

利郎 LESS IS MORE



CHINA LILANG LIMITED

中國利郎有限公司

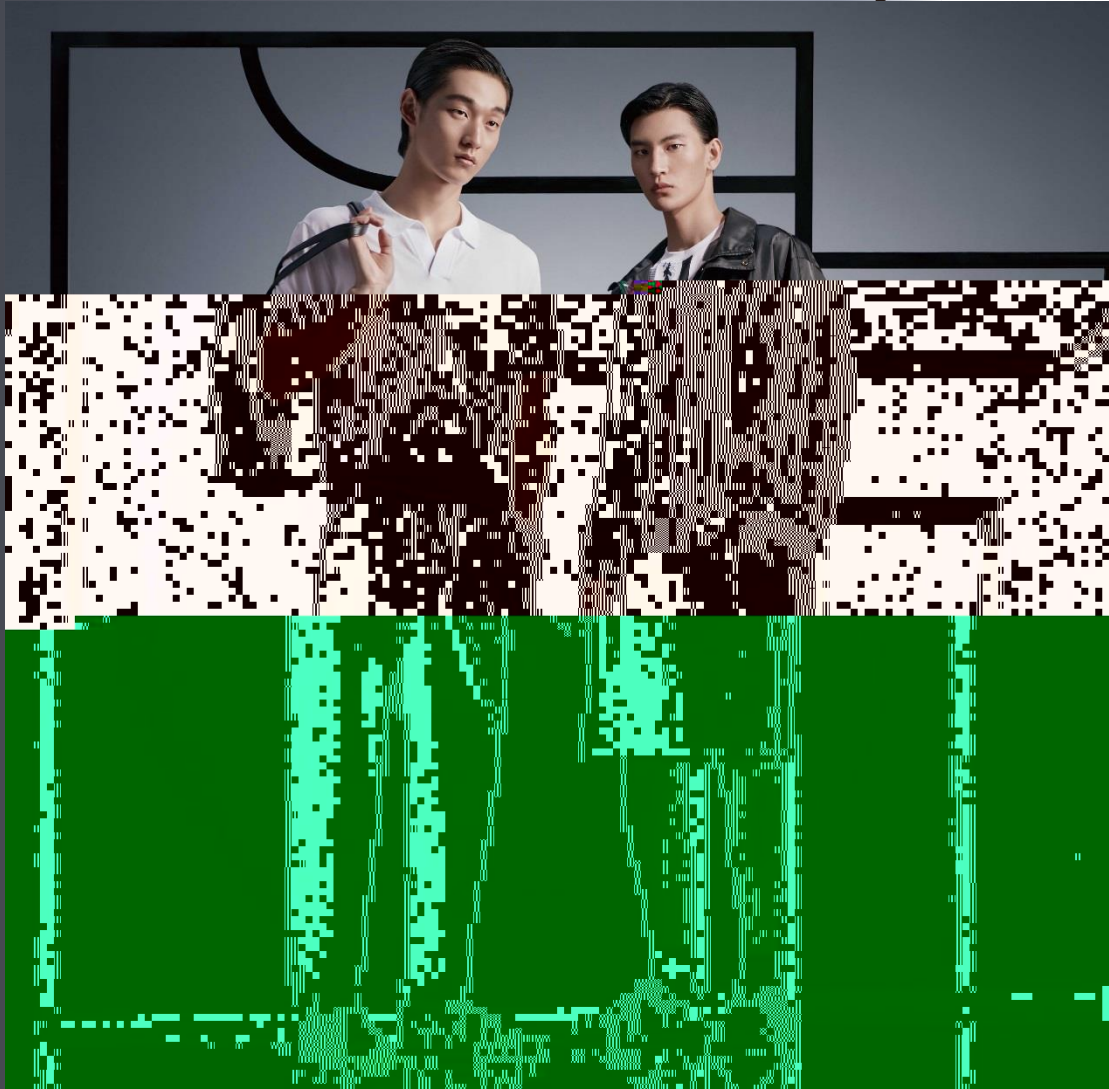
Stock Code: 1234



Interim Results

利郎 LESS IS MORE



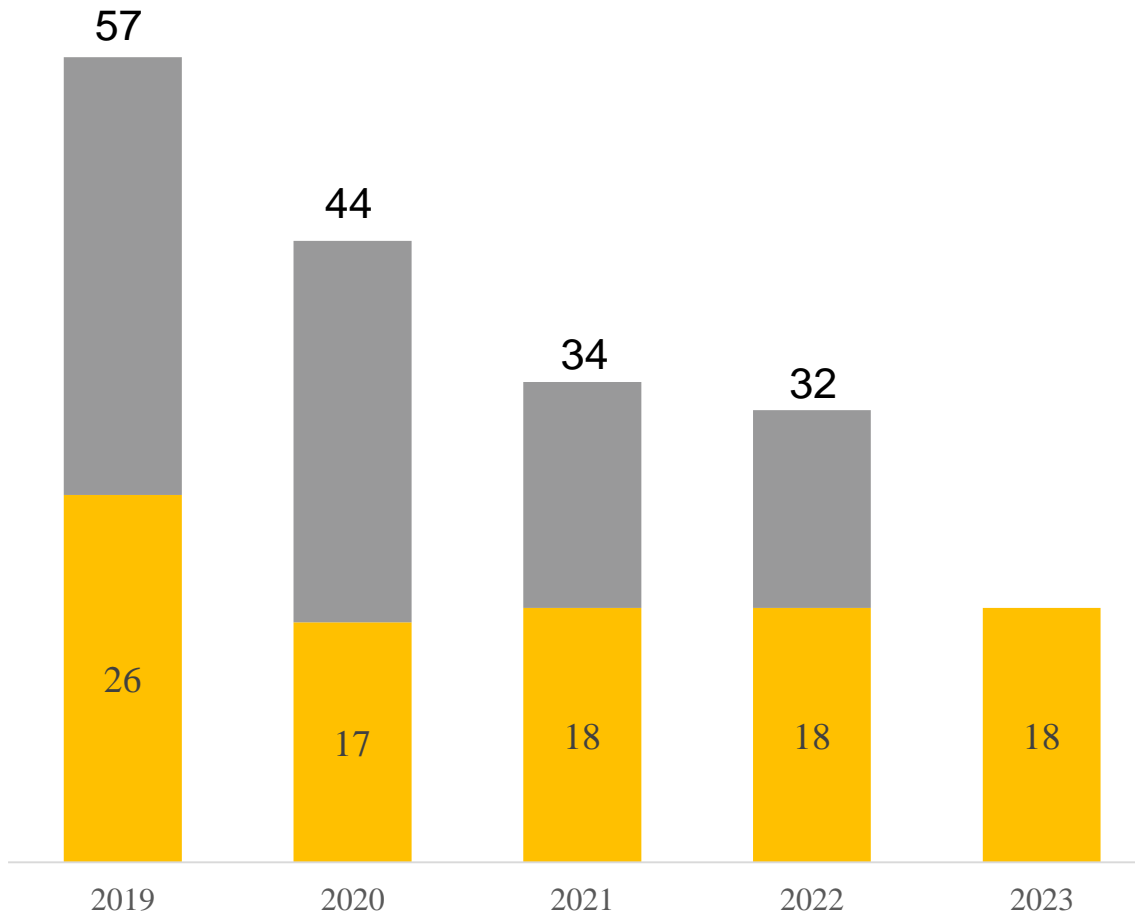




# Maintaining Stable Dividend Payout

Dividends per share  
(HK cents)

■ Interim Dividends ■ Final Dividends



- ‡ Interim dividend of HK13 cents per share and
- ‡ Special interim dividend of HK5 cents per share
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- ‡ Special interim dividend of HK5 cents per share

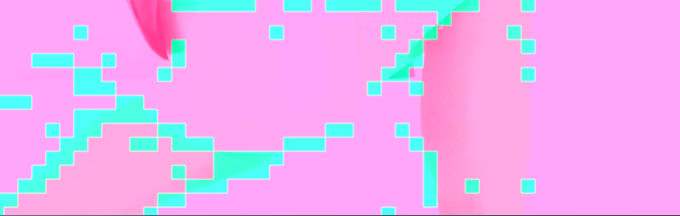




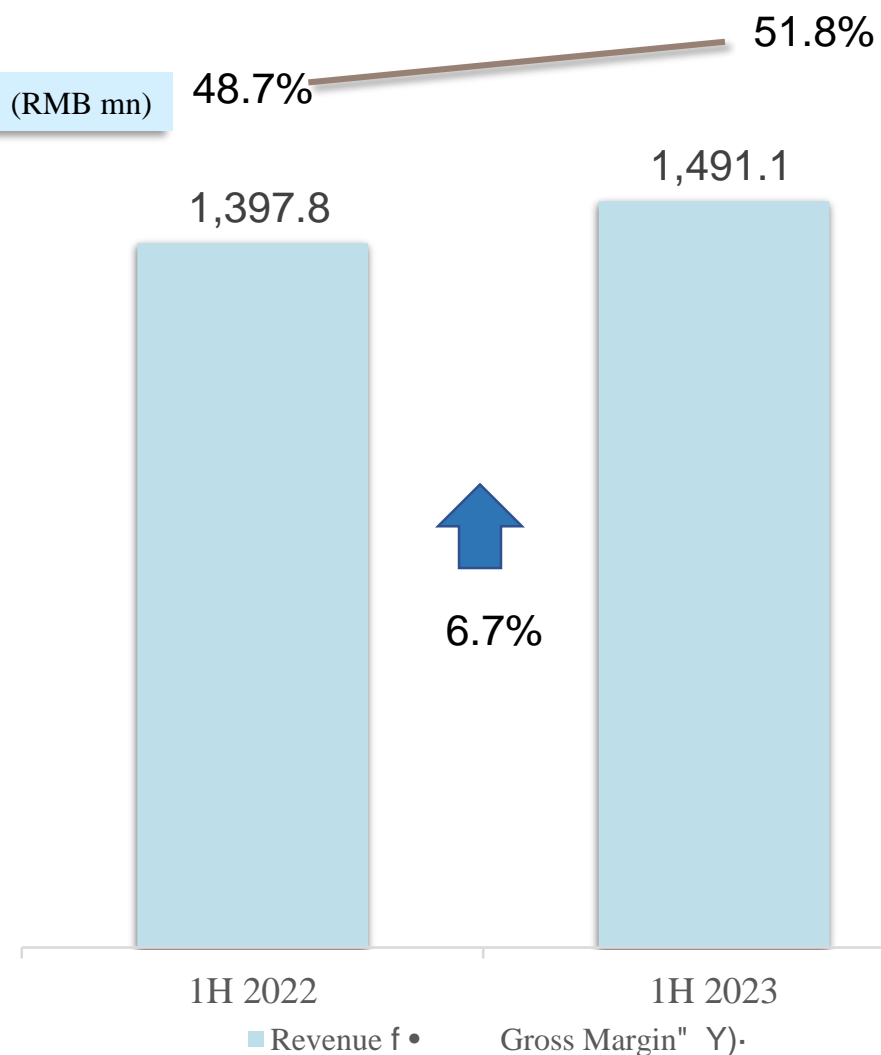
LILANZ 利郎  
2023 春夏 非遗陶瓷系列



LILANZ 利郎



# Revenue and Gross Margin



## Revenue f •

- 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

## Gross Margin " Y)•

- 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

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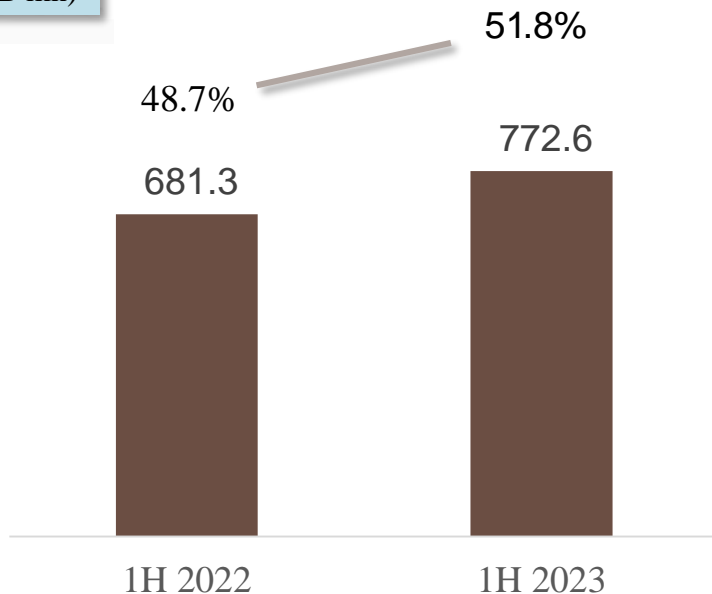
Reversal of inventory provision of RMB 59.7 mn as a result of clearance of off-season inventory



# Profit & Margin

Gross Profit & Margin

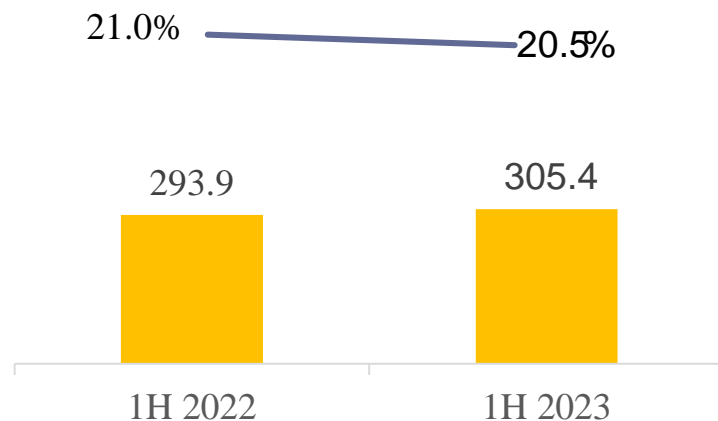
(RMB mn)



- f The GP margin was about 51.8%, up by 3.1 p.p. YoY
- f Sales proportion of the smart casual business with higher gross profit margin increased
- f there has been a writeback for part of the inventory provision due to the decrease in off-season inventory.
- f " Y)· <" Î Ð 3,1 Z,® 6&é8#4Ö 51.8%
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# Operating Profit & Margin

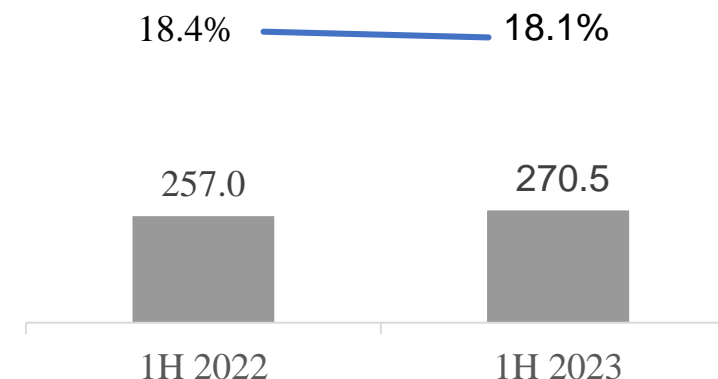
(RMB mn)



- f Profit from operations increased by 3.9% to RMB 305.4 million
- f Operating profit margin decreased by 0.5 p.p to 20.5%
- f the selling and distribution expenses increased at a larger extent than the gross profit.
- f 4ÿ:U Y#Ö Î Ð 3.9%8# ê"A 1 3.054 ï s
- f 4ÿ:U Y#Ö)· ;L} 0.5 Z,® 6&é8#20.5%
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# Net Profit & Margin

(RMB mn)

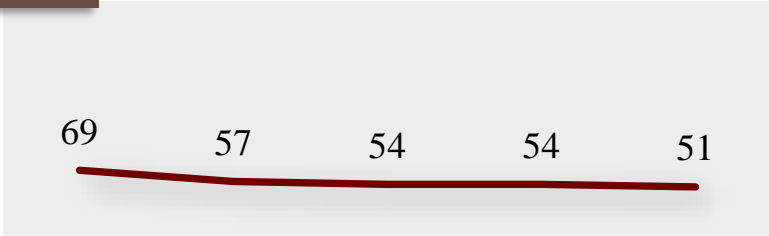


- f Net profit was RMB 270.5 million, an increase of 5.2%
- f Net profit margin decreased by 0.3 p.p.to 18.1%
- f Y#Ö j ê"A 1 2.705 ï s È : w 5.2%
- f ð Y#Ö)· ;L} 0.3 Z,® 6&é8#18.1%

# Working Capital Cycle

## Average Trade Receivables Turnover Days

(Days)



1H 2021 FY 2021 1H 2022 FY2022 1H 2023

Turnover days reduced as a result of more long outstanding receivables were collected during the period and sales proportion of smart casual collection increase.

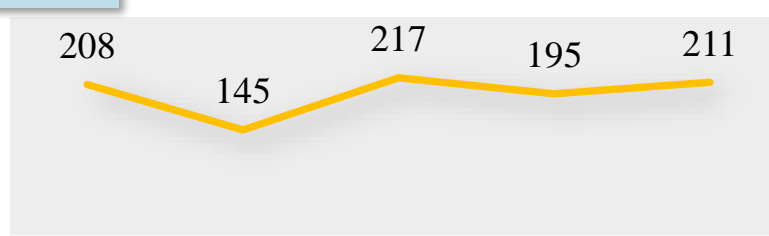
As at 30 June 2023, a provision of RMB14.0 million was made

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## Average Inventory Turnover Days

(Days)



1H 2021 FY 2021 1H 2022 FY2022 1H2023

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

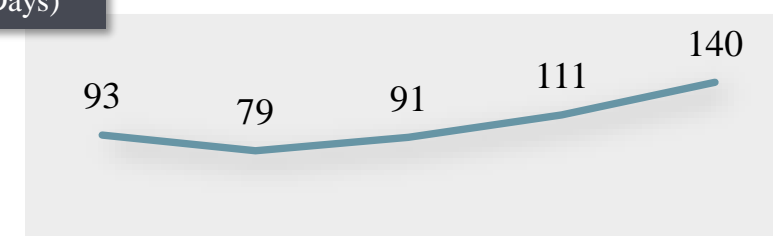
As at 30 June 2023, a provision of RMB55.8 million was made

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## Average Trade Payables Turnover Days

(Days)



1H 2021 FY 2021 1H 2022 FY2022 1H 2023

The increase is mainly because of increase in usage in trade bills which will be settled in later stage

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# Cash Flows

1H 2023

RMB mn	1H 2023
Net cash generated from operating activities	598.6
Net cash used in investing activities	(1,045.8)
Net cash generated from financing activities	422.9
Net decrease in cash and cash equivalents	Ä24.3
Cash and cash equivalents as at 1 Jan	960.1
Effect of foreign exchange rate changes	0.4
Cash and cash equivalents at 30 Jun	936.3

## Operating cash inflows

- The major reconciling items with net profit for the period :
  - Decreased trade receivables
  - the collection of overdue accounts receivables improved

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- the collection of overdue accounts receivables improved

## Investing cash outflows

- Placing of pledged deposits and time deposit totalling RMB1,009.0 million.

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## Financing cash inflows

- 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

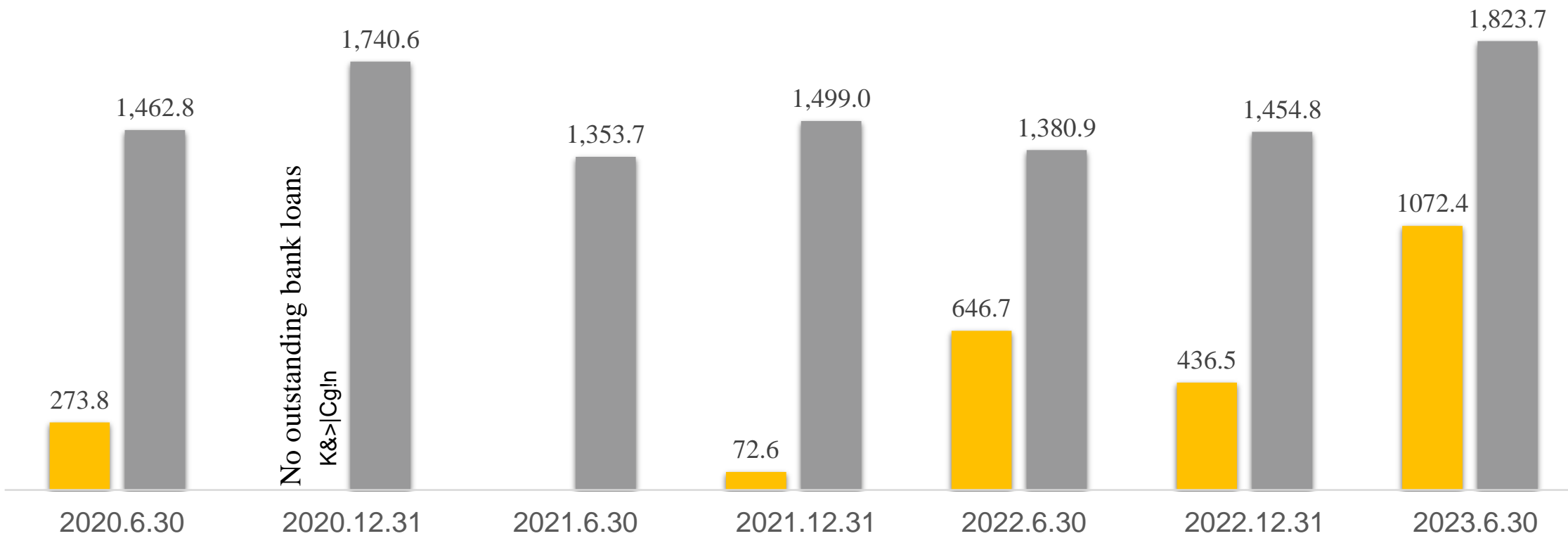
- Net bank loan borrowings of RMB632.5 mn, payments of 2022 final dividends totalling RMB148.6 mn and lease rental payments totalling RMB53.5 mn

# Healthy & Strong Cash Position

(RMB mn)

## Total Cash and Bank Balance

Bank Loans Net Cash Balance  
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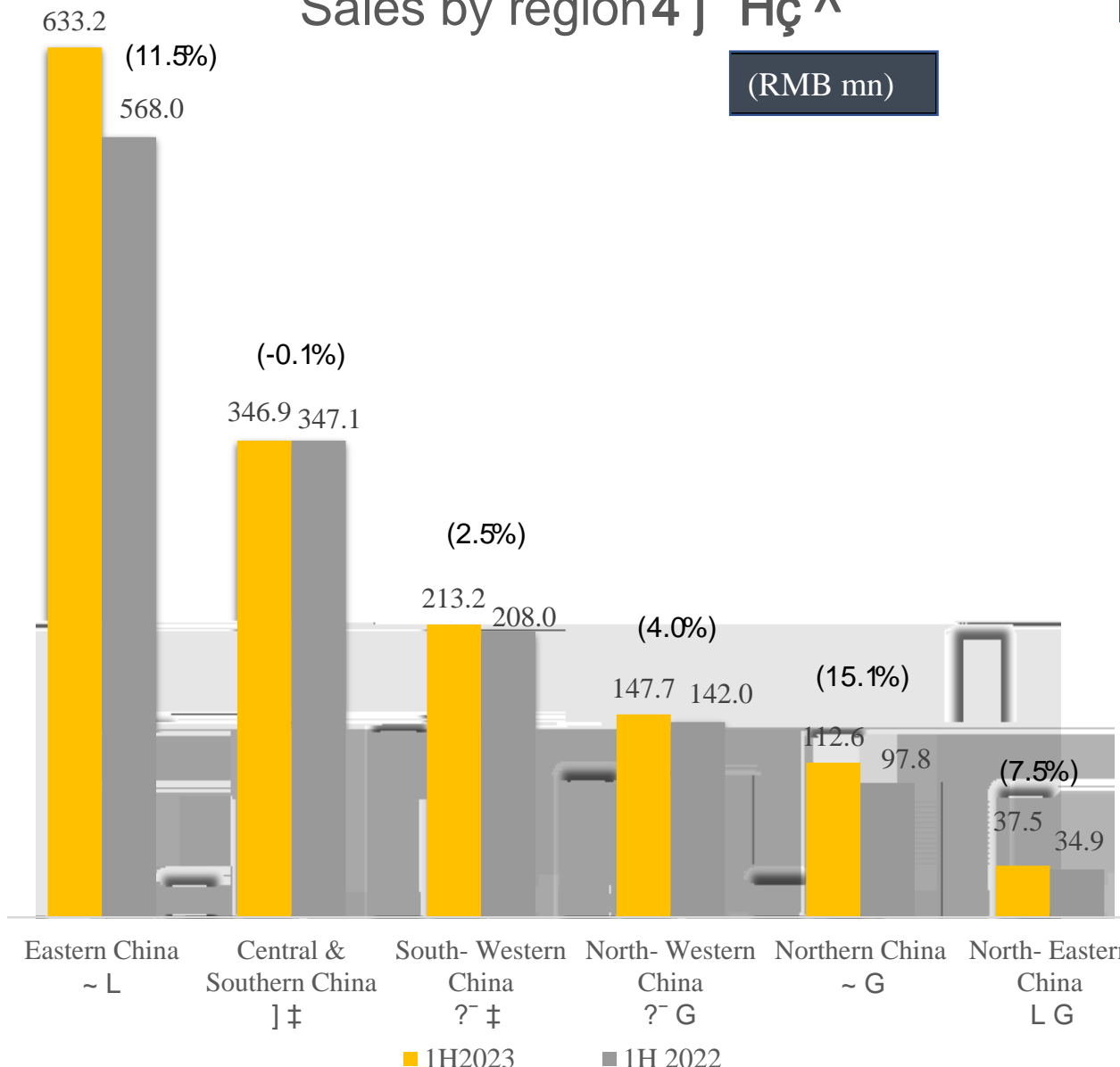




# Sales Channel Management

## Sales by region 4 j Hç ^

(RMB mn)



## Store Count by Region 4 j ÇK\* -

	2023-1-1	Open 0 Ç	Close £ Ç	2023-6-30
Eastern China ~ L	744	34	34	744
Central and Southern China ] ‡	715	21	32	704
South-Western China ? ‡	502	14	15	501
North-Western China ? G	280	21	5	296
Northern China ~ G	252	21	14	259
North-Eastern China L G	151	3	12	142
<b>Total k</b>	<b>2,644</b>	<b>114</b>	<b>112</b>	<b>2,646</b>
<b>Total Retail Floor Space k ÇK*M'0 (sqm £ é2£)</b>	<b>403,703</b>			<b>410,231 (1.6%)</b>



## 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

# New Retail Business Development

## 5Xfž\$Ö! #y+y



### Actively Integrate Online-Only Sales to Further Increase Profit Margin

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- ‡ 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

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- ‡ O µ È5• ÇM&^NÍ <" Î Ð4Ö 24%

### Further Utilization of Social Platform

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- ‡ 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.

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Adhere to the personality

Strong research and development  
team

‡ About 350 members

**j W.D LO**

‡ 4050 ê

# Marketing & Promotion

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

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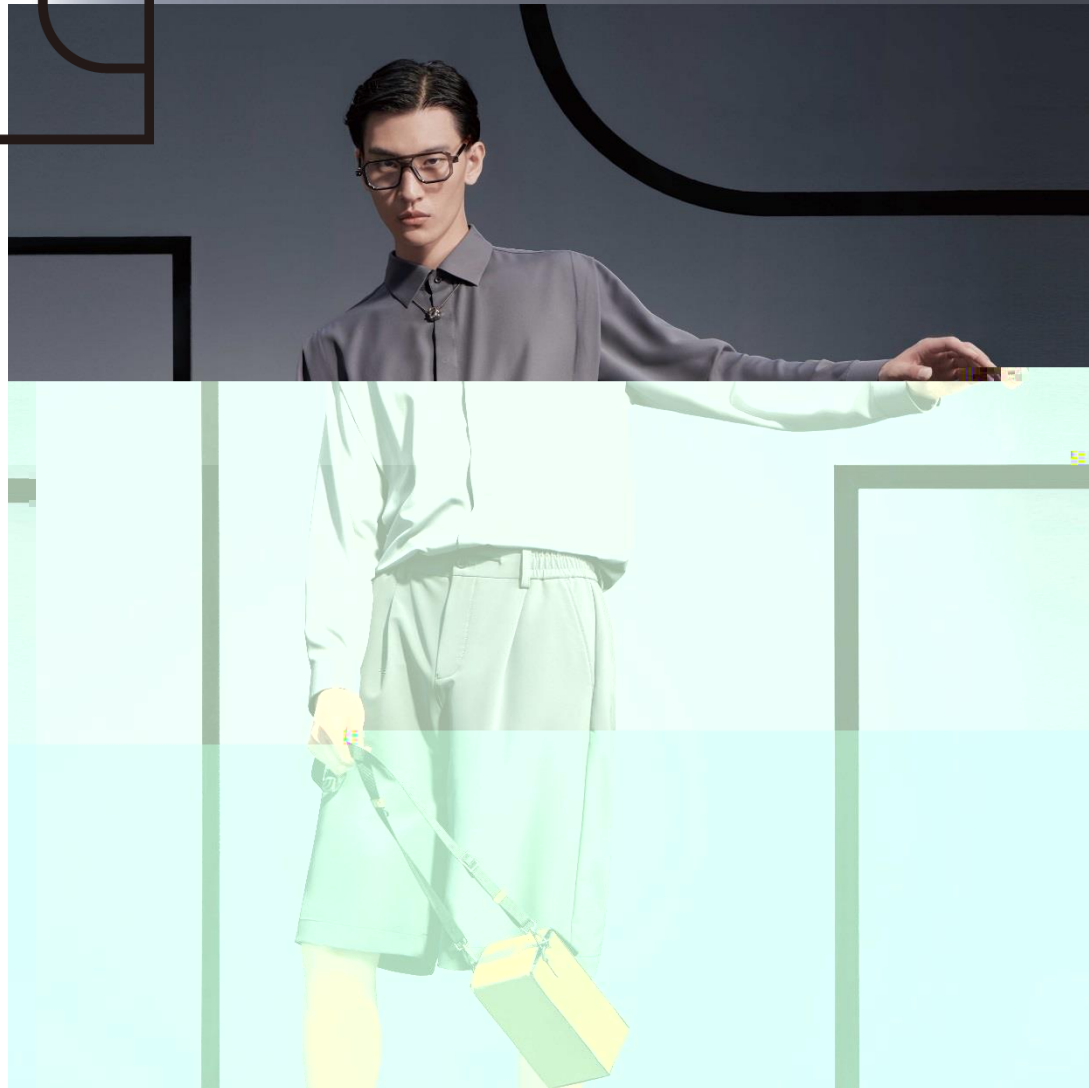
/ L O D Washable polo shirts, which actors Yihong Duan, Raymond Lam Fung, Guanying Peng, and Hao Qin wore during the story-based video shooting for magazines

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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

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# Prudent & Flexible Operation Strategy

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- ‡ A series of brand promotion activities launched
- ‡ Launched of redesigned logo  $\ddot{E}$  YFp LILANZ  $\grave{\text{I}}$
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## Operational Targets

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- ‡ Total number of stores for 2H2023: Net increase of 100 stores
- ‡ 2023 $\alpha$  ; z  $\alpha$   $\hat{\text{I}}$  Đ4Ö 100  $\alpha$  ÇK\*

- ‡ The total retail sales growth for FY2023: 10%
- ‡ 2023 $\alpha$   $\sim$   $\alpha$  kM& ^H NÍ  $\hat{\text{I}}$ K $\bar{\text{O}}$  10%

# Prudent & Flexible Operation Strategy ( & R Q ¶ W \* OMO ?t<:EfMÎS\$JUDdo Mìo

## New Retail

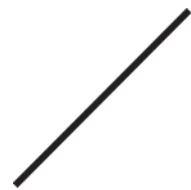
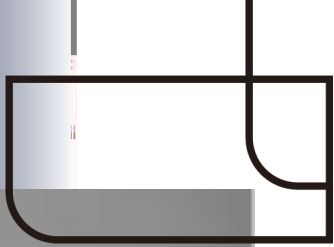
- ‡ Continuously promote e-commerce and take online stores as one of the important platforms for launching new products
- ‡ For the second half of the year, online stores will launch more e-commerce special edition products
- ‡ Will launch quality and iconic items online before the Double 11 e-commerce Shopping Festival
- ‡ & XOWLYDWH FRQVXPHUV¶ OR\DO W\ DQG LQFUHDVH JUR' margins, and provide another growth point for annual results
- ‡ Drive sales growth through e-commerce live streaming on TikTok

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## Retail Management and Brand Promotion

- ‡ Enhance the Lilang Member Programme by





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