



LILANZ

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

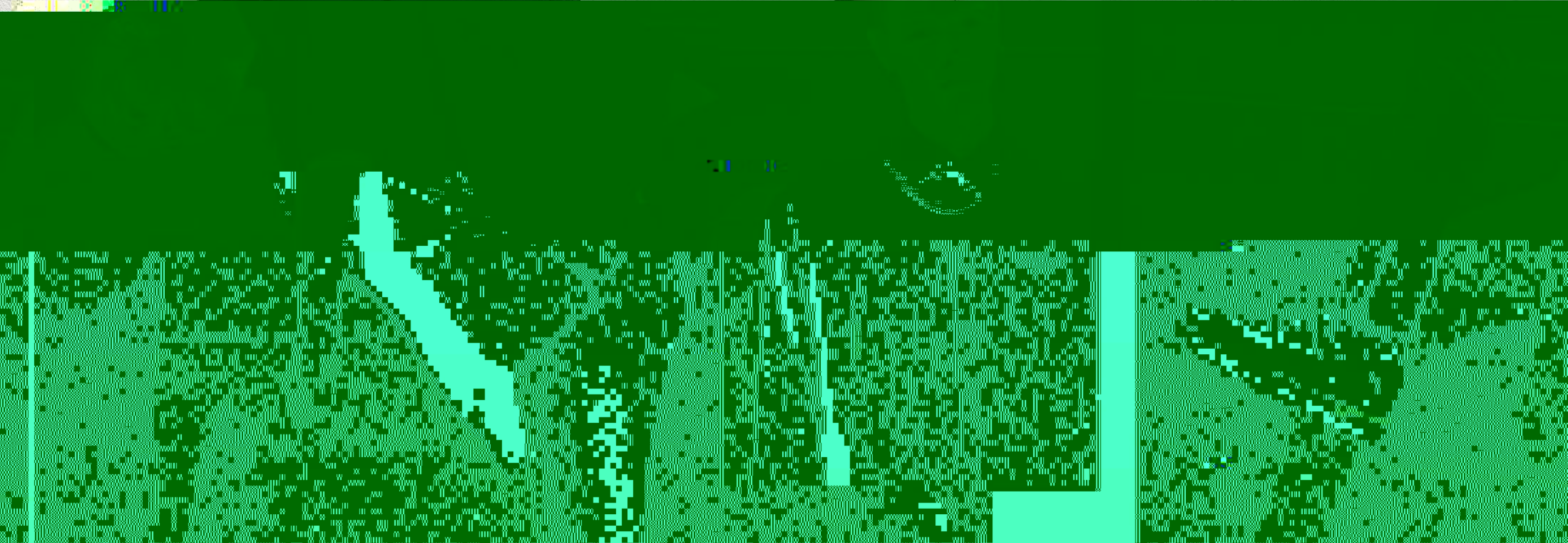
2019 Interim Results

Agenda



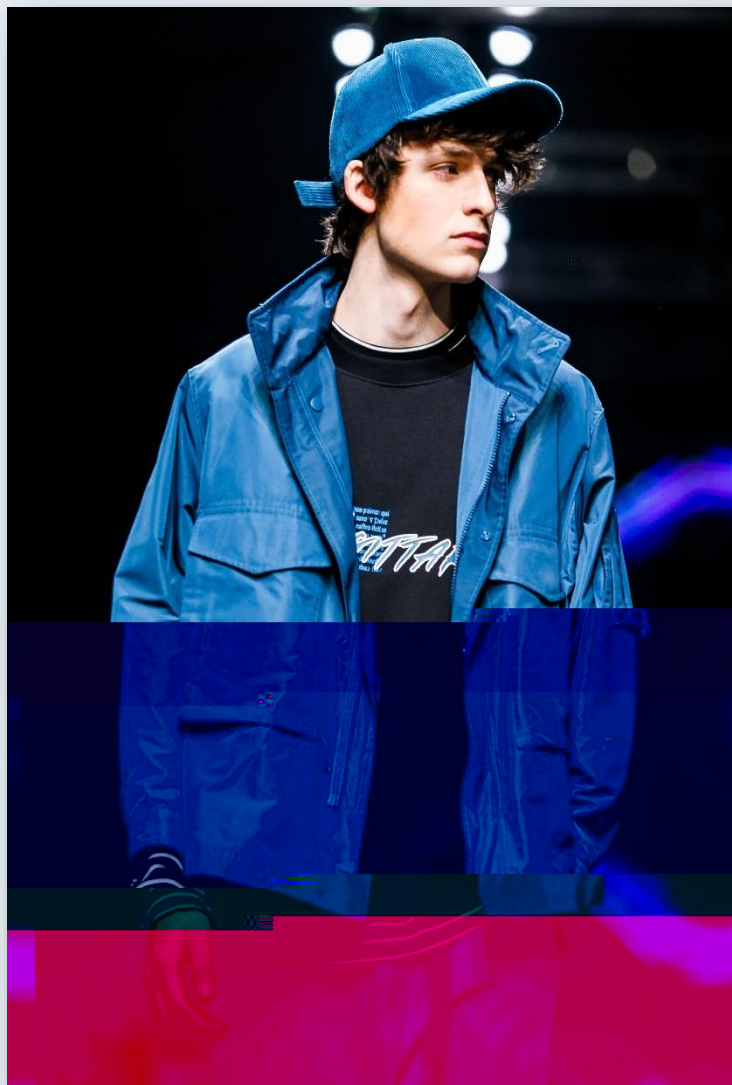
Picture taken during 2019 Fall Trade Fair
2019

- ▶ Results Highlights
- ▶ Financial Review
- ▶ Business and Operational Review
- ▶ Outlook and Strategy
- ▶ Open Forum



RESULTS HIGHLIGHTS

2019 Interim Results Recorded Continuous Growth



Revenue up by 19.1% to RMB1,540.0 mn with LILANZ revenue grew 20.3%

19.1%	1,540.0	LILANZ	20.3%
-------	---------	--------	-------

Net profit up by 14.0% to RMB388.5 mn; EPS up by 14.0% to RMB32.5 cents

14.0%	388.5	32.5
-------	-------	------

Average high single-digit SSS growth with channel inventory maintained at healthy level

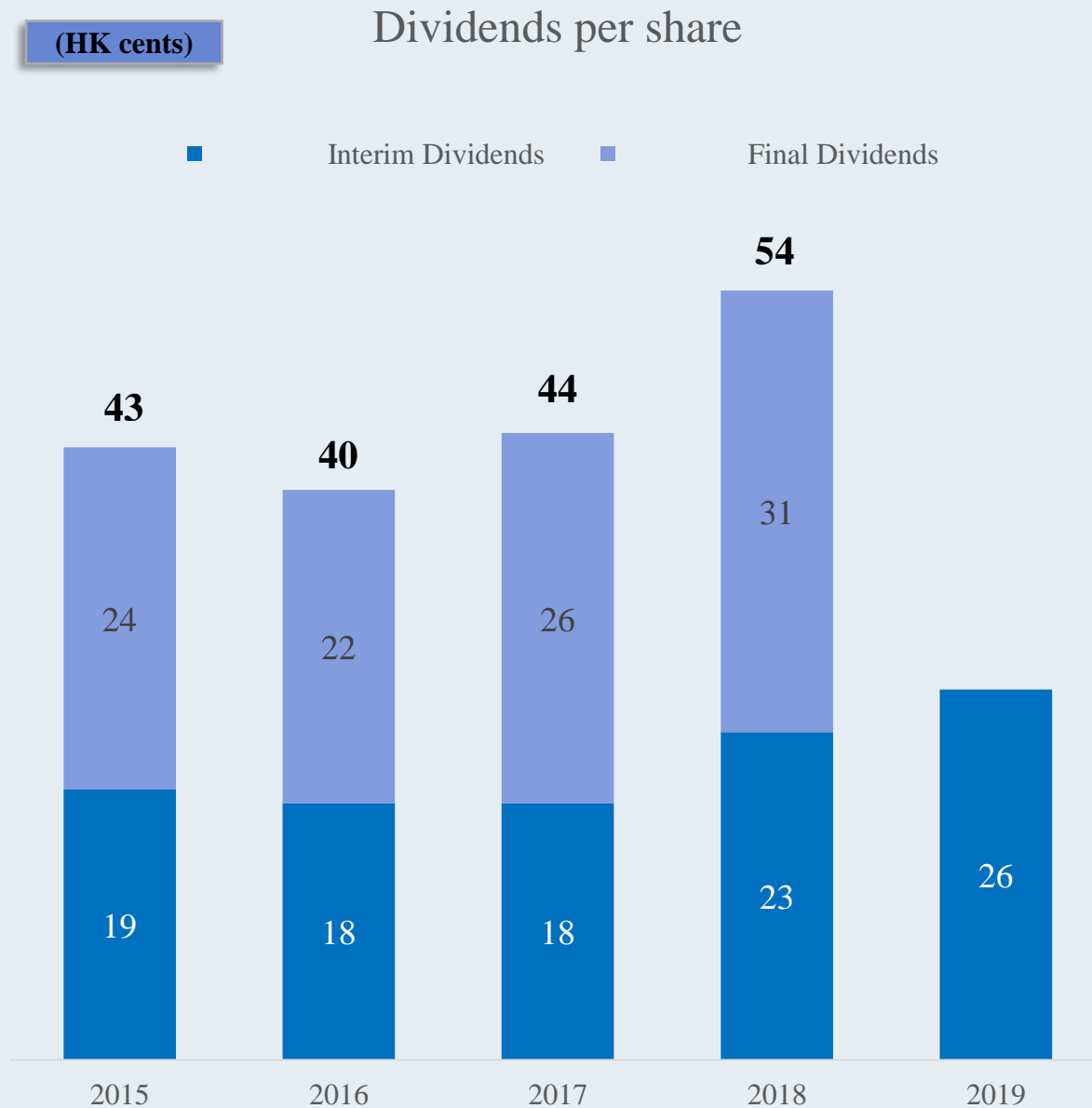
Market expansion on track and 83 stores added in 1H2019

品牌扩张稳步推进，上半年新增门店 83 家

Sales of online stores accelerated in 1H2019

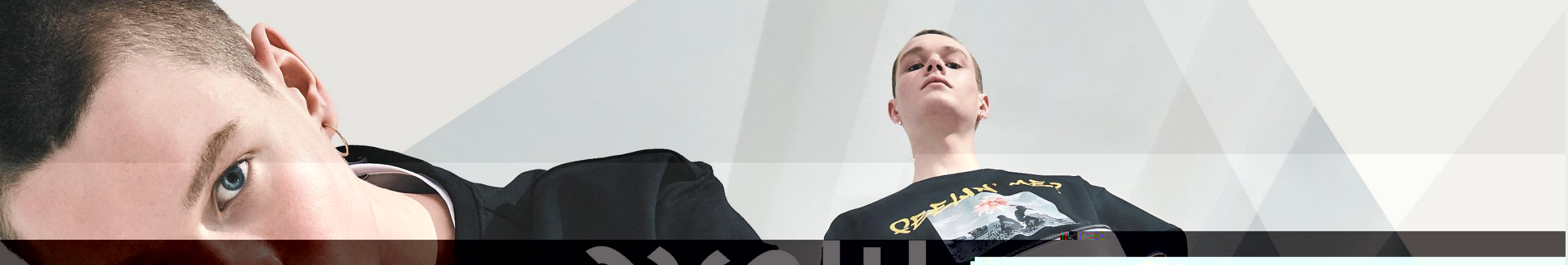
上半年网店销售增长加快

Maintaining High Dividend Payout



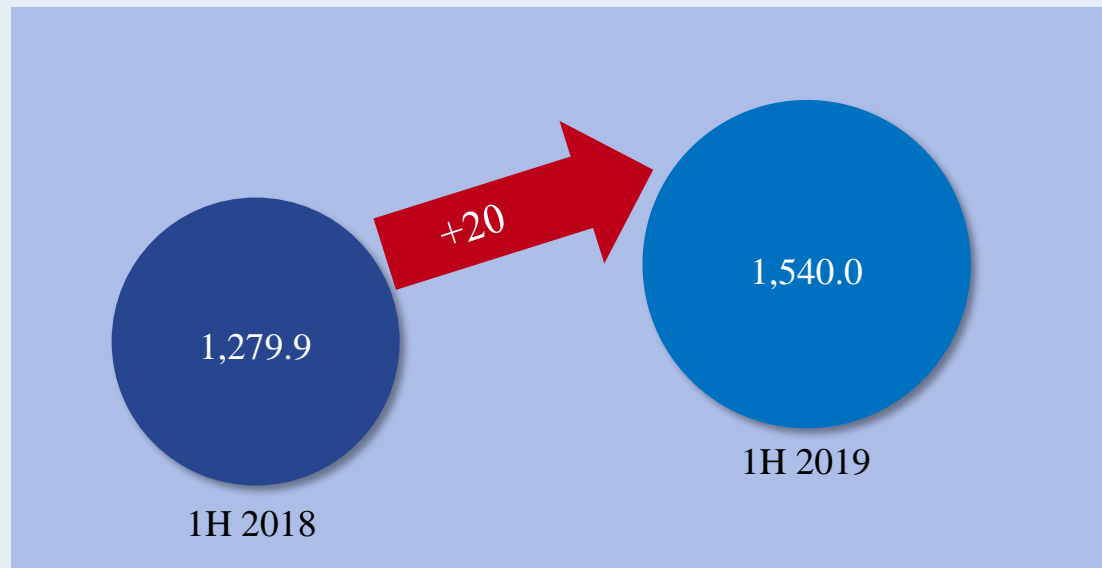
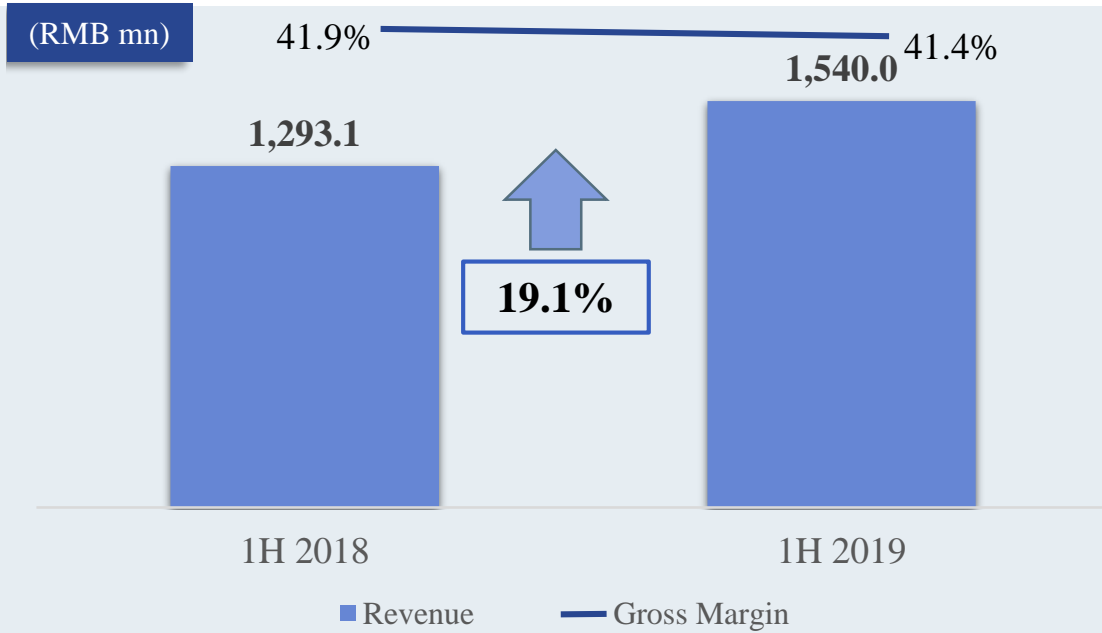
- ▶ Interim dividend HK18 cents per share and Special interim dividend HK8 cents per share

▶ 18
8



FINANCIAL REVIEW

Revenue and Gross Margin



Revenue Continued Growing

- Revenue increased by 19.1% to RMB1,540.0 mn; LILANZ revenue up by 20.3%
- Store expansion since 2018 and encouraging SSSG for the period driving sales growth
- Footwear orders surged by more than 50% for FY2019 and sales up by more than 30% in 1H2019

- 19.1% 1,540.0 LILANZ 20.3%
- 2018
- 50%
- 3

Slightly Lower Gross Margin

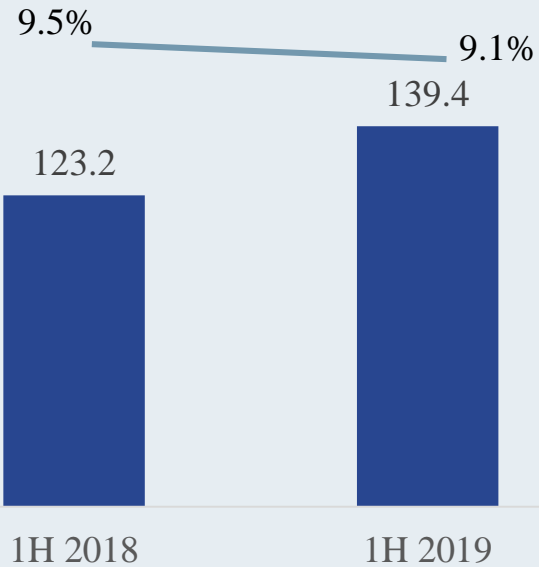
- The value-for-the-money so as to gain market

○

SD & A Expenses

Advertising and Promotional Expenses

(RMB mn)

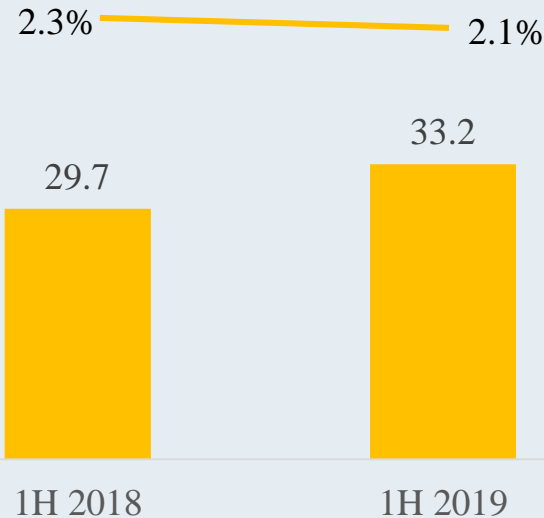


- Higher advertising expenses
- More renovation subsidies as 191 stores were opened and shelves for footwear products were added in more stores

-
- 191

Other Selling and Distribution Expenses

(RMB mn)

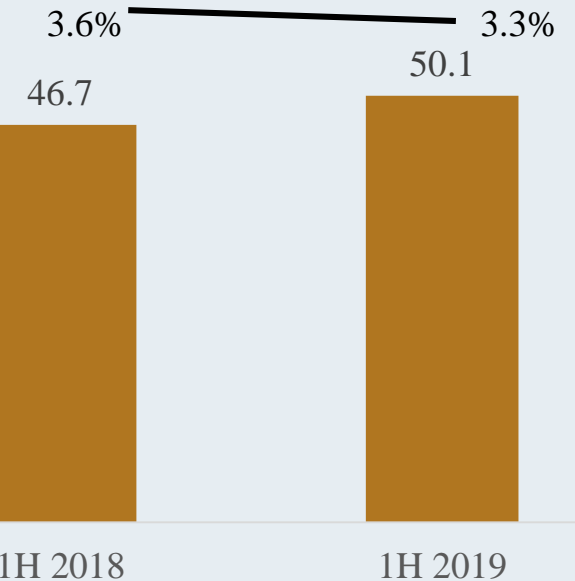


- S&D expenses other than A&P expenses increased as business expanded
- Expense ratio dropped as revenue increased

-
-

Administrative Expenses

(RMB mn)

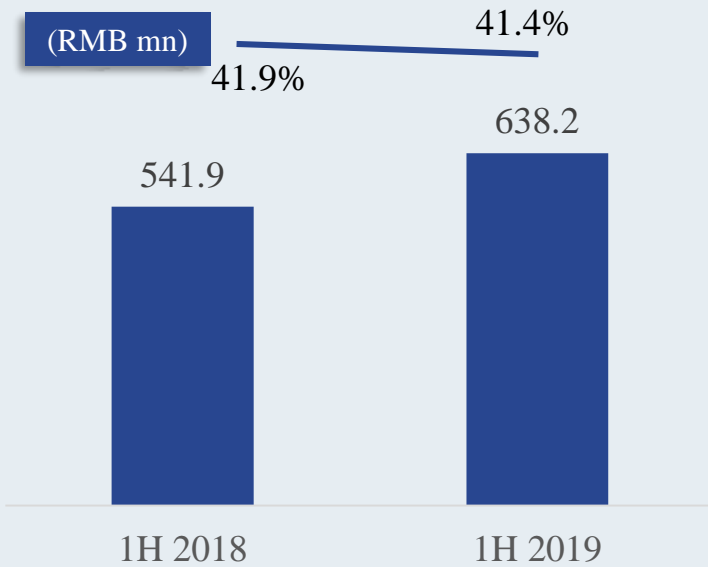


- Administrative expenses increased as the operation center for the smart casual collection in Shanghai commenced operation in Q4 2018
- Expense ratio dropped as revenue increased

-
-

Profit & Margin

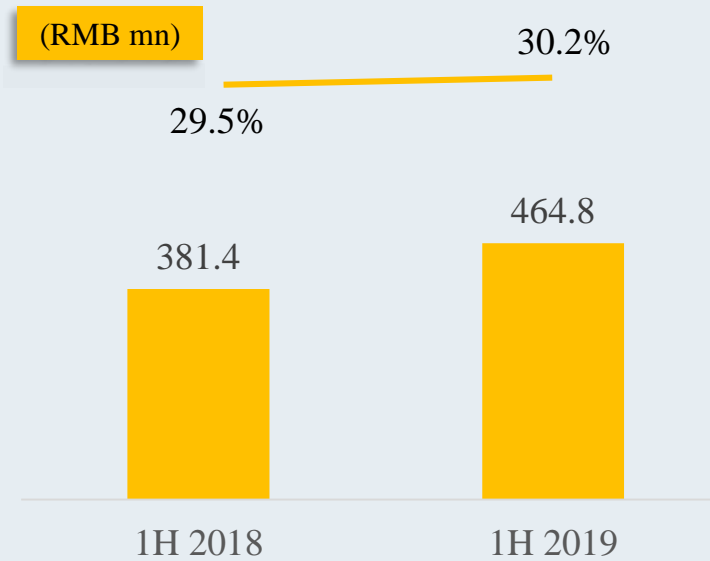
Gross Profit & Margin



- products of excellent value-for-the-money so as to gain market

○

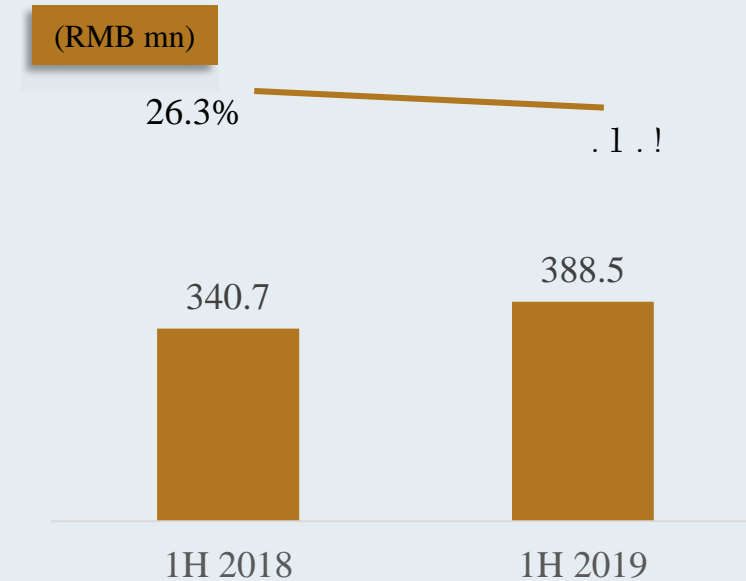
Operating Profit & Margin



- Operating profit margin improved mainly due to the lower expenses ratios as sales increased

○

Net Profit & Margin



- Net profit margin declined by 1.1 percentage point due to an increase in effective income tax rate

○

1.1

Working Capital Cycle

Average Trade Receivables Turnover Days

(Day)



Average Inventory Turnover Days



Average Trade Payables Turnover Days



- AR balance up by 11.7% to RMB874.6 mn as

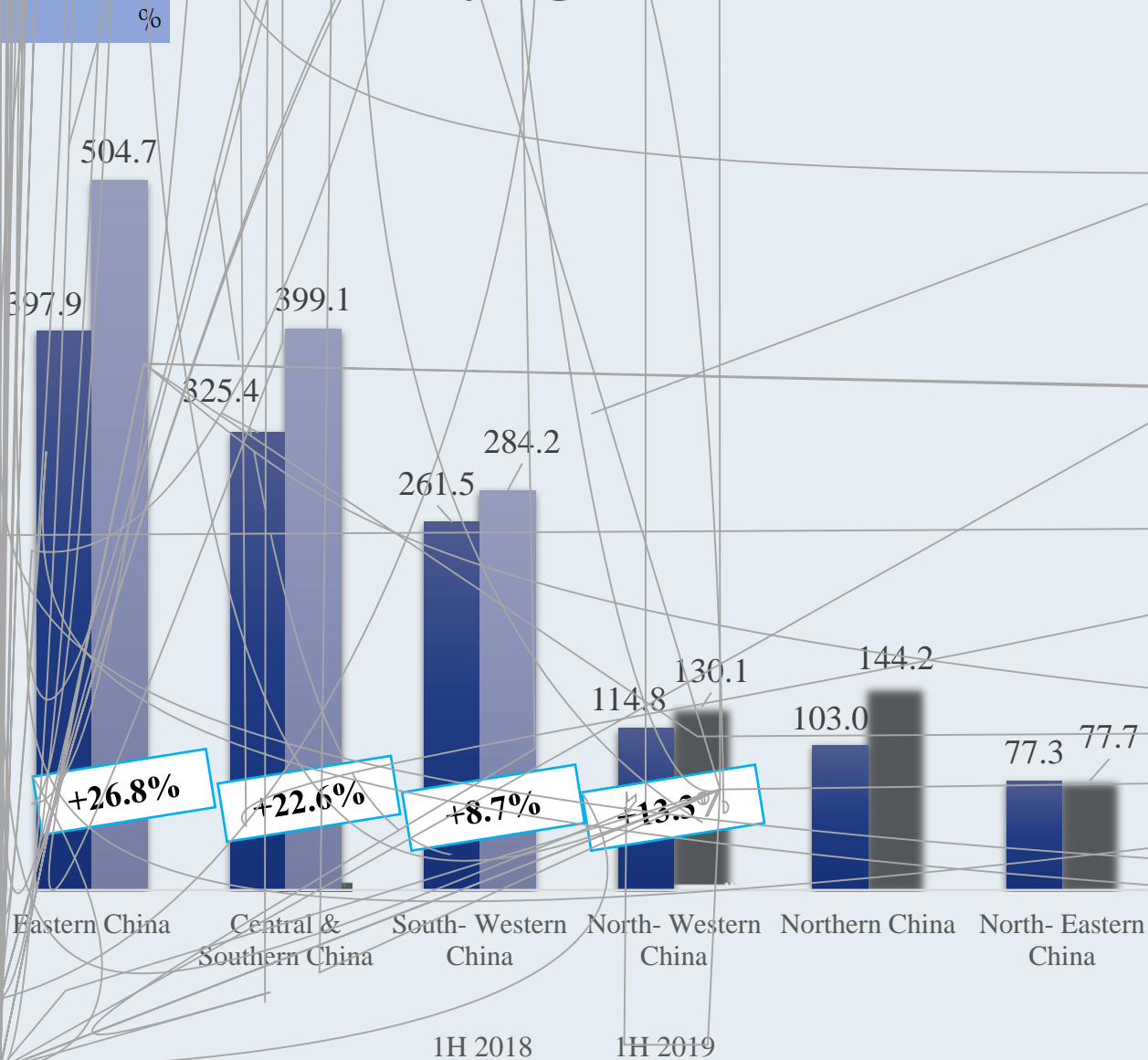




BUSINESS & OPERATIONAL REVIEW

Sales Channel Management

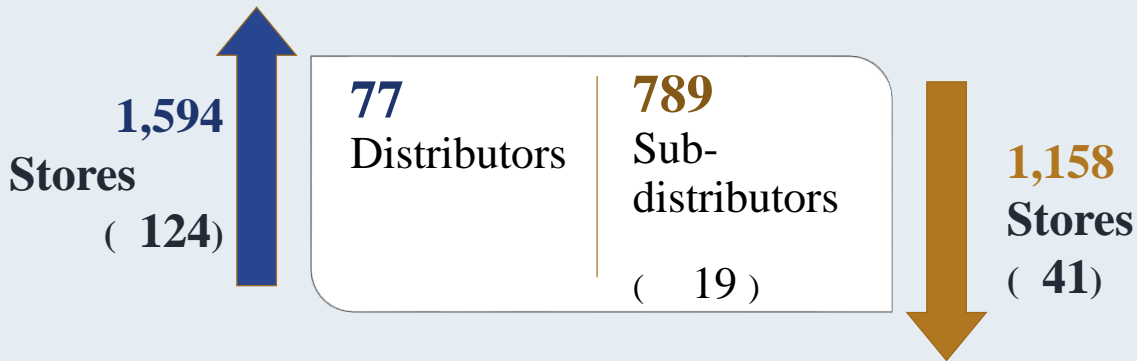
Sales by region



	2019-1-1	Opened	Closed	2019-6-30
Eastern China	764	66	48	782
Central and Southern China	677	46	14	709
South Western China	482	24	16	490
North Western China	262	20	15	267
Northern China	278	27	8	297
North Eastern China	207	8	7	208
Total	2,670	191	108	2,753
Total Retail Floor Space	379,900			394,100 (+3.70 %)
(sqm)				

Sales Channel Management ()

Except the flagship store in the headquarters, all retail stores are operated by distributors



Channel upgrade: Over 680 stores in shopping malls
680

Increase in number of stores operated by 1st tier distributors due to

- Growing foothold in 1st and 2nd tier markets
- Result of continuous upgrade of retail management, phasing out sub-distributors with sub-optimal management standards

-
-

Over 10 years of business relationship with all LILANZ distributors

LILANZ

10



Ongoing measures enhancing sales channel management:

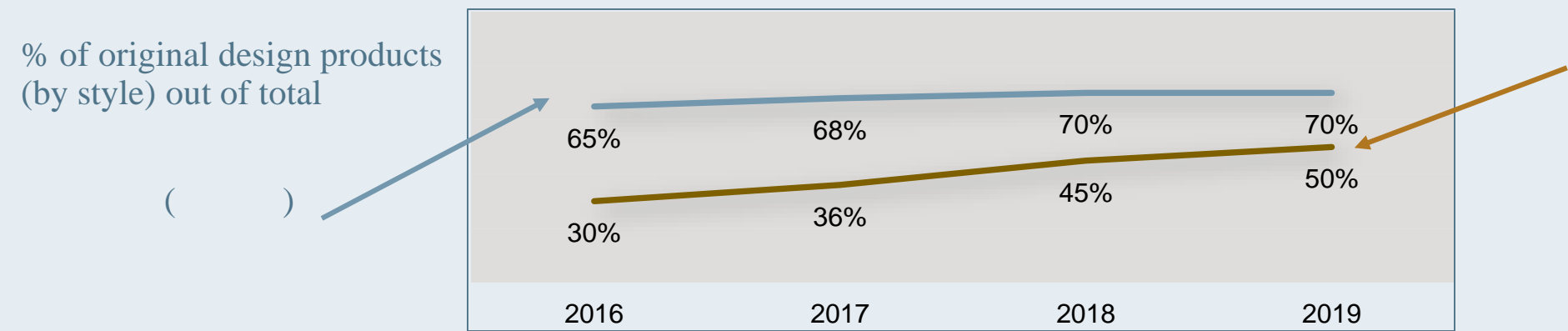
- ERP system monitoring all stand-alone stores; healthy channel inventory and satisfactory retail discount levels
- Continue to provide training to distributors
- ERP
-

New Retail Development

Product Design & Development



- International and local R&D teams totaling around **400** people, showing talents in the R&D of products with excellent value-for-the-
- The operation center for the smart casual collection in Shanghai has started operation in the fourth quarter of last year; Staff recruitment is currently underway
- **400**
- ;
- Kept on enriching its product mix, especially adding more youthful and fashionable products to meet the demand of customers of first- and second-tier markets and of shopping malls
- Increased the proportion of season-neutral products to further reduce the potentially adverse impact of extreme weather on sales and improve overall sales efficiency
- Supports
-
-
-



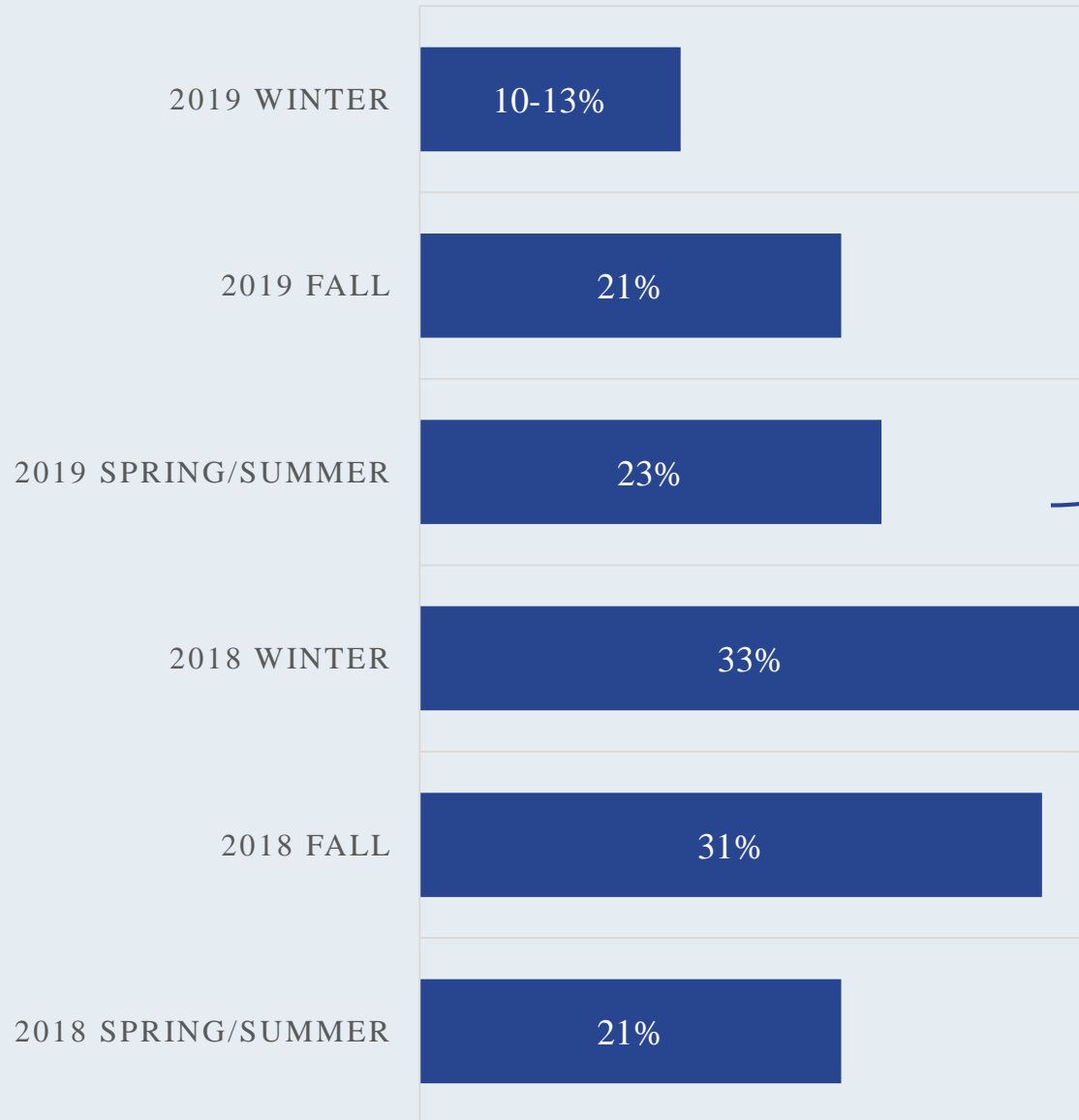
% of original design products adopted



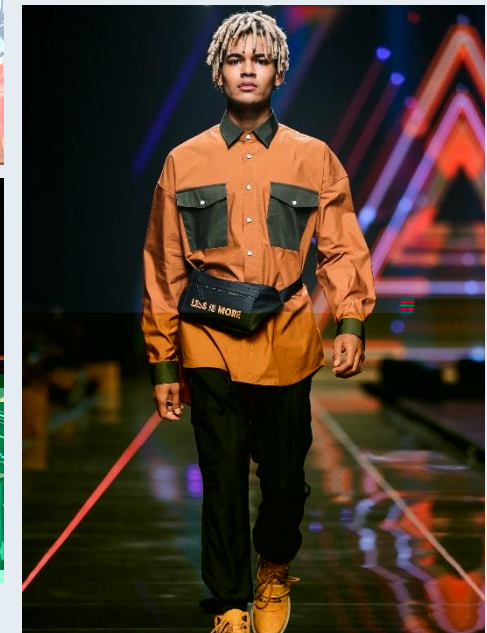
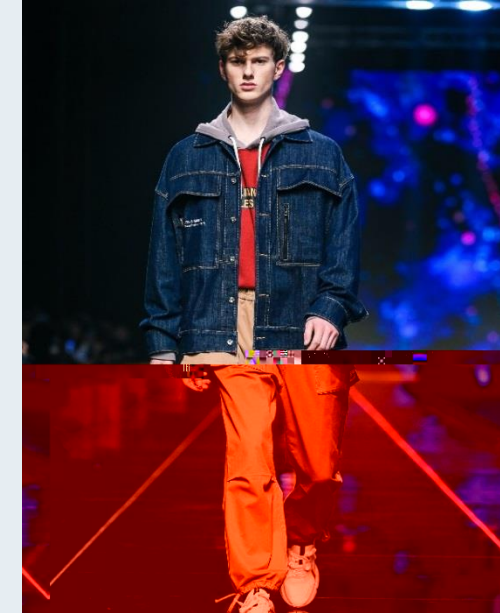
Appointed celebrities to shoot photos and KOLs for

Stable 2019 Trade Fair Orders Growth

2019



Stable order growth in 2019 trade fairs 2019





OUTLOOK & STRATEGY

Cautiously Optimistic, Continue Expansion Plan in 2H 2019

2019

Retail Channel Expansion and Upgrade

- Continue the market expansion plan, target to add around 200 stores FY2019
- 3rd- and 4th-tier cities
- Smart casual collection continue to focus in provincial capitals and prefecture level cities, adopting different store expansion strategies for 3 classes of provinces/cities.
- Continue to add more stores in shopping malls
- 200
- 3 4
- 3 /
-

New Retail Development

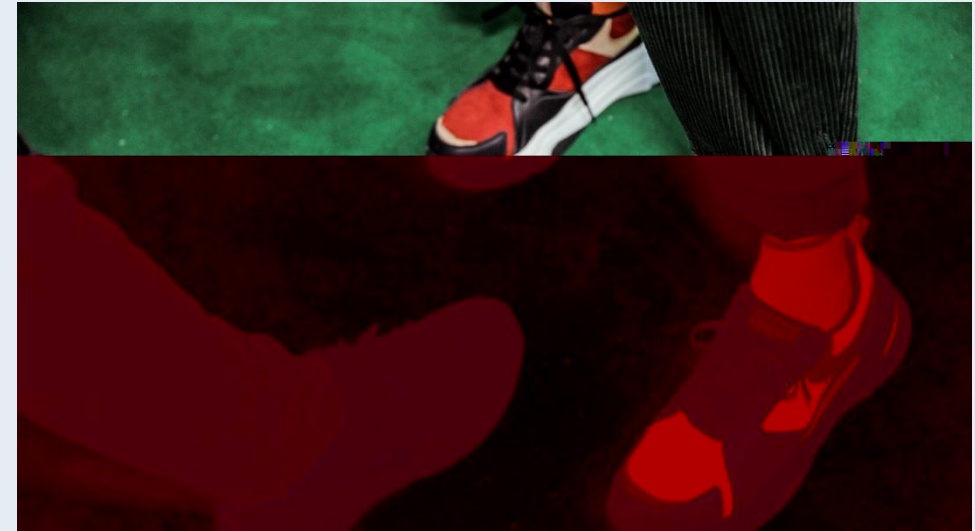
- To launch more online special editions of specific product categories
- To add more products and styles on the online stores to boost customer flow.
-
-

Brand Promotion

- Continue to upgrade in-store shopping experience
- More fashionable 7th generation store image will be adopted in some of the new stores of the core collection on pilot basis
- Actively preparing IP crossover products for the 2020 SS collections
-
-
- (IP)

Operating Targets for 2H 2019

- High single-digit SSSG
- 2020 SS trade fair orders like-to-like growth of no less than high single-digit 2020



DISCLAIMER

The information contained in this presentation is intended solely for your personal reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning China Lilang representation regarding, and assumes no responsibility or liability for, the accuracy or completeness of, or any errors or omissions in, any information contained herein.

In addition, the information contains projections and forward-aspect to future events and financial performance. These views are based on current assumptions which are subject to various risks and which may change over time. No e correct. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the Company's financial or trading position or prospects.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities or financial instruments or to provide any investment service or investment advice, and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.



OPEN FORUM