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## **Mulsanne Group Holding Limited**

### **慕尚集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1817)**

## **ANNOUNCEMENT**

### **TERMINATION OF THE 2XU AGREEMENT AND THE CCT AGREEMENTS**

Reference is made to the prospectus (the “**Prospectus**”) of Mulsanne Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 15 May 2019 in relation to, among others, (i) the 2XU Agreement (as defined below) in relation to the formation of TwoXu Sports (Ningbo) Co., Ltd. (“**TwoXu Sports**”) and (ii) the Manufacturing Agreement, the Distribution Agreement and the Loan Services Framework Agreement (as defined below) (collectively, the “**CCT Agreements**”) in relation to the continuing connected transactions contemplated thereunder and the respective proposed annual caps. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Prospectus.

The Board announces that the Group and 2XU Pty Ltd. and 2XU HK Limited (collectively, “**2XU**”) have mutually agreed to terminate the 2XU Agreement and the CCT Agreements with effect from 24 December 2020..

### **TERMINATION OF THE 2XU AGREEMENT AND THE CCT AGREEMENTS**

#### **The 2XU Agreement**

On 5 May 2017, Chisage Mulsanne and Mulsanne Maisi, each being an indirect subsidiary of the Company, entered into an agreement (the “**2XU Agreement**”) with 2XU Pty Ltd. and 2XU HK Limited to form TwoXu Sports for engaging in design, marketing and sale of 2XU apparel products in the PRC. Pursuant to the 2XU Agreement, TwoXu Sports would be owned as to 70% by the Group and 30% by 2XU. The total investment amount is RMB23,000,000. The term of the 2XU Agreement is indefinite until being terminated in accordance with its terms.

#### **The CCT Agreements**

On 5 May 2017, the Group entered into a manufacturing agreement (the “**Manufacturing Agreement**”) with 2XU Pty Ltd., pursuant to which the Group is authorized to design, manufacture and exclusively distribute, as approved by 2XU Pty Ltd., certain products under 2XU brand name, in the PRC (excluding Hong Kong, Macau and Taiwan). The term of the Manufacturing Agreement is from 5 May 2017 to 31 December 2024. The proposed annual cap for the aggregate royalty fee payable by the Group for the year ending 31 December 2020 is RMB6,099,400. The estimated aggregate royalty fee payable by the Group for the year ending 31 December 2020 is approximately RMB500,000.

On 5 May 2017, the Group entered into a distribution agreement (the “**Distribution Agreement**”) with 2XU, pursuant to which the Group is the exclusive distributor of 2XU products in the PRC (excluding Hong Kong, Macau and Taiwan). The term of the Distribution Agreement is from 5 May 2017 to 31 December 2024. The proposed annual cap for the aggregate purchase amount payable by the Group for the year ending 31 December 2020 is RMB33,553,900. The estimated aggregate purchase amount payable by the Group for the year ending 31 December 2020 is approximately RMB106,000.

On 21 December 2018, the Group entered into a loan services framework agreement (the “**Loan Services Framework Agreement**”) with TwoXu Sports, pursuant to which the Group agreed to provide loan services as permitted by the PRC laws and regulations for TwoXu Sports to fund certain of TwoXu Sports’ general working capital. The term of the Loan Services Framework Agreement is from 21 December 2018 to 20 December 2021. The proposed annual cap for the aggregate balance of the principal and interests of the loans provided by the Group for the year ending 31 December 2020 is RMB40,000,000. The estimated aggregate balance of the principal and interests of the loans provided by the Group for the year ending 31 December 2020 is approximately RMB3,030,000.

L Capital Asia 2 Pte. Ltd. (“**L Capital Asia 2**”) is a controlling shareholder of the Company which is indirectly interested in approximately 38.27% of the total issued share capital of the Company as at the date of this announcement. Hence, L Capital Asia 2 is a connected person of the Company. As each of 2XU Pty Ltd. and 2XU HK Limited is indirectly controlled by L Capital Asia 2, each of them is an associate of L Capital Asia 2 and a connected person of the Company. TwoXu Sports is an indirect non-wholly-owned subsidiary of the Company with 2XU HK Limited directly controlling the exercise of 30% or more of the voting power at the general meetings, hence it is a connected subsidiary of the Company. Accordingly, the transactions contemplated under each of the Manufacturing Agreement, the Distribution Agreement and the Loan Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **The Supplementary Letter**

On 18 December 2020, the Group and 2XU entered into a supplementary letter (the “**Supplementary Letter**”), pursuant to which the parties set out the terms and arrangements of termination of the 2XU Agreement and the CCT Agreements upon serving a separate notice of termination. According to the Supplementary Letter, any cash held by TwoXu Sports one month after the completion of dissolution of TwoXu Sports (after deduction of the costs associated with the dissolution of TwoXu Sports) shall be retained by the Group, while all compression products and apparel products held by TwoXu Sports in store or under the control of TwoXu Sports shall be either sold or destroyed on or before 31 March 2021. The parties have also waived their respective rights against any outstanding amounts payable by TwoXu Sports to the Group and 2XU. Neither party is required to pay any penalty or compensation to the other party in respect of the early termination of any of the 2XU Agreement and the CCT Agreements.

The notice of termination was served on 24 December 2020 and the termination of the 2XU Agreement and the CCT Agreements took effect on the same day.

## **Reasons for Terminating the 2XU Agreement and the CCT Agreements**

Although both the Company and 2XU are optimistic about the development of the Chinese apparel market, the parties became gradually divided as to the marketing objectives and future development strategy of TwoXu Sports. After amiable negotiation, the parties have mutually agreed to terminate the 2XU Agreement and the CCT Agreements without liability for breach on either party.

Given that less than 10% of the Group's revenue for the year ended 31 December 2019 was generated from TwoXu Sports and the continuing connected transactions with 2XU under the CCT Agreements, the Board is of the view that the early termination of the 2XU Agreement and the CCT Agreements does not have any material adverse impact on the overall performance of the existing business and financial position of the Group. The Company will continue to look for suitable business partners and seek collaboration opportunities with a view to further develop its multi-brand strategy and enhance its business development.

By Order of the Board  
**Mulsanne Group Holding Limited**  
**HUANG Hanji**  
*Chairman*

Hong Kong, 27 December 2020

*As at the date of this announcement, the Board comprises Mr. YU Yong as executive Director; Mr. HUANG Hanji, Mr. YANG Herong, Mr. LIN Lin, Mr. WANG Jun and Mr. Chintamani Aniruddha BHAGAT as non-executive Directors; and Mr. GU Jiong, Mr. YUAN Tao and Mr. Paolo BODO as independent non-executive Directors.*