

LILANZ

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

2021 Annual Results

全年业绩



LESS IS MORE

Agenda 议程



01 业绩亮点 Results Highlights

02 财务回顾 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

业绩亮点 RESULTS HIGHLIGHTS



Retail Sales Value Exceeds Target As Strategic Reforms Implemented

实践策略性改革，总零售值超预期

- Achieved a satisfactory sales performance, due to reform of the sales model and successful implementation of the channel optimisation, product rejuvenation and internet-plus strategies
通过销售模式的改革，成功落实渠道优化、产品年青化和互联网加的策略，销售表现理想
- About 40% of core collection stores operated in consignment model
主系列约40%门店以代销形式经营
- Smart casual collection stores and online stores switched to a direct-to-retail model, with a total of 290 direct-to-retail stores by year end, a net increase of 3 stores, accounting for about 10% of the total number of stores
轻商务和网店转为自营，于年底自营店铺共290家，净增加3家，占店铺总数约1成
- Retail sales through online channel increased by about 20% to about RMB500 million, due to effective use of e-commerce to clear inventory and efforts to expand online sales
网上渠道促成零售额增加超过20%至约人民币5亿元，反映有效利用电商清理库存，并继续扩充线上销售的能力



Healthy Financial Position and Stable Dividend Payout

稳健财政，稳定派息

- Revenue up by 26.1% YoY to RMB 3,379.5 million
收入同比增加26.1%至人民币33.8亿元
- Net profit was down by 16.0% to RMB 468.1 million; EPS were RMB39.09 cents
净利润为下降16.0%至人民币4.7亿元；每股盈利为人民币39.09分
- Final dividend HK11 cents per share and Special Final dividend HK5 cents per share to be distributed
派发末期股息每股11港仙及特别末期股息每股5港仙
- Total dividends for 2021 amounted to HK34 cents per share
2021年合共派息每股34港仙
- Maintained a stable payout ratio
维持稳定的派息比率



财务回顾

FINANCIAL REVIEW



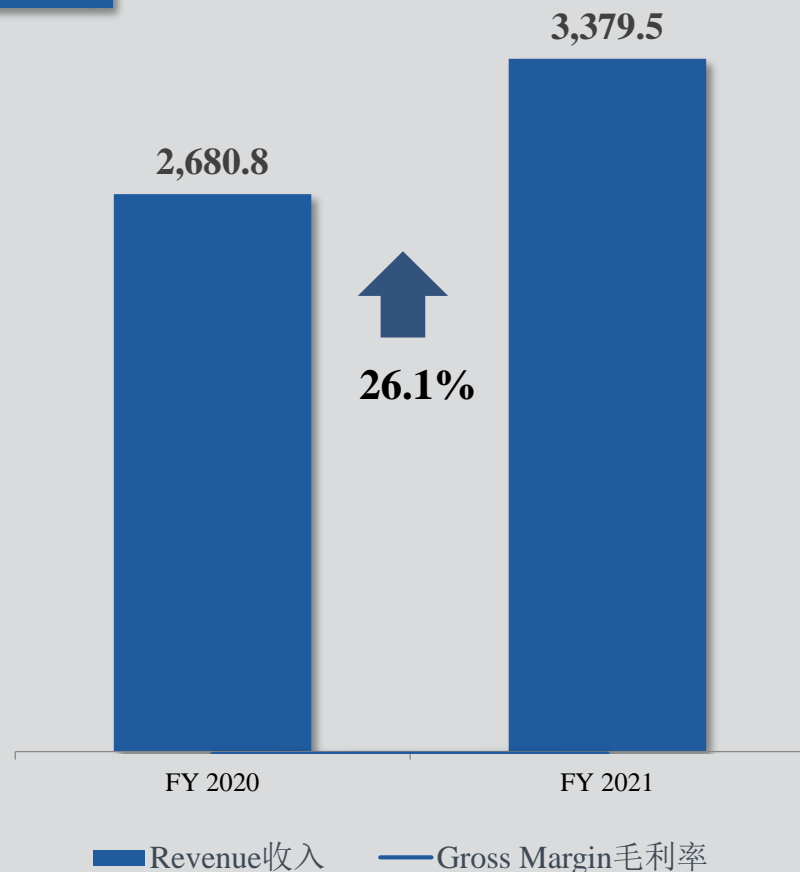
Revenue and Gross Margin

收入及毛利率

Revenue 收入

44.9% 41.9%

(RMB mn)



- Revenue up by 26.1% to RMB 3,379.5 mn
 - Revenue of smart casual collection up by 32.9% :
 - Sales of smart casual collection were recognised at retail value, after having switched to the direct-to-retail model since July 2020
 - Revenue of core collection up by 24.4% (5.4% for 2020 revenue before inventory buy-back):
 - The delay in sales recognition by certain stores after switching to consignment model had an impact on revenue
 - About 68% of RMB 390 million repurchased inventory of core collection due to the conversion of certain stores to the consignment model was sold in 2021, and a sales revenue of about RMB260.0 million was recognised.
- 收入上升26.1%至3,379.5百万元
 - 轻商务系列收入上升32.9%:
 - 轻商务系列于2020年7月转自营后以零售值确认销售额
 - 主系列收入上升24.4% (比较2020年计提回购库存前收入增长率将会是5.4%) :
 - 店铺转代销后, 销售确认时间有所推迟
 - 主系列因转代销回购的人民币3.9亿元库存中约68%在2021年年内销售, 确认销售收入约人民币2.6亿元
- GP margin down by 3.0 p.p. to 41.9% YoY.
 - Recorded an inventory provision of RMB122.2 million in 2021, reflecting a change in the development strategy of footwear products and the disposal of off-season inventory
 - The retail gross profit of the smart casual collection was higher than the wholesale gross profit, which offset the increase in fixed cost of sales caused by the decline in sales
- Excluding the impact of inventory provision, the GP margin was about 45.5%, up by 0.6 p.p. YoY
- 毛利率为41.9%, 同比减少3.0个百分点
 - 2021年录得存货拨备122.2百万元, 以反映鞋类产品发展策略调整及处理过季库存
 - 轻商务零售毛利较批发毛利高, 抵消销售下跌致使固定销售成本占比上升的影响
- 如扣除存货拨备影响, 毛利率则约45.5%, 同比增加0.6个百分点

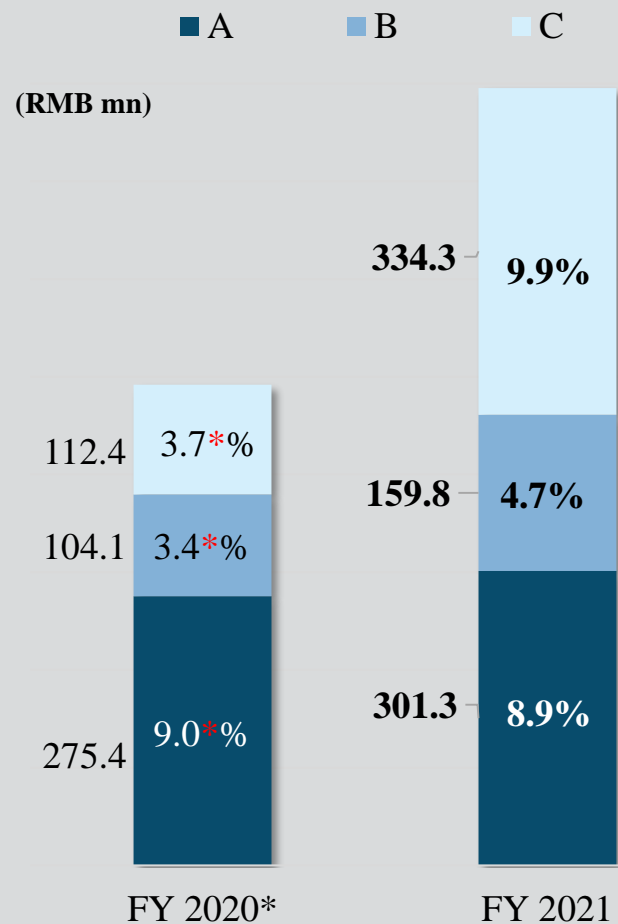
Gross Margin 毛利率

SD & A Expenses

销售、分销及行政开支

Selling and Distribution Expenses

销售及分销开支



Selling and distribution expenses amounted to 795.3 mn, up by 303.4 mn from 2020:

- A. Advertising and renovation subsidy expenses accounted for 8.9% to revenue which is similar to 2020
- B. Other Selling and expenses comprised mainly salaries, renovation and distribution expenses, accounted for 4.7% of and revenue and up by 1.3p.p Increase was mainly driven by opening of new stores
- C. Self-operated stores operating expenses for smart casual collection and online store, accounting for 9.9%, up by 6.2p.p and included store rental, property management fee, salaries and online platform charges.

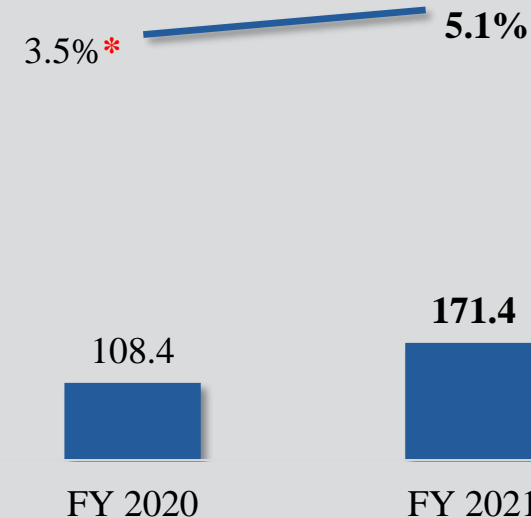
销售及分销开支总计795.3百万，较2020年增加303.4百万

- A. 广告及装修补贴费用占收入8.9%，跟2020年相约
- B. 其他销售及分销开支费用占收入4.7%，上升1.3个百分点。主要包括工资、装修及其他分销费用。增加主要由开店带动
- C. 轻商务和网店自营店营运费用占收入9.9%，上升6.2个百分点。包括门店租金、物业管理费、工资及电商平台费

Administrative Expenses

行政开支

(RMB mn)



- The increase was due to the additional depreciation and renovation expenses incurred for the operation of the headquarters and the creative park
- The impairment losses for the relevant right-of-use assets for certain underperforming smart casual collection stores
- 增加主要由于总部和创意园投入使用新增折旧和装修装潢费
- 为个别轻商务亏损的门店就有关使用权资产作减值损失

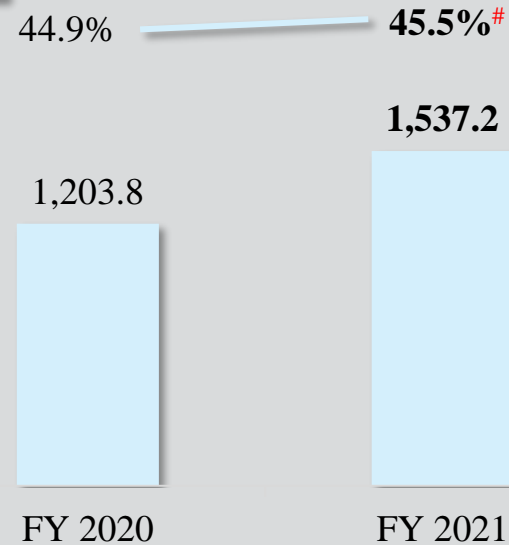
* Ratio of expense to revenue before provision of inventory buy-back

Profit & Margin

盈利及利润率

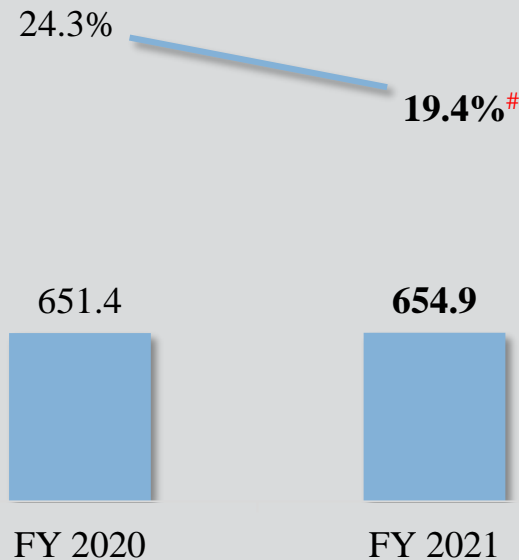
Gross Profit & Margin 毛利及毛利率

(RMB mn)



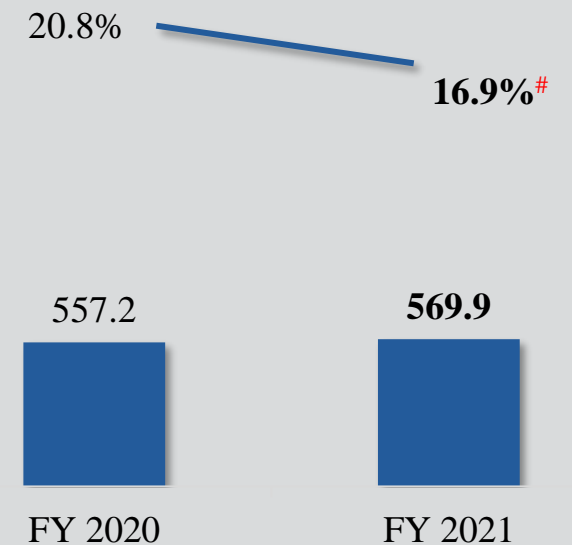
(RMB mn)

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



- Excluding the impact of inventory provision, the GP margin was about 45.5%, up by 0.6 p.p. YoY
 - Recorded an inventory provision of RMB122.2 million in 2021
 - Retail gross profit of the smart casual collection was higher
- 如扣除存货拨备影响，毛利率则约45.5%，同比增加0.6个百分点
 - 2021年录得存货拨备122.2百万元
 - 轻商务零售毛利较批发毛利高

- Excluding inventory provision, profit from operations would increase by RMB3.5 million, and the operating profit margin would be 19.4%, down by 4.9 percentage points YoY
- 若撇除存货拨备，经营利润增加人民币3.5百万元，而经营利润率则为19.4%，比上年下降4.9个百分点

- Excluding inventory provision, net profit would reach RMB569.9 million, up by 2.3% from 2020
- 若撇除存货拨备，净利润可达569.9百万元，较2020年上升2.3%

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

(Day)



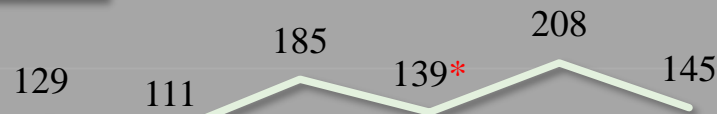
FY 2019 IH 2020 FY 2020 IH 2021 FY 2021

- Successful inventory clearance efforts in 2H2021, coupled with the improved financial liquidity of distributors compared with the interim period
- The improved turnover of trade receivables following the conversion of the smart casual collection to the direct-to-retail model
- The average trade receivable turnover days for the year fell to 46 days based on the trade receivables as at the end of the year
- 下半年渠道库存清理见效，分销商的现金流对比中期有所改善
- 轻商务转自营后应收账款周转较快
- 按年底应收贸易账款计算，周转天数更降至46天

Average Inventory Turnover Days

平均存货周转天数

(Day)



IH 2019 FY 2019 IH 2020 FY 2020 IH 2021 FY 2021

- Inventory balance up by RMB226.7 mn to RMB893.7 mn, mainly attributable to core collection after converting about 40% of stores to consignment model
- Inventory balance of smart casual collection continued to improve
- At 31 December 2021, inventory provision of RMB137.7 mn was made
- 存货余额增加人民币226.7百万元至人民币893.7百万元，主要由于主系列约40%店铺转代销模式
- 轻商务库存余额持续改善
- 于2021年12月31日已计提库存拨备人民币137.7百万元

Average Trade Payables Turnover Days

平均应付贸易账款周转天数

(Day)



IH 2019 FY 2019 IH 2020 FY 2020 IH 2021 FY 2021

- If based on period-end balance, turnover days was 81 days
- AP balance up by RMB25.1 mn
- 按期末余额计算，周转天数为81天
- 应付贸易账款余额增加人民币25.1百万元

*Based on turnover / cost of sales before provision for inventory buy-back in 2020

Cash Flows

现金流量

RMB mn 人民币百万元	FY 2021	
Net cash generated from operating activities 经营活动现金流入	598.5	Operating cash inflows 经营现金流入 <ul style="list-style-type: none"> The major reconciling items with net profit for the year : <ul style="list-style-type: none"> Depreciation of RMB220.8 mn which is mainly due to the charge of depreciation on addition of new head quarter and the creative park 与年度净利润主要调节项目： <ul style="list-style-type: none"> 折旧总计人民币220.8百万元。主要由于新增新总部与及创意园计提折旧
Net cash used in investing activities 投资活动现金流出	(280.0)	Investing cash outflows 投资现金流出 <ul style="list-style-type: none"> CAPEX of RMB316.0 mn less interest income of RMB34.4 mn and the net proceed of RMB1.6 mn from the disposal of property, plant and equipment 资本开支人民币316.0百万元，扣减利息收入人民币34.4百万元、以及出售物业、厂房及设备的净所得款项人民币1.6百万元
Net cash used in financing activities 融资活动现金流出	(482.9)	
Net decrease in cash and cash equivalents 现金及现金等价物减少净额	(164.4)	Financing cash outflows 融资现金流出 <ul style="list-style-type: none"> Payments of 2020 final dividends and 2021 interim dividends totalling RMB446.5 mn and lease rental payments totalling RMB99.3 mn 支付2020末期股息及2021中期股息共人民币446.5百万元 以及租赁付款共人民币99.3百万元
Cash and cash equivalents as at 1 Jan 于1月1日现金及现金等价物	1,738.9	
Effect of foreign exchange rate changes 外币汇率变动的的影响	(2.9)	
Cash and cash equivalents at 31 Dec 于12月31日现金及现金等价物	1,571.6	

Healthy & Strong Cash Position

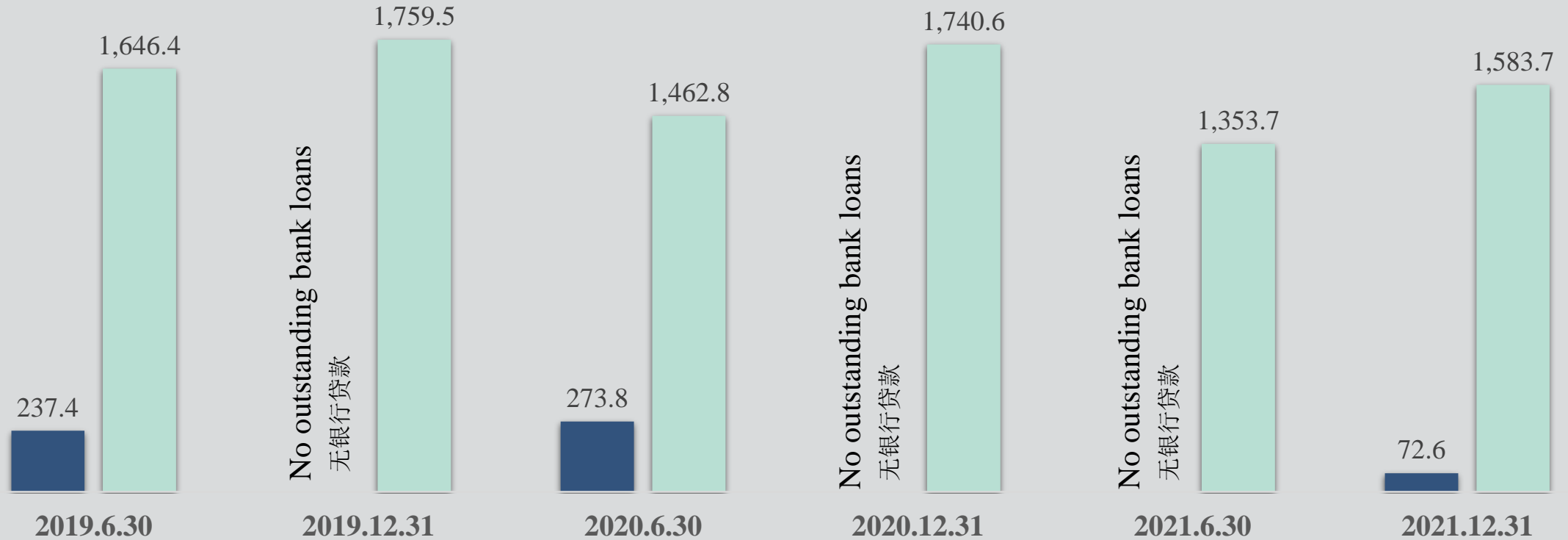
稳健的现金水平

(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

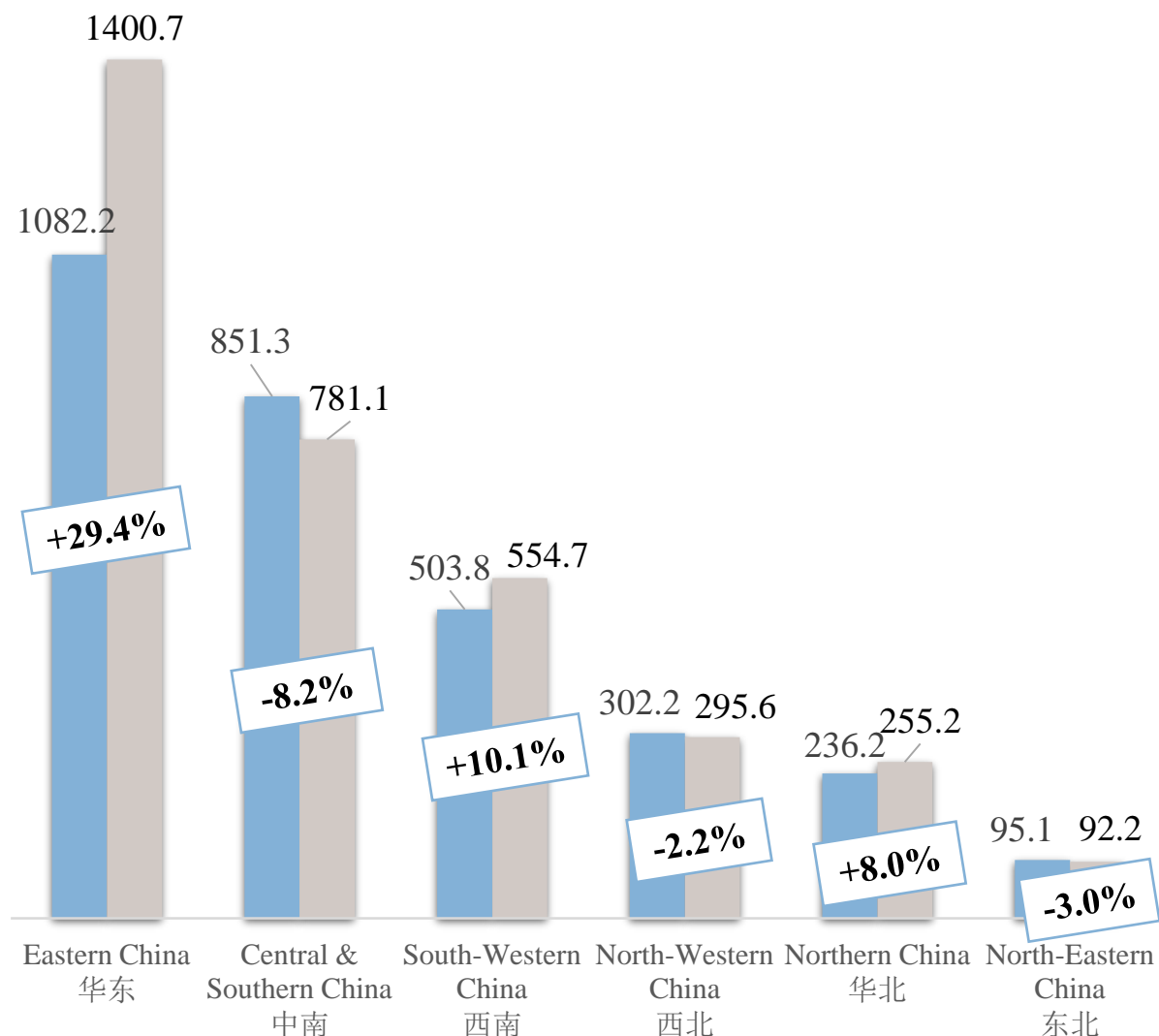


业务及营运回顾 BUSINESS & OPERATIONAL REVIEW



Sales by region 各区销售

(RMB mn)



■ FY 2020

■ FY 2021

Store Count by Region 各区店铺数目

	2021-1-1	Opened 开店	Closed 关店	2021-12-31
Eastern China 华东	790	101	107	784
Central and Southern China 中南	724	106	94	736
South-Western China 西南	497	53	42	508
North-Western China 西北	271	40	36	275
Northern China 华北	294	27	49	272
North-Eastern China 东北	185	7	34	158
Total 总数	2,761	334	362	2,733
Total Retail Floor Space 总店铺面积 (sqm 平方米)	398,900			404,020 (+1.3%)

Optimise Store Network

优化店铺网络

- Opened stores in carefully selected quality shopping malls and other premium locations and closed underperforming stores
- Parallel development of three channels:
 - Smart casual collection stores + Online stores -- Direct-to-retail model
 - Core collection -- Distributors + Consignment model
- Introduced a consignment model for the core collection stores in SS2021 and a total of 966 stores were operated as franchise stores by end of 2021
- Smart casual collection stores and online stores converted to the direct-to-retail model in 2H2020 and early 2021 respectively
- 852 stores in shopping malls (about 31% of total store count and about 33.1% of total retail floor space) and 49 outlet stores by year end
- Better realised the benefits of effective inventory management after sales channel conversion
- Inventory level remains healthy as efforts to clear inventories by offering discounts and promotions and sales in outlet stores continued

- 谨慎地在优质商场及其他优越的地点增加门店，并关闭若干经营效益未如理想的店铺
- 三个渠道并行发展：
 - 轻商务+网店 -- 自营
 - 主系列 -- 分销+代销
- 已于2021年春夏季起为主系列引入代销模式，截至2021年底共966家门店以加盟店形式经营
- 轻商务系列及网店分别于2020年下半年及2021年初转用自营模式
- 于年底，购物商场店数目已增至852家（占店铺总数目约31%，约占总店铺面积33.1%），而奥特莱斯店则有49家
- 销售渠道改革后，库存管理的效益得到更佳体现
- 继续通过打折促销以及奥特莱斯店铺销售清理库存使集团产品存货维持在健康水平

自营
Direct-to-retail stores

Stores 门店

290

+3

69 一级分销商 (-21)
Distributors

Stores 门店

1,303

-45

733 二级分销商 (-14)
Sub-distributors

Stores 门店

1,140

+14

Total store count as at 31 December 2021: **2,733**
于2021年12月31日总店数: **2,733** 家

2,443 core collection stores
主系列店铺

290 smart casual collection stores
轻商务系列店铺

New Retail Business Development

新零售业务发展

Online Stores Converted to Self-Operated Stores 网店改为自营

- 2021 Online sales (including sales through Wechat Platform) about RMB500 million, increased by about 20%
- Launch more proactively promotional activities such as online sales and live streaming
- 年内网上销售额约人民币5亿元，上升超过约20%
- 更积极地推出产品网上促销、直播带货等推广活动



More New Products for Online Sales 推出新产品在网店销售

- New special edition pant products launched in online stores during 6.18 shopping festival
- Reorganised in-house production plant and added 7 production lines to produce swiftly orders in small batches
- 于6.18电商购物节在网店推出新品裤类电商特别款
- 在集团自设厂房增加七条生产线、快速小批量生产



Actively Utilised WeChat Platform 积极利用微信平台

- Provided customer relationship management services and to set up stores in the WeChat Mall
- Take advantage of the interactive features of social platforms to facilitate brand promotion and promote sales
- 提供顾客关系管理服务以及在微商城开店
- 利用社交平台互动特点，促进品牌推广，推动销售



Product Design, Development and Supply Chain Management

产品设计、开发及供应链管理

继续提升产品的个性化和原创设计

- 原创产品比例约77%
- 其中50%应用由集团开发的独有面料



增加推出快款产品的能力

- 去年起夥拍新的供应商提供快款物料，配合集团自设厂房的快速补单能力，希望可以推出更多电商快款产品

按产品设计及市场竞争力提高产品加价率

- 2021年春夏季完成提升轻商务系列产品的时尚度及设计感的工作
- 在执行「提供物超所值产品」策略的同时，按产品设计、市场竞争力提高产品的加价率，轻商务毛利率因而有所提升



强大研发团队

- 约440人，包含国际及本地研发人才
- 新总部于2021年初启用后，设计师有更好的创作和交流平台

Enhance personalisation and original design of products

- About 77% products sold are originally designed products
- Among which about 50% utilised proprietary fabrics internally developed

Enhance capability of launching fast-moving products

- Began to partner with new suppliers to provide materials for fast moving products last year, together with rapid replenishment capability of in-house production plant, to enable the launch of more fast-moving developed fast-moving products online

Increased products' markup rate based on product design and market competitiveness

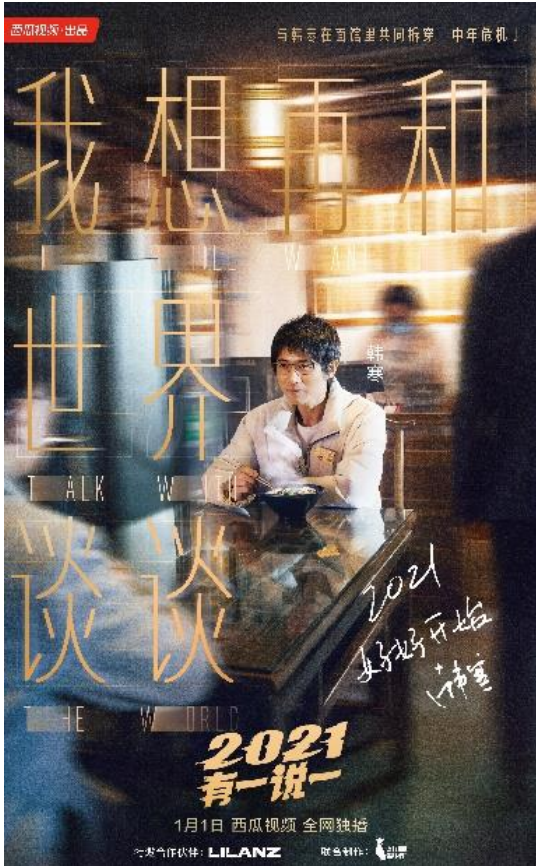
- Completed the upgrade of the fashion and design elements of the smart casual collection products in SS2021
- Increased products' markup rate based on product design and market competitiveness while adhering to the strategy of providing products that represent excellent value-for-money, leading to GP margin expansion for smart casual collection

Strong research and development team

- About 440 members comprising international and local talents
- After the new headquarters opened in Fujian in early 2021, designers were provided with a better creative communication platform

Marketing & Promotion & Awards

品牌管理、宣传及奖项



Sponsored “2021, Speaking the Truth” in which Han Han participated

赞助韩寒
参加「2021，有一说一」



Introduced the slogan “Every fashionista is wearing Lilang” on Mango TV's variety show "Call Me By Fire"

在芒果TV《披荆斩棘的哥哥》中，提出了「有颜有型有气场 哥哥都在穿利郎」口号



“City of Light” collections was showcased at the closing ceremony of the 2022 spring and summer Shanghai Fashion Week

「光明之城」2022年春夏系列上海时装周闭幕大秀



Launched IP crossover products with China Daily and “The Three-Body Universe”

与《中国日报》及以及「三体」合作推出IP联名系列

Marketing, Promotion & Awards (Con't)

品牌管理、宣传及奖项（续）

Sponsored Youku Video's "**I Decide Who I Am**"

赞助优酷视频
《这!就是潮流》

Continued to cooperate with **Adream Foundation**

继续与**上海真爱梦想基金**合作

Cooperated with **Baidu Marketing** to organise an **AI-based fun sports meeting**

联手**百度营销**，打造**AI趣味运动会**

Participated in **the Academy Award of Advertising Festival of Chinese College Students**

参与**中国大学生广告艺术节**

Partnered with Su Xinping to develop several **collaborative collections** which were simultaneously launched at the Museum of Contemporary Art & Planning Exhibition

与**苏新平**开发数十款**合作系列产品**，于深圳当代艺术与城市规划馆展览中同步开售



"**Creative Communication Gold Case**" award in the 10th ADMEN International Awards in 2021, and the "**Gold Award for the 2021 IAI Awards**"

2021年第十届ADMEN国际大奖颁发「**创意传播类实战金案**」奖及「**2021年IAI传鉴国际广告奖金奖**」

"**2021 Country with Strong Brand Power National Craftsmanship Brand Industry Leader**" by Asiabrand

由Asiabrand颁发的「**2021品牌强国民族匠心品牌行业领航者**」

"**2021 Top 100 Leading Brands in China**" by Winshang

在赢商网主办的「**2021年度中国领军品牌TOP100**」

"**2020-2021 Innovative and Advanced Retail Enterprise**"

「**2020-2021年度创新型升级零售企业**」

前景与策略

OUTLOOK & STRATEGY



Prudent Operation Strategy

审慎的经营策略

Continue to adopt a prudent strategy for store openings to enhance sales network

继续以审慎的开店策略
加强销售网络



- With the reform of sales channels largely completed, the Group has more effective control over its sales channels
- Open stores in quality shopping malls in provincial capitals and prefecture-level cities
- Open stores in outlet malls as the usual channel for inventory clearance

- 随着改革销售渠道的工作大致完成，集团对销售渠道实现了更有效的管控
- 继续在省会及地级市优选购物商场开店
- 继续增加在奥特莱斯开店，作为清理库存常设渠道



Prudent Operation Strategy (Con't)

审慎的经营策略（续）

New Retail 新零售

- Further develop online sales & offline delivery model
- Introduce better service models, provide more convenient to customers while considering their shopping experiences
- Launch new e-commerce products more proactively
- Continue to make good use of online platforms for promotional clearance
- Continue to promote brand on platforms such as Xiaohongshu, Weibo, TikTok, etc

- 进一步发展「线上卖货、线下发货」模式
- 加入更多更好的服务模式，为顾客提供更便捷和贴心的购物体验
- 更积极推出电商新产
- 继续善用线上平台以促销清货
- 继续通过小红书、微博、抖音等平台宣传



Operational Targets 经营目标



- Plans to roll-out the 7th generation store image upgrade to over 500 core collection stores
- 计划将超过500家主系列门店提升至第七代店铺形象

- Smart casual collection to further enhance the fashion and design elements of the products, strengthen expansion of new stores in 3 provinces and 4 cities as key target markets, improve operational efficiency
- 轻商务系列将进一步提升产品的时尚度及设计感，亦于3个省4个市为重点目标市场，加强拓展新门店

Progress on the New Logistics Park

新物流园最新进展

- Phase I of the new logistics centre is expected to commence operation before May 2022 to better prepare for the logistics arrangement during the e-commerce peak seasons
- 为了更好地为电商旺季的物流配送作最好准备，新的物流园第一期的目标是在2022年5月前开始营运



- The new logistics centre will be powered by an intelligence system, which is expected to facilitate effective delivery of goods to stores and further enhance the inventory control
- 新物流园将采用智能系统，预期将有助实现铺货到单店，进一步加强库存控制



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