



China Lilang Announces 2024 Annual Results

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Revenue Up 3.0% to RMB3.65 Billion Profit Attributable to Shareholders Reaches RMB461 Million Total Annual Dividend of HK30 Cents Per Share

(Hong Kong - 18 March 2025) **China Lilang Limited** ("China Lilang" or the "Company", together with its subsidiaries, the "Group"; stock code: 1234) today announced its results for the year 2024.

Mr. Wang Dong Xing, Chairman and Non-Executive Director of China Lilang, said:

"In 2024, amidst persistent global complexity and volatility, the prospects of geopolitical and economic environment remain complex and the impact of trade tariffs on real economy is unpredictable. As a leading player in the industry, the Group firmly promoted its strategic transformation during the year, leveraging technology to improve corporate management. It strengthened its domestic sales network and further optimized the channel layout effectively with distributors and various partners to improve operational efficiency and achieve higher quality and healthy growth."

During the year, the Group's revenue increased by 3.0% year-on-year to RMB3.65 billion. Notably, the smart casual collection grew by 27.2%, mainly benefiting from the strong increase in average single store sales and the significant results in new retail channels, continuing the positive momentum from 2023. The core collection recorded a decrease in sales of 3.0%, mainly due to the Group's recovery of distribution rights in the three provinces of the North-Eastern China region and Jiangsu Province for the transition to a direct-to-consumer (DTC) model for operation, which resulted in a decline of sales in the distribution business. In addition, the Group paid compensation to former distributors in these four provinces, the amount of which was directly deducted from sales revenue.

The gross profit margin decreased slightly by 0.5 percentage point year-on-year to 47.7%, mainly due to the one-off compensation paid to distributors and the decrease in the reversal of inventory provision. Profit Attributable to Shareholders was RMB461 million (2023: RMB530 million). Profit margin attributable to shareholders reached 12.6% (2023: 15.0%). Earnings per share were RMB38.51 cents.

During the year, the Group maintained a healthy financial position and sufficient cash flow. The Board recommends a final dividend of HK9 cents per share and a special final dividend of HK3 cents per share. Together with the interim dividend already paid, the total dividend for the year amounted to HK30 cents per share, maintaining a stable dividend payout ratio.

In response to the strong development trend of new retail, the Group adopted a new strategy to transform its e-commerce platform from a channel for clearing inventory to a retail outlets for new products . The Group also continued to strengthen new retail's platform positioning, and opened multiple online channels such as "Pinduoduo" and "Poizon" on top of the original e-commerce channels. New retail sales for the year grew by 24% year on year.

In the face of ever-changing market trends, China Lilang adopted flexible strategies to steadfastly embrace transformation. Through its diversified sales channels and precise market positioning, the Group's products and services are more closely aligned with the buying habits of Chinese menswear consumers, thereby driving sales growth. The Group advanced its channel transformation during the year. The DTC model was first implemented for the "LILANZ" core collection in North-Eastern China and Jiangsu Province, replacing the previous model operated by distributors. Within less than a year of implementation, these initiatives have already generated significant growth for the Group in North-Eastern China and Jiangsu Province and are expected to provide even greater contributions to the Group's long-term performance. In addition, the Group has also adopted the direct-to-retail model and the direct-to-retail e-commerce model for its smart casual collection. As at the end of December 2024, the Group had a total of 2,451 core collection stores and a total of 322 smart casual collection stores, for a total of 2,773 stores, a net increase of 78 over the same period last year.

In terms of brand promotion, the Group has actively explored various new marketing approaches, with a focus on "innovation, quality, and youthfulness" as key themes. Through initiatives such as brand strategy upgrades, celebrity endorsements, digital marketing, and corporate social responsibility efforts, the Group has continuously innovated its core collection and smart casual collection. These efforts have successfully reached consumers across cities of different tiers and age groups.

The Group's "Multi-brands and Internationalization" development strategy entered a substantive stage last year, and the Group started to work with international companies to enrich its product portfolio. The Group acquired the brand ownership of premier golf apparel brand "MUNSINGWEAR" within the PRC by means of a controlling joint venture structure in August last year and the related inventory take-over work is progressing smoothly. In addition, the Group's plan to open international stores in Malaysia is well on track.

In 2025, China Lilang will continue to leverage its advantages to drive reform and transformation and seize opportunities arising from market consolidation. The Group aims to achieve a net increase of 100 stores in 2025, and will prioritize the opening of new stores in premium shopping malls in provincial capitals and prefecture-level cities, locating the stores in areas with high foot traffic and high consumption potential. In addition, it will increase the scale of store openings in outlets to attract consumers with reasonable prices and effectively clear inventories. At the same time, it will flexibly close underperforming stores and strictly control costs and expenses to enhance overall store performance and ensure precise allocation of resources to the target consumer group.

To sustain the strong momentum of the new retail business and seize market opportunities, the Group will increase sales of new products online during the year, targeting to raise the proportion of new product sales to 80% of total e-commerce sales. The Group also aims to achieve a growth of 15% or more in new retail business and an overall sales growth of no less than 10% in 2025.

The Group will advance its "Multi-brand and Internationalization" development strategy as planned. The online sales of its joint venture company "MUNSINGWEAR" are expected to officially commence during the first half of this year, while the first physical store will be opened in the second half. In addition, the Group's plan to open the first store in Malaysia in the first half of the year is progressing smoothly. This will enable the Group to achieve its goal of operating three brands – "LILANZ", "LESS IS MORE" and "MUNSINGWEAR", in the Chinese and Malaysian markets by the end of 2025, marking the official venture of Lilang brands of household words domestically, into the international market.

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Mr. Wang Dong Xing, concluded, *“We remain cautiously optimistic as we face the challenges and opportunities that lie ahead. While persistently pursuing the established strategies and driving the growth of our new retail business, we will also strive to expand our market share and enhance brand competitiveness by advancing the ‘Multi-brand and Internationalization’ strategy. We are committed to realizing higher quality and sustainable growth, strengthening our leadership position in the menswear industry, providing consumers with premium products and services, and maximizing value for shareholders.”*

About China Lilang

China Lilang is one of the leading PRC menswear enterprises. As an integrated fashion enterprise, the Group designs, sources and manufactures high-quality business and casual apparel for men and sells under brands of 「利郎 LILANZ」及「利郎 LESS IS MORE」 across an extensive distribution network, covering 31 provinces, autonomous regions and municipalities in the PRC.

For further inquiries, please contact:
Keris Leung / Yan Li / Angela Shen
Tel: (852) 2864 4863 / 2114 4320 / 2864 4870
Email: chinalilang@sprg.com.hk