

利郎 LILANG

CHINA LILANG LIMITED
中國利郎有限公司

Stock Code 股份代號：1234

2024
Annual Results

全年业绩

利郎 LESS IS MORE

议程

业绩亮点

财务表现回顾

业务及营运回顾

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Strategic Transformation Drives Sustainable Growth

Revenue up by 3.0% to RMB 3,650 mn recorded the Profit Attributable to Equity Shareholders of RMB 460.8 mn with a gross profit margin of 47.7%

3.0% 36.5 , 4.611 47.7%

Smart Casual realized a revenue growth of 27.2%, continuing the positive momentum from 2023

27.2%

Recovered distribution rights from the distributors of North-Eastern China and Jiangsu Province, and first implemented the DTC(direct-to-consumer) model for core collection. The operating performance of the new business model appears positive.

分销 转

DTC

efforts in strengthening Tik-tok and other e-commerce platforms development, as well as the addition of new platforms including "Pinduoduo" and "POIZON", to enrich the coverage of e-commerce platforms, which have yielded desirable outcomes.

24%

集团

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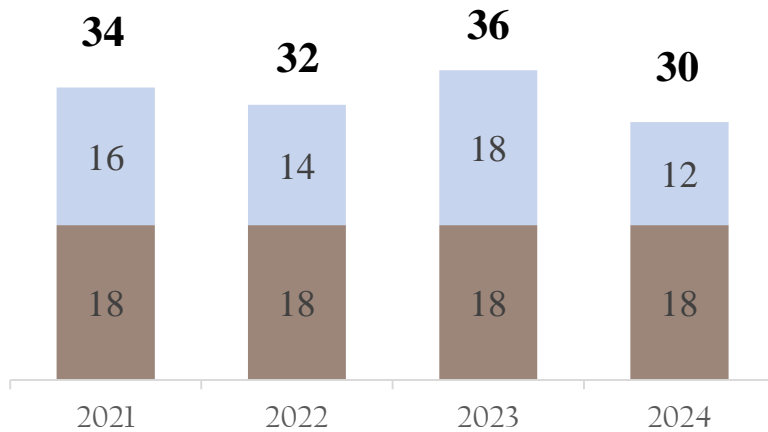
Continued to proactively explore new and diversified marketing approaches, through initiatives such as brand strategy upgrades, celebrity endorsements and digital marketing efforts, outperforming peers

Maintaining Stable Dividend Payout

Dividends per share

■ Final Dividends
■ Interim Dividends
—●— (%) Dividend Payout Ratio (%)

72 74 74 73



Final dividend HK9 cents per share and special final dividend HK3 cents per share to be distributed

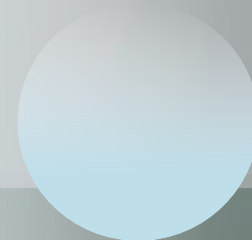
Total dividends for 2024 amounted to HK30 cents per share

Dividend payout ratio reached 73.1%

Total dividend declared since IPO: HK\$7.3 Billion. Total dividend per share since IPO: HK\$6.1

	9
	3
2024	30
	73.1%
	73
	6.1

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财务表现回顾

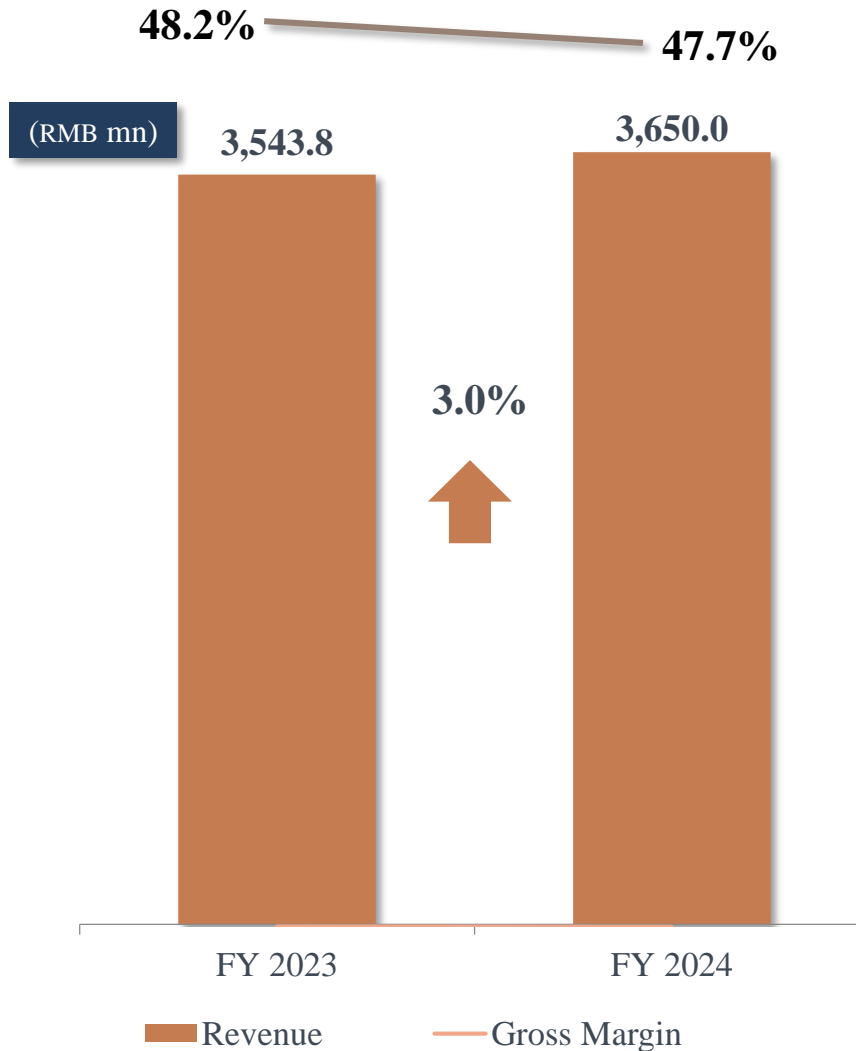
Revenue and Gross Margin

Revenue increased by 3.0% YoY to RMB 3,650.0 mn

Smart casual collection revenue grew by 27.2%, driven by strong expansion in outlets and effective live-streaming sales on Tik-tok

Core collection revenue dropped by 3.0%, primarily due to the buybacks of distributor operations in Northeast and Jiangsu regions, transitioning to a DTC model, which led to a decline in distributor sales. The Group paid one-off compensation to former distributors, the amount of which was directly deducted from sales revenue

3.0% 3,650.0
27.2%
3.0%
DTC



Gross profit margin was 47.7%, decreased by 0.5 p.p. YoY

The decrease in gross profit margin was primarily due to one-off compensation payments to distributors and a decrease in the reversal of inventory provisions

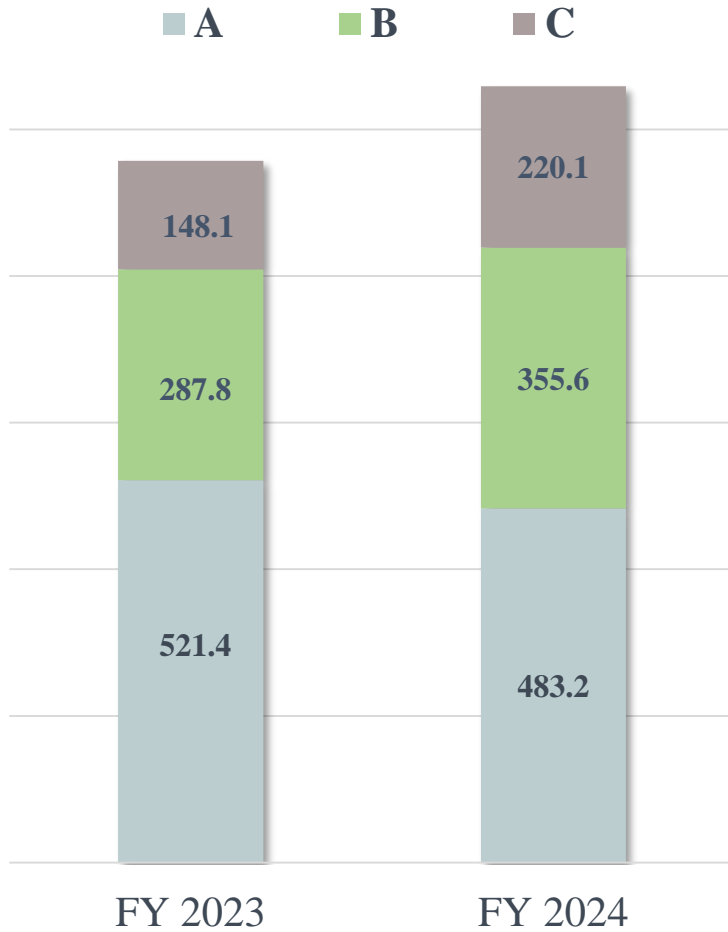
The reversal of inventory provisions decreased by RMB 31.42 mn in 2024 compared to 2023, further increasing the cost of sales

47.7% 0.5
2024 2023
3,142

SD & A Expenses

Selling and Distribution Expenses

Selling and distribution expenses totaled 1,058.9 mn, an increase of 101.6 mn



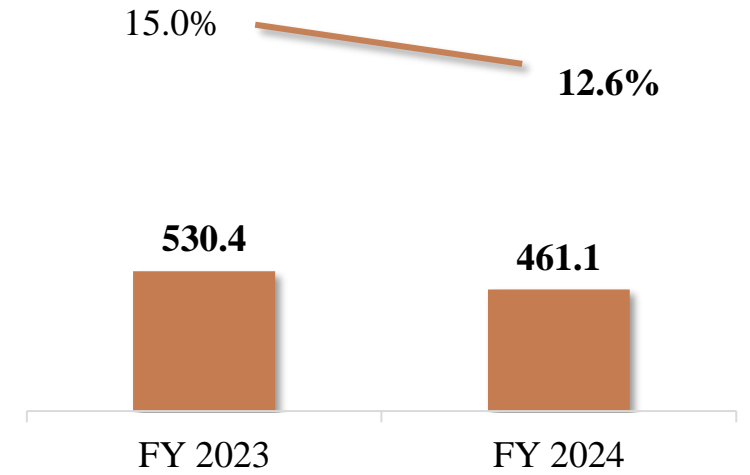
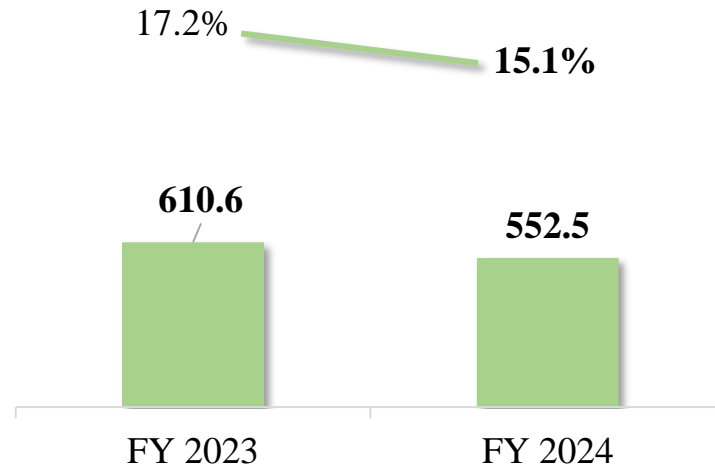
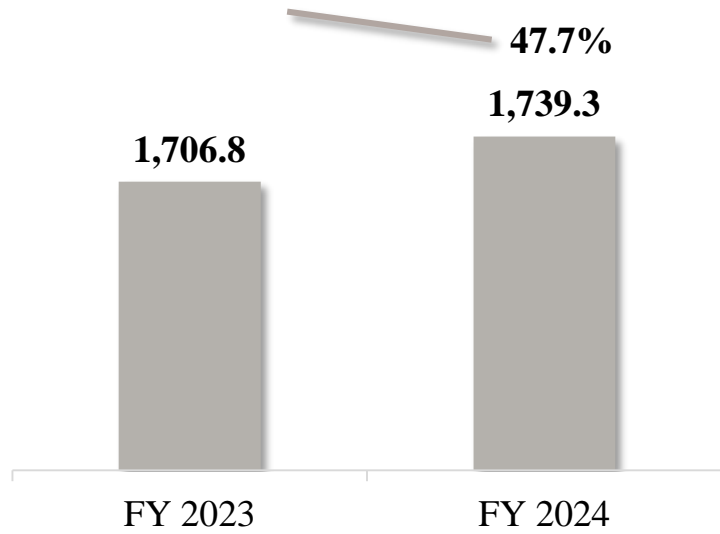
Administrative Expenses

(RMB mn)

Year	Administrative Expenses (RMB mn)	Expenses-to-Sales Ratio
FY 2023	177.1	5.0%
FY 2024	188.2	5.2%

- Administrative expenses were RMB188.2 mn, with an expenses-to-sales ratio of 5.2%
- The increase is primarily due to higher employee salaries and bonuses

Profit & Margin

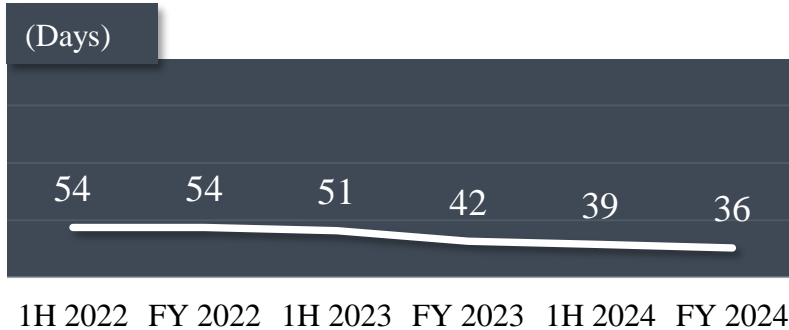


- Gross profit margin decreased by 0.5p.p. YoY to approx. 47.7%
- Reversal of inventory provision decreased by RMB 31.42 mn compared to 2023

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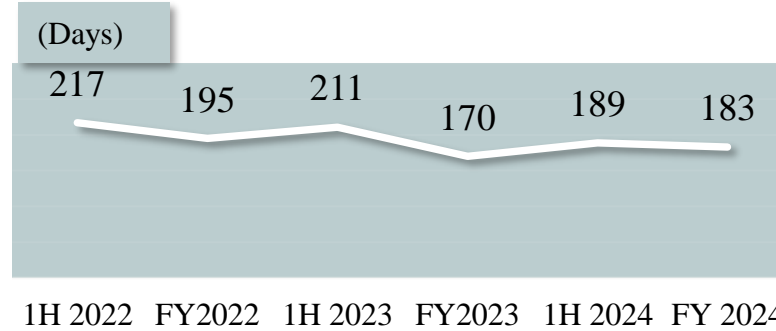
Working Capital Cycle

Average Trade Receivables Turnover Days



- Turnover days reduced as a result of increase in sales proportion of direct retail sales during the year

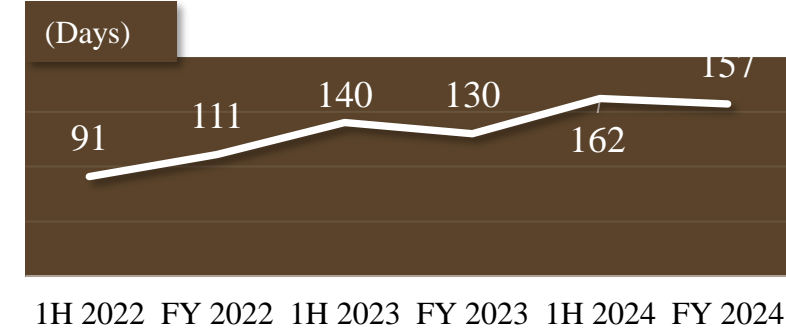
Average Inventory Turnover Days



- The increase of average inventory turnover days is mainly due increase in proportion of sales in direct retail and consignment during the year. Besides, sales of winter collection decreased because of warm winter effect in late 2024.
- Total inventory balance increased by RMB261.2 mn
- As at 31 December 2024, total provision of RMB49.0 mn was made in accordance with the Group's inventory provision policy

Period	2024
Inventory Balance	261.2
Provision	49.0

Average Trade Payables Turnover Days



- The increase in trade payables turnover days is mainly because of the increase in usage of trade bills which will be settled in later stage
- Trade and bills payables balance increased by RMB185.0 mn during the year to RMB914.9 mn

Trade and bills payables balance	185.0	914.9
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Cash Flows

<u>RMB mn</u>	<u>FY 2024</u>
Net cash generated from operating activities	527.3
Net cash used in investing activities	(306.3)
Net cash used in financing activities	(471.6)
Net decrease in cash and cash equivalents	(250.6)
Cash and cash equivalents as at 1 Jan 1 1	1,077.2
Effect of foreign exchange rate changes	0.3
Cash and cash equivalents at 31 Dec 12 31	827.0

- The major reconciling items with net profit for the year :

- CAPEX of RMB112.8 mn, time deposit of RMB207.2 mn, and less interest income of RMB19.5 mn
- | | |
|-------|-------|
| 112.8 | 207.2 |
| 19.5 | |

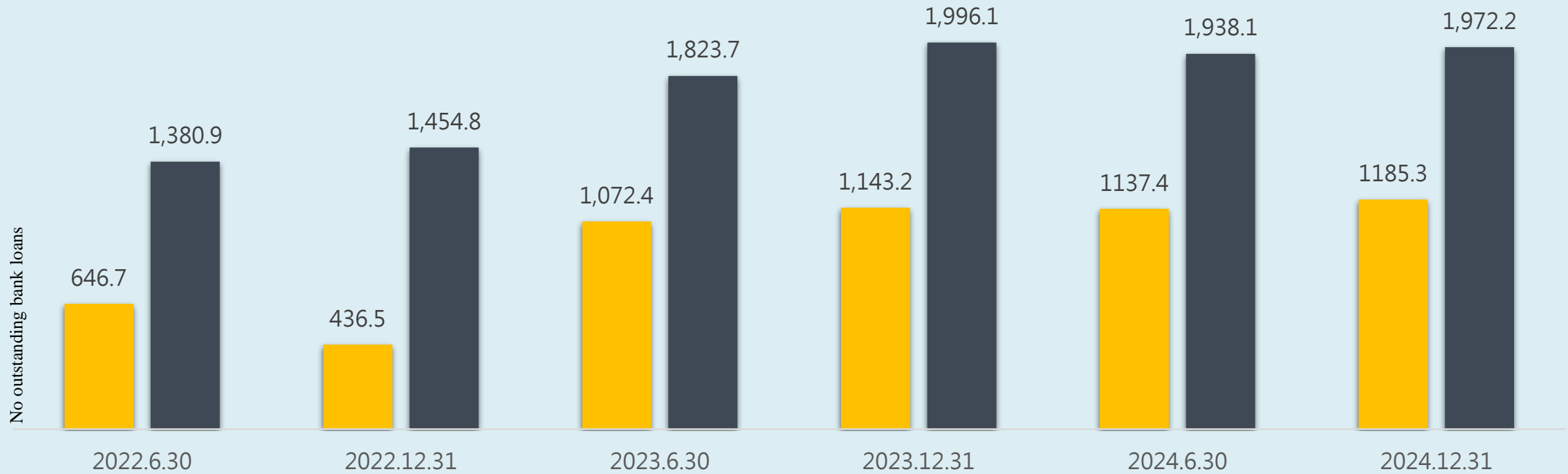
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(RMB mn)

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



No outstanding bank loans

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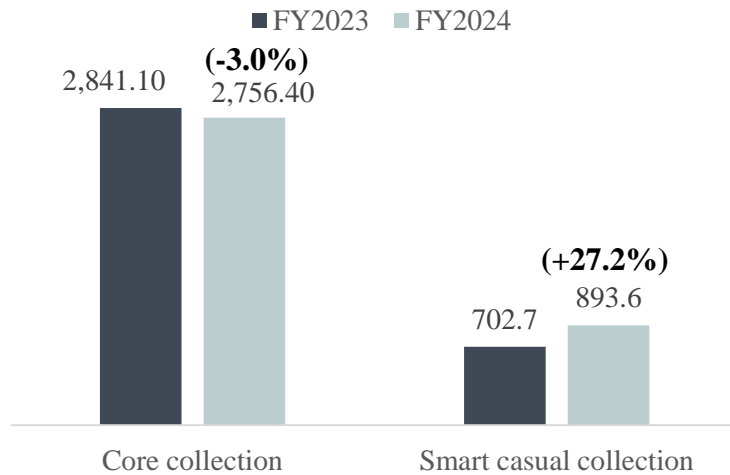


业务及营运回顾

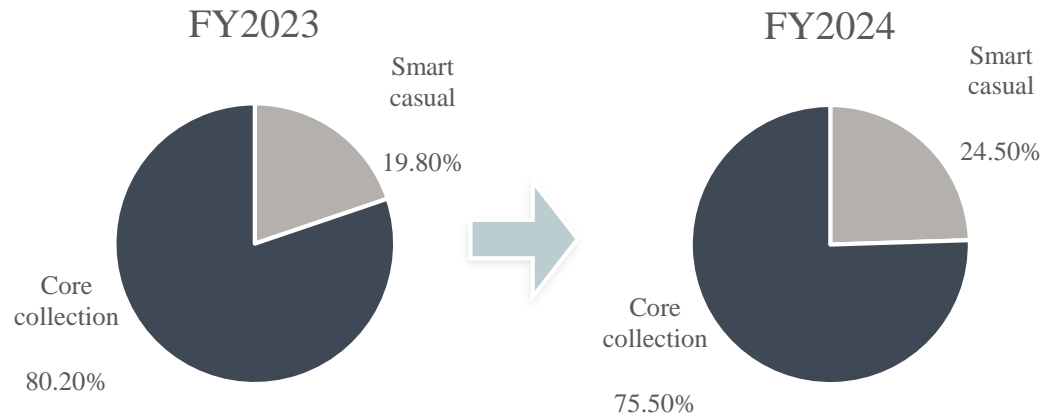
Sales By Collection

(RMB mn)

Sales by collection



% of revenue by collection



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Lilanz

30-50

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20-40

27.2%
DTC
3.0%

DTC

DTC

Brand, Dual

Strategy Achieves Remarkable Results

Core collection is positioned as “**Minimalist Menswear**”, targeting men aged 30-50 in third- and fourth-tier cities and county-level areas, and catering to their improvement needs for business-casual attire

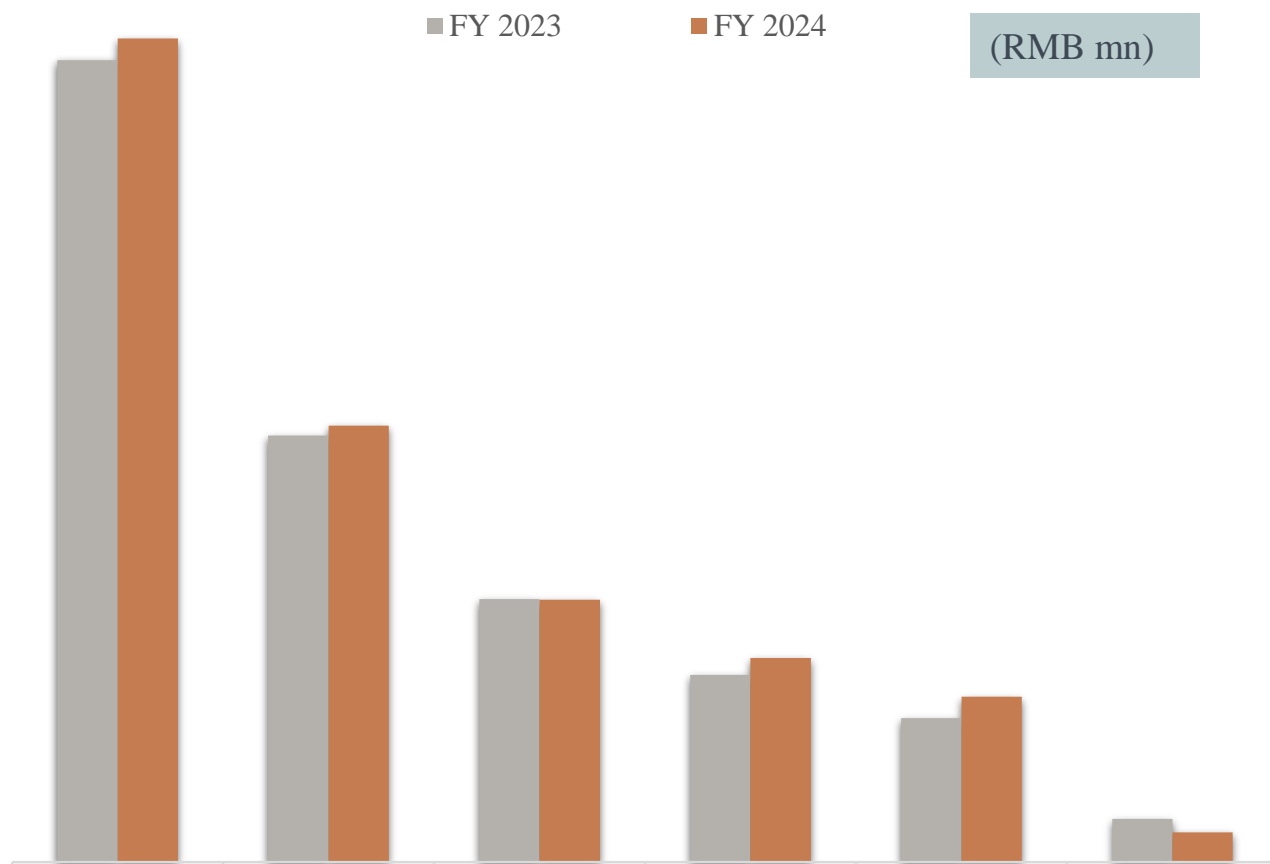
Smart casual LESS IS MORE is positioned as “**Youth Business**”, focusing on urban youths aged 20 to 30 in first- and second-tier economically strong cities, and aiming to meet the inelastic demand from business commuters

During the year, the smart casual collection from the strong increase in average sales of single store and the significant results in new retail channels, leading to a remarkable 27.2% increase in turnover. Meanwhile, The core collection recorded a slight decrease of 3.0%, mainly due to the Group’s recovery of distribution rights in the three provinces of the North-Eastern China and Jiangsu Province and the transition to DTC model for operation, and the compensation is paid to former distributors in the four provinces, with the amount directly deducted from sales revenue.

After the shift to a DTC model, the core collection will focus on enhancing connections with customers. The Group expects a positive sales impact of this model to become evident starting from 2025.

Sales Channel Management

Sales by region



Store Count by Region

	2024-1-1	Opened	Closed	2024-12-31
Eastern China	774	178	163	789
Central and Southern China	721	131	127	725
South-Western China	491	72	75	488
North-Western China	310	49	39	320
Northern China	267	75	32	310
North-Eastern China	132	29	20	141
Total	2,665	534	456	2,773
Total Retail Floor Space (sqm)	429,543			460,205 (+7.1%)

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Sales Channel Management ()

Channel Transformation, Streamlining Sales Channel Structure

Introduced the DTC model by implementing such model for the “LILANZ” core collection in the North-Eastern China and Jiangsu Province, replacing the previous business model operated by distributors

Enhances the store operation efficiency and product management capabilities of the LILANZ core collection in the region. With the help of the Group’s advanced digital operation system and the full-chain value integration advantages from production to retail, it will better leverage the Group’s competitive advantages

203 stores under DTC model

LILANZ DTC

LILANZ

DTC 203

The break down of the stores by types	Core collection	Smart casual collection	Total
Street stores	1,415 (-14)	15 (0)	1,430 (-14)
Stores in shopping malls and outlet stores	764 (+61)	272 (+19)	1,036 (+80)
Shop-in-0.00] TJMC / d 70 960 540 reW*hBTF1 14.04 Tf1 97 388.63 Tm0.949 g0.94a42Lr166La			

Continued to consolidate and optimize its nationwide sales network, while opening stores concentrated in premium shopping malls with prime locations

Opened **26** net outlet stores, focusing on selling current-season products that remained unsold in other retail stores. E-commerce platforms were utilized as a crucial channel for inventory clearance

26

Total store count as at 31 Dec 2024:

2024 12 31 :

2,773

Self-operated stores

Stores **382**

+85

Consignment

Stores **994**

+58

Distribution

Stores **1,397**

-65

Brand-new Sales Strategy

E-commerce platforms have been transformed from an inventory clearance channel to a retail sales channel mainly for new products

Increased input strength toward Tiktok and traditional e-commerce platforms

During the year, e-commerce achieved 24% growth, outperforming the overall business

Live Streaming Delivers Strong Performance

Continued to promote live-streaming sales by delivering high-quality, highly interactive content on online platforms

Intensified efforts to develop its e-commerce business by further covering more platforms including “Pinduoduo” and “POIZON”

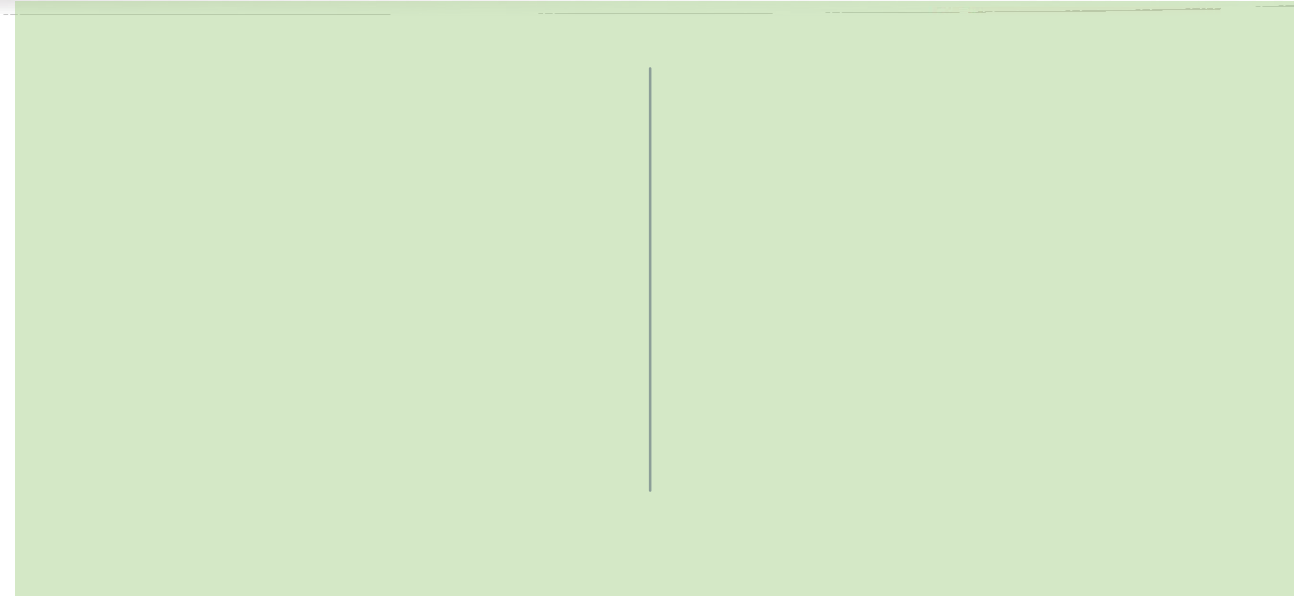
System Upgrade and Optimization

Comprehensively upgraded the retail management system, achieving seamless integration and real-time data sharing between online and offline platforms

Leveraged technologies such as WeChat Mini Programs, the Group enabled interconnectivity among various retail terminals

Invested in intelligent workshops and a smart warehouse and logistics distribution system, which improved the Group’s ability to fill orders quickly

Driven by Breakthroughs in Product Design and Development, the Sales of Down Jacket Increased by 41%



The Group's newly introduced: “Fearless of Wet and Cold, Water-Resistant and Warmer” Water-Repellent Down 3.0. It uses Hoption Downtek PFC Free™, referred to as the “International Top Water-

Marketing & Promotion



Collaborated with variety show Call Me by Fire 4 for the third time
4



Invited renowned celebrities to wear the Lilang LESS IS MORE collection and host brand meet-and-greet events in Jinan, Guiyang, Xuzhou, Zhengzhou and Nanchang. These events showcased a new paradigm for young business professionals, enhanced the Group's penetration in the regional markets, and strengthened consumer awareness of the China Lilang brand
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Partnered with National Geographic China to launch the "Follow The Silk Road to Paris" IP collaboration. The initiative featured sports champions and actor wearing Lilang's SMART Elite Collection suits, further elaborating on the brand connotation of "New Business Aesthetics"
IP
SMART



The sponsored fashion short film "Best Wishes" conveys China Lilang's brand philosophy of "Simplicity but not Simple" and its brand mission of "Creating a Better Life"
“ ”

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前景及策略

Continued the Implementation of Channel Reform

The “LILANZ” core collection would continue the implementation of channel reform

By effectively utilizing the successful implementation of the DTC model for the first time in 2024, the Group would enhance the connection between brands and consumers with a more effective way

Potential of the DTC model expected to be further unlocked and contribute to sales growth from Year 2025

	LILANZ	
2024		DTC
DTC		2025

Growing Momentum of Smart Casual Collection

LESS IS MORE smart casual collection will increase investment in product research and development to enhance the quality and design of the products.

Developing products with high quality and functionality

Further strengthen the brand's differentiated advantages and continue the positive development momentum.

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Strategic Layout and Development of Sales network

Actively Develop New Retail Strategies to Achieve Faster Growth.



Increase the proportion of new products sold online to 80%

Intensify online promotion efforts, continue to use popular social media platforms such as Douyin, and deeply reach consumers across the country through live broadcasts and other methods to drive sales growth

New retail business to achieve a growth of 15% or above in 2025

80%

2025

15%

“MUNSINGWEAR“ expected to start online sales in the first half of 2025, while the first physical store will be opened in the second half of 2025

Lilang officially entered the international market this year and is expected Lilang

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问答时间

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