

利郎 LILANG

利郎 LESS IS MORE

CHINA LILANG LIMITED
中國利郎有限公司

Stock Code: 1234

2023

Interim Results 中期業績



Agenda 议程

- 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





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Results Highlights
业绩亮点

Sales Channels Reform Completed; Push Forward Brand Strategy Upgrade 渠道改革完成，推进品牌战略升级工作

Revenue Up by 6.7% to RMB 1,491.1 mn
收入增加6.7%至人民币14.91亿元

Net profit up 5.2% to RMB270.5 mn, gross profit margin was 51.8%,
representing an increase of 3.1 percentage points YoY
净利润增加5.2%至人民币2.705亿元，毛利率为51.8%，同比增加3.1个百分点

Core collection stores have resumed normal operations with higher sales
throughout rate, coupled with the price increase of the Group's products in the
second half of last year, its sales improved during the period, with a growth of a
low single-digit

主系列所有店铺恢复正常运营并提升售罄率，加上去年下半年产品提价，
销售于期内有所改善，销售金额录得低单位数增长

Smart casual stores also resumed normal operations in full and sales were positive
with higher sales throughout rate, recording a double-digit growth for sales
轻商务店铺期内同样全面正常营业，且销售向好并达致更高售罄率，录得销
售双位数增长

Pushed forward the Lilang brand strategy upgrade; positioned it the “Lilang
minimalist menswear”. The store image renovation project has resumed its pace,
the Group accelerated the pace of using a new store image to display a more
fashionable and younger brand

推进利郎品牌战略升级工作，定位「利郎简约男装」。店铺形象装修工程亦
重拾步伐，加快利用新店铺形象展示更时尚、更年轻品牌形象

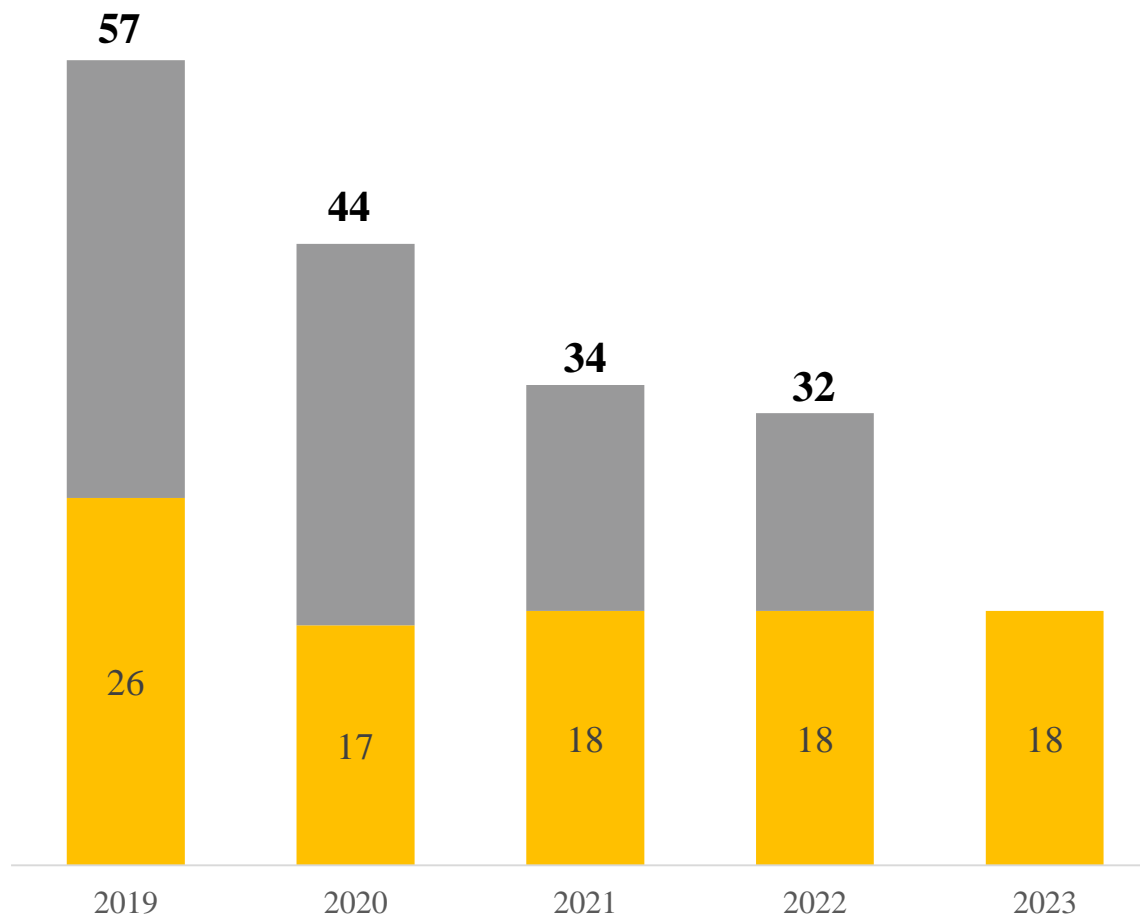


Maintaining Stable Dividend Payout 维持稳定派息比率

Dividends per share 每股派息

(HK cents)

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



- Interim dividend: HK13 cents per share and
- Special interim dividend: HK5 cents per share
- 中期股息每股：13港仙及
- 特别中期股息每股：5港仙

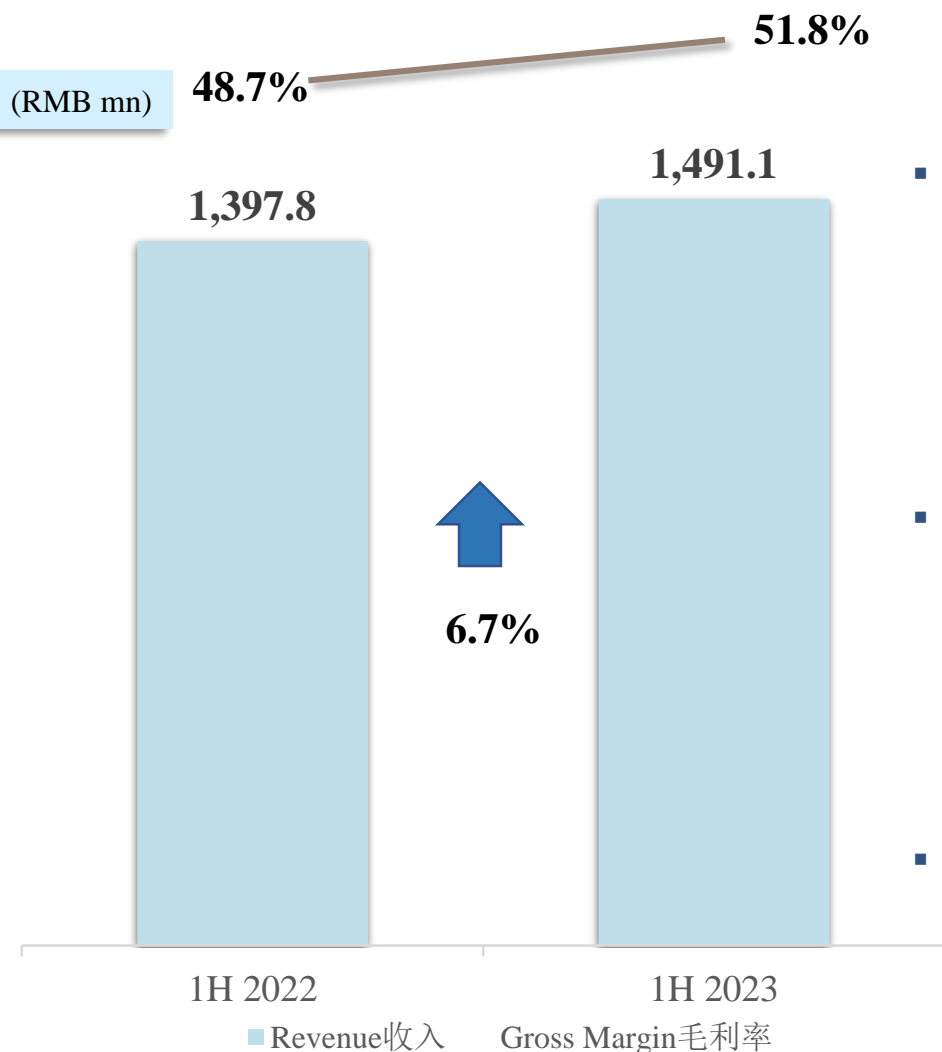


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Financial Review 财务表现回顾



Revenue and Gross Margin 收入及毛利率



Revenue 收入

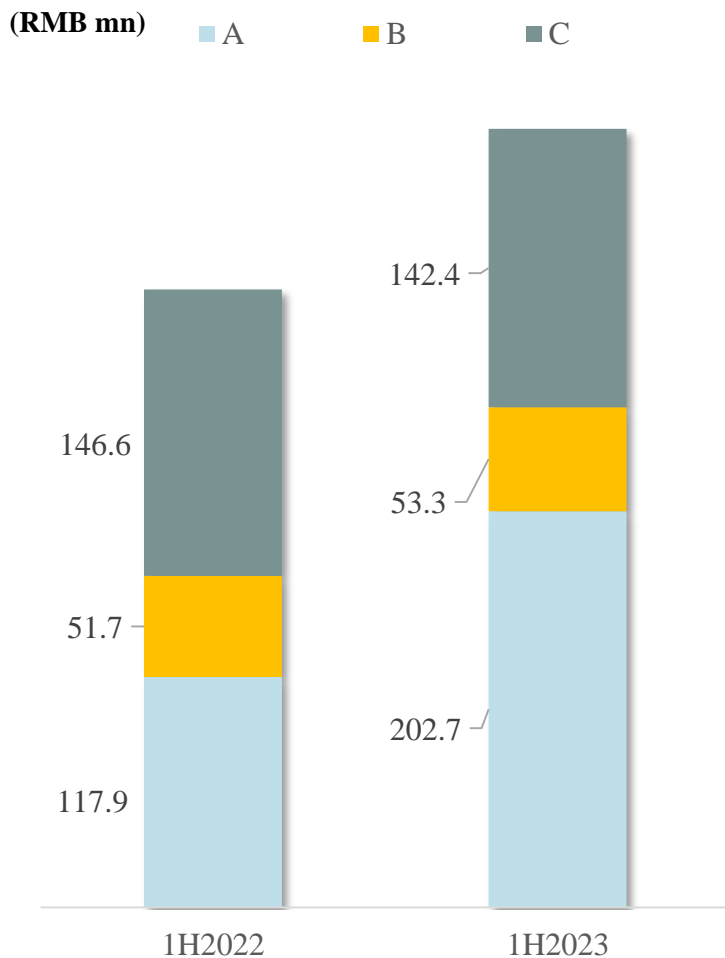
- Revenue raised by 6.7% to RMB 1,491.1 mn
 - Core collection revenue increased by 3.2%:
 - All core collection stores resumed normal operations with higher sales throughout rate
 - Price increases were implemented in 2H2022, resulting in improved sales during the period
 - Smart casual collection revenue increased by 21.5%:
 - Smart casual collection stores also operated normally with higher sale throughout rate during the period and recorded double-digit sales growth
- 收入增长6.7%至人民币14.91亿元
 - 主系列收入增长3.2%:
 - 主系列所有店铺恢复正常运营并提升售罄率
 - 去年下半年进行提价，其销售于期内有所改善。
 - 轻商务系列收入增长21.5%:
 - 轻商务店铺期内同样全面正常营业，且销售向好并提升售罄率，录得销售双位数增长

Gross Margin 毛利率

- GP margin was 51.8%, an increase of 3.1p.p. YoY
 - Sales proportion of the smart casual collection with higher gross profit margin showed increased
 - Price increases were mainly implemented in the 2H of last year, resulting in higher YoY sales unit prices in the 1H of this year.
 - Reversal of inventory provision of RMB 59.7 mn as a result of clearance of off-season inventory
- 毛利率为51.8%，同比增长3.1个百分点
 - 毛利率较高的轻商务业务销售占比提高
 - 去年提价主要在下半年开始，因此今年上半年同比销售单价较高
 - 因清理过季库存，库存拨备回拨人民币5,970万元

SD & A Expenses 销售、分销及行政开支

Selling and Distribution Expenses 销售及分销开支



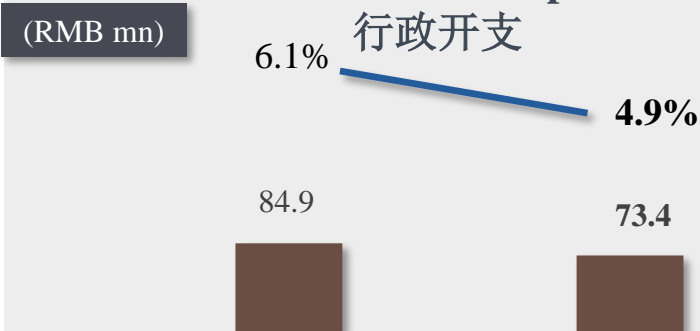
Selling and distribution expenses amounted to 398.4mn, raised by 82.2 mn from 2022:

- A. Advertising and renovation expenses accounted for 13.6% to revenue, up by 84.8 mn to 202.7 mn from 2022 as a result of shifting of advertising and renovation projects from 1H2022 to 2H2022 and 1H2023
- B. Other Selling and expenses comprised mainly salaries expenses, accounted for 3.5% of and revenue
- C. Smart casual collection direct-to-retail stores expenses and online platform fee accounting for 9.8%, down by 4.2 mn to 142.4 mn

销售及分销开支大幅增加人民币8,220万元至人民币3.984亿元:

- A. 广告及装修费用占收入13.6%，较2022年增加8,480万至2.027亿元。主要因为2022年上半年的广告和装修计划推迟到2022年下半年和2023年上半年
- B. 其他销售及分销开支费用占收入3.5%，主要包括工资费用
- C. 轻商务自营店费用及电商平台费占总收入约9.8%，下降420万元至 1.42亿元

Administrative Expenses

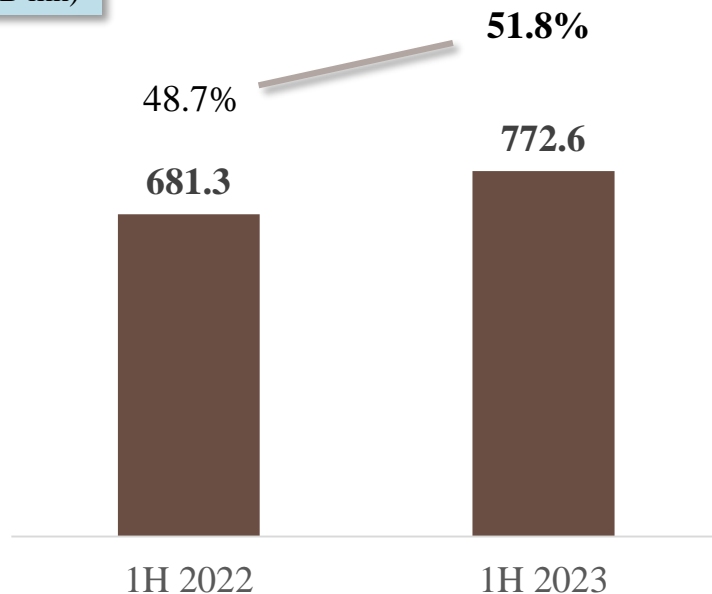


- Administrative expenses were RMB 73.4 million, accounting for a reduced sales proportion of 4.9%
- The decrease in administrative expenses was mainly due to the reversal of provisions for trade receivable and right-of-use assets, as a result of significant decrease in overdue trade receivables and the number of loss-making smart casual collection direct-to-retail stores as the pandemic situation subsided
- 行政开支为人民币7,340万元，占销售比减少至4.9%
- 期内费用减少主要由于逾期应收帐款大幅减少以及随着疫情过去，亏损的轻商务自营店数目大幅减少，因而导致应收帐款及使用权资产拨备回拨所致

Profit & Margin 盈利及利润率

Gross Profit & Margin 毛利及毛利率

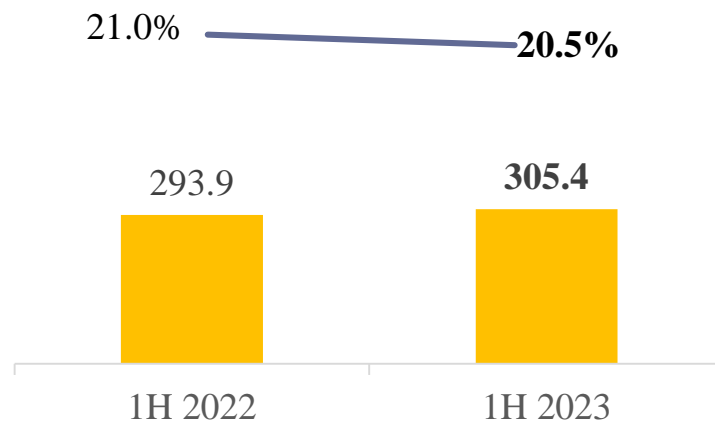
(RMB mn)



- The GP margin was about 51.8%, up by 3.1 p.p. YoY
- Sales proportion of the smart casual business with higher gross profit margin increased
- there has been a writeback for part of the inventory provision due to the decrease in off-season inventory.
- 毛利率同比增加3.1个百分点至约51.8%
- 毛利率较高的轻商务业务销售占比提高
- 過季庫存減少，部分庫存撥備得以回撥

Operating Profit & Margin 经营利润及经营利润率

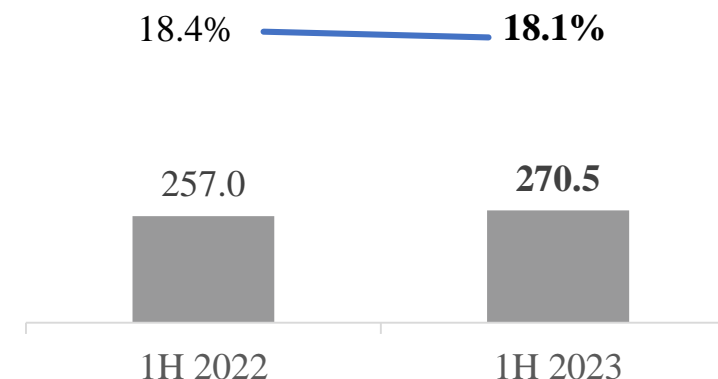
(RMB mn)



- Profit from operations increased by 3.9% to RMB 305.4 million
- Operating profit margin decreased by 0.5 p.p to 20.5%
- the selling and distribution expenses increased at a larger extent than the gross profit.
- 经营利润增加3.9%至人民币3.054亿元
- 经营利润率下降0.5个百分点至20.5%
- 销售及分销开支升幅大于毛利升幅

Net Profit & Margin 净利润及净利润率

(RMB mn)

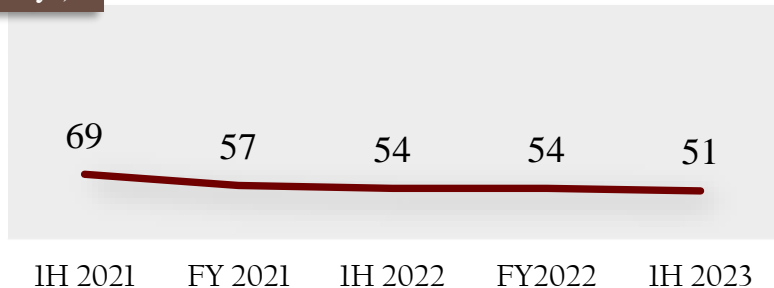


- Net profit was RMB 270.5 million, an increase of 5.2%
- Net profit margin decreased by 0.3 p.p. to 18.1%
- 利润为人民币2.705亿元，上升5.2%
- 净利润率下降0.3个百分点至18.1%

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

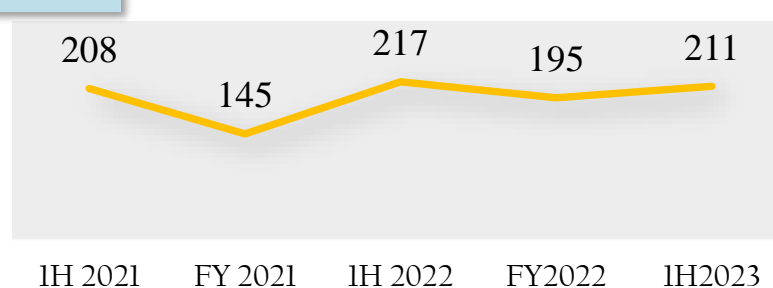
(Days)



- Turnover days reduced as a result of more long outstanding receivables were collected during the period and sales proportion of smart casual collection increase.
- As at 30 June 2023, a provision of RMB14.0 million was made
- 由于逾期应收款项回收增加，加上轻商务销售占比提高，周转天数减少。
- 于2023年6月底，拨备金额约为人民币1,400万元

Average Inventory Turnover Days 平均存货周转天数

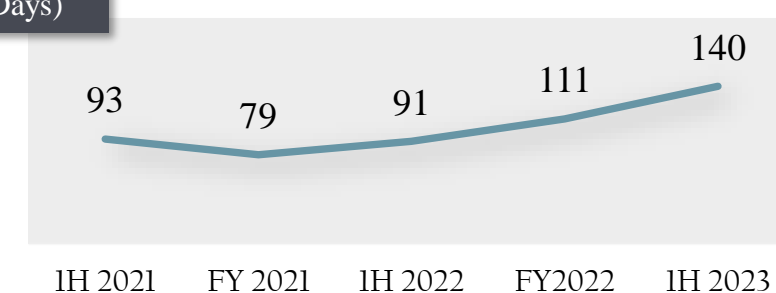
(Days)



- Inventory balance decreased by RMB92.3 million to RMB792.8 million. The decrease was mainly attributable to improvement in efficiency of inventory management and successful clearance of off-season inventory. Inventory turnover days is similar to that of June 2022
- As at 30 June 2023, a provision of RMB55.8 million was made
- 存货结余减少人民币9230万元至人民币7.93亿元。主要因为库存管理效率提升及成功清理过季库存。周转天数与2022年6月相若
- 于2023年6月30日已计提库存拨备人民币5,580万元

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

(Days)



- The increase is mainly because of increase in usage in trade bills which will be settled in later stage
- 主要由于增加使用将于较后阶段结算的贸易票据用量增加

Cash Flows 现金流量

RMB mm 人民币百万元

1H 2023

Net cash generated from operating activities
经营活动现金流入

598.6

Net cash used in investing activities
投资活动现金流出

(1,045.8)

Net cash generated from financing activities
融资活动现金流入

422.9

Net decrease in cash and cash equivalents
现金及现金等价物减少净额

(24.3)

Cash and cash equivalents as at 1 Jan
于1月1日现金及现金等价物

960.1

Effect of foreign exchange rate changes
外币汇率变动的影响

0.4

Cash and cash equivalents at 30 Jun
于6月30日现金及现金等价物

936.3

Operating cash inflows 经营现金流入

- The major reconciling items with net profit for the period :
 - Decreased trade receivables
 - the collection of overdue accounts receivables improved
- 与期间净利润主要调节项目：
 - 应收贸易账款减少
 - 收取逾期应收帐款的情况有所改善

Investing cash outflows 投资现金流出

- Placing of pledged deposits and time deposit totalling RMB1,009.0 million.
- 存放抵押存款和定期存款合共人民币10.09亿元。

Financing cash inflows 融资现金流入

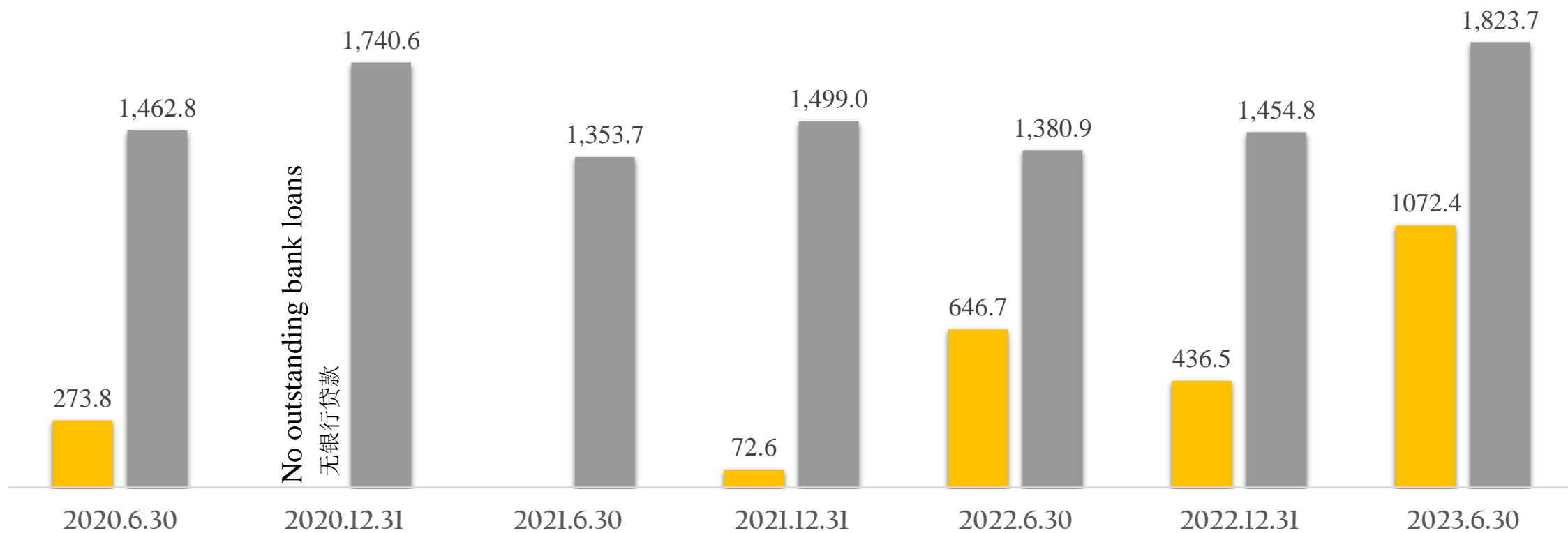
- Net bank loan borrowings of RMB632.5 mn, payments of 2022 final dividends totalling RMB148.6 mn and lease rental payments totalling RMB53.5 mn
- 银行贷款净借入额人民币6.325亿元，支付2022末期股息共人民币1.486亿元，以及租赁付款共人民币5,350万元

Healthy & Strong Cash Position 稳健的现金水平

(RMB mn)

Total Cash and Bank Balance 银行及现金结余

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



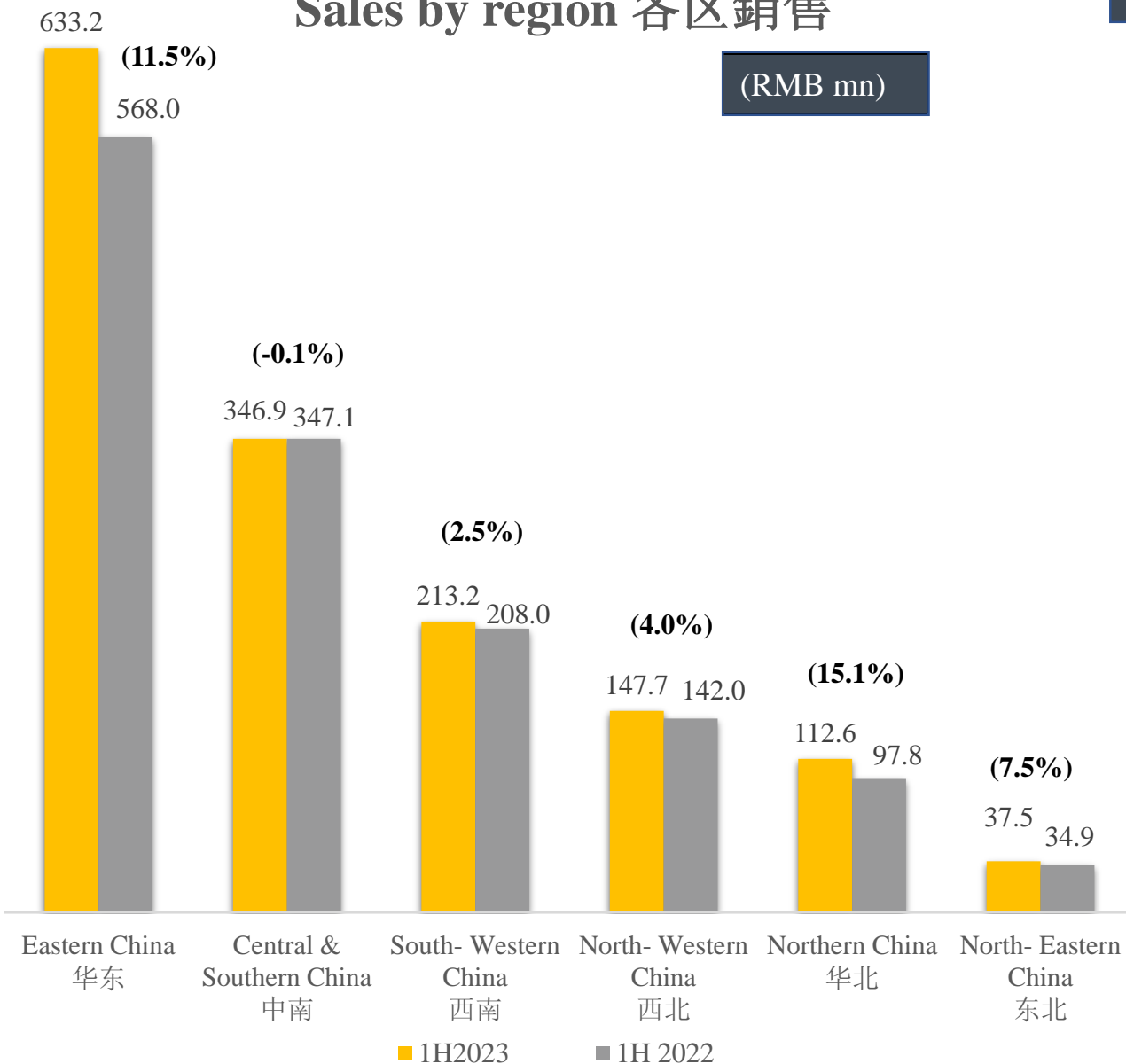


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Business and
Operational Review
业务及营运回顾

Sales Channel Management 销售渠道管理

Sales by region 各区销售



Store Count by Region 各区店铺数目

	2023-1-1	Open 开店	Close 关店	2023-6-30
Eastern China 华东	744	34	34	744
Central and Southern China 中南	715	21	32	704
South-Western China 西南	502	14	15	501
North-Western China 西北	280	21	5	296
Northern China 华北	252	21	14	259
North-Eastern China 东北	151	3	12	142
Total 总数	2,644	114	112	2,646
Total Retail Floor Space 总店铺面积 (sqm 平方米)	403,703			410,231 (1.6%)

Sales Channel Management (Con't)

销售渠道管理 (续)

Optimised Retail Network:

- Apart from increasing number of stores, the Group focused on enhancing the quality of stores. It continued opening stores in carefully-selected quality shopping malls and prime shop locations with bigger floor space. Those relocated or newly added stores are equipped with stronger brand identity, to achieve a higher store efficiency
- The store network of the smart casual collection has been rectified during the period, with the location of stores being optimised and the utilisation of store layout being improved
- Channel upgrade continued: 842 stores in shopping malls, accounting for about 31.8% of total store count and about 34.3% of the total retail floor space

优化零售网络:

- 除了增加门店数量，更着重提升门店质量，继续谨慎挑选在优质商场、更优越的店铺位置，更大的店铺面积，以更具品牌个性的装修搬迁或增加门店，以达到提升店销目标
- 轻商务期内整改店铺网络，优化店铺的位置及提升店铺空间的利用
- **继续提升渠道：** 购物商场店铺842家，占店铺总数目约31.8%，占总店铺面积约34.3%

Enhancing Inventory Management:

- Inventory balance decreased during the period, with particularly notable reductions in off-season inventory, mainly attributable to the additional outlet stores opened and the setup of online retail channel as the default channel for inventory clearance
- Inventory turnover efficiency has increased due to commenced operation of the logistics centre, thus the direct to retail stores inventory for the core collection and smart casual collection are improving continuously

提升库存管理:

- 期内库存余额减少，当中过季库存尤甚，主要因为开设更多奥特莱斯店以及以线上零售作为常设清理渠道
- 随着物流园投入使用而增加库存运转效率，主系列及轻商务自营店铺的库存持续改善

自营
Direct-to-retail stores

Stores 门店

252

+1

65 一级分销商
Distributors

Stores 门店

1,234

-31

750 二级分销商
Sub-distributors (+15)

Stores 门店

1,160

+32

Total store count as at 30 June 2023:

于2023年6月30日总店数:

2,646

New Retail Business Development 新零售业务发展

Actively Integrate Online Services, Strives to Promote New Retails Business 积极结合线上服务，大力发展新零售业务

- Operates under the online-only sales model of direct-to-retail online stores and the ordering-online-while-picking-up offline model of WeChat Mall
- Strive to promote the business of LILANZ core collection and smart casual collection
- **New retail** remains one of the Group's top priorities for business development.
- 透过自营网店的纯网上销售及微商城线上下单模式运营
- 大力推广「利郎LILANZ」主系列及轻商务系列业务
- 继续以新零售为业务的发展重点



Actively Integrate Online-Only Sales to Further Increase Profit Margin 积极推动自营网店，带动利润率增长

- launched the ice-type polo shirt hot products on its e-commerce platform during the 618 E-commerce Shopping Festival
- Invest in online promotional activities to drive sales growth through e-commerce live streaming on TikTok.
- the retail sales for online stores increased by approximately 24% yoy
- 于6.18电商购物节，在电商平台推出爆款产品冰菠萝衫
- 透过在各地透过抖音直播带货驱动销售增长
- 期内，网店零售额同比增加约24%

+24%

Further Utilization of Social Platform 进一步利用社交平台

- Continued to utilize the WeChat platform to took advantage of the interactive features of the social platform to capitalize on the complementary advantages of online and offline services
- Mainly used to clear off-season inventory
- As the efforts of clearing off-season inventory during the period has reduced, the sales for WeChat Mall have also dropped.
- 继续利用微信平台的互动特点，发挥在线线下互补的优势
- 主要用于清理过季库存
- 期内随着降低清理过季库存力度，导致微商城销售减少

Consolidated new retail sales grew by 2.8%, yet the growth in profit margin was significant

综合新零售销售增长2.8%，但利润率增长显著

Product Design, Development and Supply Chain Management

产品设计、开发及供应链管理

多次机洗
依然平整亮彩如新



Adhere to the personality-themed and original designs of products

- Proportion of products for sales during the period with original designs was maintained at about 75%
- Proportion of these products utilizing proprietary fabrics developed by the Group was around 50%
- Launched washable shirts and washable polo shirts during the period

秉持「提供物超所值产品」的策略

- 期内原创比例维持约75%
- 应用由集团开发的独有面料的产品比例约50%
- 推出耐洗衬衫及耐洗Polo衫

多次机洗后依然平整亮彩如新



8天
全身欧尔骨架系统
立体有型

30次
机洗平整如新

DP 免烫
通过国家级实验室检测



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

Famous artist Kido Gao has become the brand ambassador to interpret the simple menswear design philosophy of Lilang

当红艺人高瀚宇出任品牌大使，演绎利郎简约男装设计哲学



Lilang's washable polo shirts, which actors Yihong Duan, Raymond Lam Fung, Guanying Peng, and Hao Qin wore during the story-based video shooting for magazines

演员段奕宏、林峯、彭冠英、秦昊则分别身穿利郎耐洗Polo衫亮相杂志的故事感大片



The renovation works of the seventh-generation store image of the core collection will be promoted gradually to existing stores, in which 156 stores have been renovated during the period

主系列第七代店铺形象装修工作陆续推广至现有门店，期内完成156家店铺的店铺装修

4

Outlook and Strategy
前景及策略



Prudent & Flexible Operation Strategy

审慎而灵活的经营策略



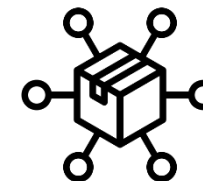
Enhance Brand Image 提升品牌形象

- A series of brand promotion activities launched
- Launched of redesigned logo 「利郎 LILANZ」
- 连串品牌推广活动
- 推出新商徽「利郎LILANZ」



Consolidate Store Network 整固店铺网络

- Stores in Jiangsu, Qingdao and Wuhan will be renovated in the second half of the year
- Relocate some existing stores in shopping malls to a more favorable location and larger store size within the malls
- 下半年将对江苏、青岛和武汉的店铺整改
- 部份原购物商场店将迁往商场中更优越的位置及更大的店铺



Maintain Channel Health 保持渠道健康

- Promote channel optimization, improve the store network, and enhance store efficiency and product sell-out rates
- Add stores in outlets as a recurring channel for inventory clearance
- 做好渠道优化、改善店铺网络、提升店效及产品售罄率
- 继续增加在奥特莱斯开店，作为清理库存常设渠道

Operational Targets 经营目标

- Total number of stores for 2H2023: Net increase of 100 stores
- 2023年下半年增加约100家店铺
- The total retail sales growth for FY2023: 10%
- 2023年全年总零售金额增长: 10%

Prudent & Flexible Operation Strategy (Con't)

审慎而灵活的经营策略（续）

New Retail

- Continuously promote e-commerce and take online stores as one of the important platforms for launching new products
- For the second half of the year, online stores will launch more e-commerce special edition products
- Will launch quality and iconic items online before the Double 11 e-commerce Shopping Festival
- Cultivate consumers' loyalty and increase gross profit margins, and provide another growth point for annual results
- Drive sales growth through e-commerce live streaming on TikTok

新零售

- 继续推动电商，并以网店为集团推出新产品的其中一个重要平台
- 于下半年，网店将推出更多电商特别版产品
- 在双11电商节前，再在网上推出独特的极致单品
- 培养消费者的忠诚度，提高毛利率，为全年业绩提供另一个增长点
- 透过抖音直播带货驱动销售增长

Retail Management and Brand Promotion

- Enhance the Lilang Member Programme by organising more member activities and providing exclusive promotions and discounts
- Comprehensively strengthen its retail information system

零售管理和品牌推广

- 加强利郎会员计划，筹划更丰富的会员活动，亦提供专享优惠和折扣
- 全面强化零售信息系统



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