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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)

CONTINUING CONNECTED TRANSACTION THE 2024 NINGBO SONGHE LEASE AGREEMENT

THE 2024 NINGBO SONGHE LEASE AGREEMENT

Reference is made to the announcement of the Company dated 31 December 2020 in relation to the 2021 Ningbo Songhe Lease Agreement. The Board announces that on 27 December 2023, Chisage Mulsanne (an indirect wholly-owned subsidiary of the Company) (as tenant) entered into the 2024 Ningbo Songhe Lease Agreement with Ningbo Songhe (a company controlled by Mr. Yang, a non-executive Director) (as landlord) to renew the lease of certain premises located at No. 111, Shanshan Road, Haishu District, Ningbo, PRC, with gross floor area of approximately 27,000 square metres. The 2024 Ningbo Songhe Lease Agreement has a term of one year commencing from 1 January 2024 and expiring on 31 December 2024.

LISTING RULES IMPLICATIONS

Ningbo Songhe is a company with Mr. Yang controlling the exercise of 30% or more of the voting power at the general meetings. Hence, Ningbo Songhe is an associate of Mr. Yang and a connected person of the Company. Accordingly, transactions between the Group and Ningbo Songhe would constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with International Financial Reporting Standard (IFRS) 16 “Leases”, the 2024 Ningbo Songhe Lease Agreement will be considered as a “short-term lease” and not be recognized as a right-of-use asset on the Company’s balance sheet. Accordingly, the entering into of the 2024 Ningbo Songhe Lease Agreement will be regarded as a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The amount of rental payable by Chisage Mulsanne to Ningbo Songhe under the 2024 Ningbo Songhe Lease Agreement is expected not to exceed RMB5,281,524 for the year ending 31 December 2024. Accordingly, such amount has been set as the annual cap for the amount of rental payable by Chisage Mulsanne under the 2024 Ningbo Songhe Lease Agreement for the year ending 31 December 2024.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the amount of rental payable under the 2024 Ningbo Songhe Lease Agreement is above 0.1% but below 5%, the transaction contemplated thereunder is subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from independent shareholders’ approval requirement under the Listing Rules.

THE 2024 NINGBO SONGHE LEASE AGREEMENT

The Board announces that on 27 December 2023, Chisage Mulsanne (as tenant) entered into the 2024 Ningbo Songhe Lease Agreement with Ningbo Songhe (as landlord) to renew the lease of certain premises located at No. 111, Shanshan Road, Haishu District, Ningbo, PRC for a term of one year.

Date: 27 December 2023 (after trading hours)

Parties: (i) Chisage Mulsanne, as tenant; and
(ii) Ningbo Songhe, as landlord

Leased Properties: Certain premises located at No. 111, Shanshan Road, Haishu District, Ningbo, PRC, with gross floor area of approximately 27,000 square metres

Term: Commencing from 1 January 2024 and expiring on 31 December 2024. Either party may terminate the agreement before the expiry of its term by giving a one month's written notice to another party.

Rental: The annual rental of the lease under the 2024 Ningbo Songhe Lease Agreement is approximately RMB5,281,524, equivalent to approximately RMB440,127 per month and payable on a semi-annual basis in advance, which was arrived at after arm's length negotiations. Such rental has been determined by Chisage Mulsanne and Ningbo Songhe with reference to the location and size of the leased premises, the historical transaction amounts with Ningbo Songhe, the prevailing market rates of comparable premises and the relevant taxes payable.

Usage: Office, warehouse and other ancillary purposes

Historical Figures

The historical annual rentals payable by Chisage Mulsanne to Ningbo Songhe for the years ended 31 December 2021 and 31 December 2022, and estimated annual rental for the year ending 31 December 2023, are set out below:

	For the year ended 31 December 2021 (RMB)	For the year ended 31 December 2022 (RMB)	For the year ending 31 December 2023 (estimated) (RMB)
Annual rental	5,127,696	5,127,696	5,127,696

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 NINGBO SONGHE LEASE AGREEMENT

The leased premises under the 2024 Ningbo Songhe Lease Agreement have been rented by the Group as its office and warehouse and for other ancillary purposes for several years. The Directors are of the view that it is beneficial for the Group to renew the leases thereunder in order to avoid relocation costs and unnecessary disruption of daily business operation of the Group.

As Mr. Yang is a controlling shareholder of Ningbo Songhe, Mr. Yang has abstained from voting on the Board resolutions approving the 2024 Ningbo Songhe Lease Agreement.

The Directors (including independent non-executive Directors but excluding Mr. Yang who has abstained from voting) are of the view that the 2024 Ningbo Songhe Lease Agreement, which was entered into after arm's length negotiation and in the ordinary and usual course of business of the Group, reflects normal commercial terms, and the terms as well as the rentals for the transactions thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the annual cap for the amount of rental payable under the 2024 Ningbo Songhe Lease Agreement is above 0.1% but below 5%, the transaction contemplated thereunder is subject to the reporting, annual review and announcement requirements set out in the Listing Rules but is exempt from independent shareholders' approval requirement under the Listing Rules.

GENERAL INFORMATION

The Company is an investment holding company. The principal activity of the Group is design, manufacture, marketing and sale of apparel products of menswear, sportswear and other fashion segments in the PRC.

Chisage Mulsanne is an indirect wholly-owned subsidiary of the Company. As one of the principal operating subsidiaries of the Company, it is principally engaged in design, marketing and sale of apparel products of menswear.

Ningbo Songhe is principally engaged in manufacture and sale of apparel products. It is owned by Chisage Holding as to 70% and Yinboxing Investment Co., Ltd. (銀博興投資有限公司) as to 30% respectively. Yinboxing Investment Co., Ltd. is owned by Ms. Xu as to 70%, Mr. Yang as to 20% and Ms. Zhang Lingling as to 10% respectively. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Ms. Zhang Lingling is a third party independent of the Company and its connected persons.

Chisage Holding is principally engaged in manufacture and sale of apparel products. It is owned by Ningbo Zhonghui as to 60% and Ningbo U and K Investment as to 40% respectively. Ningbo Zhonghui is owned by Mr. Yang as to 49.08%, Ms. Xu as to 25.60%, Ningbo Rongzhe as to 20.48%, Ms. Tang Shuhua (a supervisor of Chisage Holding) as to 3.84% and Mr. Ding as to 1.00% respectively. Ningbo Rongzhe is owned by Mr. Yang as to 90%, Mr. Yang Pingbo (Mr. Yang's son) as to 9.5% and Chisage Chuangye Investment as to 0.5% respectively. Chisage Chuangye Investment is owned by Chisage Holding as to 99% and Mr. Ding as to 1% respectively. Ningbo U and K Investment is owned by Mr. Yang as to 71.68% and Mr. Ding as to 28.32% respectively.

Under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Yang, as the spouse of Ms. Xu, is deemed to be interested in the same number of shares in which Ms. Xu is interested.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“2021 Ningbo Songhe Lease Agreement”	the lease agreement dated 31 December 2020 and entered into between Chisage Mulsanne as tenant and Ningbo Songhe as landlord in relation to the certain premises located at No. 111, Shanshan Road, Haishu District, Ningbo, PRC
“2024 Ningbo Songhe Lease Agreement”	the lease agreement dated 27 December 2023 and entered into between Chisage Mulsanne as tenant and Ningbo Songhe as landlord in relation to the certain premises located at No. 111, Shanshan Road, Haishu District, Ningbo, PRC
“Board”	the board of Directors of the Company

“Chisage Chuangye Investment”	Ningbo Chisage Chuangye Investment Management Partnership (Limited Partnership) (寧波中哲創業投資管理合夥企業(有限合夥)), a limited liability company established in the PRC and controlled by Mr. Yang
“Chisage Holding”	Chisage Holding Group Co., Ltd. (中哲控股集團有限公司), a limited liability company established in the PRC and controlled by Mr. Yang
“Chisage Mulsanne”	Ningbo Chisage Mulsanne Holding Co., Ltd. (寧波中哲慕尚控股有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Company”	Mulsanne Group Holding Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ding”	Mr. Ding Dade, the chief financial officer and vice president of finance of the Group and a joint company secretary of the Company
“Mr. Yang”	Mr. Yang Herong, a non-executive Director
“Ms. Xu”	Ms. Xu Hongxia, the spouse of Mr. Yang
“Ningbo Rongzhe”	Ningbo Rongzhe Equity Investment Partnership (Limited Partnership) (寧波榮哲股權投資合夥企業(有限合夥)), a limited liability company established in the PRC and controlled by Mr. Yang
“Ningbo Songhe”	Ningbo Songhe Apparel Co., Ltd. (寧波松和製衣有限公司), a limited liability company established in the PRC and controlled by Mr. Yang
“Ningbo U and K Investment”	Ningbo U and K Investment Consulting Co., Ltd. (寧波優迪凱投資諮詢有限公司), a limited liability company established in the PRC and controlled by Mr. Yang
“Ningbo Zhonghui”	Ningbo Zhonghui Investment Co., Ltd. (寧波中匯投資有限公司), a limited liability company established in the PRC and controlled by Mr. Yang

“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Mulsanne Group Holding Limited
TANG Shun Lam
Chairman

Hong Kong, 27 December 2023

As at the date of this announcement, the Board comprises Mr. YU Yong as executive Director; Mr. TANG Shun Lam, Mr. YANG Herong, Mr. YOUNG Christopher, Mr. TIAN Min and Mr. SUN Weiye as non-executive Directors; and Mr. GU Jiong, Ms. XU Yanyun and Mr. LIAO Xiaoxin as independent non-executive Directors.