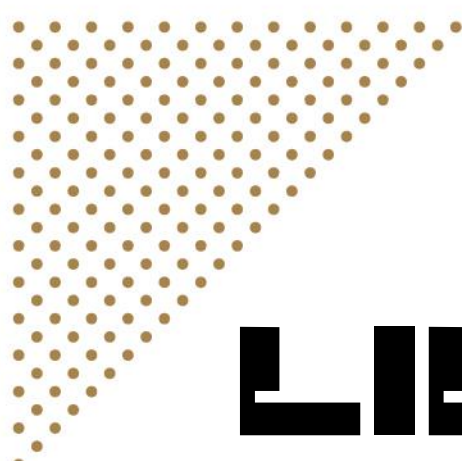




LILANZ

CHINA LILANG LIMITED

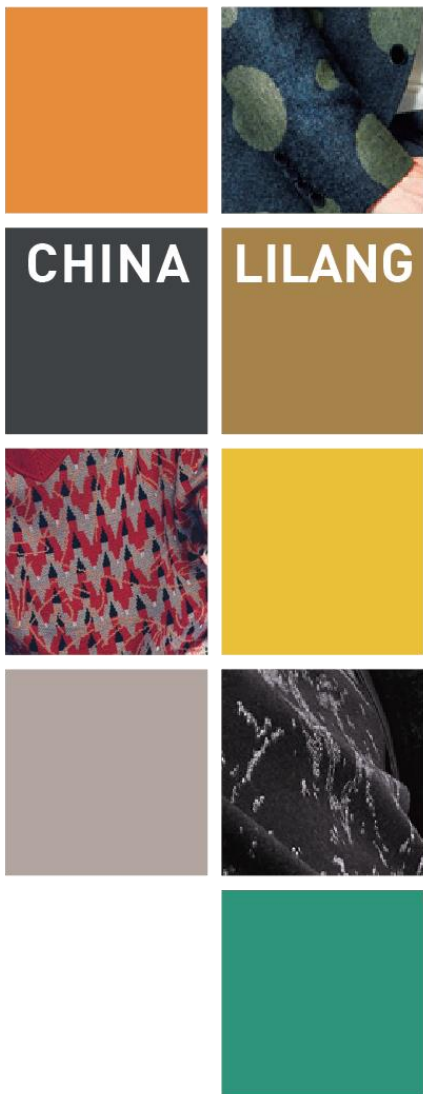
中國利郎有限公司

Stock Code: 1234

2020 ANNUAL RESULTS 全年业绩



Agenda 议程



01

Results Highlights 业绩亮点

02

Financial Review 财务表现回顾

03

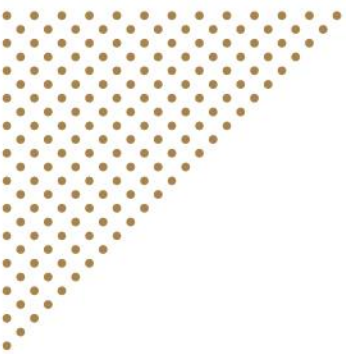
Business and Operational Review 业务及营运回顾

04

Outlook and Strategy 前景及策略

05

Open Forum 问答时间



业绩亮点
RESULTS HIGHLIGHTS



2020 Annual Results Affected by COVID-19 and Channel Inventory Destocking

二零二零年全年业绩受疫情及渠道库存清理影响

Revenue 收入

Down by 26.7% to RMB 2,680.8 mn, after provision for inventory buy-back of RMB390.0 mn
扣除库存回购拨备人民币390.0百万元后，减少26.7%至人民币2,680.8百万元

Net Profit 净利润

Down by 31.4% to RMB 557.2mn; EPS Down by 31.4%
减少31.4%至人民币557.2百万元；每股盈利减少31.4%

Total Retail Sales 总零售额

Q4 up by 10%-15%; FY down by 10%-15%
第四季增长10%-15%；全年下跌10%-15%

Online Stores Retail Sales 网店零售额

Up by over 1.2 times
增加超过1.2倍

Healthy channel 渠道健康

Inventory clearance accelerated in 2H 2020, inventory level and its ageing improved
下半年库存清理加快，库存水平及账龄有所改善



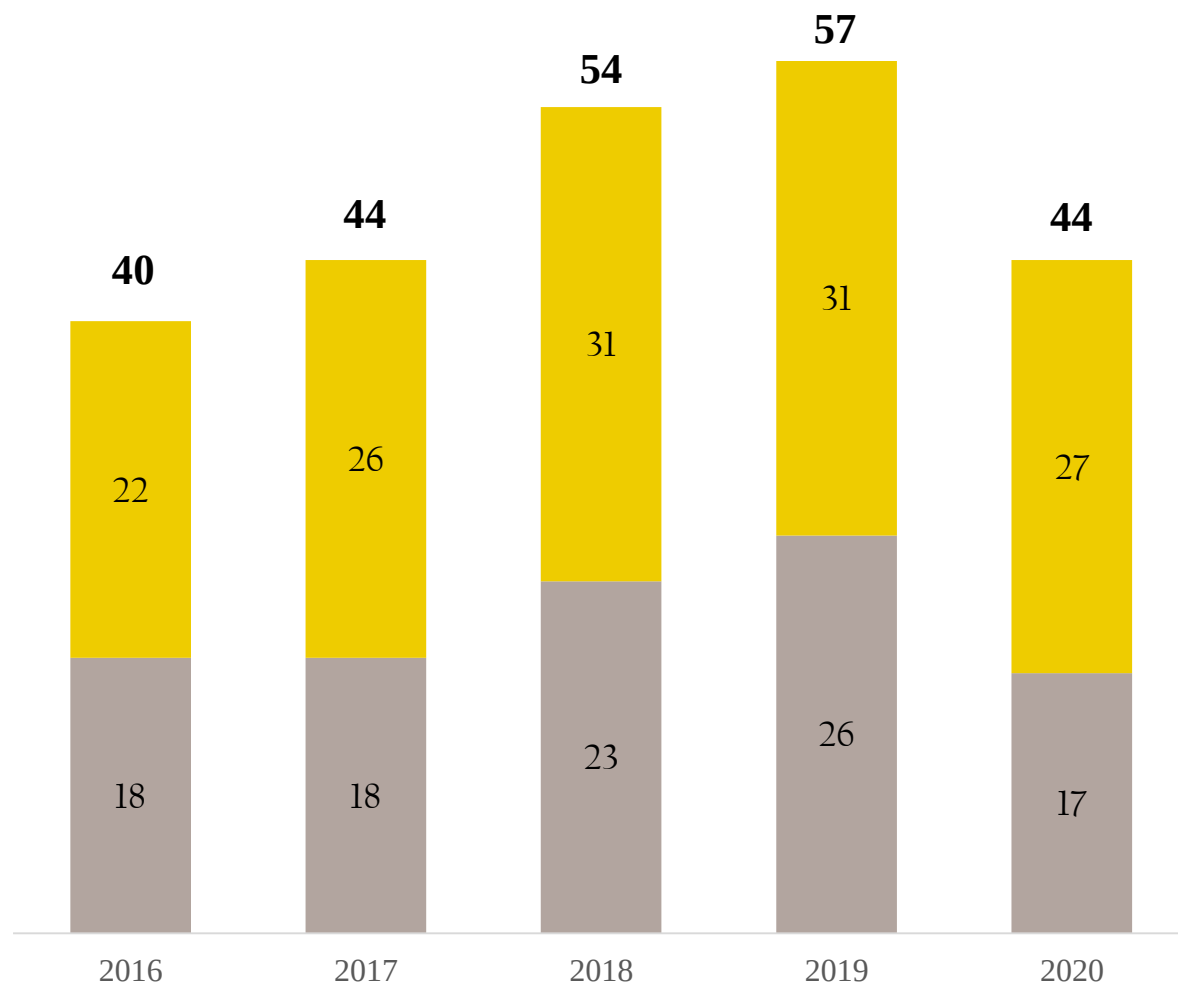
Maintaining High Dividend Payout

保持高派息比率

(HK cents)

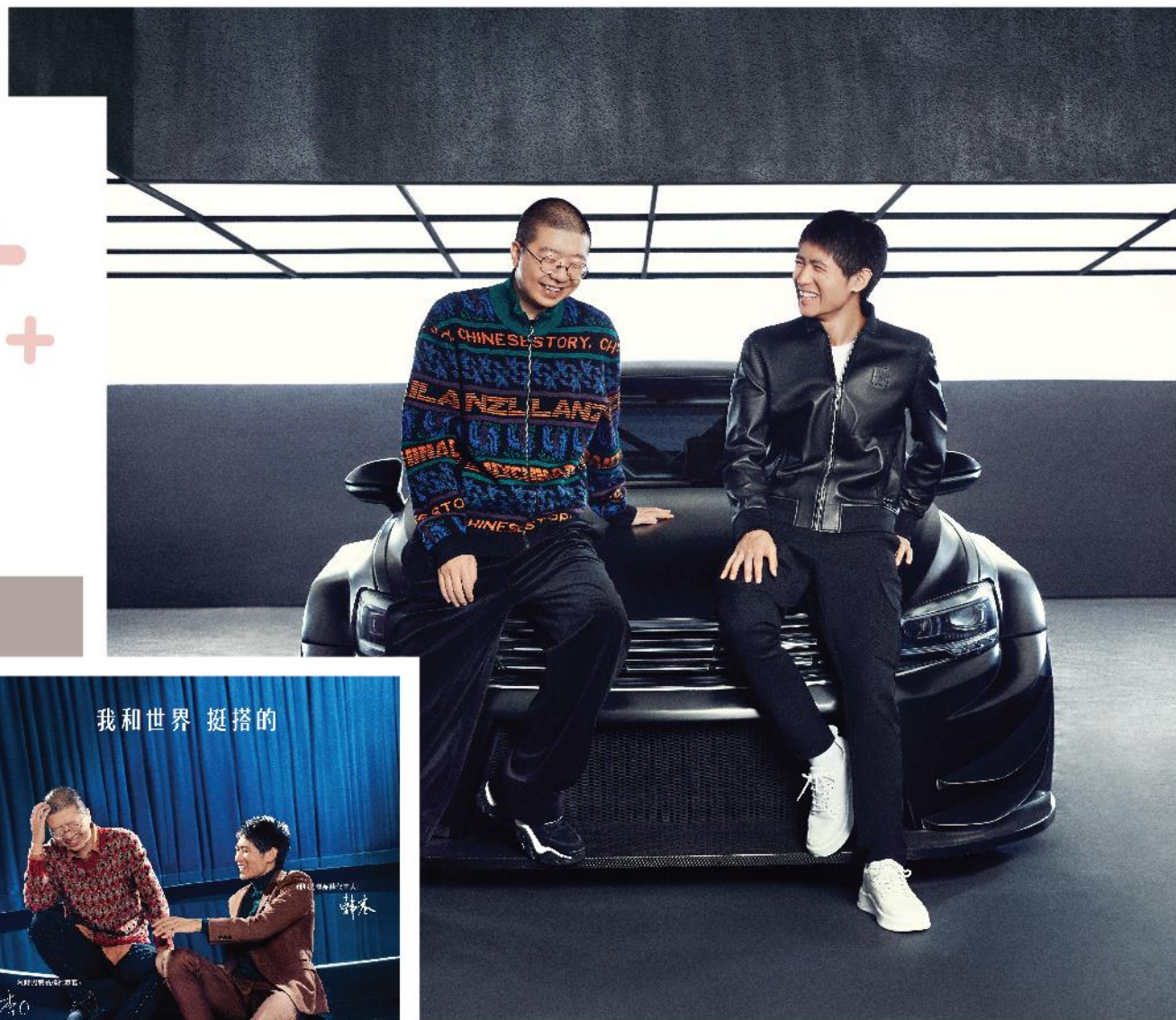
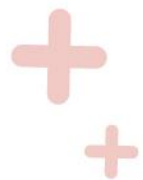
Dividends per share
每股派息

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

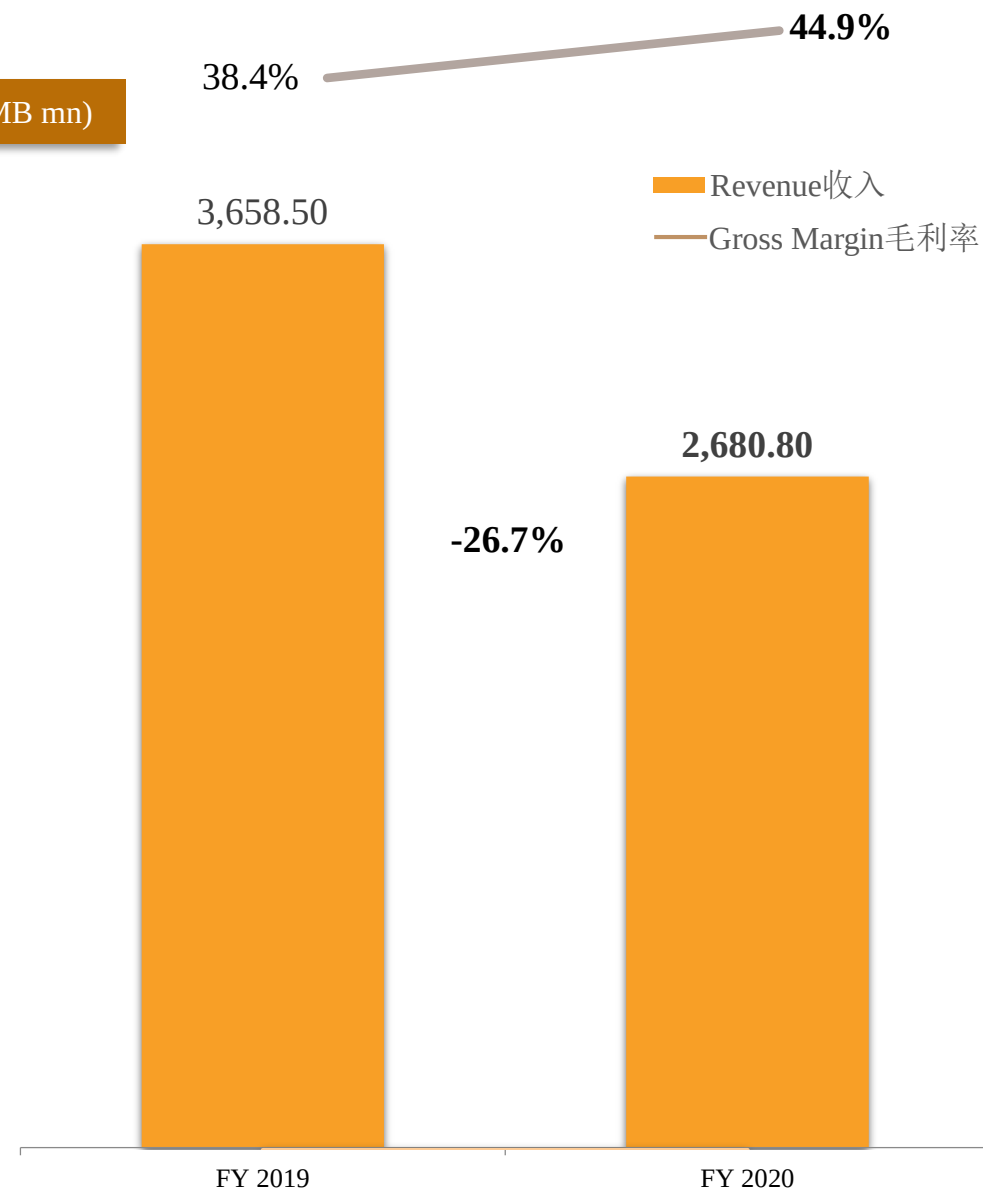


- Final dividend: HK19 cents per share and Special Final dividend: HK8 cents per share
- 末期股息每股：19港仙及特别末期股息每股：8港仙
- Interim dividend: HK12 cents per share and Special interim dividend: HK5 cents per share
- 中期股息每股：12港仙及特别中期股息每股：5港仙
- Total dividends for 2020: HK44 cents per share
- 2020年合共派息每股：44港仙

财务表现回顾 FINANCIAL REVIEW



Revenue and Gross Margin 收入及毛利率



Revenue Declined 收入减少

- Revenue decreased by 26.7% to HK\$2,680.8 mn after the provision for inventory buy-back of RMB390.0 million; excluding such provision, revenue down by 16.1% to RMB3,070.8 mn
- Revenue for smart casual collection recognised at retail value in 2H 2020
- Total retail sales for the year decreased by 10% to 15%
- Cancelled some S/S orders and reduced F/W pre-orders to facilitate destocking
- 收入减少26.7%至2,680.8百万元，金额已扣除库存回购拨备人民币390.0百万元；撇除该拨备，收入减少16.1%至人民币3,070.8百万元
- 轻商务系列2020下半年以零售值确认收入
- 全年总零售额下跌10%至15%
- 取消部分春夏季订单及降低秋冬季订单，以配合清理库存

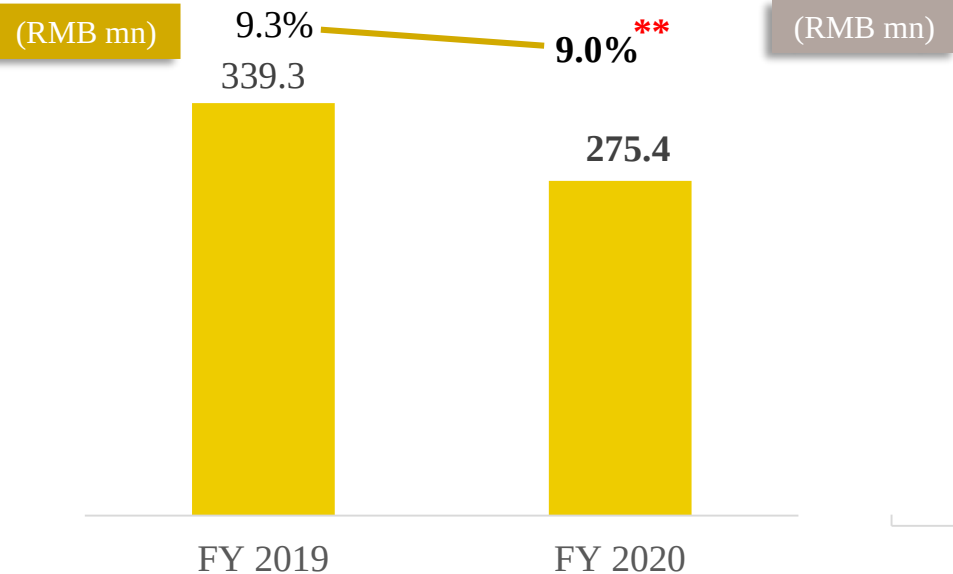
Higher Gross Margin 毛利率增长

- Gross profit margin was 44.9%, up by 6.5percentage points due to:
 - Proposed inventory buy-back at below normal wholesale price
 - Relatively low 2019 GP margin due to an one-off sales rebate
 - Retail GP margin of the smart casual collection in 2H 2020 was higher than that of wholesale
- 毛利率为44.9%，增加6.5个百分点原因：
 - 拟库存回购价较正常批发价低
 - 2019年毛利率因扣除一次性销售回扣而较低
 - 2020下半年轻商务系列零售毛利率较批发毛利率高

SD & A Expenses

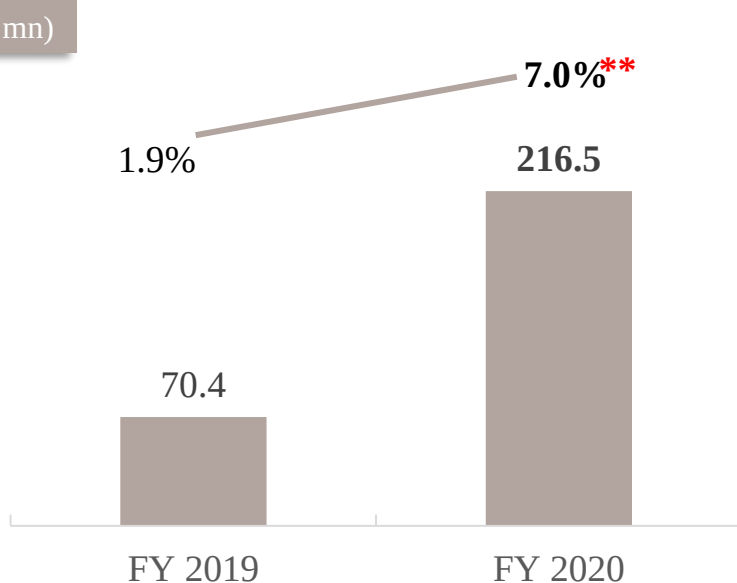
销售、分销及行政开支

Advertising and Promotional Expenses 广告及推广开支



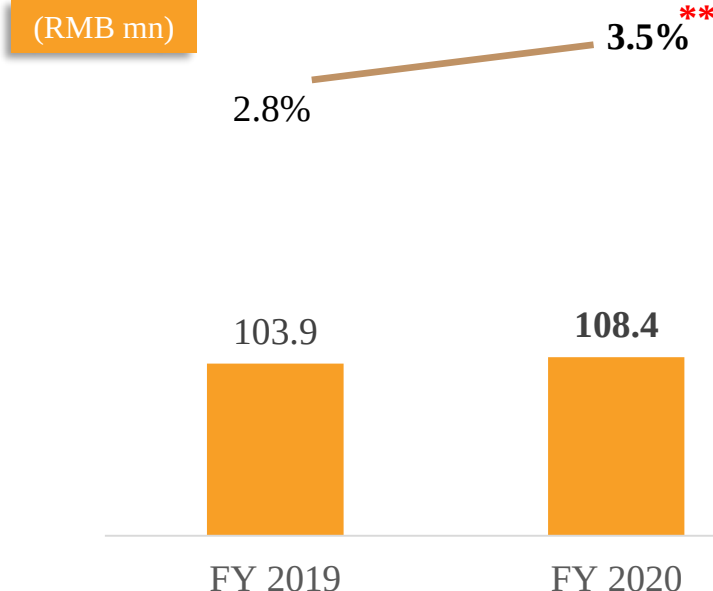
- Advertising expenses increased as there were more brand promotion activities in 2020
- Renovation subsidies decreased substantially as the number of store openings dropped
- Renovation costs for direct-retailing stores opened in 2H 2020 were capitalised as fixed assets
- 广告费用因2020年品牌推广活动增加而上升
- 装修补贴费用因开店数目下降而大幅减少
- 2020年下半年新增自营店铺装修成本资本化为固定资产

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



- The sharp increase was primarily attributable to the operating expenses of the stores of the smart casual collection after conversion to direct-retailing in 2H 2020
- 费用大幅增加主要由于轻商务系列于2020下半年转自营后的店铺经营费用

Administrative Expenses 行政开支



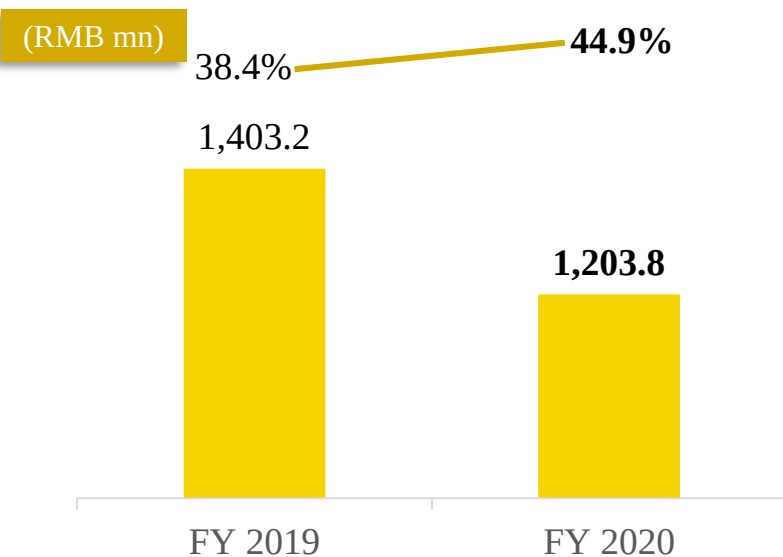
- Administrative expenses for 2020 included a loss allowance for trade receivables of RMB7.4 million
- 2020年行政开支包括应收贸易账款亏损拨备人民币7.4百万元

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

Profit & Margin

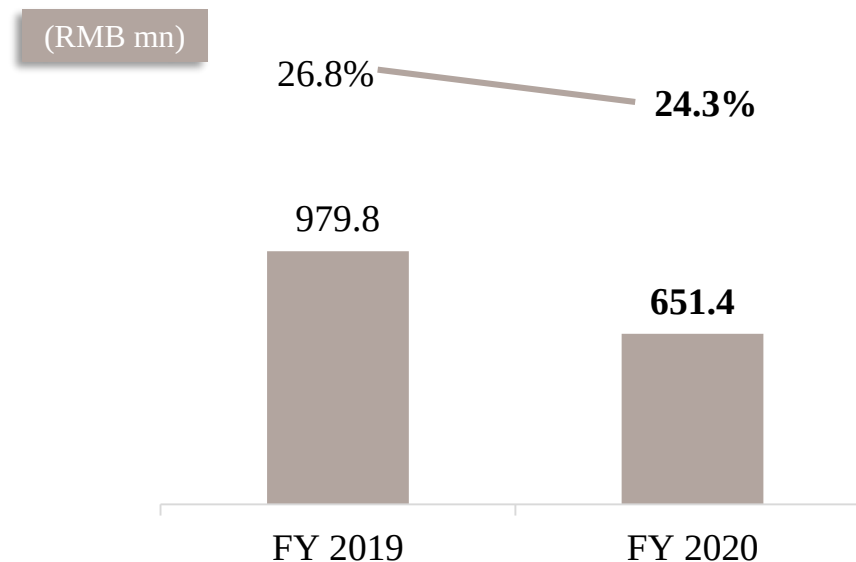
盈利及利润率

Gross Profit & Margin 毛利及毛利率



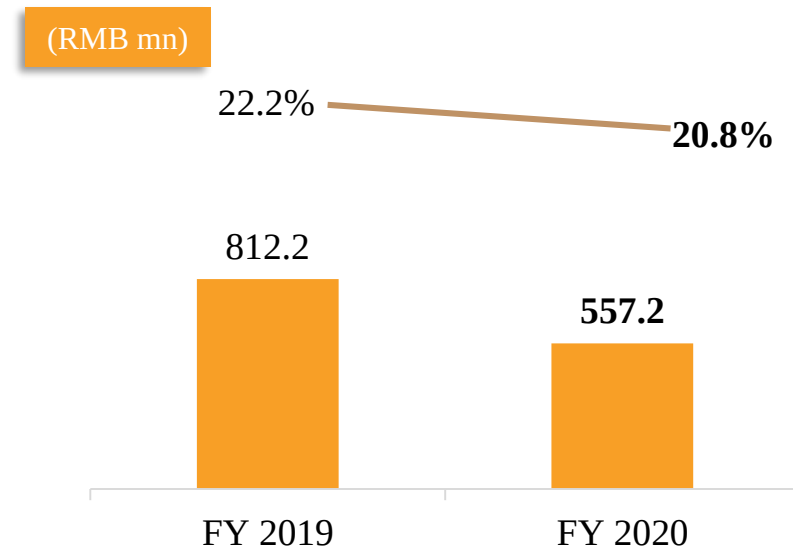
- GP margin up by 6.5 pp due to:
 - Proposed inventory buy-back at price below normal wholesale price
 - Relatively low 2019 GP margin due to an one-off sales rebate
 - Retail GP margin of the smart casual collection in 2H 2020 was higher than that of wholesale
- 毛利率增加6.5个百分点原因:
 - 拟库存回购价较正常批发价低
 - 2019年毛利率因扣除一次性销售回扣而较低
 - 2020下半年轻商务零售毛利率较批发毛利率高

Operating Profit & Margin 经营利润及经营利润率



- Operating profit was down by 33.5% due to the decrease in sales and the provision for inventory buy-back
- OP margin dropped by 2.5 pp mainly due to:
 - Higher selling expenses for the direct-retailing stores of smart casual collection in 2H 2020
 - Compensation of RMB50.8 mn paid to distributors i.r.o. the conversion of smart casual collection to direct-retailing
- 经营利润下跌33.5%，主要由于销售减少及库存回购拨备
- 经营利润率下跌2.5个百分点，主要由于:
 - 2020下半年轻商务自营店铺销售费用增加
 - 就转自营支付轻商务分销商人民币50.8百万元补偿金费用

Net Profit & Margin 净利润及净利润率



- Net profit was down by 31.4% due to the decrease in sales and the provision for inventory buy-back
- Effective tax rate down by 0.9 pp
- 净利润下跌31.4%，主要是由于销售收入减少、以及预提产品回购拨备所致
- 有效税率下跌0.9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)

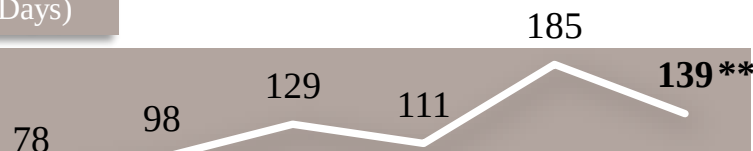


IH 2018 FY 2018 1H 2019 FY 2019 1H 2020 FY 2020

- Turnover days based on year-end balance was 75 days.
- AR balance reduced by 245.6 mn to RMB711.7 mn
- 按年末余额，周转天数为75天
- 应收贸易账款减少人民币245.6百万元至人民币711.7百万元

Average Inventory Turnover Days 平均存货周转天数

(Days)



IH2018 FY 2018 1H 2019 FY 2019 1H 2020 FY 2020

- Total inventory balance decreased by RMB22.2 mn to RMB667.1 mn,
- Smart casual collection: balance reduced as inventory control improved.
- Core collection: balance increased and included inventories of RMB60.2 mn resulting from 2020 S/S cancelled orders
- Inventories of about RMB309.1 mn subject to buy-back as part of the conversion of 1,388 core collection stores to consignment model in 2021 was included as other assets in the 2020 financial statements
- 总存货余额减少人民币22.2百万元至人民币667.1百万元
- 轻商务系列：库存管理提升，库存下降
- 主系列：包含取消2020春夏季订单所引致库存人民币60.2百万元，库存增加
- 2021年主系列1,388家店铺转代销拟回购库存约人民币309.1百万元在2020账上列作其他资产

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

(Days)



IH 2018 FY 2018 1H 2019 FY 2019 1H 2020 FY 2020

- There was no material change in the payment terms with suppliers.
- 供应商支付条款并没有重大变动

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

Cash Flow

现金流量

RMB mn 人民币百万元

FY 2020

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

773.3

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

(190.8)

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

(590.3)

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

(7.8)

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

(3.9)

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

1,738.9

Operating cash inflow 经营现金流入

- The major reconciling items with net profit for the year:
 - AR balance down by RMB245.6 mn
 - AP balance down by RMB107.4 mn
 - The effect of provision for inventory buy-back on net current assets
- 与年度净利润主要调节项目：
 - 应收贸易账款余额下降人民币245.6百万元
 - 应付贸易账款余额减少人民币107.4百万元
 - 库存回购拨备对净流动资产的影响

Investing cash outflow 投资现金流出

- Capex of RMB261.4 mn less interest income of RMB44.8 mn and the net proceed of RMB25.8 mn from the disposal of a subsidiary
- 资本开支人民币261.4百万元，扣减利息收入人民币44.8百万元、以及出售一附属公司的净所得款项人民币25.8百万元

Financing cash outflow 融资现金流出

- Payments of 2019 final dividends and 2020 interim dividends totalling RMB521.2 mn and lease rental payments totalling RMB67.4 mn
- 支付2019末期股息及2020中期股息共人民币521.2百万元 以及租赁付款共人民币67.4百万元

Healthy & Strong Cash Position

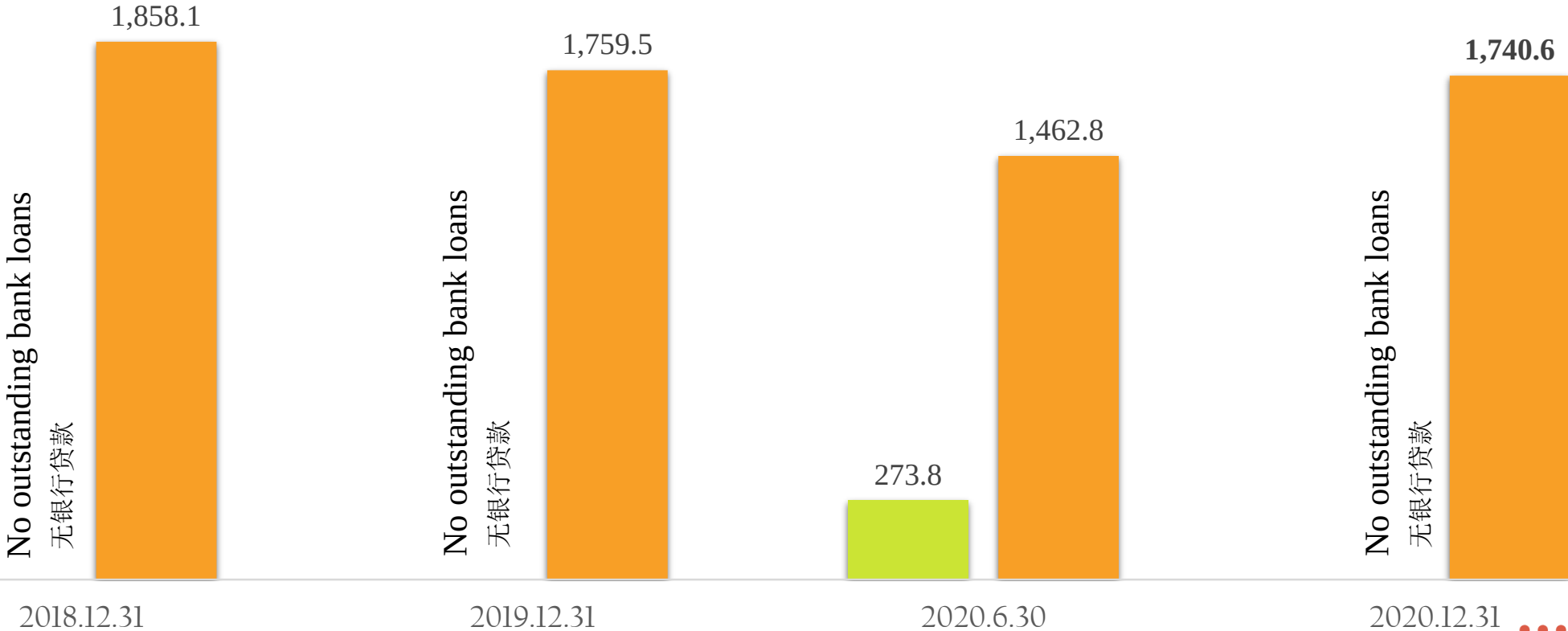
稳健的现金水平

(RMB mn)

Total Cash and Bank Balance

银行及现金结余

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

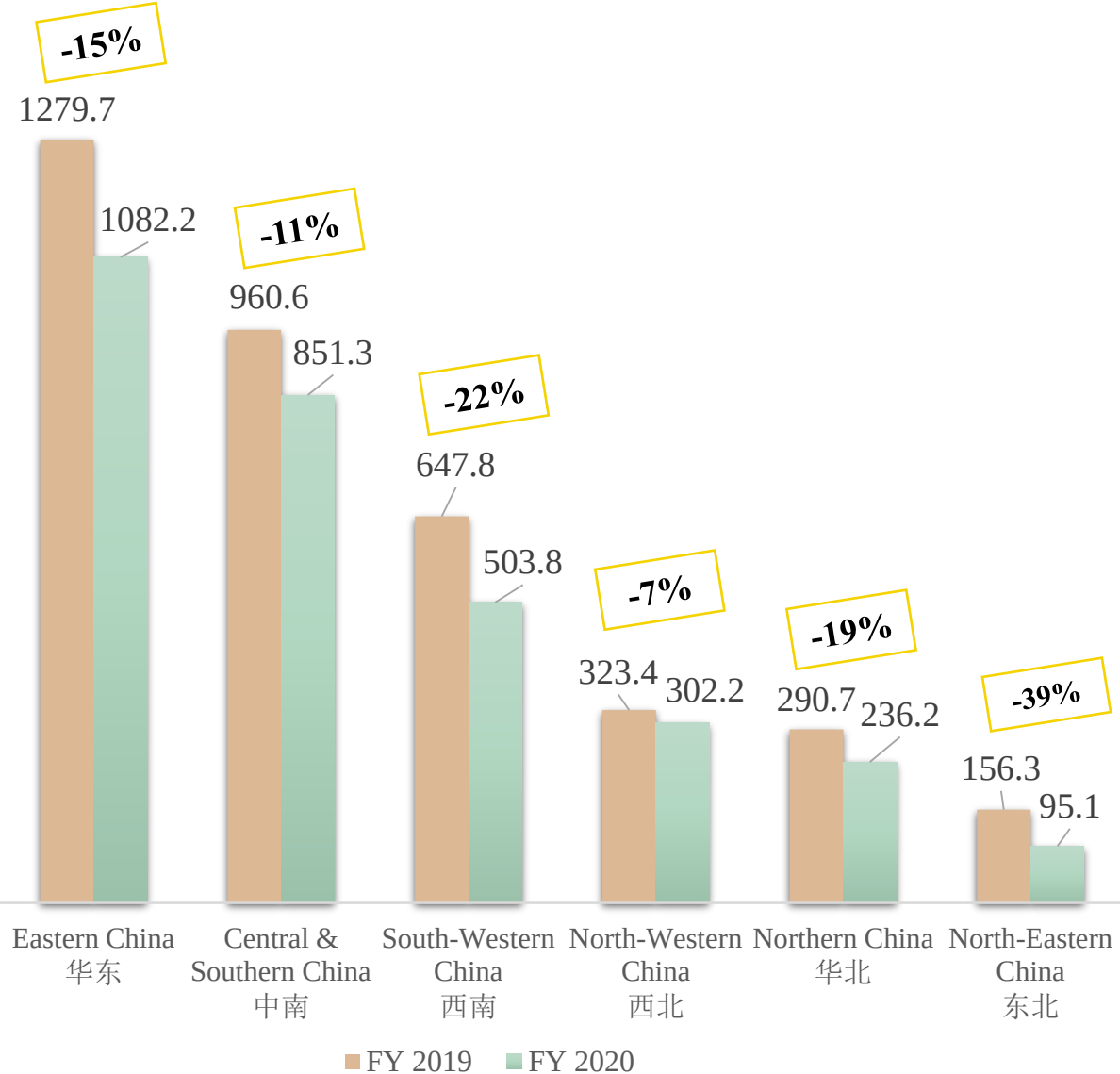


Sales Channel Management

销售渠道管理

Sales by region 各区销售 **

(RMB mn)



Store Count by Region 各区店铺数目

	2020-1-1	Opened 开店	Closed 关店	2020-12-31
Eastern China 华东	810	79	99	790
Central and Southern China 中南	714	83	70	727
South-Western China 西南	505	47	58	494
North-Western China 西北	288	20	37	271
Northern China 华北	299	34	39	294
North-Eastern China 东北	199	8	22	185
Total 总数	2,815	271	325	2,761
Total Retail Floor Space 总店铺面积 (sqm 平方米)	406,400			398,900 (-1.8 %)

** Before provision for inventory buy-back

Sales Channel Management (Con't)

销售渠道管理（续）

Enhanced control over sales channel: Converted smart casual collection to direct-retailing in 2H 2020

Optimized retail network:

- ✓ Closed underperforming stores and opened stores in carefully-selected quality shopping malls
- ✓ **Channel upgrade continued:** 807 stores in shopping malls, accounting for about 29% of total store count and about 32% of the total retail floor space
- ✓ Opened 36 outlet stores as recurring channel for inventory clearance

提升销售渠道控制: 2020下半年轻商务转为自营

优化零售网络:

- ✓ 关闭若干经营效益未如理想的店铺，同时继续谨慎挑选优质商场开设门店
- ✓ **继续提升渠道:** 购物商场店铺807家，占店铺总数目约29%，占总店铺面积约32%
- ✓ 开设36家奥特莱斯店作为常设库存清理渠道



Total store count as at 31 December 2020: **2,761**

➢ 2,466 core collection stores; 295 smart casual collection stores

于2020年12月31日总店数: **2,761**家

➢ 2,466家 主系列店铺; 295家轻商务系列店铺

自营

Direct-to-retail stores

Stores 门店

287

90

一级分销商 (+12)
Distributors

Stores 门店

1,348

747

二级分销商 (-21)
Sub-distributors

Stores 门店

1,126

+

286

-

315

25

Kept Channel Healthy

- Monitored store sales and inventory via ERP system
- Cancelled some 2020 S/S orders and reduced 2020 F/W pre-orders
- Organised online and offline promotions to accelerate destocking

- 透过ERP系统，监控店铺的销售及库存情况
- 取消主系列部分2020年春夏季订单，亦降低2020年秋、冬季订单
- 组织线上线下不同的促销活动加快清理库存

保持渠道健康

New Retail Business Development

新零售业务发展

- ① Opened stores in WeChat Mall
- ① Enlarged virtual inventory and increased sales efficiency of individual stores



- ① Placed ads on web portals & commissioned internet celebrities to promote products
- ① 利用门户网站卖广告、委聘网红推销

Organized various promotional activities to boost online customer traffic

推出不同推广活动
加强引流

Using WeChat as sales platform

利用微信作为销售平台

- ① 在微商城开设店铺
- ① 扩大单店的虚拟库存及增加销售效益

Online stores on major online shopping platforms

主要网上购物平台
设立网店

- ① Online store sales increased by more than 1.2 times
- ① 网店零售额增加超过1.2倍



Product Design, Development and Supply Chain Management

产品设计、开发及供应链管理

- **Adhere to personality-themed and original designs for products**

- Proportion of originally-designed products for the year : about target level of 70%
- Of which using proprietary fabrics: about target level of 50%

- **Strong research and development team:** about 450 members comprising international and local talents

- **Sustainable fashion initiatives:**

- launch an eco-friendly jeans collection in 2020 SS seasons that are made of blended fabrics of cotton yarn and polyester yarn extracted from recycled plastic bottles
- Adopt the latest washing technology in the washing process of jeans products to save labour and energy, and reduce water consumption



- **坚持产品的个性化设计及原创性**

- 年内产品原创比例：约70%（目标水平）
- 其中应用由集团开发独有面料比例：约50%（目标水平）

- **强大研发团队：**约450人，包含国际及本地研发人才

- **可持续时尚举措：**

- 于2020年的春夏季推出环保牛仔裤系列，面料由再生塑料瓶提取的涤纶纱以及棉纱混纺而成
- 在生产牛仔裤采用最新的洗水技术，且节省人力、用水及能源消耗



Marketing, Promotion & Awards

品牌管理、宣传及奖项

Launched a variety of brand promotional events which attracted extensive market attention and won multiple awards in the advertising industry:

推出多样化的品牌推广活动，引起市场的广泛关注，更获得广告界多个奖项：

New LILANZ brand ambassadors

新LILANZ品牌代言人

- Engaged two top artists, Han Han and Li Dan, as brand ambassadors
聘用韩寒和李诞为LILANZ品牌代言
- Brand promotion campaign through various channels (including placing ads on web portals, in airports and EMU) in Q4 2020
于第四季度在不同渠道（包括在网站、机场及动车摆放广告）作品牌推广



The promotion campaign was hailed as being among the “2020 Top 15 Best Commented Cases” by Advertising Gate APP
一连串广告宣传获广告门APP评为「2020年度口碑案例TOP 15」



推出不同联名产品

Launched various LILANZ crossover products

- Launched crossover products with China Daily, US graffiti artist Jean Michel Basquiat from the 1980s, etc

推出与中国日报、美国涂鸦艺术家巴斯奎特等联名产品



The promotional campaign for the LILANZ X CHINA DAILY products won the "Gold Case Award" and was accredited among the "Top 100 Branding Cases of the Year" in ADMEN International Award Presentation Ceremony

LILANZ X CHINA DAILY 联名产品推广在 ADMEN 国际大奖颁奖典礼上获「实战金案奖」及「品牌100年度案例」奖项



Marketing, Promotion & Awards (Con't)

品牌管理、宣传及奖项（续）

Continued to work with the Academy Award of Advertising Festival of Chinese College Students
继续参与中国大学生广告艺术节

- ◎ Solicited publicity plans and ideas for its brand and products from college students
征集大学生为集团品牌及产品设计的宣传方



The in-depth interactive communication in colleges i.r.o. the promotion of LILANZ as the business wear brand of the new generation won the "Brand Rejuvenation Award" and the "Top 10 Brand Rejuvenation Cases Award" in ADMEN International Award Presentation Ceremony

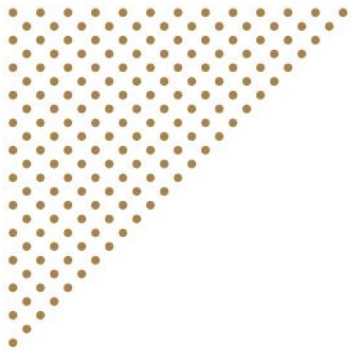
利郎新商务的品牌定位在校园深度互动式的传播在ADMEN国际大奖颁奖典礼上获得「品牌年轻化大奖」及「品牌年轻化十大案例奖」



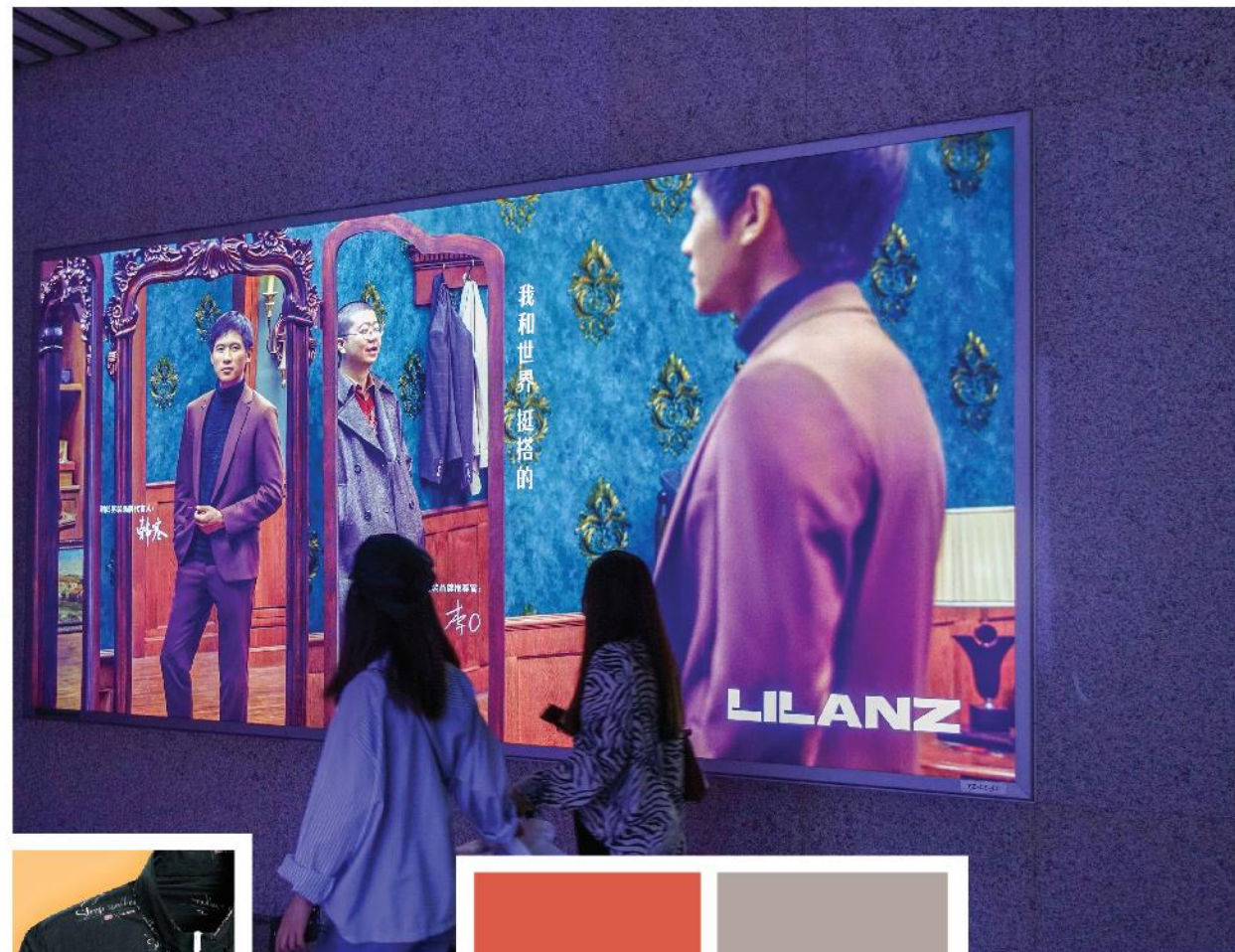
Other brand promotional events
其他品牌推广活动

- ◎ Sponsored the costumes of actors in an urban hit drama, "Who Says I Can't Get Married?"
赞助热剧《谁说我不结婚》演员服装
- ◎ Placed advertisements on web portals
利用门户网站卖广告
- ◎ Engaged internet celebrities to promote products online, etc.
委聘网红网上推销产品等





前景与策略 OUTLOOK & STRATEGY



Cautiously Optimistic, Expand in 2021 Prudently

审慎乐观，2021年稳健扩张

Target to add 100 to 150 stores in 2021

- ✓ **Continue channel upgrade** and open more stores in quality shopping malls
- ✓ Plan to **open more stores in outlet malls** as recurring channel for inventory clearance



Up 10% or more
增加一成以上



Total retail
sales target
2021
总零售目标

2021年目标增加100-150家店铺

- ✓ 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开店作为常设清理库存渠道



Further Strengthening the Management and Control of Retail Network

进一步加强零售网络管理及控制

Core Collection – Convert 1,388 stores to Consignment Model starting 2021 SS seasons

- ✓ Covering stores of selected **distributors with higher management capability** in Fujian, Shaanxi, Guizhou, Henan etc
- ✓ Accounting for **about 56%** of total core collection **stores** and **about 60% of sales** of core collection in 2020 before provision for inventory buy-back
- ✓ **Objectives:**
 - **Strengthening inventory management** as inventory transfers become flexible and buffer inventory for individual stores could be reduced
 - Help to **improve sales efficiency with expanded virtual inventories**
 - Continue to **leverage the retail management talents of distributors** while using the **Group's financial resources to accelerate channel upgrade in particular regions**
- ✓ **To increase wholesale prices** to cover inventory risk

New Retail Business – Convert to self-operation

- ✓ **Convert online stores to self-operating stores**
- ✓ **Objectives:**
 - Enhance **management and control**
 - Facilitate the **launch of more special edition products online**
- ✓ Plan to launch **eco-friendly special edition products** online in F/W collections
- ✓ **Stores in Wechat Mall** complementing the physical stores to increase sales efficiency

主系列 – 1,388家店自2021春夏季改用代销模式

- ✓ 经过挑选、管理能力较高的分销商店铺，涵盖福建、陕西、贵州及河南等地区
- ✓ 占主系列店铺总数约**56%**，占2020主系列销售（库存回购拨备前）约**60%**
- ✓ 目的：
 - 货品可以灵活调配、降低单店备货量、提升库存管理
 - 扩大店铺虚拟库存，有助提升店效
 - 继续利用分销商的零售管理人才的同时，配合集团的财务资源，加快在个别地区的渠道转型
- ✓ 将会调高批发价以弥补库存风险

新零售业务 – 改为自营模式

- ✓ 网店改为自营
- ✓ 目的：
 - 提升**控制及管理**
 - 方便**推出更多网上特别版产品**
- ✓ 计划秋、冬季推出**环保系列特别版产品**在网上销售
- ✓ **微商城店铺**与实体店互补，增加销售效益

Prudent & Flexible Operation Strategy

审慎而灵活的经营策略

Brand Promotion

- ✓ To carry out **various activities** in **various channels** to promote products and LILANZ brand
- ✓ **Continue** to launch **crossover products** with China Daily or other IP
- ✓ Plan to **roll-out the 7th-generation store image** for the core collection to cover **about 500 existing stores** in 2021
- ✓ Plan to launch a new store image for the smart casual collection in 2H 2021

Product Positioning

- ✓ Continue with the strategy of “**providing products of excellent value-for-money**”
- ✓ The gradual **enhancement of fashion and design elements of the smart casual collection** will be completed in the 2021 SS seasons, and is **expected to improve profitability** of the collection.



品牌推广

- ✓ 将在**各个渠道**推出**不同的活动推广产品**及LILANZ品牌
- ✓ **继续**与中国日报等推出**联名产品**
- ✓ 主系列**第七代店铺装修**工作将陆续推广至现有门店，计划在2021年装修**约500家现有店铺**
- ✓ 轻商务亦计划在2021年下半年推出**新店铺形象**



产品定位

- ✓ 继续执行“**提供物超所值产品**”的策略
- ✓ 逐步提升轻商务系列**时尚度和设计感**的工作于2021年春夏季完成，有望提高轻商务的**利润率**



Construction of the New Headquarters and New Logistics Park

兴建新总部及新物流园



- The new headquarters in Fujian has begun operation in February 2021, providing a new step for the development of the Group.
- 位于福建的新总部已于二零二一年二月正式启用，为集团的发展提供一个新的台阶

- Phase I of the new logistics park is targeted for opening in the second half of 2021, which will facilitate better inventory management of the Group.
- 新的物流园第一期的目标于二零二一年下半年开始营运，将更能配合集团提升库存管理





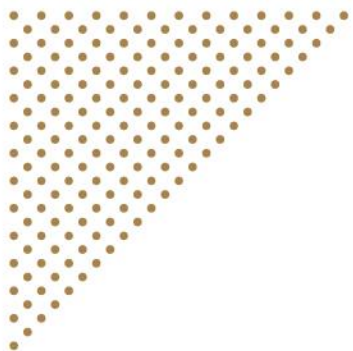
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