

利郎 LESS IS MORE



LILANZ

CHINA LILANG LIMITED

中國利郎有限公司

Stock Code: 1234

2022

Annual Results 全年业绩





Agenda 议程

利郎 LESS IS MORE

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- 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

Flexibility to Meet the Challenges of the Epidemic to Drive Smooth Business Growth

灵活应对疫情挑战 推动业务平稳发展



Net profit amounted to RMB448 million, gross profit margin was 46.0%, representing an increase of 4.1 percentage points year-on-year

净利润达人民币4.48亿元，毛利率为46.0%，同比增加4.1个百分点

Step up efforts to promote new retail business and successfully promoted the new model of selling new products through e-commerce, increasing gross profit through higher unit price of new products and the new retail business started to record net profit

大力发展新零售业务，成功推进电商销售新品的新模式，透过新品较高单价而增加毛利，新零售业务开始录得纯利

Consolidated the distributor retail network and facilitated the relocation of about 50 shops to prime locations in Tier 1 and Tier 2 cities to enhance shop efficiency

整固分销商零售网络，促成约50家门店迁往一、二线城市优越位置，以提升店效

Adhered to the strategy of providing products that represent excellent value for money, increased originally designed products, and launched hydrophobic downs as quality items

贯彻执行「提供物超所值产品」策略，增加原创设计产品，推出极致单品拒水羽绒

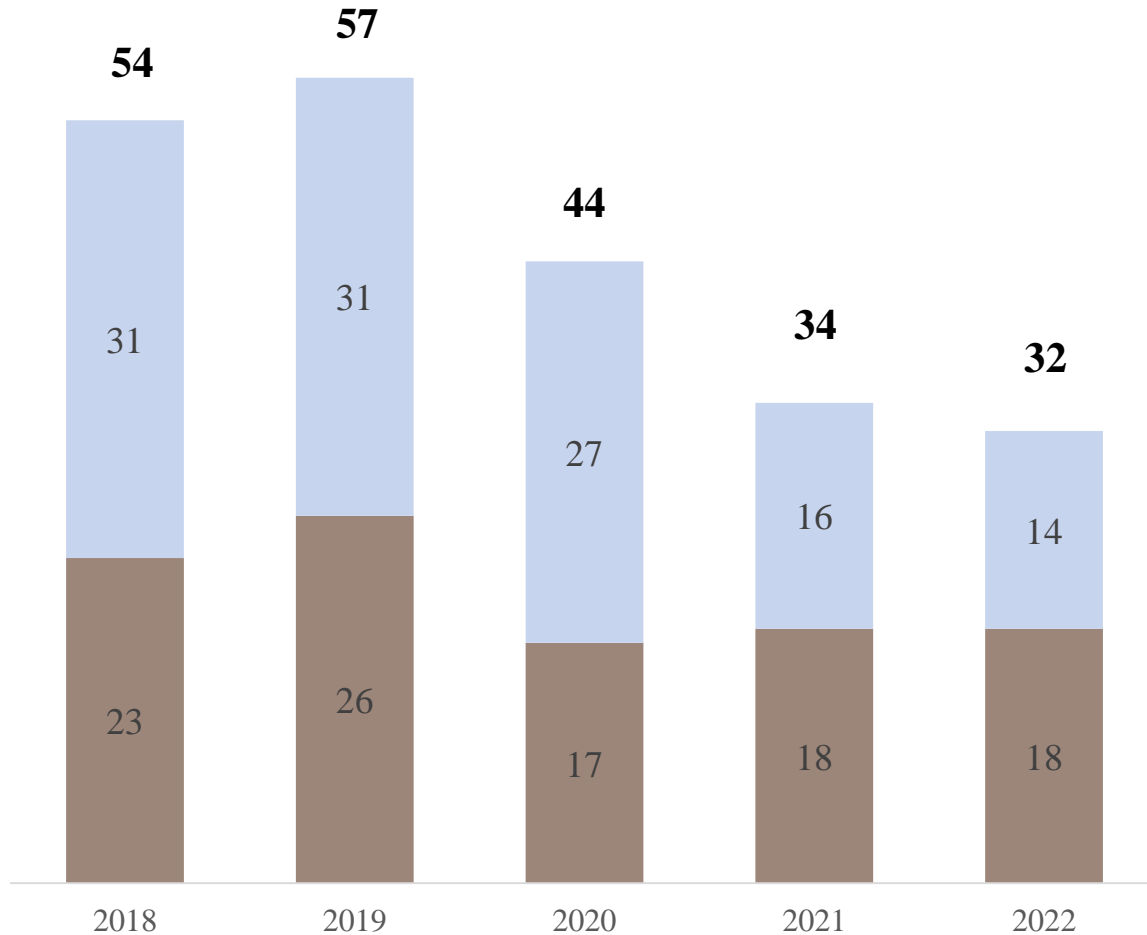
New logistics centre came into operation, further enhancing the effectiveness of inventory control and logistics distribution

新物流园投入运作，进一步提升库存控制及物流配送效益

Maintaining Stable Dividend Payout 维持稳定派息

Dividends per share 每股派息

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



- Final dividend HK9 cents per share and Special Final dividend HK5 cents per share to be distributed
- Total dividends for 2022 amounted to HK32 cents per share
- 派发末期股息每股9港仙及特别末期股息每股5港仙
- 2022年合共派息每股32港仙



02

Financial Review 财务表现回顾



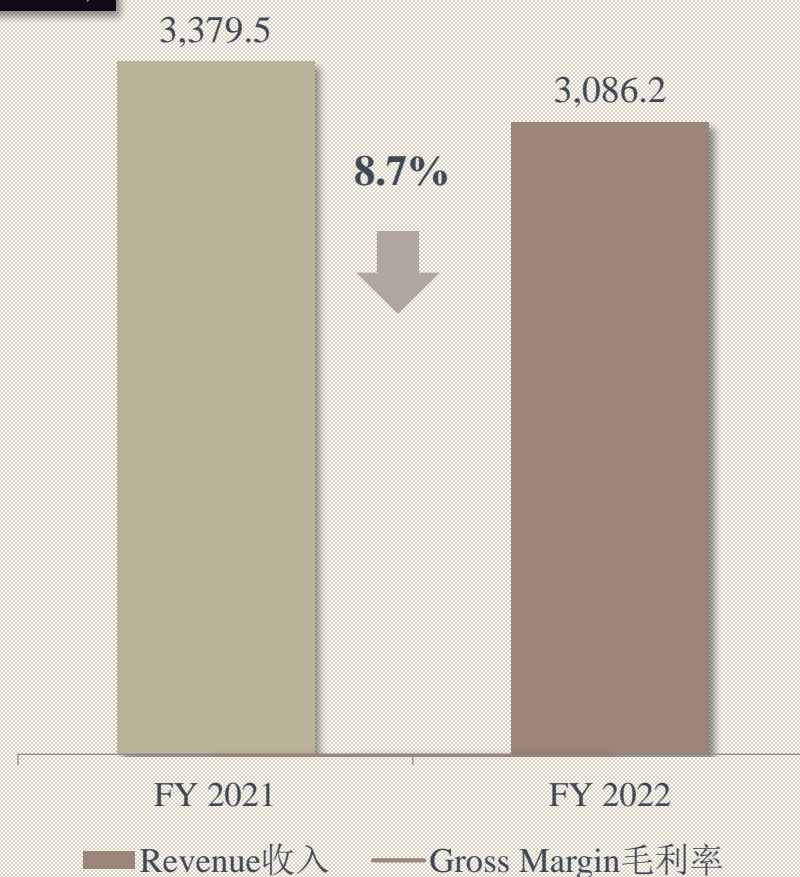
Revenue and Gross Margin

收入及毛利率

Revenue 收入

41.9% 46.0%

(RMB mn)



- Revenue down by 8.7% to RMB 3,086.2 mn
 - Revenue of core collection down by 7.5%:
 - With about 40% of stores converted to the consignment model, together with a satisfactory off-season inventory clearance, an increase in sales was recorded and reflected in Q1
 - Offset by the weaker sales in April, May and from late October onward due to the pandemic
 - Provided distributors with a total of RMB83.7 million in rebates
 - Revenue of smart casual collection down by 14.2%:
 - The retail unit prices increased by 15% to 20% following an enhancement of product design
 - Plunge in foot traffic

- 收入下降8.7%至人民币3,086.2百万元
 - 主系列收入下跌7.5%:
 - 春节前旺季销售表现随约40%店铺转代销得以在第一季度反映，加上清理过季库存工作进展良好，销售录得增长
 - 四至五月及自十月下旬疫情下的销情抵销了相关增幅
 - 为分销商提供返利共人民币8,370万元
 - 轻商务系列收入下跌14.2%:
 - 零售单价随产品设计优化而增加15%至20%
 - 店铺人流骤减

Gross Margin 毛利率

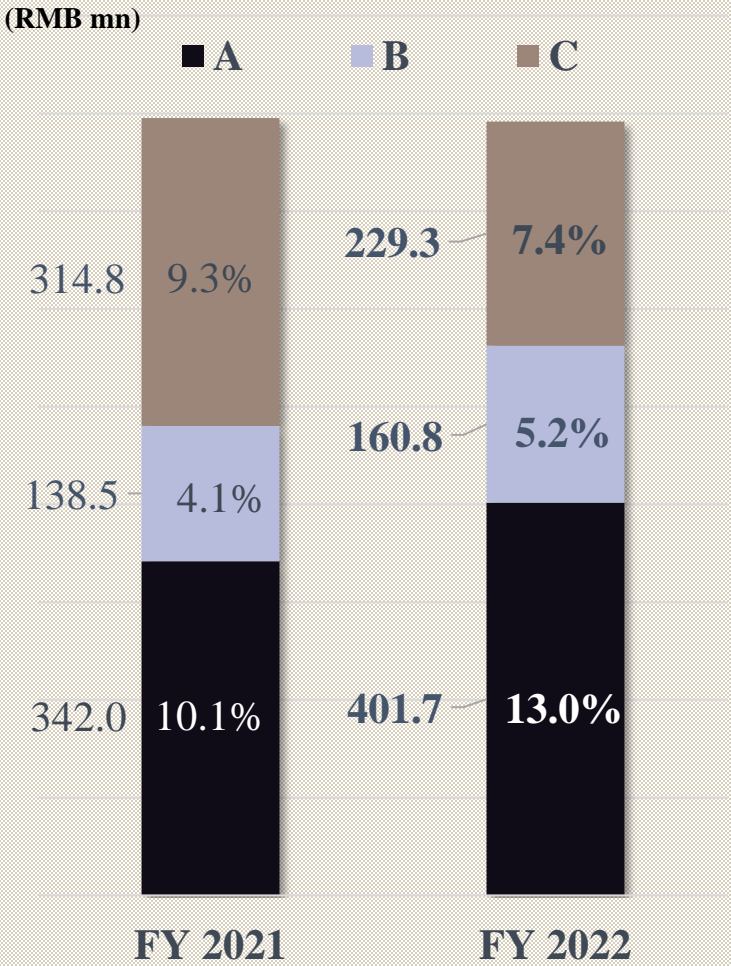
- GP margin up by 4.1 p.p. to 46.0% YoY.
 - The inventory provision of RMB122 million recorded in 2021 and the write-back of inventory provision of RMB22million during the year
- Excluding the impact of inventory provision and rebate, the GP margin was about 45.5%, up by 1.2p.p. YoY
- 毛利率为46.0%，同比增长4.1个百分点
 - 2021年计提存货拨备人民币1.2亿元，而年内存货拨备回拨0.22亿元
- 如扣除存货拨备及返利影响，毛利率则约45.5%，同比增加1.2个百分点

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 791.7 mn, down by 3.6 mn from 2021:

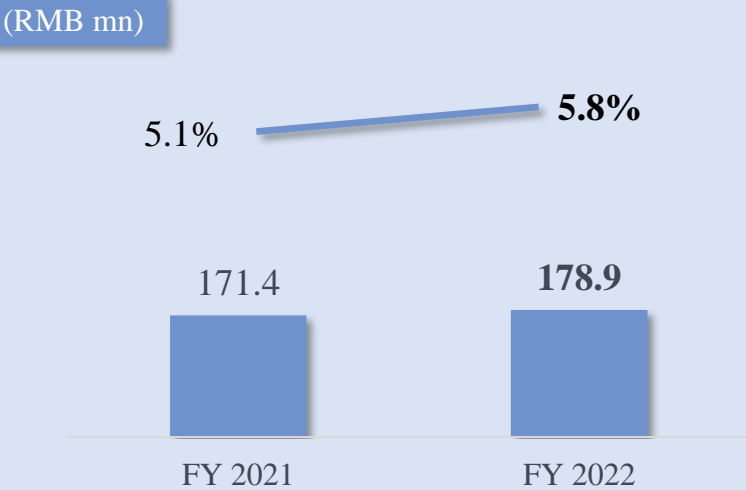
- A. Advertising and renovation expenses accounted for 13.0% to revenue, up by 59.7mn to 401.7 mn from 2021
- B. Other Selling and expenses comprised mainly salaries and online platform fee, accounted for 5.2% of and revenue
- C. Self-operated stores operating expenses for smart casual accounting for 7.4%, down by 85.5 mn to 229.3 mn

销售及分销开支总计791.7百万，较2021年减少3.6百万：

- A. 广告及装修费用占收入13.0%，较2021年增加59.7百万至401.7百万元
- B. 其他销售及分销开支费用占收入5.2%，主要包括工资及电商平台费
- C. 轻商务营运费用占收入7.4%，下降85.5百万元至 229.3百万元

Administrative Expenses

行政开支



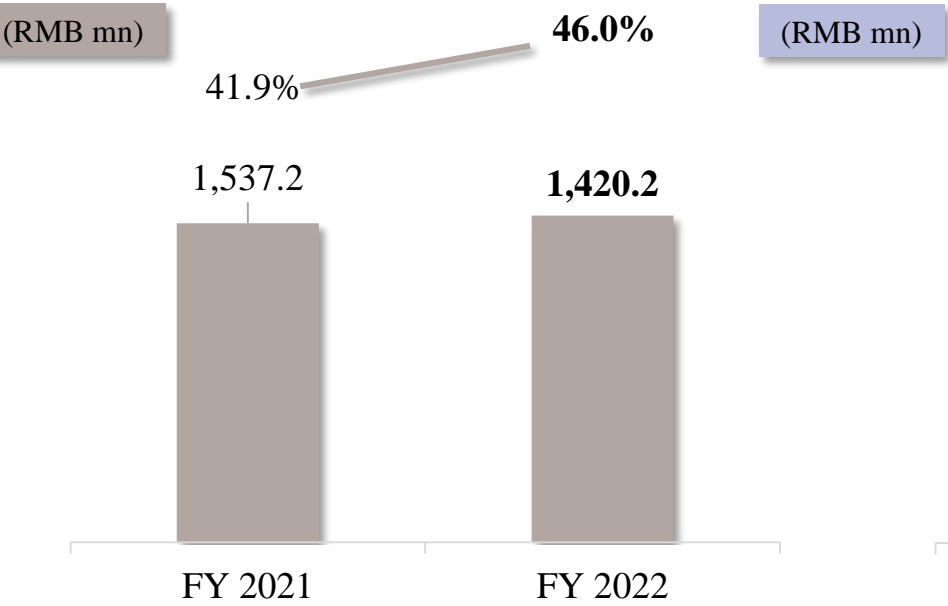
- The write-back of trade receivable provision was RMB6.0 million in 2021, while a provision of RMB12.7 million was made in 2022
- 2021年回拨应收帐款拨备人民币6.0百万元，而2022年计提拨备人民币12.7百万元

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

Profit & Margin

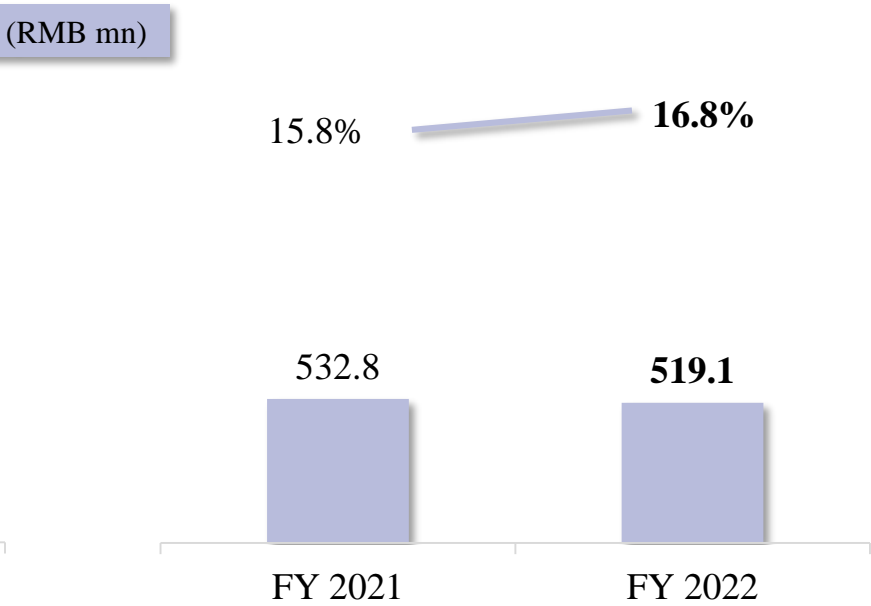
盈利及利润率

Gross Profit & Margin
毛利及毛利率



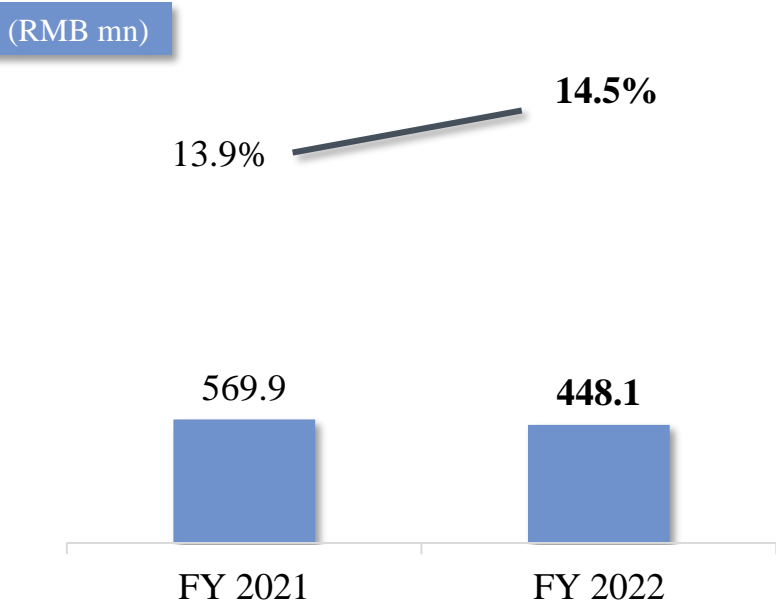
- The GP margin was about 46.0%, up by 4.1 p.p. YoY
- The inventory provision of RMB122 million recorded in 2021 and the write-back of inventory provision of RMB22.26 million during 2022
- 毛利率同比增加4.1个百分点至约46.0%
- 2021年计提存货拨备人民币1.2亿元，而2022年存货拨备回拨2,226万元

Operating Profit & Margin
经营利润及经营利润率



- Profit from operations decreased by 2.6% to RMB519.1 million
- Mainly due to the increase in administrative expenses and decrease in government subsidies
- Operating profit margin increased by 1.0 p.p to 16.8%
- 经营利润减少2.6%至人民币519.1百万元
- 主要由于管理费用增加及政府补贴减少所致
- 经营利润率上升1.0个百分点至16.8%

Net Profit & Margin
净利润及净利润率

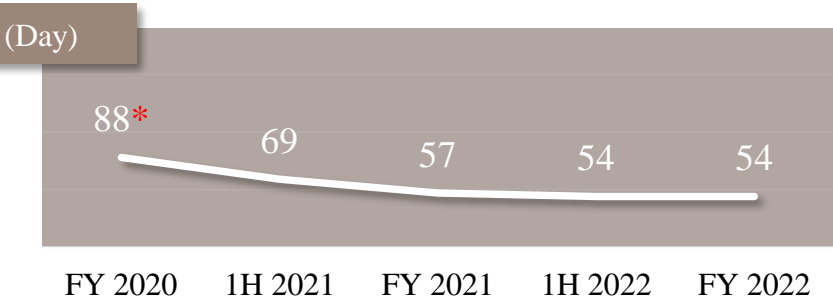


- Net profit for the year was RMB448.1 million, down by 4.3%
- Net profit margin increased by 0.6 p.p.to 14.5%
- 净利润为人民币448.1百万元，下跌4.3%
- 净利润率提升0.6个百分点至14.5%

Working Capital Cycle

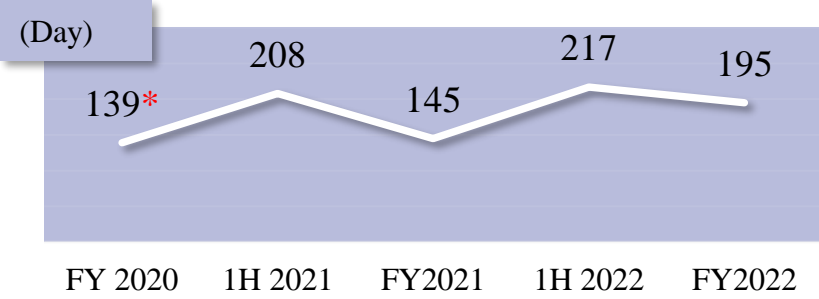
营运资金周转天数

Average Trade
Receivables Turnover Days
平均应收贸易账款周转天数



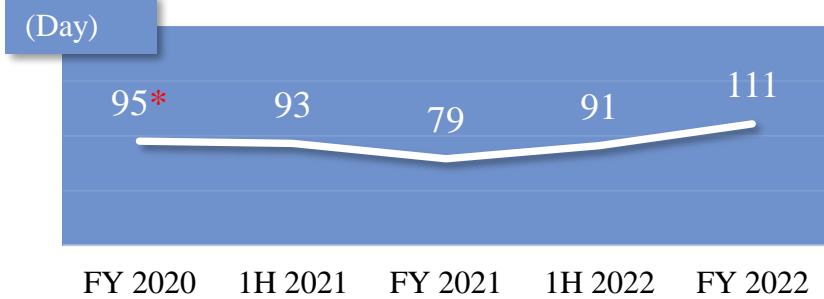
- Affected by higher trade receivable balances in 2021
- The decreased turnover of trade receivables due to the conversion of around 40% of core collection stores to the consignment model
- 受2021年较高的应收贸易账款结余影响
- 约40%主系列店铺已转以代销模式经营，周转天数有所减少

Average Inventory
Turnover Days
平均存货周转天数



- The increase in average inventory turnover days was mainly due to higher cost of sales and lower average inventory balances in 2021
- Inventory balance down by RMB8.6 mn
- Inventory balance of core collection increased while inventory balance of smart casual collection continued to improve
- At 31 December 2022, inventory provision of RMB115.5 mn was made
- 平均存货周转天数增加主要由于2021年的销售成本较高及平均存货结余较低
- 总存货结余减少人民币8.6百万元
- 主系列存货结余增加，轻商务存货结余持续改善
- 于2022年12月31日已计提库存拨备人民币115.5百万元

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



- The increase in trade payable days is mainly because of increase in usage in trade bills which will be settled in later stage
- AP balance up by RMB144.4 mn
- 主要由于增加使用将于较后阶段结算的贸易票据
- 应付贸易账款余额增加人民币144.4百万元

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

Cash Flows 现金流量

RMB mn 人民币百万元	FY 2022	
Net cash generated from operating activities 经营活动现金流入	653.7	Operating cash inflows 经营现金流入 <ul style="list-style-type: none"> The major reconciling items with net profit for the year : <ul style="list-style-type: none"> Increased trade payables Depreciation expense of RMB225.3 mn 与年度净利润主要调节项目： <ul style="list-style-type: none"> 应付贸易账款增加 折旧开支人民币225.3百万元
Net cash used in investing activities 投资活动现金流出	(1,175.1)	Investing cash outflows 投资现金流出 <ul style="list-style-type: none"> CAPEX of RMB378.5 mn, time deposit of RMB850.0 mn, and less interest income of RMB52.2 资本开支人民币378.5百万元，存放定期存款人民币850.0百万元，扣减利息收入人民币52.2百万元
Net cash used in financing activities 融资活动现金流出	(90.4)	Financing cash outflows 融资现金流出 <ul style="list-style-type: none"> Payments of 2021 final dividends and 2022 interim dividends totalling RMB340.9 mn and lease rental payments totalling RMB95.5 mn, and less net bank loan borrowings of RMB361.2 mn 支付2021末期股息及2022中期股息共人民币340.9百万元，以及租赁付款共人民币95.5百万元，减银行贷款借贷净额人民币361.2百万元
Net decrease in cash and cash equivalents 现金及现金等价物减少净额	(611.8)	
Cash and cash equivalents as at 1 Jan 于1月1日现金及现金等价物	1,571.6	
Effect of foreign exchange rate changes 外币汇率变动的影响	(0.3)	
Cash and cash equivalents at 31 Dec 于12月31日现金及现金等价物	960.1	

Healthy & Strong Cash Position

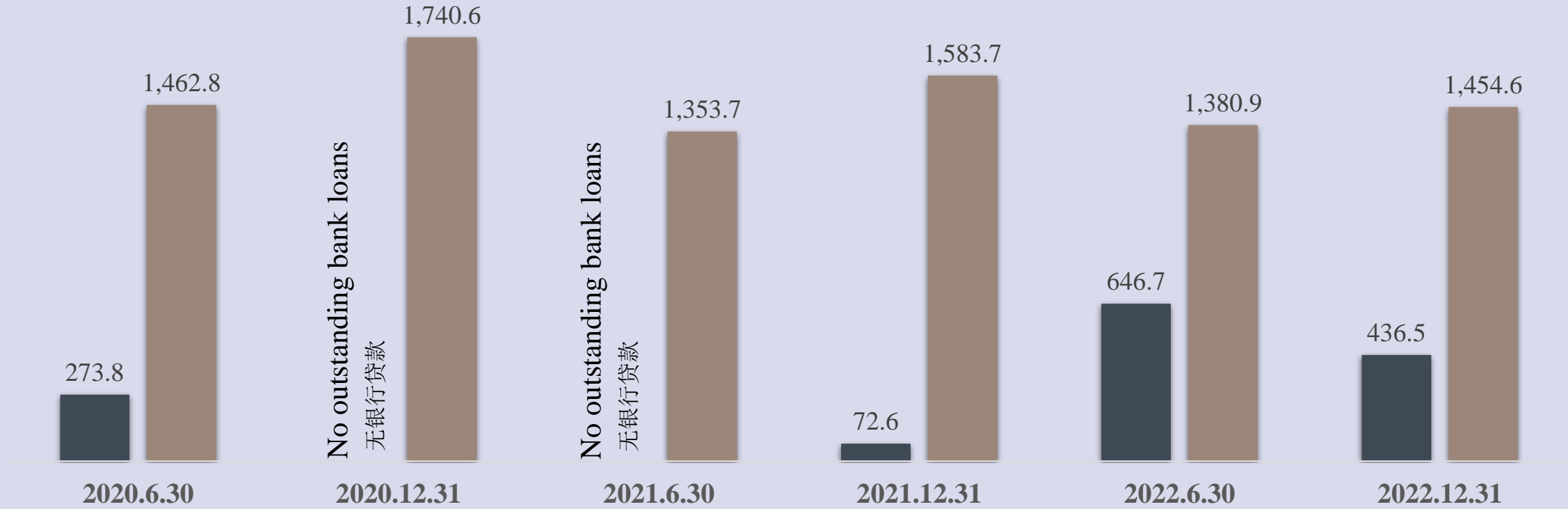
稳健的现金水平

Total Cash and Bank Balance

银行及现金结余

(RMB mn)

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





03

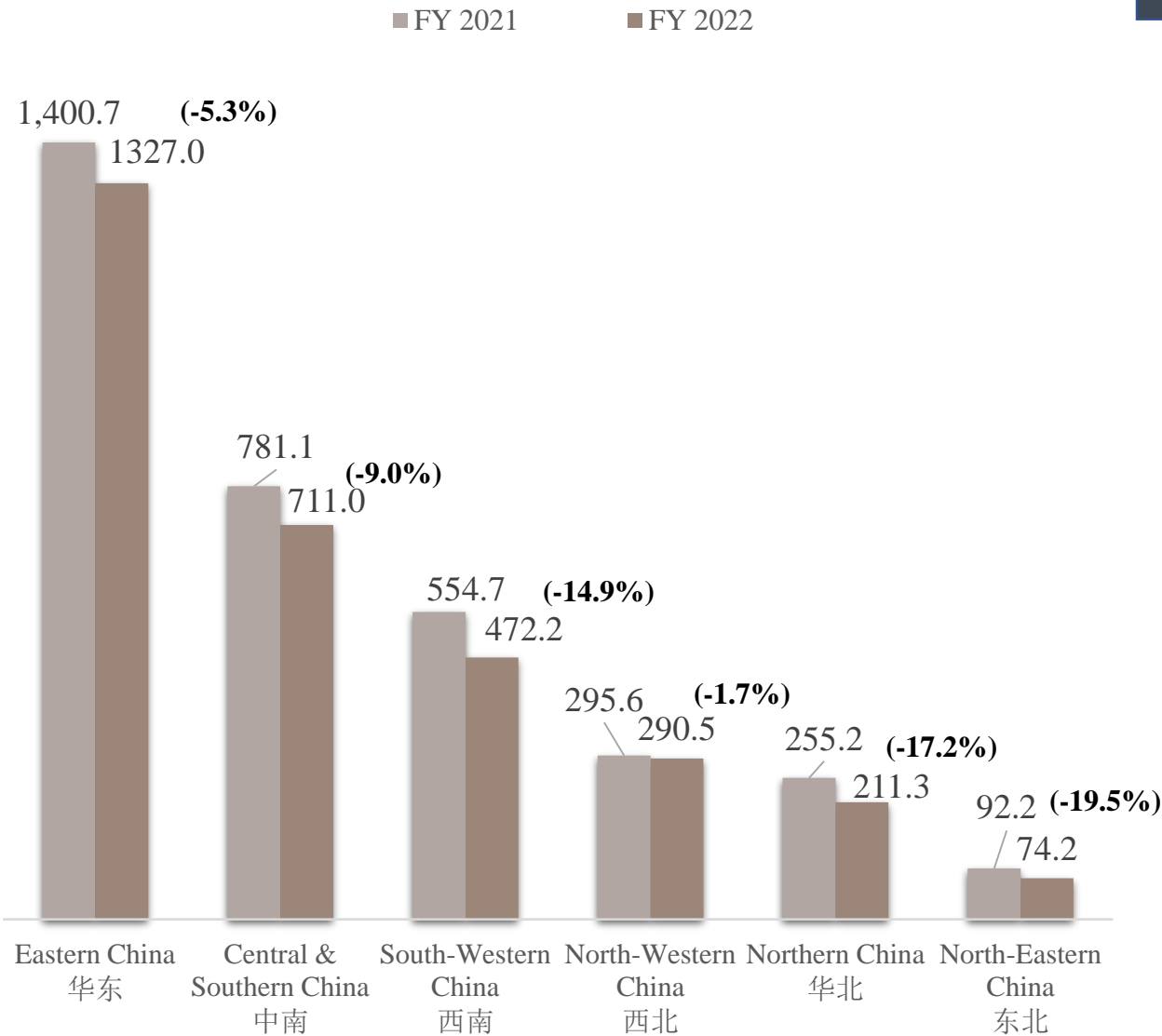
Business and Operational Review 业务及营运回顾

Sales Channel Management

销售渠道管理

(RMB mn)

Sales by region 各区销售



Store Count by Region 各区店铺数目

	2022-1-1	Opened 开店	Closed 关店	2022-12-31
Eastern China 华东	784	82	122	744
Central and Southern China 中南	736	77	98	715
South-Western China 西南	508	38	44	502
North-Western China 西北	275	34	29	280
Northern China 华北	272	24	44	252
North-Eastern China 东北	158	12	19	151
Total 总数	2,733	267	356	2,644
Total Retail Floor Space 总店铺面积 (sqm 平方米)	404,020			403,703 (-0.1%)

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
- Optimised store network of smart casual collection and the store locations by moving closer to first- and second-tier cities and approximately 50 stores has been optimised during 2022
- Continued to promote the seventh-generation store image of the core collection, a total of approximately 300 existing stores were renovated during the year
- **Channel upgrade continued:** 835 stores in shopping malls, accounting for about 32% of total store count and about 34% 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
- 轻商务优化店铺网络，店铺位置往一、二线城市靠拢，2022年已完成优化约50家门店
- 主系列持续推广第7代店铺装修，年内完成约300家现有门店的装修整改
- **继续提升渠道:** 购物商场店铺超过835家，占店铺总数目约32%，占总店铺面积约34%

Enhancing Inventory Management

- Inventory balance during the year approximated that of last year
- Inventory level of smart casual collection decreased continuously; Distributor channel inventory of spring items of core collection was at a higher level, while the rest were at a healthy level

提升库存管理

- 年内库存余额与去年相若
- 轻商务库存水平持续下降；而主系列方面，分销商的渠道库存中春季处于较高水准，其他则在健康水平



Total store count as at 31 December 2022: 2,644
2,393 core collection stores; 251 smart casual collection stores

于2022年12月31日总店数：2,644 家
2,393 家 主系列店铺；251 家轻商务系列店铺

New Retail Business Development

新零售业务发展



Added More New Products for Online Sales 增加推出新产品在网店销售

- Launched hydrophobic downs as quality items prior to the Double 11 shopping festival
- 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
- 于双11电商节前率先推出极致单品拒水羽绒
- 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



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



Online Channels Converted from Off-season Items Clearance Platform to Brand Touch Point of Mainly Promoting Brand Image 网店从产品清理平台转型成宣扬品牌形象为主的品牌接触过季点

- Gross profit increased significantly as the unit price of new product sales increased
- Net profit recorded by retail operations
- 毛利因新产品较高销售单价而大幅提升
- 新零售业务开始录得纯利

Product Design, Development and Supply Chain Management

产品设计、开发及供应链管理



LILANZ长服裤

Adhere to the personality-themed and original designs of products

- Proportion of originally designed products was maintained at about 75% among products sold during the year
- Proportion of these products utilising proprietary fabrics developed by the Group was around 50%
- Precisely developed a machine-washable, quick-drying and water-repellent down jacket product
- The icy pineapple shirt is made of fabric independently developed by China Lilang and was popular among consumers. There were successive rounds of quick replenishment orders even only on online channels

坚持产品的个性化设计及原创性

- 年内产品原创比例提升至约75%
- 其中应用由集团开发的独有面料的产品比例约50%
- 精准开发出可机洗、快干拒水的羽绒服产品
- 冰凤梨衫采用中国利郎自主研发面料，备受消费者喜爱，仅线上渠道连续多轮快速补单



Strong research and development team

- About 350 members

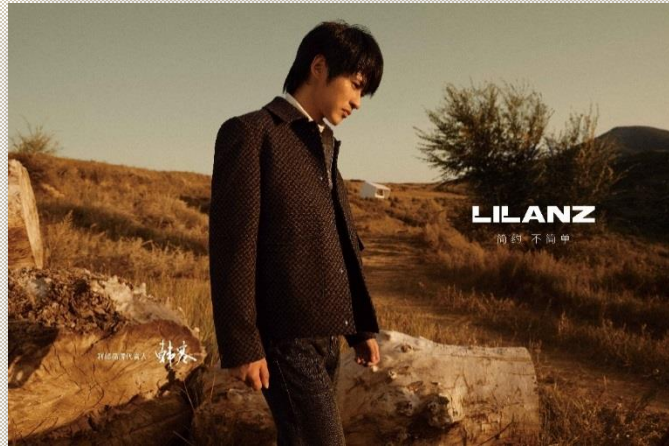
强大研发团队

- 约350人

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



Launched summer collection
of LESS IS MORE brand
ambassador Gao Hanyu

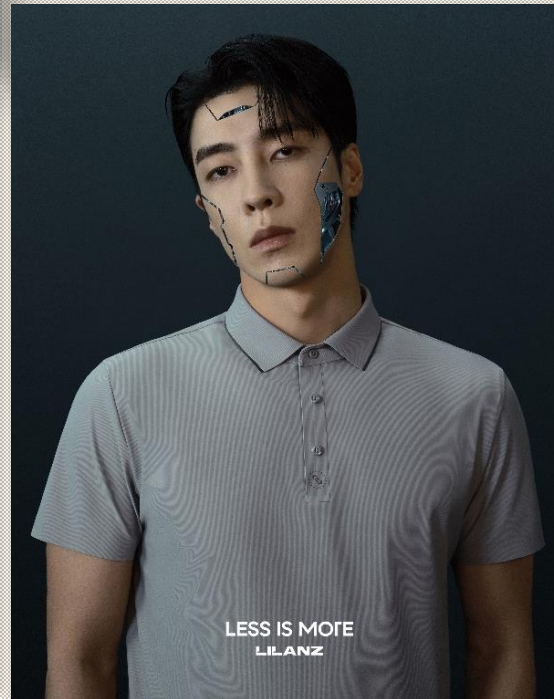
推出LESS IS MORE品牌大使高瀚宇夏季系列

Continued cooperation with Han Han
and joined hands with Chinese
National Geographic in spring and
summer

继续和韩寒合作，在春夏季携手《中国国家地理》

In autumn and winter, the themed
commercial “Style all the way, Fast
or slow” was launched

在秋冬季则推出《一路有型 快慢有度》主题广告片



Launched a virtual ambassador
Li Li to help promote the new
autumn and winter water-
repellent down in 2H 2022

下半年，推出虚拟主理人励LI，
以帮助宣传秋冬新品拒水羽绒

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 Geographic*
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



04

Outlook and Strategy 前景及策略



Prudent & Flexible Operation Strategy

审慎而灵活的经营策略

Continue to optimise store network and retail management

继续优化店铺网络、提升零售管理

- Increase the number of shops in quality shopping centers in provincial capitals and prefecture-level cities
- 增加在省会及地级市优质购物中心的店铺

- Add stores in outlets as a recurring channel for inventory clearance
- 继续增加在奥特莱斯开店，作为清理库存常设渠道

Core collection 主系列



Approximately 400 stores are scheduled to undergo renovation of the same kind in 2023

2023年为约400家门店进行同类整改工程



Smart casual collection 轻商务



- Continue store network and display space enhancement work in various regions by stages
- Over 100 shops planned to be optimized in 2023
- 继续分阶段优化各区店铺网络，调整各店铺陈列空间
- 2023年计划优化100家以上门店

Operational Targets 经营目标

- Total number of stores for FY 2023: Net increase of 100 stores
- 2023年全年总店铺数目：净增加100家
- The total retail sales growth for FY 2023: 10% or more growth
- 2023年全年总零售金额增长：10%以上

Prudent & Flexible Operation Strategy (Con't)

审慎而灵活的经营策略（续）

New Retail

- Cultivate the business model of selling at online stores and delivery to offline stores, and introduce better service, to provide more convenient and considered shopping experiences to customers
- Other than being a channel of the Group for inventory clearance, online stores will also become an important tool for the Group to launch more new products
- Continued optimisation of the proportion of new stock in e-commerce products is expected in 2023. Together with precise online promotions, the Group will drive traffic and develop customer loyalty, and thereby promote growth in online sales
- Strive to achieve sustained growth in the overall sales from e-commerce business during the year



新零售

- 深耕“线上卖货、线下发货”模式，加入更多更好的服务模式，为顾客提供更便捷和贴心的购物体验
- 网店不仅是集团清库存的渠道，亦将是集团推出新产品的桥头堡
- 预计2023年将持续优化电商产品中的新货比例，配合精准的网上推广，推动流量及培养顾客的忠诚度，从而推动网上销售增长
- 争取于年内电商整体销售实现持续增长

Brand Promotion 品牌推广

- Continue to promote through platforms such as Xiaohongshu, Weibo, TikTok and others
- The renovation works of the seventh-generation store image of the core collection will gradually be promoted to existing stores, and 400 existing stores are scheduled to be renovated in 2023
- 继续通过小红书、微博，抖音等平台进行推广
- 主系列第七代店铺形象装修工作将陆续推广至现有门店，计划在2023年装修400家现有店铺

Summary

总结

China Lilang is determined to build a brand of quality menswear, through more direct contact with the consumer base and grasp the needs of the middle class, in order to stand out after the epidemic and become the benchmark brand of menswear in China
中国利郎锐意建立优质男装的品牌，透过和消费群更直接的接触，把握中产群众的需求，务求在疫情后脱颖而出，成为中国男装的标杆品牌

External challenges

Epidemic challenges over the past few years, reduced footfall and market demand
the slowdown in China's economic growth
low competition in the market

外部挑战

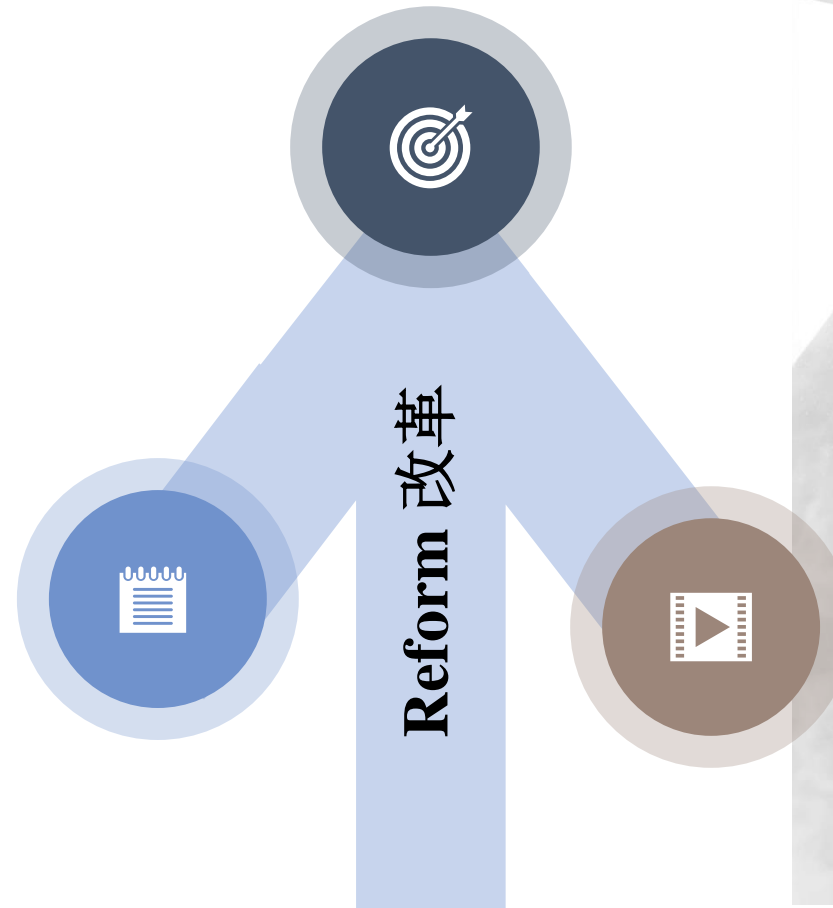
过去几年疫情挑战，减少人流及市场需求
中国经济增速放缓
市场门槛低竞争激烈

External

Pure distribution → 4 channels: distribution, consignment model, direct retailing and e-commerce.
More directly understanding and response to consumer needs, reduced receivables and enhanced cash flow

对外

纯分销→分销、代销、直营及电销4个渠道
更直接了解并回应消费者需求降低应收款及加强现金流



External opportunities

The shift from an export- and investment-led economy to a consumer-led economy, with the rise of the middle class and increased demand for quality products

外部机遇

中国经济从出口和投资主导过度为消费主导，中产兴起并对优质产品需求增加

LILANZ 利郎

Internal

Established of a creative and logistics park and the upgrading of automated production
Stronger brand building, better inventory management and logistics distribution, and stronger recruitment difficulties

对内

建立创意园及物流园并提升自动化生产
加强品牌建立、加强库存管理及物流配送，以及更有力面对招工困难

05

Open Forum
答问时间



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