

LILANZ

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

2022 Interim Results 中期业绩

LESS IS MORE



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

01



Results Highlights 业绩亮点

2022 Interim Results affected by COVID-19 and Business Transformation

二零二二年中期业绩受疫情及经营模式转变影响

Revenue Up by 3.2% to RMB 1,397.8 mn
收入增加3.2%至人民币1,397.8百万元

Net Profit down by 5.3% to RMB 257.0 mn; EPS Down by 5.3%
净利润减少5.3%至人民币257.0百万元；每股盈利减少5.3%

Retail sales through online channel slightly increased by about 1% to about RMB 229 mn
网上渠道促成零售额轻微增加1%至约人民币229百万元

Core Collection and Smart Casual Stores decreased by 73 and 33 stores to 2,361 and 266 stores respectively at period end
主系列和轻商务门店分别减少73家和33家，到期末分别有2,361和266家门店

In 1H 2022, total retail sales of LILANZ products achieved low-single-digit growth YOY
二零二二年上半年「LILANZ」产品的总零售额同比录得低单位数增长



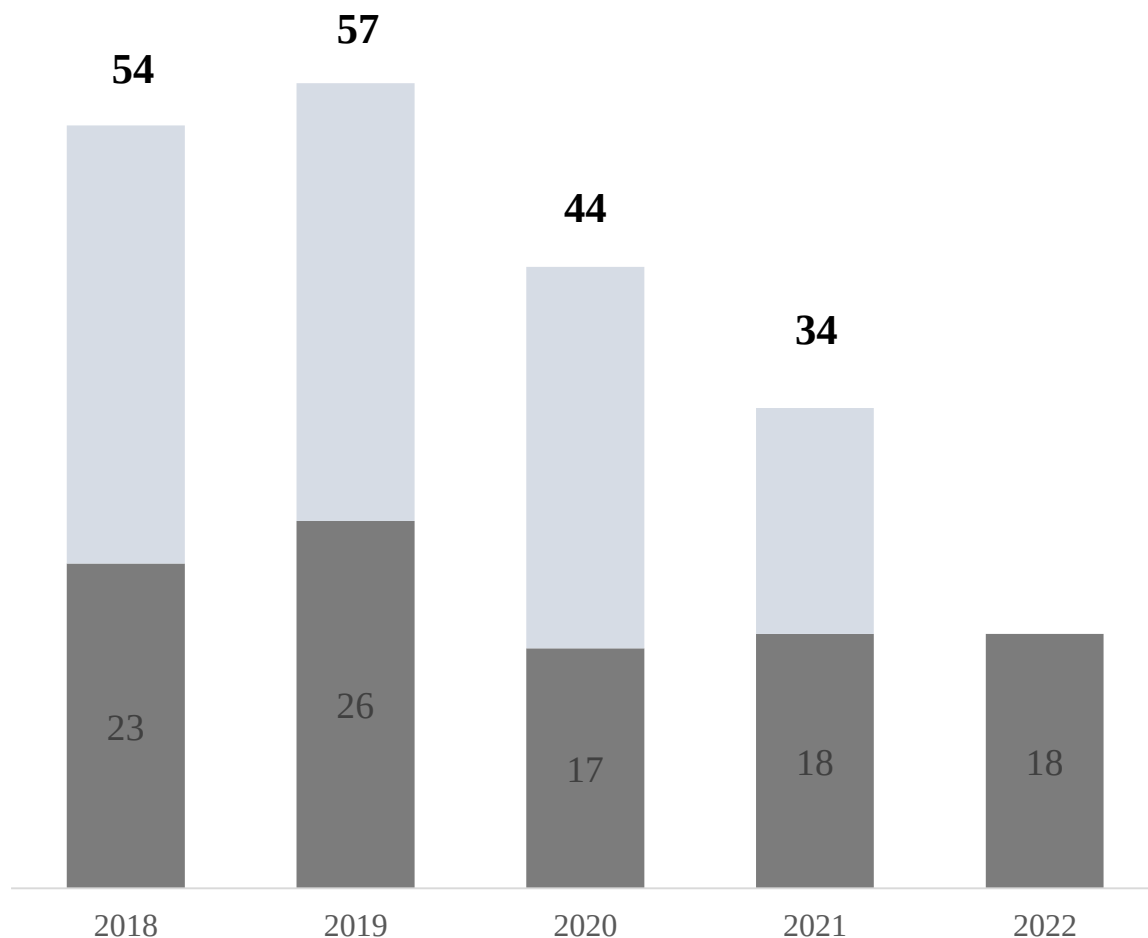
Maintaining Relatively High Dividend Payout

保持较高派息比率

(HK cents)

Dividends per share
每股派息

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



- ▶ Interim dividend: HK13 cents per share and Special interim dividend: HK5 cents per share
- ▶ 中期股息每股：13港仙及特别中期股息每股：5港仙

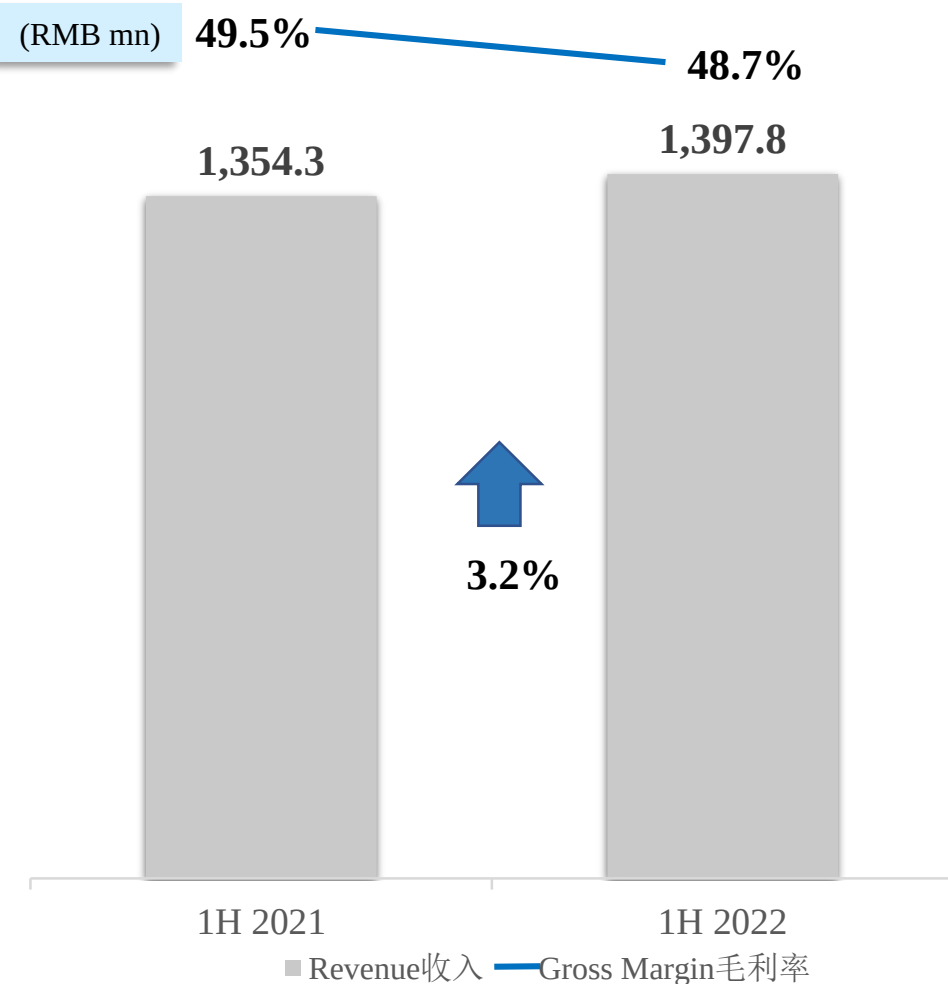


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Financial Review 财务表现回顾

Revenue and Gross Margin

收入及毛利率



Revenue 收入

- Revenue up by 3.2% to RMB1,397.8 mn
 - Core collection: Sales revenue surged for the Core Collection. The point of sales recognition of about 40% of the stores was delayed after switching to consignment model, and thus, part of the sales revenue in the end of last year recorded in this period.
 - Smart casual collection: Sales revenue decreased for the Smart Casual Collection. More than half of its sales came from the Eastern region, where was deeply affected by the outbreak of COVID-19 variant during the period.
- 收入上升3.2%至1,397.8百万元
 - 主系列：主系列录得销售增长，约40%店铺转代销后，销售确认时间点推迟，因此部分去年年底的销售收入于本期间入账
 - 轻商务系列：轻商务系列录得销售跌幅。由于超过一半的销售来自于华东地区，而该区期内受到新冠变种病毒爆发的严重影响。

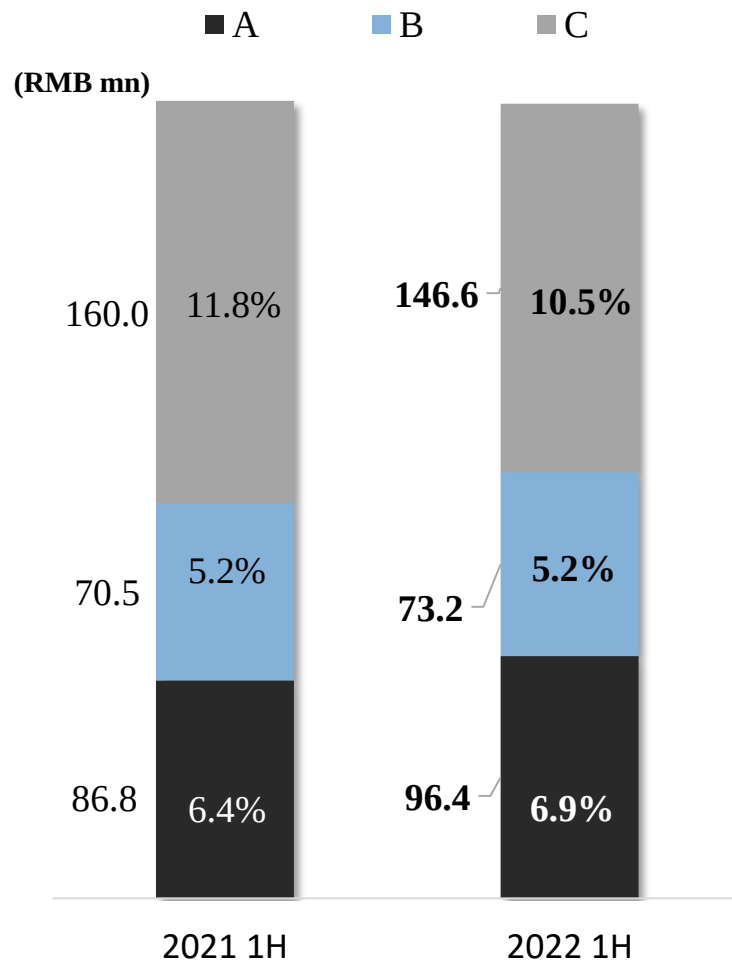
Gross Margin 毛利率

- GP margin slightly down by 0.8 pp to 48.7%
 - GP margin of Core Collection is lower than the Retail GP margin of the Smart Casual Collection. Increase in sales mix of Core Collection will lower the overall GP margin.
 - Increased markup rate of particular products based on product design and market competitiveness
- 毛利率为48.7%，同比轻微降低0.8个百分点
 - 主系列毛利率较轻商务零售毛利率低。主系列销售占比上升拉低整体毛利率。
 - 按产品设计、市场竞争力提高个别产品的加价率

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 RMB316.2 mn, down by RMB1.2 mn yoy:

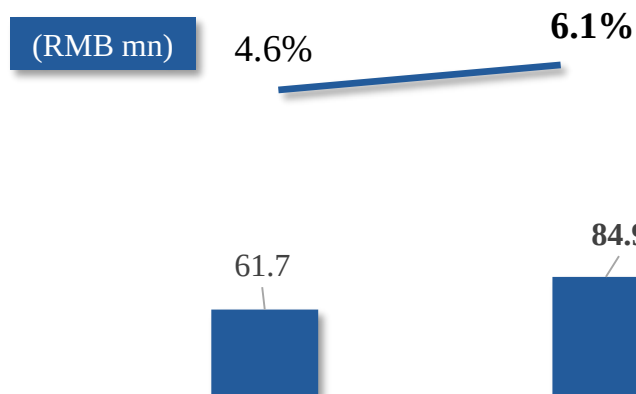
- A. Advertising and renovation subsidy expenses accounted for 6.9% to revenue which is similar to 2021
- B. Other Selling and expenses comprised mainly salaries, renovation and distribution expenses, accounted for 5.2% to revenue, which is similar to 2021
- C. Self-operated stores operating expenses for smart casual collection and online store, accounted for 10.5% to revenue, down by 1.3p.p. It included store rental, property management fee, salaries and online platform charges. Decrease reflects shutdown of several smart casual retail stores during the period.

销售及分销开支总计316.2百万，同比减少1.2百万元

- A. 广告及装修补贴费用占收入6.9%，跟2021年相约
- B. 其他销售及分销开支费用占收入5.2%，跟2021年相约
- C. 轻商务和网店自营店营运费用占收入10.5%，下跌1.3个百分点。包括门店租金、物业管理费、工资及电商平台费。下跌由于期内若干零售门店暂停营业。

Administrative Expenses

行政开支

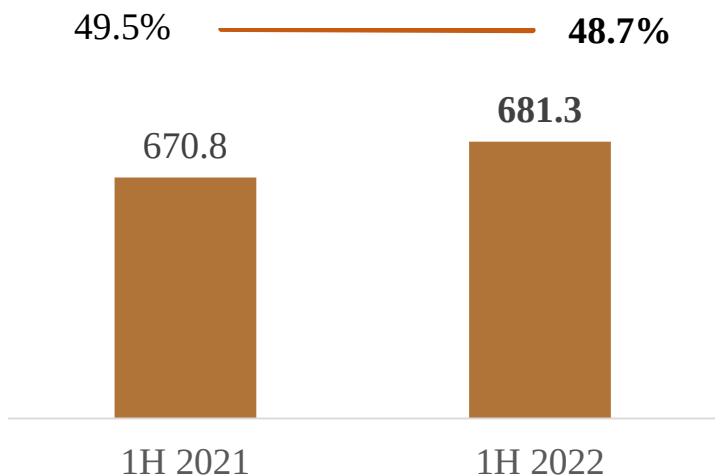


- Administrative expenses amounted to RMB84.9 mn, up by RMB23.2 mn yoy
- The increase was due to the additional depreciation and renovation expenses incurred for the operation of the headquarters and the creative park
- The impairment losses for accounts receivable and the relevant right-of-use assets for certain under-performing smart casual collection stores
- 行政开支总计84.9百万，同比增加23.2百万元
- 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
- 为应收账款及个别轻商务亏损的门店就有关使用权资产作减值损失

Profit & Margin 盈利及利润率

Gross Profit & Margin 毛利及毛利率

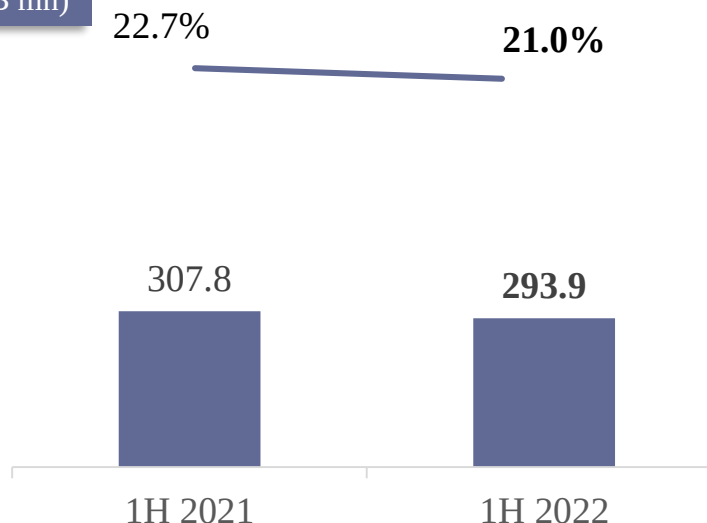
(RMB mn)



- GP margin slightly down by 0.8 p.p. due to:
 - Higher proportion of sales from Core Collection which has lower GP margin
- 毛利率轻微减少0.8个百分点，原因：
 - 较低毛利率的主系列销售占比提高

Operating Profit & Margin 经营利润及经营利润率

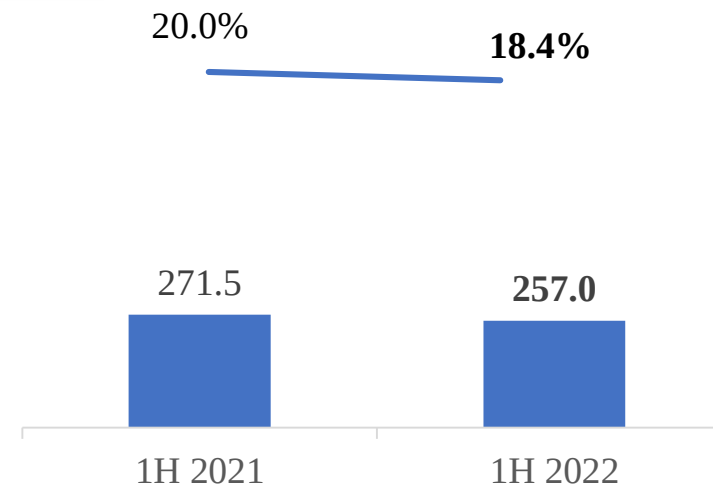
(RMB mn)



- OP margin down by 1.7 p.p. to 21.0% , due to:
 - Decrease in GP margin
 - Increase in administrative expenses
- 经营利润率下降1.7个百分点至21.0%，原因：
 - 毛利率下跌
 - 行政开支增加

Net Profit & Margin 净利润及净利润率

(RMB mn)

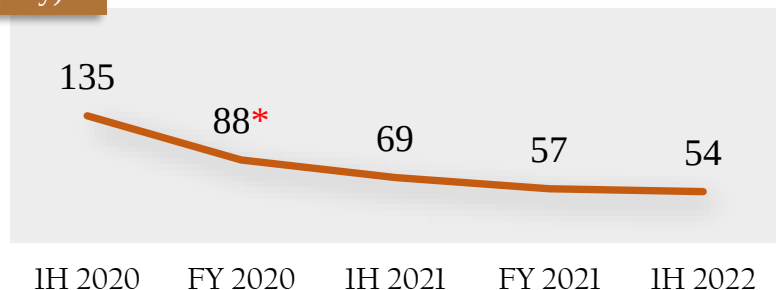


- NP margin down by 1.6 p.p. to 18.4%
 - Decrease in GP margin
 - Increase in administrative expenses
- 净利润率下降1.6个百分点至18.4%
 - 毛利率下跌
 - 行政开支增加

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)

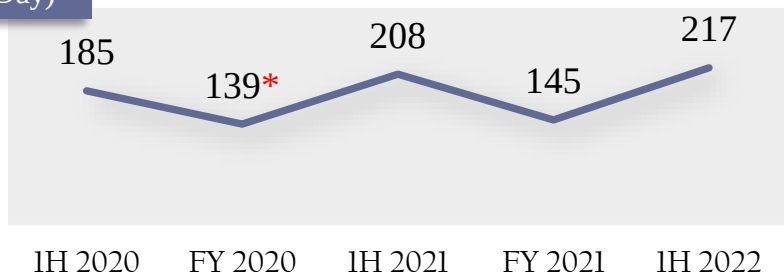


- Turnover days reduced as sales revenue reduced in Q2
- At 30 June 2022, AR provision of RMB17.4 mn was made
- 第二季度销售收入减少，周转天数下降
- 于2022年6月30日，已计提应收贸易账款拨备人民币17.4百万元

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

Average Inventory Turnover Days 平均存货周转天数

(Day)



- Inventory balance down by RMB67.5 mn to RMB826.2 mn.
- Inventory balance of core collection increase due to delayed launch of 2022 Fall items.
- Inventory balance of smart casual collection continued to improve
- At 30 June 2022, inventory provision of RMB114.7 mn was made
- 存货余额减少人民币67.5百万元至人民币826.2百万元。
- 主系列库存由于推迟发布2022年秋季产品
- 轻商务库存余额持续改善
- 于2022年6月30日已计提库存拨备人民币114.7百万元

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

(Day)



- AP balance down by RMB141.9 mn
- Production and delivery schedules of some of the products have been adjusted backward because of inventory management enhanced as a result of mutual exchange of inventory and strengthened control over channel
- 应付贸易账款余额减少人民币141.9百万元
- 随着实现库存共享及加强渠道控制，库存管理提升，部分产品的生产及发货时间表向后调整

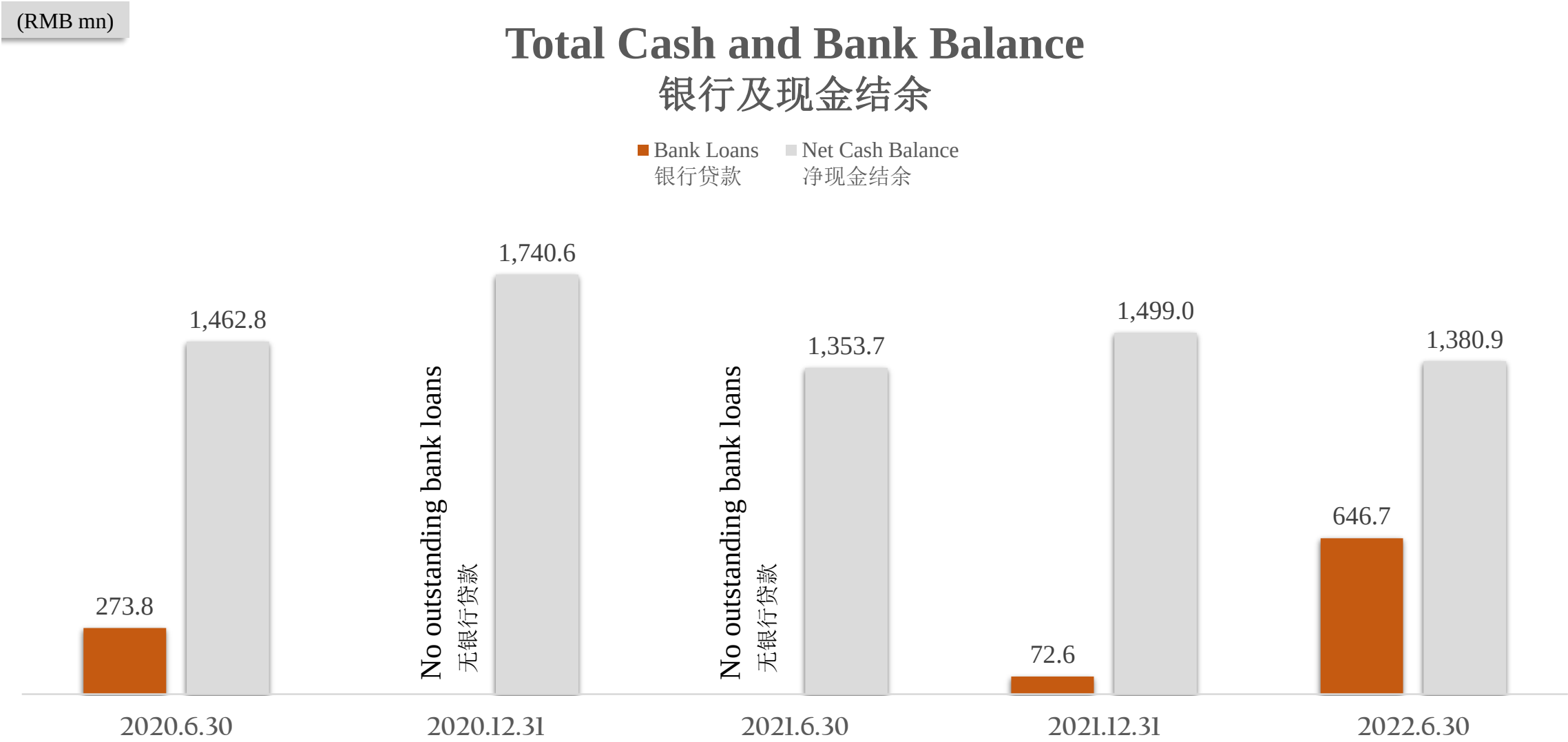
Cash Flows

现金流量

RMB mn 人民币百万元	1H 2022	Operating cash inflows 经营现金流入
Net cash generated from operating activities 经营活动现金流入	246.7	- Major reconciling items with net profit for the period: - AP balance down by RMB190.1 mn as control over channel and inventory management enhanced, production and delivery schedules for some of the products have been adjusted backward - 与期内净利润主要调节项目: - 应付贸易账款余额减少人民币190.1百万元。渠道控制及库存管理提升, 部分产品的生产及发货时间表向后调整
Net cash used in investing activities 投资活动现金流出	(504.3)	Investing cash outflows 投资现金流出
Net cash generated from financing activities 融资活动现金流入	367.8	- CAPEX of RMB231.9 mn and placement of time deposit of RMB300.0 mn - 资本开支人民币231.9百万元及开立定期存款人民币300.0百万元
Net increase in cash and cash equivalents 现金及现金等价物增加净额	110.2	Financing cash inflows 融资现金流入
Cash and cash equivalents as at 1 Jan 于1月1日现金及现金等价物	1,571.6	- New bank loans totalling RMB575.5 mn. Payment of 2021 final dividends RMB163.3 mn and capital and interest elements of lease rentals paid totalling RMB40.3 mn - 新增银行借款人民币575.5百万元。支付2021末期股息人民币163.3百万元, 以及已付租金之本金及利息共人民币40.3百万元
Effect of foreign exchange rate changes 外币汇率变动的影响	(0.7)	
Cash and cash equivalents at 30 Jun 于6月30日现金及现金等价物	1,681.2	

Healthy & Strong Cash Position

稳健的现金水平



03

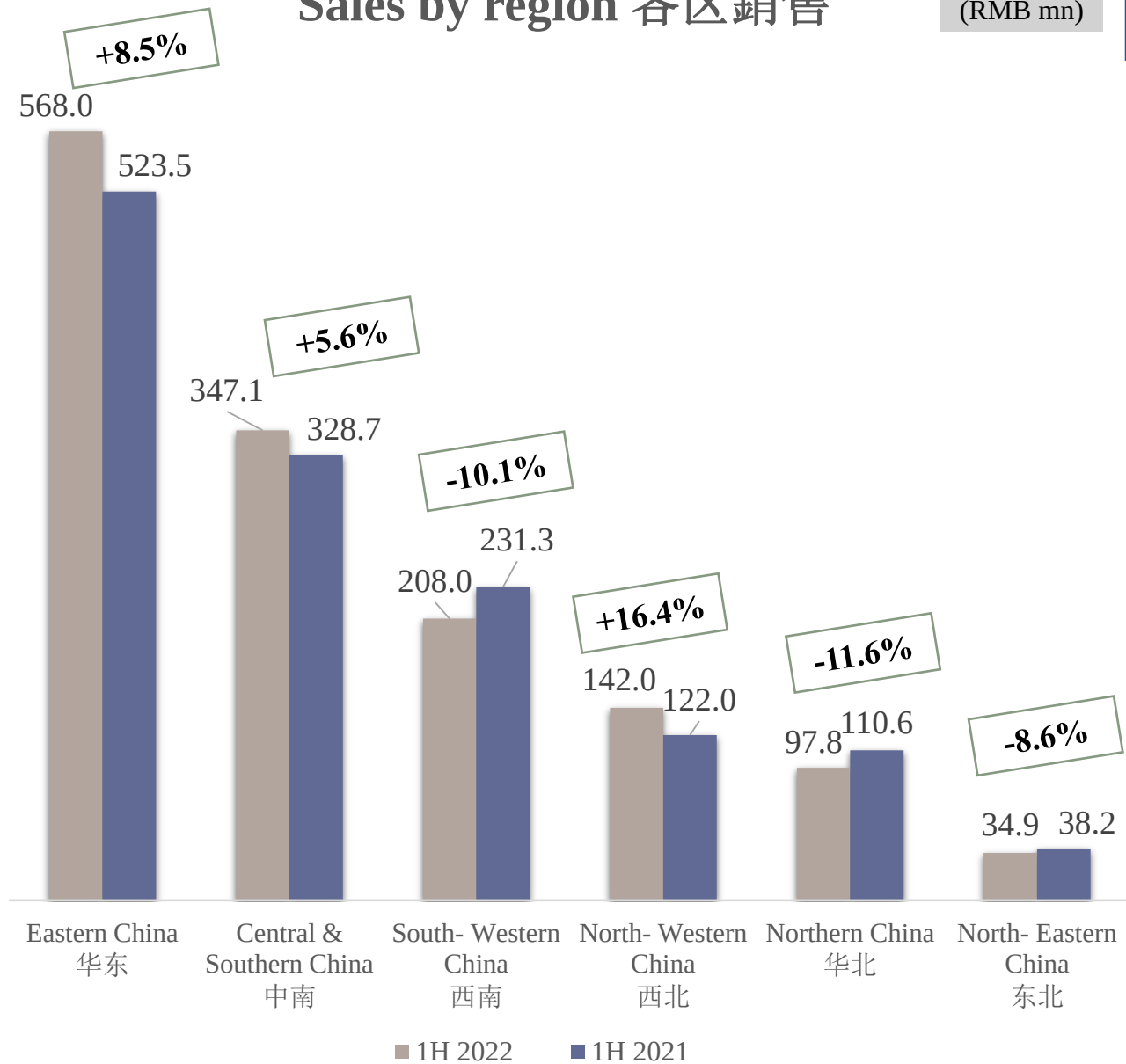
Business and Operational Review 业务及营运回顾

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

	2022-1-1	Open 开店	Close 关店	2022-6-30
Eastern China 华东	784	23	80	727
Central and Southern China 中南	736	31	57	710
South-Western China 西南	508	18	23	503
North-Western China 西北	275	13	20	268
Northern China 华北	272	7	18	261
North-Eastern China 东北	158	3	3	158
Total 总数	2,733	95	201	2,627
Total Retail Floor Space 总店铺面积 (sqm 平方米)	404,020			393,597 (-2.6%)

Sales Channel Management (Con't)

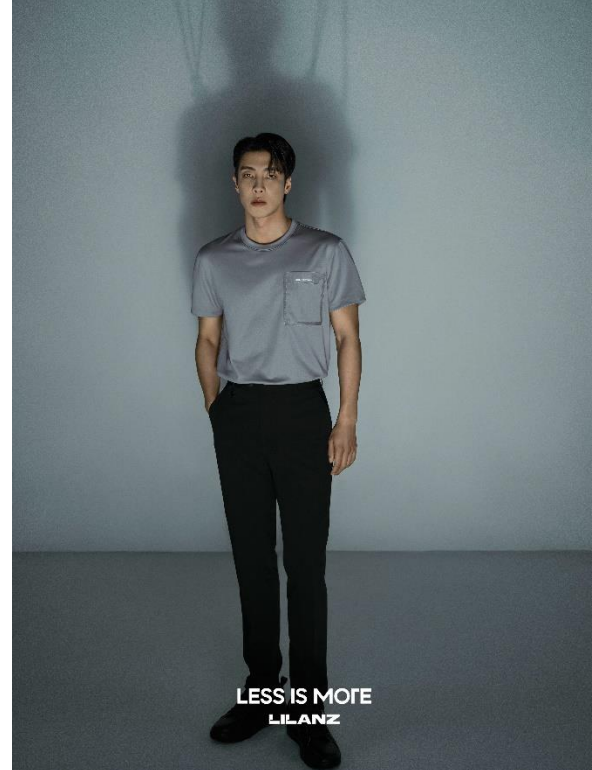
销售渠道管理（续）

✧ Optimised retail network:

- ✓ Closed underperforming stores and opened stores in carefully-selected quality shopping malls
- ✓ Store network and display space enhancement of the smart casual collection in various regions by stages
- ✓ Rolling out the 7th generation store image to existing core collection stores
- ✓ **Channel upgrade continued: 818 stores** in shopping malls, accounting for about **31%** of total store count and about **33%** of the total retail floor space

✧ 优化零售网络:

- ✓ 关闭低效店铺，同时继续谨慎挑选优质商场开设门店
- ✓ 轻商务分阶段优化店铺网络及店铺陈列空间，上半年完成位于西安、郑州的店铺整改
- ✓ 主系列开始推广第7代店铺装修至现有店铺，上半年完成约100家店铺
- ✓ **持续提升渠道**：购物商场店铺超过818家，占店铺总数目约31%，占总店铺面积约33%



Total store count as at 30 June 2022: **2,627**

➢ **2,361** core collection stores; **266** smart casual collection stores

于2022年6月30日总店数：**2,627** 家

➢ **2,361** 家 主系列店铺；**266** 家轻商务系列店铺



Enhancing Inventory Management

- Sell-through rate of the 2022 SS collections has decreased by around 10 points due to resurgence of the Pandemic from March to May
- Inventory level of smart casual collection decreased continuously while that of core collection increased due to delay in launch of Spring collections

提升库存管理

- 今年三到五月受到疫情再度蔓延影响，2022年春夏季产品售罄率下降10个百分点左右
- 轻商务库存水平持续下降；而主系列库存受到个别秋季产品延迟推出而增加。

New Retail Business Development

新零售业务发展



Actively Promote Business of Using the WeChat Platform

积极推动利用微信平台的业务

- Use WeChat platform to provide customer relationship management service
- Capitalise on the complementary advantages of online and offline services to drive store efficiency growth
- 通过利用微信平台提供顾客关系管理服务
- 微商城业务有助发挥线上线下互补的优势，有助店效提升



- Promotional sales online and e-commerce live streaming were more flexibly organized
- Delivery logistic was hampered by Pandemic
- The retail sales value of online stores slightly up by 1% YOY
- 更灵活推出产品网上促销、直播带货等推广活动
- 期内物流运输受到防疫措施影响
- 网店零售额同比较轻微增加1%

Online Stores Converted to Direct-to-Retail Model

网店改为自营



Added More New Products for Online Sales

增加推出新产品在网店销售

- Launched new special edition of pants products for online stores during the 618 shopping festival
- Produced swiftly in-house by adding 7 production lines for small batch orders
- 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



Product Design, Development and Supply Chain Management

产品设计、开发及供应链管理



- 坚持产品的个性化设计及原创性
 - 上半年：产品原创比例维持约70%
 - 2022夏季：预期可进一步提升至约75%
- 按产品设计及市场竞争力提高产品加价率
 - 提升轻商务系列产品的时尚度及设计感
 - 在执行「提供物超所值产品」策略的同时，按产品设计、市场竞争力提高个别产品的加价率
- 增加推出快款产品的能力
 - 积极开发新的供应商，提供快款物料，配合集团自设厂房的快速小批量生产能力，可以在电商渠道推出快款产品
- 强大研发团队
 - 约522人，包含国际及本地研发人才



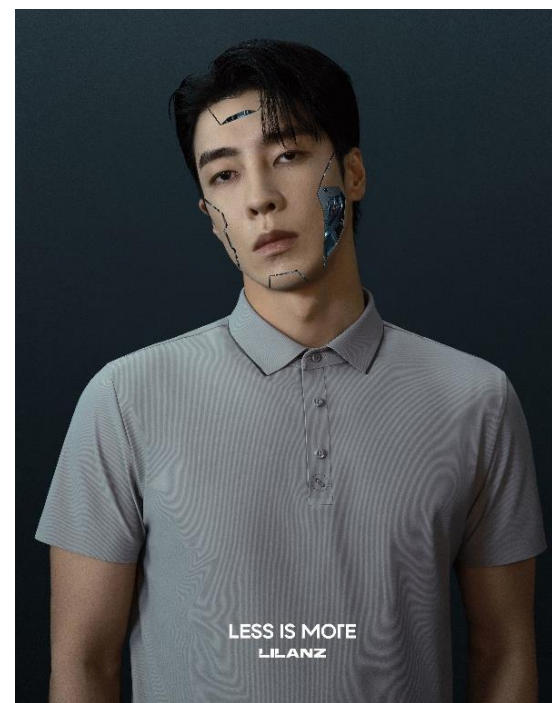
- Adhere to the personality-themed and original designs of products
 - 1H 2022: the proportion of originally designed products was maintained at about 70% among products sold
 - 2022 summer collection: expected to be further increased to around 75%
- Increased products' markup rate based on product design and market competitiveness
 - Upgrade of the fashion elements and design of products of the smart casual collection
 - While adhering to the strategy of providing products that represent excellent value-for-money, increased products' markup rate based on product design and market competitiveness
- Adding fast-developed products capability
 - Developing new suppliers in sourcing materials for fast-developed products, able to launch more fast-developed products online with in-house production capability to produce small batch orders swiftly
- Strong research and development team
 - About 522 members comprising international and local talents

Marketing & Promotion

品牌管理及宣传

Launched a series of brand promotion activities
推出一连串的品牌推广活动,

- Became the official menswear partner of the new film “Only Fools Rush in” of brand ambassador
成为代言人韩寒新作电影《四海》的官方男装合作伙伴:
- Formed a co-branding partnership with *Chinese National Geography* magazine and artist Cao Yu (Leo). 与《中国国家地理》杂志、和艺术家曹羽Leo达成联名合作
- LESS IS MORE has formed a co-branding partnership with science fiction “*The Three-Body Universe*” for its shop image.
LESS IS MORE与科幻小说《三体》达成联名合作店铺形象
- Launched summer collection of LESS IS MORE brand
推出LESS IS MORE品牌大使高瀚宇夏季系列



04



Outlook and Strategy 前景及策略

Prudent & Flexible Operation Strategy

审慎而灵活的经营策略

继续优化店铺网络、提升零售管理

- ✓ 严格筛选优质购物商场、合适的店铺位置开店，以取代低效的街边店
- ✓ 继续增加在奥特莱斯开店，作为清理库存常设渠道
- ✓ 轻商务系列：继续分阶段优化各区店铺网络，调整各店铺陈列空间；下半年整改合肥、南昌及江苏等地区的店铺
- ✓ 加强利郎会员计划和强化零售信息系统，实现实时共享数据
- ✓ 目标：进一步提升店效及产品售罄率

Continue to optimise store network and retail management

- ✓ Strictly select and open stores in suitable shop locations in quality shopping malls to replace street stores with low efficiency
- ✓ Add stores in outlets as a recurring channel for inventory clearance
- ✓ Smart casual collection: Continue store network and display space enhancement work in various regions by stages and will cover stores in Hefei, Nanchang, Jiangsu and other regions in 2H 2022
- ✓ Enhance Lilang Member Program and strengthen retail information system to realise real-time data sharing
- ✓ Objective: further enhance store efficiency and product sell-through rate

经营目标 Operational Targets



- ◇ 2022年全年总零售金额增长：
 - 由原来的10%或以上，修订为单位数增长

- ◇ 2022年全年增加店铺数目：
 - 由原来50-150家，修订为持平

- ◇ **The total retail sales growth for FY 2022:**
 - **Revised from 10% or more to single-digit growth**

- ◇ **Store counts adding in FY 2022:**
 - **Revised from 50 to 150 stores to same number of FY2021**

Prudent & Flexible Operation Strategy (Con't)

审慎而灵活的经营策略（续）

New Retail

新零售

- Launching special online edition of the environmental friendly collection
- Launching unique and quality items online before November 11 shopping festival
- 推出环保系列电商特别版
- 在双11电商节前在网上推出独特的极致单品



Construction of the New Headquarters and New Logistics Park 兴建新物流园

○The new logistics centre aims at commencing operation before September this year, which will effectively enhance inventory management and logistics efficiency

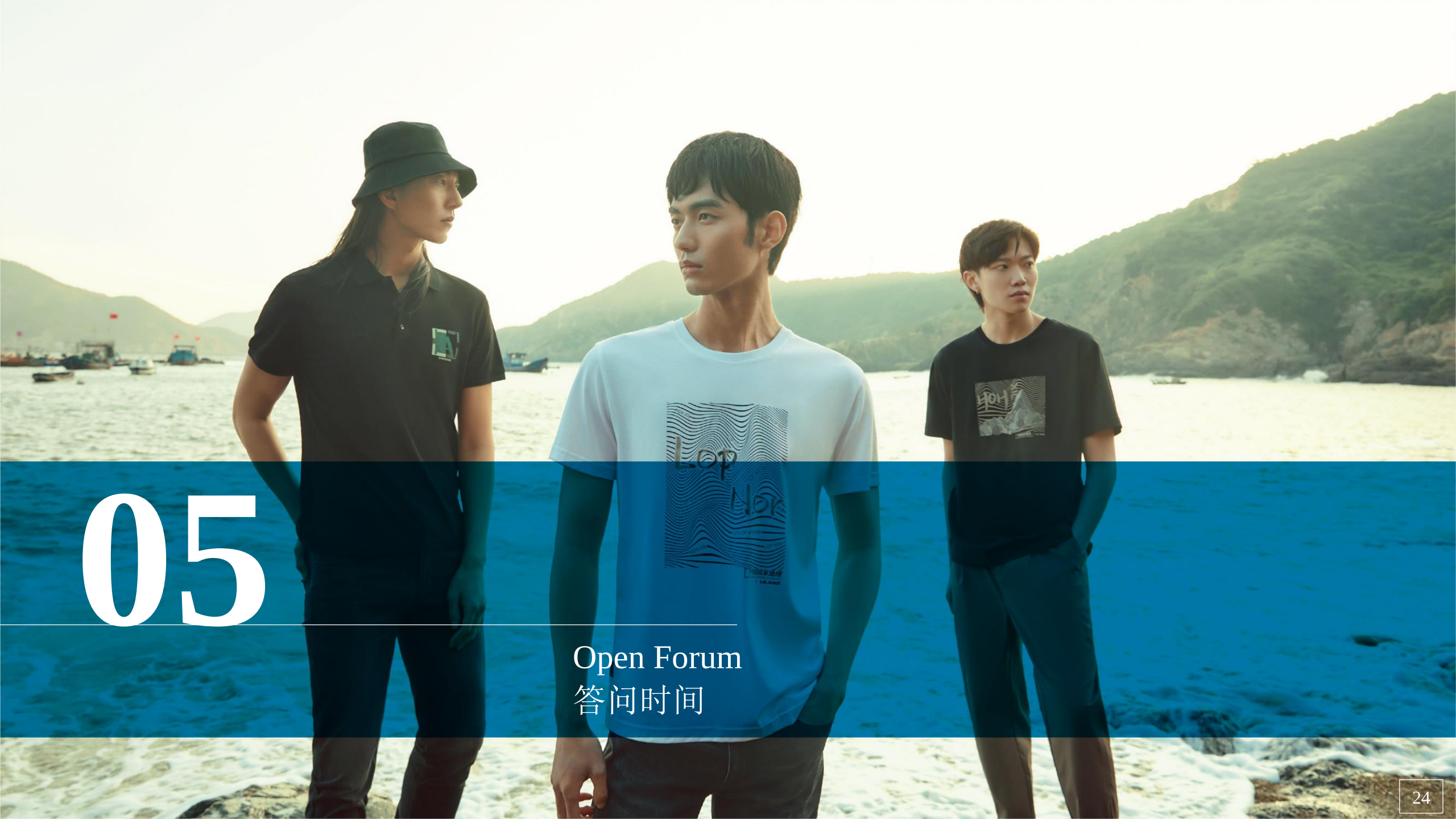
○新的物流园的目标是在今年9月前开始整体营运，将更有效提升集团库存管理以及物流配送的效益



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05

Open Forum
问答时间