

LILANZ 利郎



HONG KONG_2017.03



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AGENDA

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

RESULTS
HIGHLIGHTS

绩亮点

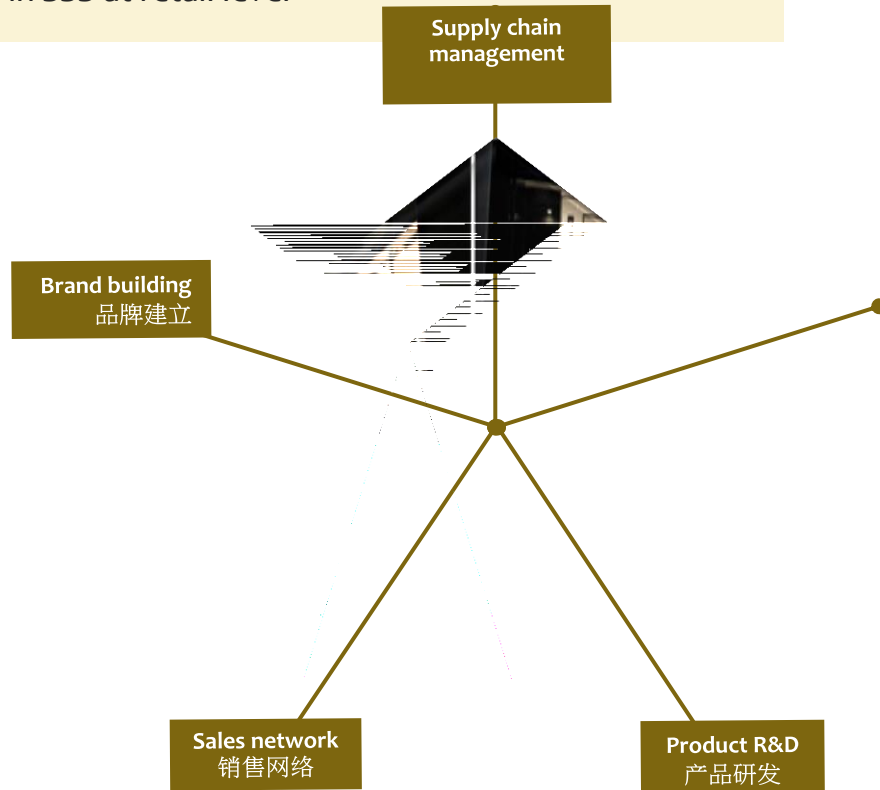


ENHANCED COMPETITIVE STRENGTHS

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- ▶ Economic outlook uncertain and weak consumer demand continued
- ▶ Adhere to strategy of “improving product quality without raising price”
- ▶ Store efficiency has improved & channel remains healthy
- ▶ Achieved mid-single digit growth in SSS at retail level

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- ▶
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SOLID PERFORMANCE

	<u>C</u> <u>O</u> <u>k</u>	<u>FY2015</u> <u>RMB mn</u>	
Obsbkr b	,	2,689.1	-10.3%
Dd ppnd cfq	,	1,142.8	-12.9%
L nbo qfd nd cfq	,	794.1	-16.5%
Kbqnd cfq	,	625.2	-13.6%
B dkdprnbope db			
; pf O bkq	,	51.83	-13.8%
; Afir qpa O bkq	,	51.77	-13.7%
Cfk i afsfabka nbope db EH bkq			
	,	17.0	
Pntb f i cfk i afsfabka nbope db EH bkq			
	,	7.0	
Dd ppnd cfq odfk	,	42.5%	-1.2p.p.
L nbo qfd nd cfq odfk	,	29.5%	-2.0p.p.
Kbqnd cfq odfk	,	23.2%	-0.8p.p.
Obq dk l k s, pe dbel iabq bnr fq	,	22.3%	-4.1p.p.
Bccb qsb q u o q	,	27.6%	+0.1p.p.
asboqfkd nd l qf k i buntkpbp ka dbkl s qf k pr pfa fbp p l c obsbkr b	,	8.3%	-0.3p.p.

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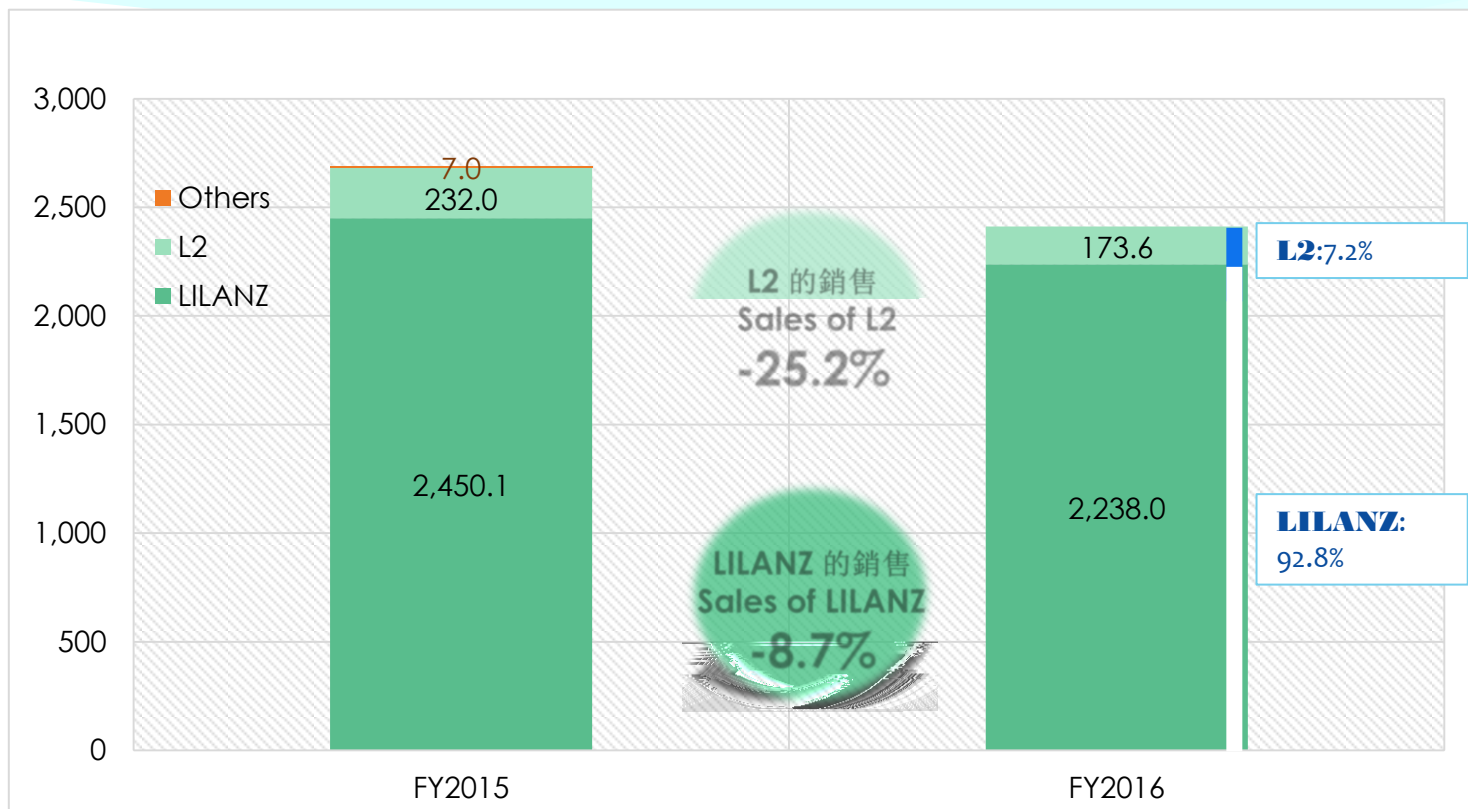
FINANCIAL REVIEW

财力表现回顾



REVENUE ANALYSIS

1 q i Obsbkr b fflObsbkr b v o ka



- ▲ In 2016, **L2** repurchased off-season inventories of about RMB22.0 mn from distributors

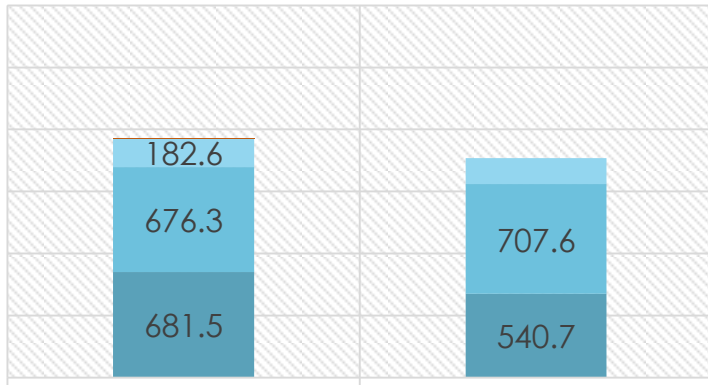
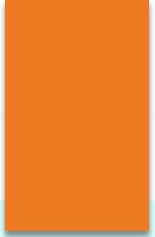
2016

L2

2,200



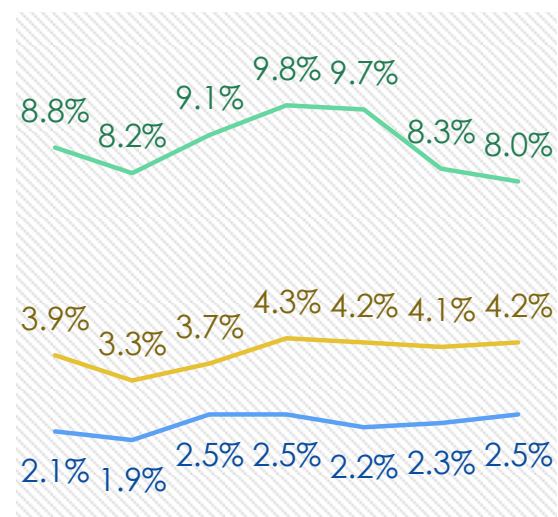
COST OF SALES



SD&A EXPENSES

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(RMB mn)	C	C	e kdb
asboqpfkd ka md l qf k i bunbkpbp 会 建	,	223.3	-13.8%
L qebopbiifkd ka a fpcpf r qf k bunbkpbp 建	,	62.4	-4.0%
l q i pbiifkd ka a fpcpf r qf k bunbkpbp 建	,	285.7	-11.7%
Omd s fpl k	,	-	N/A
L qebo a fk fpcp qfs b bunbkpbp 建	,	109.5	-8.0%
l q i a fk fpcp qfs b bunbkpbp 建	,	109.5	+56.4%



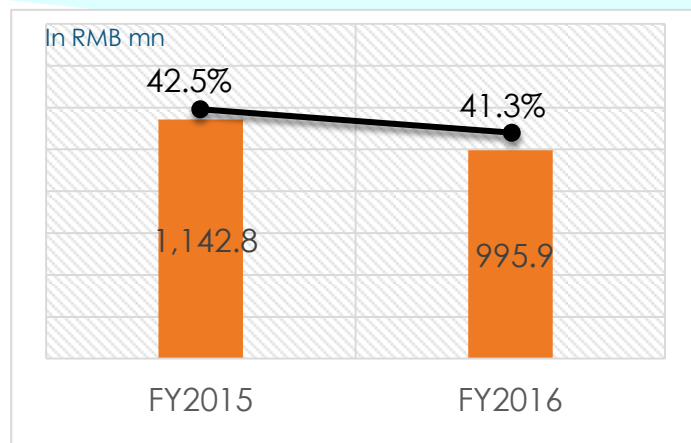
— Other administrative expenses

— Other selling and distribution expenses

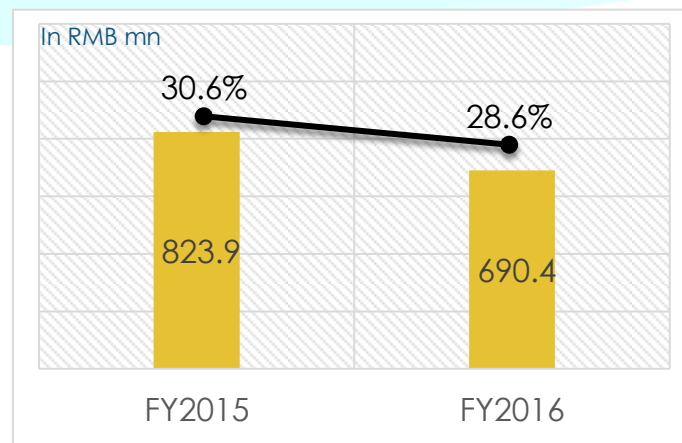
— Advertising and promotional expenses

PROFIT & MARGIN

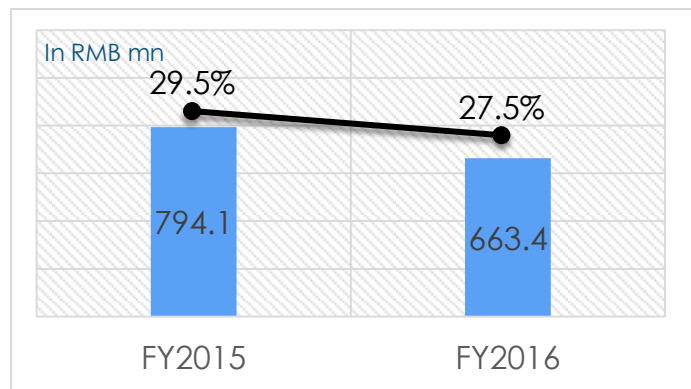
Gross profit & margin



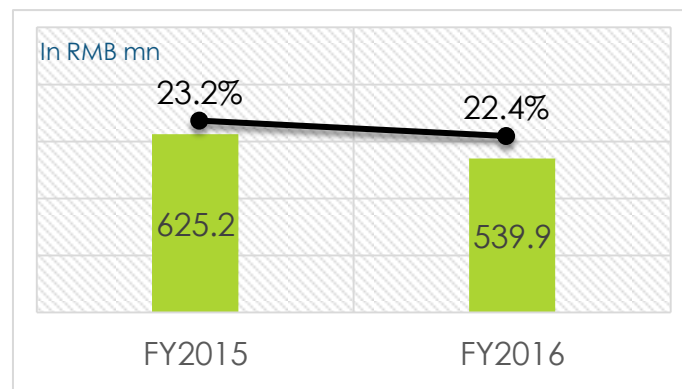
EBITDA & EBITDA margin



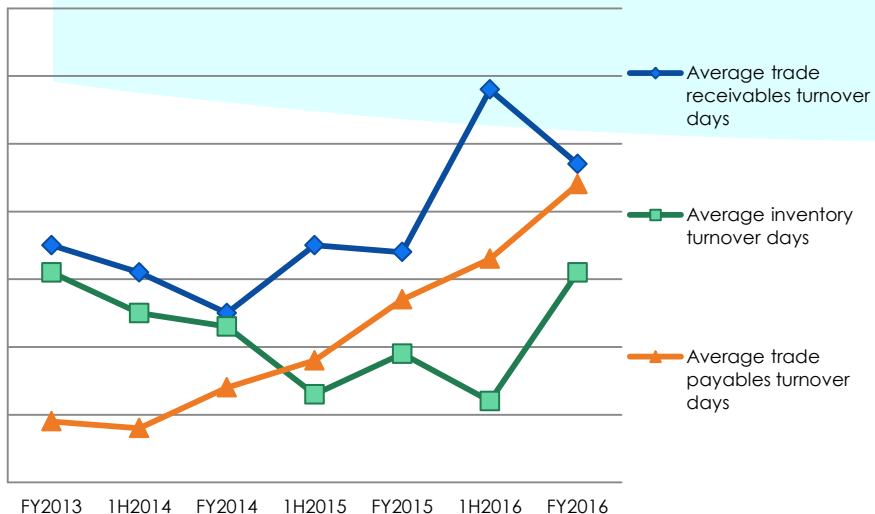
Operating profit & margin



Net profit & margin



WORKING CAPITAL CYCLE



- ▲ Total inventory balance increased by RMB2.9 mn to RMB294.4 mn
- ▲ **LILANZ** inventory:
 - reduced by RMB11.8 mn to RMB257.5 mn, reflecting high single digit % drop in 2017 S/S orders
 - Y.E. inventory mostly 2016 winter products delivered in January 2017 and 2017 S/S products
- ▲ **L2** inventory:
 - RMB36.9 mn net of provision
 - 100% provision made for inventory aged over 1 year

▲		2.9	294.4	.
▲	LILANZ	:		
•		11.8	257.5	2017
•				
•		2017	1	2016
▲	L2	:		
•	合	36.9		
•		100%		

- ▲ Balance decreased by 11.8% to RMB667.7 mn (net of provision)
- ▲ **LILANZ** AR balance decreased 5.6% to RMB638.0 mn, reflecting:
 - Drop in sales of 2016 winter products
 - Additional credits to some distributors as incentive for opening large stores in shopping malls
- ▲ Full provision made for **LILANZ** overdue AR balances totaling RMB9.2 mn
- ▲ **L2** AR net balance RMB29.7 mn after provision of RMB71.5 mn.

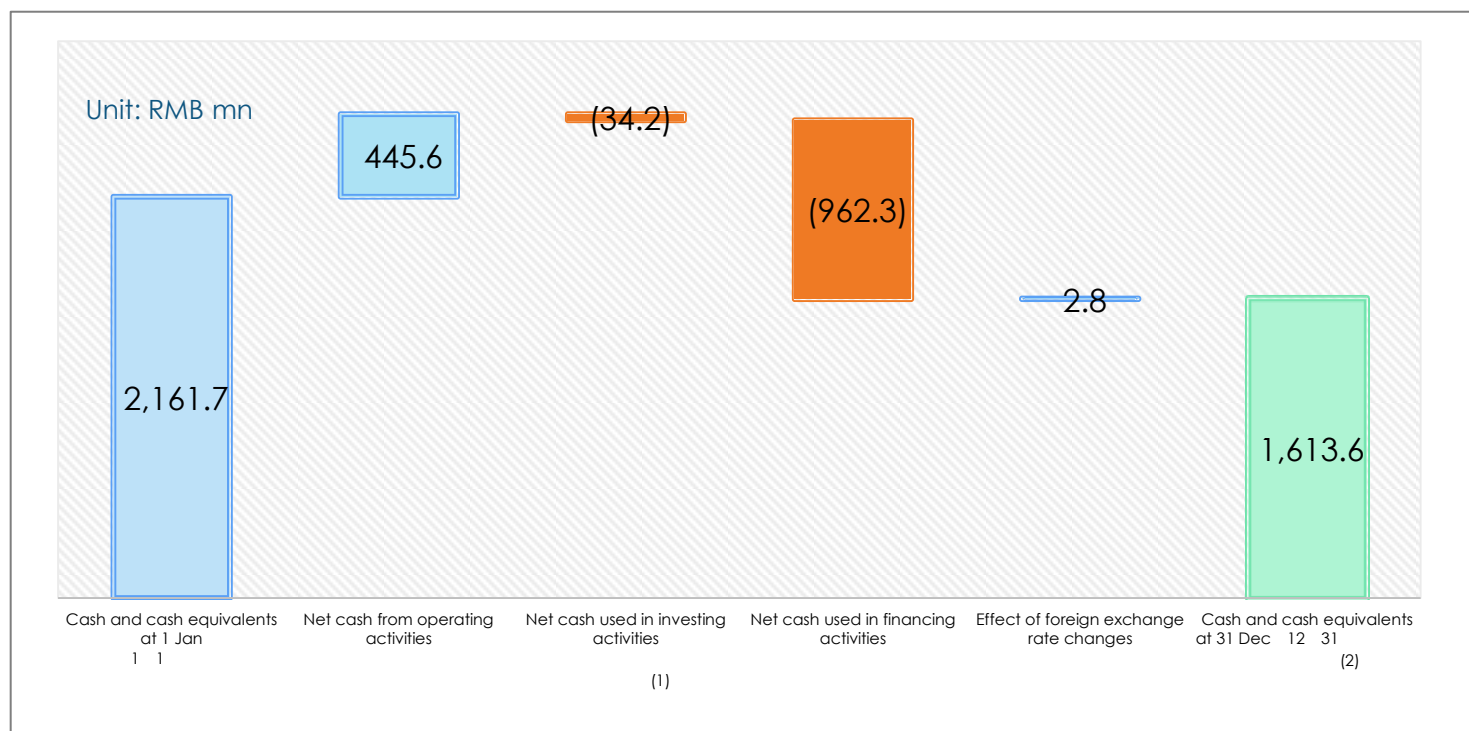
▲	11.8%	667.7	合	
▲	LILANZ	5.6%	638.0	
•	2016			
•			建	
▲	LILANZ	9.2		
▲	L2	71.5	合	29.7

- ▲ The balance of trade and bills payables remained at a similar lever as of last year

▲ 2015

CASH FLOW

pe ka pe bnr fs ibkcp



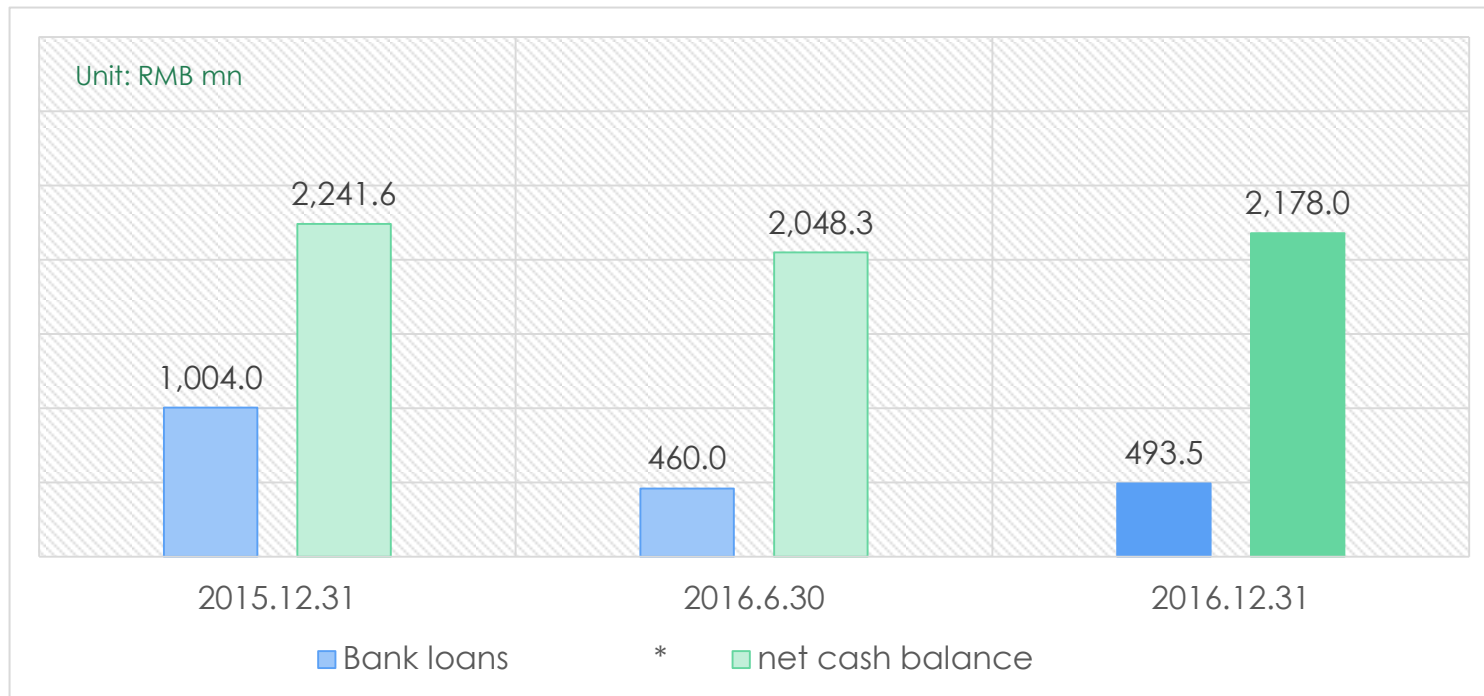
(1) Include placements of time deposits and pledged bank deposits with maturity over 3 months

(2) Excluded fixed deposits held at banks with maturity over 3 months and bank deposits pledged as security for bank loans
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HEALTHY AND STRONG CASH POSITION

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K b q p e i k b



* Secured by pledged bank deposits

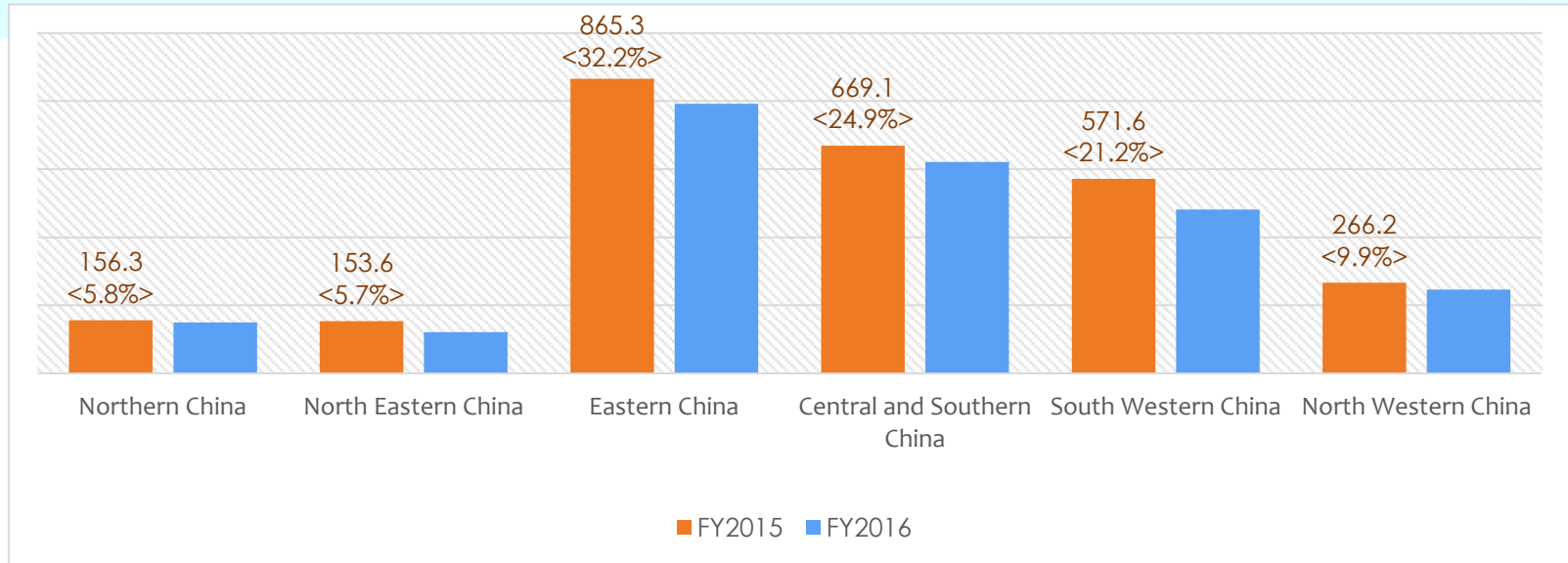
BUSINESS & OPERATIONAL REVIEW

业务回顾



NATIONWIDE DISTRIBUTION NETWORK

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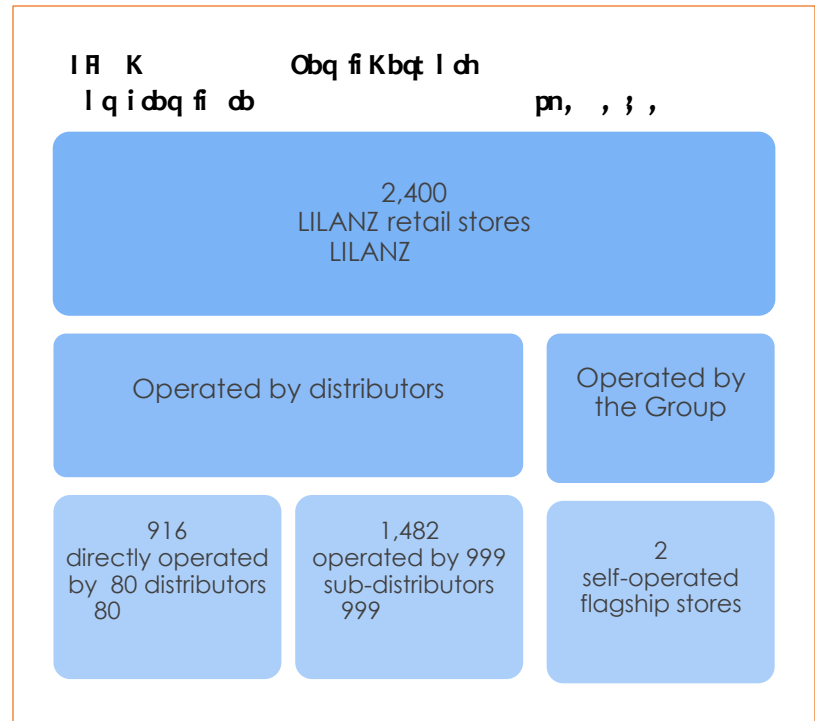
store count	(As at)	2016.1.1	Net change
Northern China		285	-45
North Eastern China		302	-55
Eastern China		805	-138
Central and Southern China		726	-89
South Western China		588	-64
North Western China		279	-19
		<u>2,985</u>	<u>-410</u>

SALES CHANNEL MANAGEMENT

- ▶ Continued to open stores in shopping malls with over 100 such stores in total as at year end, and sales performance in line with expectation
- ▶ Opened new specialty stores for **LILANZ**'s smart casual collection in 2H 2016 in 1st and 2nd tier cities on pilot basis, with encouraging initial sales performance
- ▶ Continued to monitor all stand-alone stores with ERP systems
- ▶ Continued to provide training to distributors
- ▶ Plans to establish an independent team for online sales in 2H 2017 to explore online sales business more aggressively

- ▶ 2016
- ▶ **LILANZ**
- ▶ 列
- ▶ ERP
- ▶ 2017

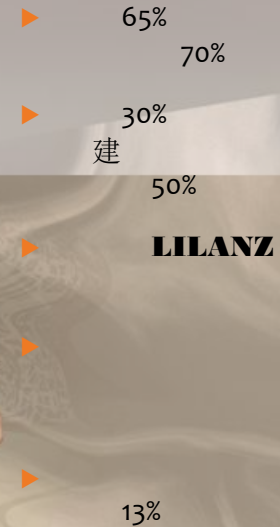
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PRODUCT DESIGN AND DEVELOPMENT

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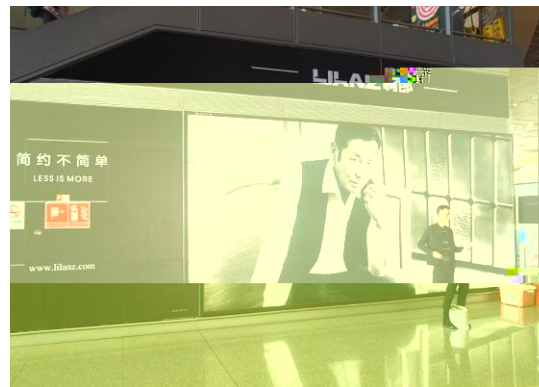
- ▶ Products of original designs accounted for ~65%, and target set at 70%
- ▶ ~30% of original designed products adopted the Group's proprietary fabrics, and target set at 50%
- ▶ Expanded and enriched **LILANZ** smart casual collection with encouraging market response
- ▶ Domestic design team for womenswear was set up, plans to have a small line of womenswear every fall and winter seasons for sales in large stores
- ▶ Growing sales of high-end collection especially in stores opened in shopping malls in 1st and 2nd tier cities, accounting for 13% of total sales

MARKETING & PROMOTION

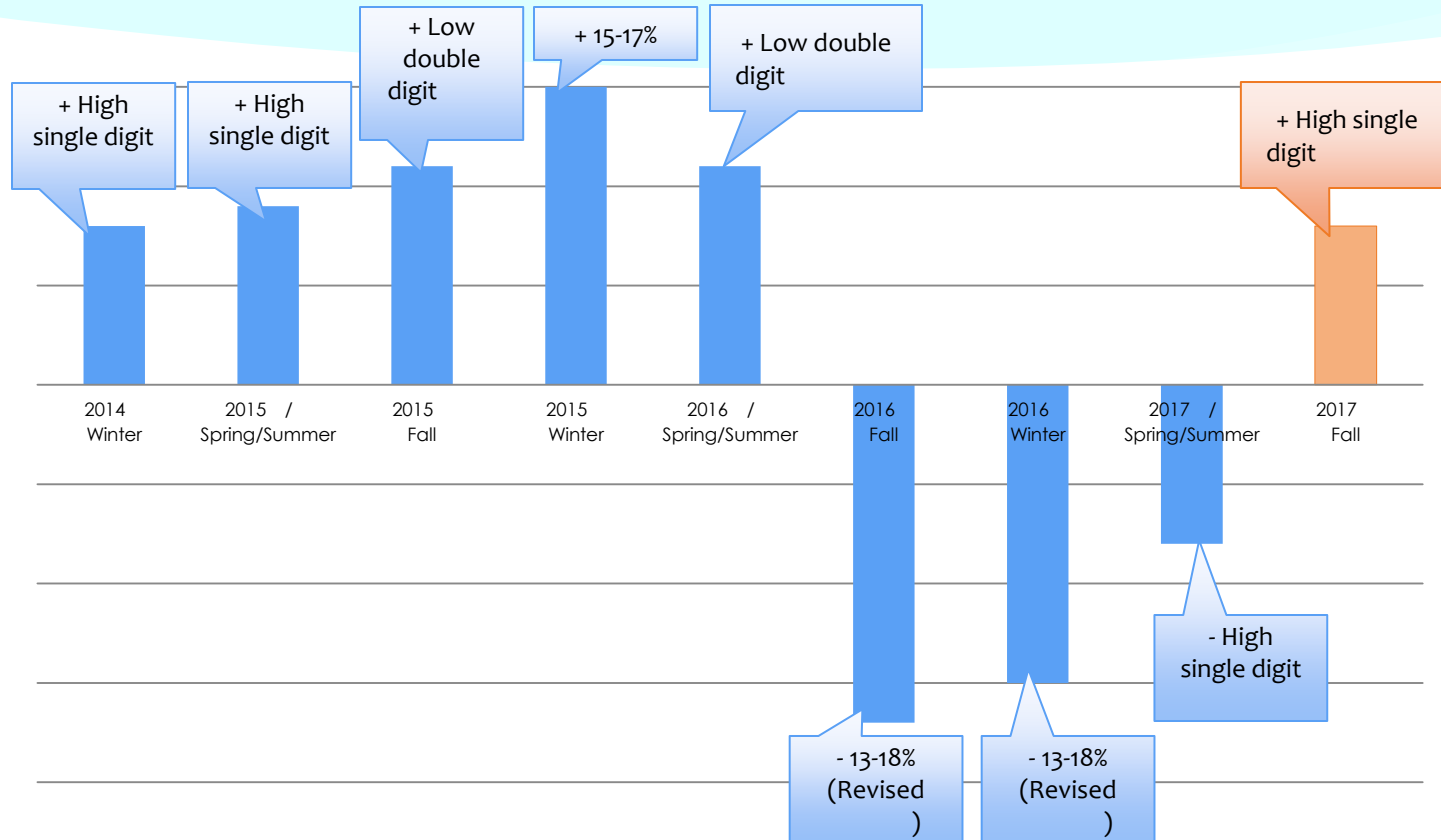
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- ▶ Continued to focus on store image for brand promotion
- ▶ Since 2015, all newly opened large-scaled stores in 1st and 2nd tier cities have adopted the six-generation store image, using high-end materials to display an elegant style with better use of retail space
- ▶ To renovate or partially upgrade about 800 stand-alone stores in suitable locations with this sixth-generation store image in 2H 2016 and 2017, and clearance sales would be held in those stores before renovation. 350 stores had been done.
- ▶ Started to place advertisements in EMU stations, and continued to advertise through advertising signs in airports and road side billboards and put soft-sell advertising in magazines and newspapers

- ▶ 2015 建 会
- ▶ 2016 800 2017 不
- ▶ 350
- ▶ 建 会



TREND OF LILANZ TRADE FAIR RESULTS



OUTLOOK & STRATEGY

前景与策略



OPEN FORUM

问答时间





100%

