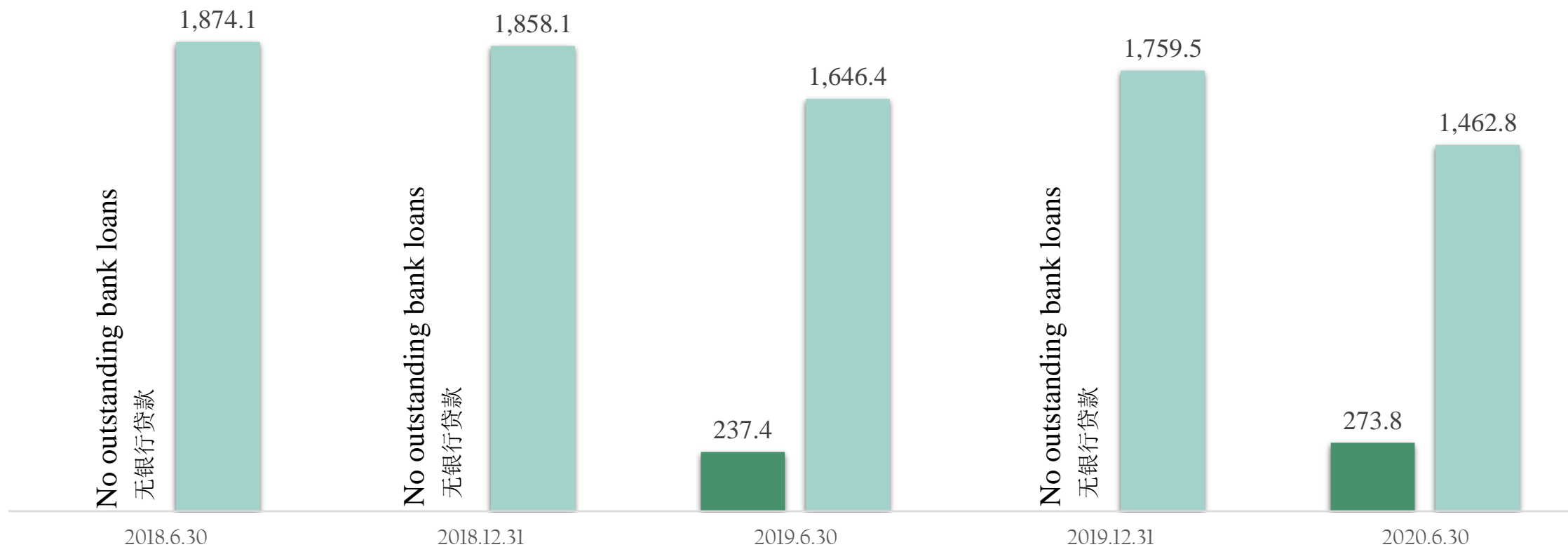
稳健的现金水平

(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





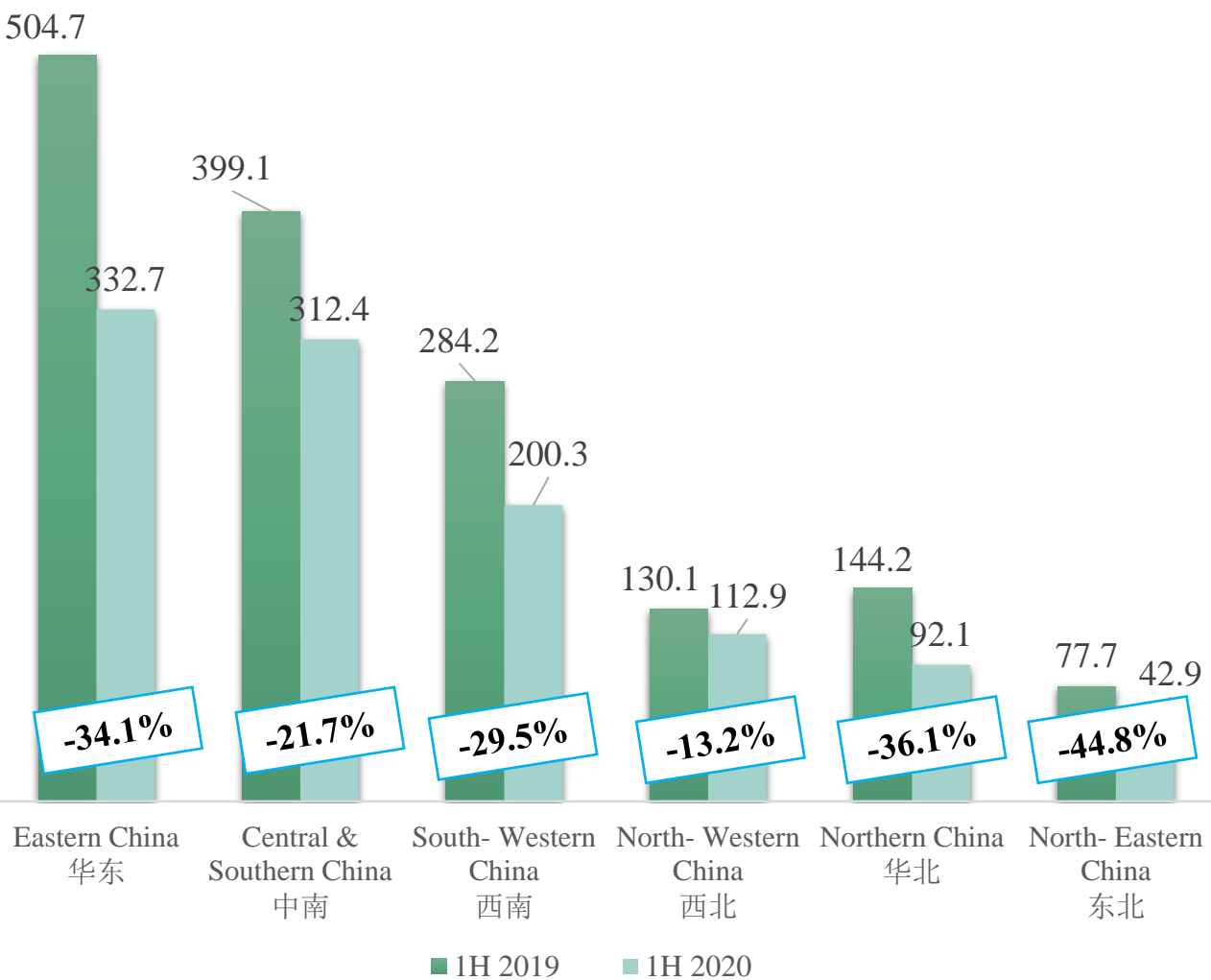
业务及营运回顾 BUSINESS & OPERATIONAL REVIEW

Sales Channel Management

销售渠道管理

Sales by region 各区销售

(RMB mn)



2020-1-1 Open 开店 Close 关店 2020-6-30

Eastern China 华东	810	10	65	755
Central and Southern China 中南	714	36	29	721
South Western China 西南	505	16	31	490
North Western China 西北	288	6	16	278
Northern China 华北	299	5	26	278
North Eastern China 东北	199	2	6	195
Total 总数	2,815	75	173	2,717

Total Retail Floor Space 总店铺面积 (sqm 平方米)	406,400	390,400 (-3.9%)
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Sales Channel Management (Con't)

销售渠道管理 (续)

Continue to optimize retail store network

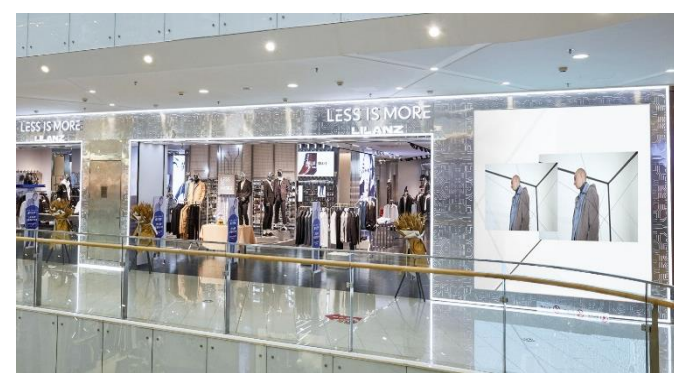
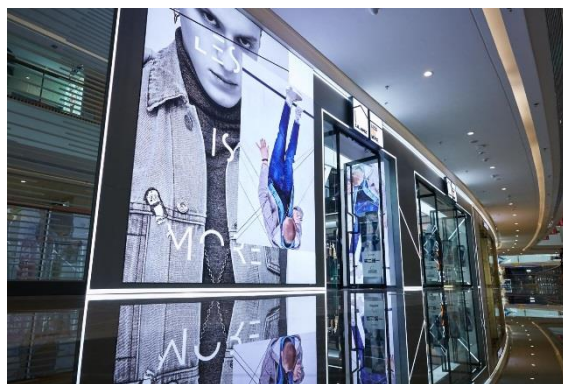
继续优化零售网络

- Store count decreased by 98 to 2,717, of which 268 were stores for the smart casual collection
- About **768** stores in shopping malls, accounting for **28%** of total store count and **31%** of total retail area
- 零售门店减少98家至2,717家，其中轻商务店铺有268家
- 购物商场店铺**768**家，维持占门店总数目约**28%**及占总面积约**31%**

Support distributors in coping with COVID-19 and alleviate channel inventory pressure :

- Extended credit periods to distributors
- Cancelled some of the spring and summer orders
- Reduced the products of the fall collection to facilitate the destocking of the spring inventory in 2H 2020
- Reduced pre-order levels of distributors in the 2020 fall and winter trade fairs to reduce the risk of further backlog of channel inventory. Sufficient production capacity was in place to cope with possible supplementary orders

At 30 June 2020, except the flagship store in the headquarters, all retail stores were operated by distributors
于2020年6月30日，除了位于集团总部的旗舰店外，其他门店都由分销商经营



支持分销商应对疫情，降低渠道库存压力：

- 延长分销商的账期
- 取消部分春、夏季订单
- 减少秋季产品数量以配合春季库存在2020年下半年的消化
- 二零二零年秋、冬季订货会减低分销商的预订比例，降低渠道库存进一步积压的风险，并准备充足的生产能力以应付可能出现的补单

New Retail Development

新零售发展

Actively promoted e-commerce to alleviate the impact of low consumer traffic to retail stores after the outbreak of Pandemic:

因应疫情爆发后零售店人流下滑，积极推动电商减低影响：

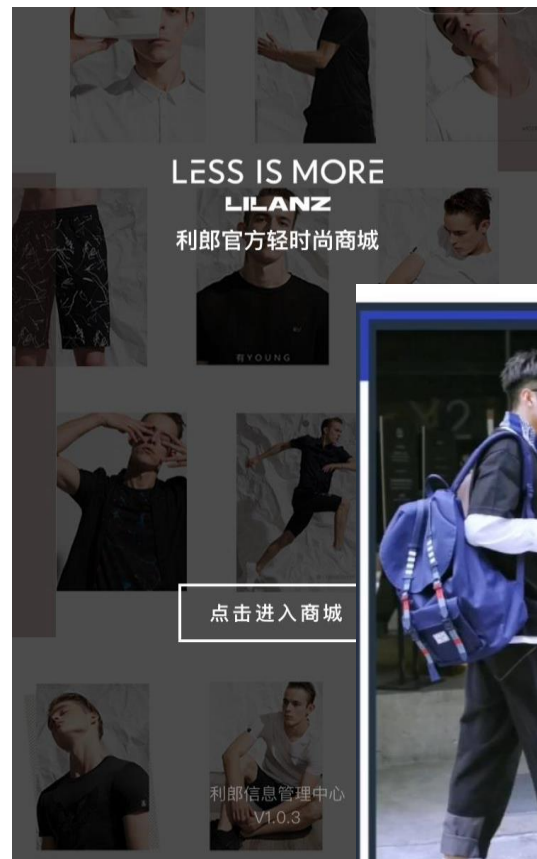
- Increased online advertising activities and online sales promotion to boost e-commerce traffic
- Encouraged distributors to fully use the CRM system on the WeChat platform to increase sales to VIP customers.

- 增加网上推广活动及组织网上促销活动加强电商引流
- 推动分销商加强利用微信平台顾客关系管理系统，增加VIP客户的销售

Promising progress
achieved
进度令人鼓舞



- Online retail sales **up by more than 1.5 times y-o-y**
- Sales by the physical stores to VIP customers via the CRM system on the WeChat platform also increased substantially
- 线上零售额**同比增长超过1.5倍**
- 实体店通过微信客户关系管理系统实现的VIP客户销售亦有可观增长



◆ 男生春季穿搭 ◆ 黑白T恤叠穿就是BOY ✨

☀️ 周末，和朋友约在X2看展喝咖啡，这里安静舒适。整体建筑室内外都是素混凝土。一楼是咖啡，二楼是艺术展。早上人比较少，门口还有阳光哦，拍照很有调调的。

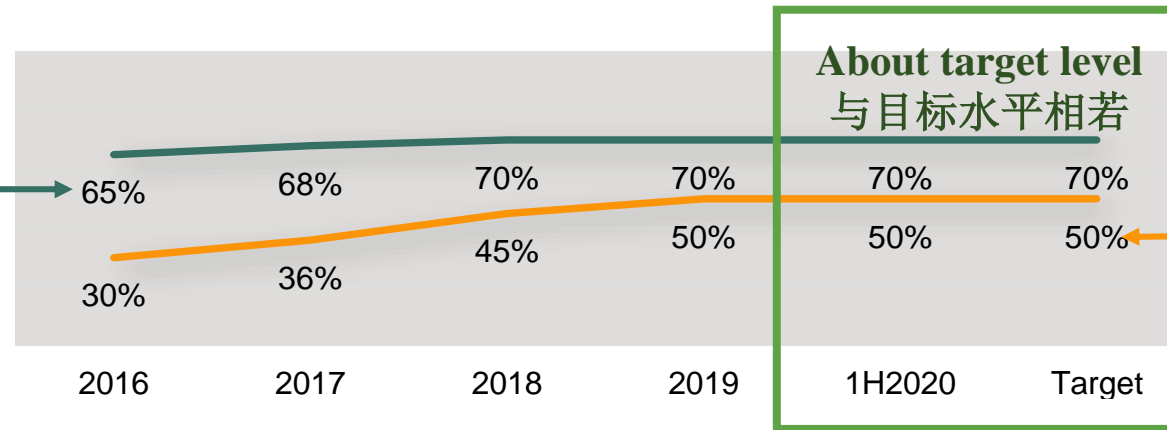


Product Design & Development

产品设计及开发

% of original design products (by style) out of total

原创产品(按款式)占产品比例



of original design products adopted the Group's proprietary fabrics

原创产品应用自行开发独有面料的比例

- Enhancing the fashion elements and design of smart casual collection in stages starting from the 2020 summer collection
- Sustainability initiatives: Launched an environmentally-friendly jeans collection in 2020 spring and summer collections; and
- Adopted the latest washing technology in the washing process of the jeans products to effectively save labor, water and energy consumption and reduce wastes
- 自二零二零年夏季开始逐步提升轻商务产品的时尚度及设计感
- 可持续发展举措：于二零二零年春夏季系列推出环保牛仔裤系列；并
- 在生产牛仔裤产品的过程中，采用最新的洗水技术，明显节省人力、用水及能源消耗，有效减废

- International and local R&D teams comprising 440 people
- With the objective of meeting fashion needs of mainland China's consumers, the teams design value-for-money menswear products that are simple yet fashionable in style
- 国际与本地研发团队共约440人
- 从内地消费者对时尚的需求出发设计出简约、时尚、物超所值的男装产品



2020 Spring and Summer New Product Release Show

Marketing & Promotion

营销与宣传

- In the 2020 SS collections, **launched a number of IP crossover series** and carried out promotional campaigns to complement the launches
- 在二零二零年春、夏季，推出多个IP联名系列，并配合产品上市进行推广



- **Commissioned a number of influencers to showcase new products** on various online platforms such as Tik Tok, Xiaohongshu.com, Weibo and Douyu.com, **attracting market attention and enhancing brand value**
- 聘用网红在抖音、小红书、微博、斗鱼等平台演绎新品，引领市场关注，提升品牌价值

- **Sponsored the costumes of actors in the urban hit drama "Get Married or Not" (誰說我結不了婚)** broadcast in CCTV 8 and several online stations, **greatly enhancing the brand awareness and reputation of LILANZ**
- 赞助都市热剧《谁说我结不了婚》演员服装。该剧在CCTV 8及数个网络平台播放，大幅提升「LILANZ」品牌知名度及美誉度



- Continued to **participate in the Advertising Festival of Chinese College Students** to solicit publicity plans and ideas for its brand and products from college students. The activity had **engaged more than one million college students, further enhancing the brand awareness of "LILANZ" among the young consumer demographic**
- 继续参与中国大学生广告艺术节，征集大学生为集团品牌及产品设计的宣传方案，活动接触超过100万名大学生，在年轻消费群中进一步提升「LILANZ」品牌美誉度



前景与策略

OUTLOOK & STRATEGY

Prudent & Flexible Operation Strategy

审慎而灵活的经营策略

Reduce inventory and keep the channels healthy

保持渠道健康、降低库存水平

- **Reduced pre-orders** of distributors in the **2020 fall and winter trade fairs** to facilitate the destocking of the spring products in 2H 2020 and to reduce the risk of further inventory backlog
- To **open stores in outlet malls** to accelerate inventory clearance
- Continue to arrange **promotional sales online**
- Continue to **monitor the inventory level** via the **ERP system**

- 已降低二零二零年秋、冬季订货会预订比例，以配合春季产品在2020年下半年消化，以及减轻库存进一步积压的风险
- 在奥特莱斯商场开店，加快清理库存
- 继续进行网上促销活动
- 将继续通过ERP系统监控库存水平

Cautious in store network expansion in 2H 2020 :

- ❖ Add stores in outlet malls
- ❖ Continue to open stores in quality shopping malls
- ❖ Expect some non-performing stores will be closed
- ❖ **Target store count by end of 2020: similar to 2019 year end level**

Smart casual collection - direct-retail model

轻商务系列 - 直营模式

- **Objective:** to strengthen inventory management, market expansion, brand marketing and training of retail personnel
- On 1 July 2020, **228 existing stores** of the smart casual collection have been **converted to direct-retail model**.
- **Other 40 stores** will continue **to be operated by distributors**, and some of which are expected to be closed when the existing sales agreements expire
- **Total consideration** for the transfer is **RMB143.0 mn**, of which **compensation to distributors for market development expenses** of **RMB50.1 million** will be **recognized as expense** in the 2H 2020
- **目标:** 加强库存管理、市场开拓力度、品牌营销、以及零售人才培训
- 于二零二零年七月一日，**228家**现有轻商务店铺已**转为直营**
- **余下40家店铺将继续由分销商经营**，预期部分店铺将于现有销售合同终止时关闭
- **总转让价为人民币143.0百万元**，其中约人民币50.1百万元的分销商**市场开拓费用赔偿金**，将于2020年下半年**确认为费用**

2020年下半年店铺网络拓展维持审慎:

- ❖ 增加在奥特莱斯商场开店
- ❖ 继续在优质购物商场开店
- ❖ 预期一些低经营效益的店铺将会关闭
- ❖ **2020年底目标店数: 与2019年底相若**

Prudent & Flexible Operation Strategy (Con't)

审慎而灵活的经营策略（续）

New Retail

新零售

- Continue to **conduct brand advertising and promotion** on Baidu, Weibo, Tik Tok, and other portals and organize **various promotional sales events** to **attract more traffic to the online stores**
- Encourage distributors to **fully utilize** the CRM system via **WeChat as a sales platform**
- 继续在百度、微博，抖音等网站进行**品牌推广**，并将策划不同的促销活动**加强网店的引流**
- 继续推动分销商更全面发挥微信平台**顾客关系管理系统作为销售平台的功用**

Brand Promotion

品牌推广

- Launch a number of **crossover collections** in 2H 2020
- Appointed a **new brand ambassador** and start a new round of brand promotion in Q4
- The plan of rolling out the **7th generation store image** of the core collection to existing stores will be adjusted to cover **10 to 20 stores** in 2020
- 2020年下半年将推出不同的**联名产品**系列
- 已聘用**新的品牌代言人**，将在第四季度作新一轮的品牌推广
- 在二零二零年主系列**第七代店铺装修**推广至现有店铺的计划调整为**10至20家店铺**

Product Positioning

产品定位

- Continue to adhere to the strategy of **providing products of excellent value-for-money**
- Continue to **gradually enhance the fashion elements and design of the smart casual collection** to improve the profitability of the collection in the long run
- 继续执行「**提供物超所值产品**」的策略
- 继续**逐步提升轻商务系列产品的时尚度及设计感**，预期长远可以提升该系列的**盈利能力**

Retail sales performance target in 2H 2020 :

❖ **total retail sales at no less than mid-single-digit growth**

2020年下半年零售表现目标:

❖ **总零售额不低于中单位数增长**

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