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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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**Financial Highlights**

- Gross profit margin for the year ended 31 December 2024 increased to 52.8%, as compared to 52.0% for the year ended 31 December 2023, driven by product mix optimization and operational efficiency improvements.
- GXG, the Group’s main brand, achieved incremental sales revenue of RMB61.5 million during the Period, representing a 3.0% year-on-year growth from RMB2,017.0 million for the year ended 31 December 2023. The brand’s gross profit increased by RMB22.4 million, achieving a 2.1% growth rate compared to RMB1,091.5 million in 2023, demonstrating enhanced profitability.
- The performance uplift was attributable to (i) brand promotion campaigns that effectively amplified market influence, (ii) strengthening investments of product research and development by bringing in professional design teams to push forward the innovative concept of fusing Chinese traditional cultural heritage and fashion products, which allowed us to accurately catch the fashion trend and market demands, and (iii) improvement in our supply chain and quality control systems to enhance our product quality and elevate product experience for consumers.

The board (the “**Board**”) of directors (the “**Directors**”) of Mulsanne Group Holding Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Period**”), together with the comparative figures for the year ended 31 December 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>REVENUE</b>	5	2,269,760	2,329,049
Cost of sales		<u>(1,070,810)</u>	<u>(1,116,866)</u>
Gross profit		1,198,950	1,212,183
Other income and gains	5	44,384	51,589
Selling and distribution expenses		(934,095)	(920,769)
Administrative expenses		(210,457)	(207,434)
Impairment losses on financial assets, net		9,875	(7,489)
Other expenses		(6,355)	(8,480)
Finance costs	7	<u>(53,224)</u>	<u>(67,791)</u>
<b>PROFIT BEFORE TAX</b>	6	49,078	51,809
Income tax expense	8	<u>(18,153)</u>	<u>(14,564)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>30,925</b></u>	<u><b>37,245</b></u>
Attributable to:			
Owners of the parent		30,954	39,567
Non-controlling interests		<u>(29)</u>	<u>(2,322)</u>
		<u><b>30,925</b></u>	<u><b>37,245</b></u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	10	<u><b>RMB3.39 cents</b></u>	<u>RMB4.34 cents</u>
Diluted	10	<u><b>RMB3.39 cents</b></u>	<u>RMB4.34 cents</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>30,925</u></b>	<b><u>37,245</u></b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(12,460)</u>	<u>(46,767)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investment at fair value through other comprehensive income, net of tax	(1,900)	(1,850)
Exchange differences on translation of the Company's financial statements into presentation currency	<u>7,949</u>	<u>34,466</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>6,049</u>	<u>32,616</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b><u>(6,411)</u></b>	<b><u>(14,151)</u></b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b><u>24,514</u></b>	<b><u>23,094</u></b>
Attributable to:		
Owners of the parent	24,543	25,416
Non-controlling interests	<u>(29)</u>	<u>(2,322)</u>
	<b><u>24,514</u></b>	<b><u>23,094</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***31 December 2024*

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>371,248</b>	371,105
Right-of-use assets		<b>237,229</b>	141,502
Intangible assets		<b>45,254</b>	50,807
Prepayments, other receivables and other assets		<b>53,405</b>	–
Equity investment designated at fair value through other comprehensive income		<b>2,640</b>	4,540
Deferred tax assets		<b>183,017</b>	209,734
Pledged deposits		<b>–</b>	446,946
Total non-current assets		<b>892,793</b>	1,224,634
<b>CURRENT ASSETS</b>			
Inventories		<b>590,415</b>	566,682
Right-of-return assets		<b>73,897</b>	68,603
Trade and notes receivables	<i>11</i>	<b>303,376</b>	334,525
Prepayments, other receivables and other assets		<b>158,158</b>	231,305
Pledged deposits		<b>405,012</b>	396,099
Cash and cash equivalents		<b>186,891</b>	192,420
Total current assets		<b>1,717,749</b>	1,789,634
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	<i>12</i>	<b>412,852</b>	374,638
Other payables and accruals		<b>153,760</b>	255,032
Refund liabilities		<b>152,471</b>	148,504
Contract liabilities		<b>17,995</b>	21,199
Interest-bearing bank and other borrowings	<i>13</i>	<b>903,469</b>	887,459
Lease liabilities		<b>102,793</b>	71,589
Tax payable		<b>2,619</b>	17,443
Total current liabilities		<b>1,745,959</b>	1,775,864
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(28,210)</b>	13,770
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>864,583</b>	1,238,404

	<i>Note</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>864,583</b>	1,238,404
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	<i>13</i>	–	442,352
Lease liabilities		<b>109,582</b>	47,835
Deferred tax liabilities		<b>19,515</b>	36,645
Total non-current liabilities		<b>129,097</b>	526,832
Net assets		<b>735,486</b>	711,572
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>8,343</b>	8,343
Reserves		<b>727,143</b>	702,460
Non-controlling interests		<b>735,486</b>	710,803
		–	769
Total equity		<b>735,486</b>	711,572

# NOTES TO FINANCIAL STATEMENTS

31 December 2024

## 1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business in China is located at No. 111 Shanshan Road, Wangchun Industrial Park, Haishu District, Ningbo, Zhejiang Province, People's Republic of China (the "PRC").

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the design, marketing and sale of apparel products.

In the opinion of the directors, the Company does not have an immediate holding company or ultimate holding company. Great World Glory Pte. Ltd. and L Capital Asia 2 Pte. Ltd., which were both incorporated in Singapore, are the controlling shareholders of the Company, as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## 2. BASIS OF PREPARATION

Notwithstanding that the Group recorded net current liabilities of RMB28,210,000, the financial statements has been prepared on a going concern basis. The directors of the Company are of the opinion that the Group has sufficient available bank facilities which can be utilised in the next twelve months, to meet its financial liabilities and obligations as and when they fall due and to sustain its operations.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an equity investment designated at fair value through other comprehensive income, which has been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

#### 4. OPERATING SEGMENT INFORMATION

The Group is mainly engaged in the sale of apparel products. Additionally, the Group also sells other products to partnership stores and distributors, such as decorations for stores and packaging materials for products. The Group manages its main business of the sale of apparel products by sales channels. There are two operating segments for the sale of apparel products: offline channels and online channels. Offline channels refer to the offline network of retail outlets including self-owned stores and partnership stores, and the offline network of distributors, and online channels refer to online retail platforms, such as Tmall.com, Taobao, Vipshop, TikTok and WeChat Mini Programs.

The Group's chief operating decision maker is the chief executive officer, who reviews revenue and results of offline channels for the sale of apparel products, online channels for the sale of apparel products and the sale of other products separately for the purpose of making decisions about resource allocation and assessment of segment performance. Segment result is evaluated based on gross profit. No analysis of the Group's assets and liabilities by operating segment is disclosed as it is not regularly provided to the chief operating decision maker for review.

	<b>Year ended 31 December 2024</b>			
	<b>Apparel products</b>			
	<b>Offline channels RMB'000</b>	<b>Online channels RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
<b>Segment revenue</b>				
Sales to external customers	<b>1,441,185</b>	<b>819,633</b>	<b>8,942</b>	<b>2,269,760</b>
Total segment revenue	<b>1,441,185</b>	<b>819,633</b>	<b>8,942</b>	<b>2,269,760</b>
Segment results	<b>858,364</b>	<b>339,819</b>	<b>767</b>	<b>1,198,950</b>
Other income and gains				<b>44,384</b>
Selling and distribution expenses				<b>(934,095)</b>
Administrative expenses				<b>(210,457)</b>
Reversal of impairment losses on financial assets, net				<b>9,875</b>
Other expenses				<b>(6,355)</b>
Finance costs				<b>(53,224)</b>
Profit before tax				<b>49,078</b>

Year ended 31 December 2023

	Apparel products			Total RMB'000
	Offline channels RMB'000	Online channels RMB'000	Others RMB'000	
<b>Segment revenue</b>				
Sales to external customers	1,485,767	834,289	8,993	2,329,049
Total segment revenue	1,485,767	834,289	8,993	2,329,049
Segment results	869,240	342,447	496	1,212,183
Other income and gains				51,589
Selling and distribution expenses				(920,769)
Administrative expenses				(207,434)
Impairment losses on financial assets, net				(7,489)
Other expenses				(8,480)
Finance costs				(67,791)
Profit before tax				51,809

**Geographic information**

**(a) Revenue from external customers**

	2024 RMB'000	2023 RMB'000
Mainland China	2,269,760	2,329,049

The revenue information above is based on the locations of the customers.

**(b) Non-current assets**

	2024 RMB'000	2023 RMB'000
Mainland China	706,534	562,709
Hong Kong	602	705
Total non-current assets	707,136	563,414

The non-current asset information above is based on the locations of the assets and excludes equity investment, deferred tax assets and financial instruments.

**Information about major customers**

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the year (2023: Nil).



## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>Revenue from contracts with customers</u>		
Sale of apparel products		
Online channels	819,633	834,289
Offline channels		
Self-owned stores	912,483	927,398
Partnership stores	78,711	134,053
Distributor stores	449,991	424,316
Sale of other products	8,942	8,610
Consignment services	–	383
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Total	<b>2,269,760</b>	<b>2,329,049</b>
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### Revenue from contracts with customers

#### (i) *Disaggregated revenue information*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	2,269,760	2,328,666
Services transferred at a point in time	–	383
	<hr/>	<hr/>
Total	<b>2,269,760</b>	<b>2,329,049</b>
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The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	21,199	49,047
	<hr/>	<hr/>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of goods not previously recognised due to constraints on variable consideration	(861)	248
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**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of apparel products*

The performance obligation is satisfied upon transfer of the control of the apparel products and payment is generally due within one month to three months from delivery, extending up to one year for major customers, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

As at 31 December 2024, the remaining performance obligations (unsatisfied or partially unsatisfied) are related to contracts that have an original expected duration of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**(iii) Refund liabilities**

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Refund liabilities arising from sales return	<b>152,471</b>	148,504

An analysis of other income and gains is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<u>Other income and gains</u>		
Investment income from pledged deposits	<b>18,017</b>	21,433
Government grants*	<b>16,375</b>	13,935
Bank interest income	<b>2,268</b>	2,936
Penalty charges received from distributors	<b>906</b>	1,057
Gain on termination of leases, net	<b>898</b>	–
Foreign exchange gains, net	<b>671</b>	7,175
Sale of raw materials	<b>224</b>	231
Interest income from a third party	–	893
Others	<b>5,025</b>	3,929
Total other income and gains	<b>44,384</b>	51,589

\* The amount represents grants received from local PRC government authorities by the Group's subsidiaries in connection with certain financial support to local business enterprises for the purpose of encouraging business development. There are no unfulfilled conditions and other contingencies relating to these grants.

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold	1,080,489	1,142,806
Cost of services provided	–	310
Cost of raw materials sold	696	2,030
Depreciation of property, plant and equipment	70,561	64,798
Impairment of property, plant and equipment	823	490
Impairment of right-of-use assets	1,412	449
Depreciation of right-of-use assets	110,131	107,747
(Gain)/loss on termination of leases, net	(898)	126
Amortisation of intangible assets*	8,029	7,363
(Reversal of impairment losses)/impairment losses of trade receivables, net	(9,105)	6,955
(Reversal of impairment losses)/impairment losses of other receivables, net	(770)	534
Reversal of write-down of inventories to net realisable value**	(9,679)	(26,250)
Lease payments not included in the measurement of lease liabilities	69,628	58,072
Auditor's remuneration	4,831	5,007
Loss on disposal of items of property, plant and equipment, net	2,357	3,180
Interest income from a third party	–	(893)
Foreign exchange differences, net	(671)	(7,175)
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	71,985	83,853
Pension scheme contributions***	8,621	8,788
Staff welfare expenses	7,216	9,208
Total	<u>87,822</u>	<u>101,849</u>

\* The amortisation of intangible assets is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

\*\* The reversal of write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans	47,140	62,696
Interest on lease liabilities	6,084	5,574
	<u>53,224</u>	<u>68,270</u>
Less: Interest capitalised	–	(479)
Total	<u><u>53,224</u></u>	<u><u>67,791</u></u>

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

Pursuant to the relevant tax law of Hong Kong Special Administrative Region, Hong Kong profits tax is provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. The Hong Kong subsidiary, Joy Sonic Limited, is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Pursuant to the relevant tax law of the Administrative Especial de Macau, Macau profits tax is provided at the rate of 12% on the estimated assessable profits arising in Macau.

The provision for Mainland China corporate income tax is based on the statutory rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008. Certain subsidiaries of the Group are qualified as small and micro enterprises and are subject to a preferential income tax rate of 5% (2023: 5%).

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Charge for the year	3,919	3,832
Deferred	14,234	10,732
Total tax charge for the year	<u>18,153</u>	<u>14,564</u>

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate in Mainland China to the tax expense at the effective tax rate is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before tax	<u>49,078</u>	<u>51,809</u>
At the PRC statutory income tax rate of 25%	12,270	12,952
Lower tax rates for specific provinces or enacted by local authority	(2,734)	(3,151)
Expenses not deductible for tax	4,812	6,791
Tax losses utilised from previous years	(904)	(7,610)
Income not subject to tax	(209)	(839)
Temporary differences and tax losses not recognised	4,353	5,588
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	<u>565</u>	<u>833</u>
Tax charge at the Group's effective rate	<u>18,153</u>	<u>14,564</u>

## 9. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year (2023: Nil).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 912,500,000 (2023: 912,500,000) outstanding during the year. The number of shares for the current year has been arrived at after eliminating the shares of the Company held under the restricted share unit scheme.

The calculation of diluted earnings per share for the years ended 31 December 2024 and 2023 does not assume the exercise of all dilutive potential ordinary shares arising from the restricted share units (“RSUs”) granted by the Company because the exercise price of these RSUs was higher than the average market price per share for the years.

The calculations of basic and diluted earnings per share are based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>30,954</u>	<u>39,567</u>
	<b>Number of shares</b>	
	2024	2023
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	<u>912,500,000</u>	<u>912,500,000</u>

## 11. TRADE AND NOTES RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	653,854	726,788
Notes receivable	<u>51,030</u>	<u>51,590</u>
Total	704,884	778,378
Impairment of trade receivables	<u>(401,508)</u>	<u>(443,853)</u>
Net carrying amount	<u>303,376</u>	<u>334,525</u>

The Group’s trading terms with its customers (other than retail customers) are mainly on credit as well as advances. The credit period is generally one month to three months, extending up to one year for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Less than 3 months	<b>209,192</b>	211,828
Between 3 and 6 months	<b>28,931</b>	30,954
Between 7 and 12 months	<b>9,714</b>	33,201
Between 1 and 2 years	<b>4,509</b>	6,952
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Total	<b>252,346</b>	282,935
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## 12. TRADE AND NOTES PAYABLES

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	<b>175,272</b>	164,668
Notes payable	<b>237,580</b>	209,970
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Total	<b>412,852</b>	374,638
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An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	<b>170,812</b>	153,975
3 to 6 months	<b>871</b>	3,264
6 to 12 months	<b>472</b>	1,138
1 to 2 years	<b>796</b>	4,106
Over 2 years	<b>2,321</b>	2,185
	<hr/>	<hr/>
Total	<b>175,272</b>	164,668
	<hr/> <hr/>	<hr/> <hr/>

Included in the trade and notes payables are trade payables of RMB999,000 (2023: RMB2,083,000) due to the Group's related parties which are repayable within 120 days, which represents credit terms similar to those offered by the related parties to their major customers.

The trade payables are non-interest-bearing and are normally settled on 120-day terms.

### 13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
<b>Current</b>						
Current portion of long-term bank loans – secured (note (a))	-	-	-	5-year LPR*	Within 2024	25,805
Current portion of long-term US\$29,600,000 bank loan – secured (note (b))	-	-	-	3-month LIBOR* plus 1.14%	Within 2024	34,325
Bank loans – secured (note (c))	3.40%-4.10%	Within 2025	301,694	3.20%-3.25%	Within 2024	244,569
Discounted notes receivable – secured (note (d))	-	Within 2025	11,000	-	Within 2024	100,000
Discounted letter of credit – secured (note (e))	2.00%-2.15%	Within 2025	47,500	2.50%	Within 2024	37,650
Bank loans – unsecured	3.00%-3.01%	Within 2025	261,261	3.40%-3.85%	Within 2024	240,520
Discounted notes receivable – unsecured	-	Within 2025	51,030	-	Within 2024	99,590
Discounted letter of credit – unsecured	1.90%-2.60%	Within 2025	230,984	2.80%-3.50%	Within 2024	105,000
Total – current			<u>903,469</u>			<u>887,459</u>
<b>Non-current</b>						
Bank loans – secured (note (a))	-	-	-	5-year LPR	2025-2028	87,713
US\$29,600,000 bank loan – secured (note (b))	-	-	-	3-month LIBOR plus 1.14%	Within 2025	154,615
Bank loans – secured (note (c))	-	-	-	3.40%	Within 2025	200,024
Total – non-current			<u>-</u>			<u>442,352</u>
Total			<u><u>903,469</u></u>			<u><u>1,329,811</u></u>

	<b>2024</b>	2023
	<b>RMB'000</b>	<b>RMB'000</b>
Analysed into:		
Bank loans and other borrowings repayable:		
Within one year or on demand	<b>903,469</b>	887,459
In the second year	–	380,444
In the third to fifth years, inclusive	–	61,908
	<hr/>	<hr/>
Total	<b>903,469</b>	1,329,811
	<hr/> <hr/>	<hr/> <hr/>

\* London Interbank Offered Rate (“**LIBOR**”) and Loan Prime Rate in Mainland China (“**LPR**”)

*Notes:*

- (a) As at 31 December 2023, the bank loans of RMB113,518,000 are secured by mortgages over the Group’s leasehold land, which had a net carrying value at the end of the reporting period of approximately RMB19,671,000.
- (b) As at 31 December 2023, the US\$29,600,000 bank loan is secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB228,962,000.
- (c) The bank loans of RMB301,694,000 (2023: RMB444,593,000) are secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB335,553,000 (2023: RMB476,818,000).
- (d) The discounted notes receivable of RMB11,000,000 (2023: RMB100,000,000) are secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB3,366,000 (2023: RMB75,535,000).
- (e) The discounted letter of credit of RMB47,500,000 (2023: RMB37,650,000) is secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB9,690,000 (2023: RMB19,025,000).
- (f) Except for the bank loan of US\$29,600,000 as at 31 December 2023 which is denominated in US\$, all loans are in RMB.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview and Outlook

In 2024, the Chinese apparel industry experienced a gradual stabilization amidst structural adjustments in consumer demand and intensified market competition. As a leading fashion company in China, the Group maintained its fundamental stability through the deepening of omni-channel strategy and organizational efficiency upgrades during this industrial adjustment phase. As the national policy initiatives of “expanding domestic demand and stimulating consumption” continue to materialize, the momentum of China’s macroeconomic recovery is expected to further permeate the consumer market. As a result, the Group remains confident towards the future of the Chinese fashion industry. The Group is adopting a cautiously optimistic approach to capture structural opportunities, and committed to implementing the following strategies:

- Deepening the synergistic integration of product design positioning and brand marketing and promotion, to enhance brand awareness and influence;
- Accurately capturing the market fashion trends and consumption hotspots, deeply fusing the trending elements and consumption needs, to create a trendy and fresh product experience;
- Introducing outstanding designers in the industry and strengthening investments of product research and development to drive the effective implementation of the Company’s strategic objectives; and
- Strengthening supply chain management by building a full-process quality control system from design, procurement to production, to improve product quality.

### Revenue

The Group derived its revenue primarily from the sales of its products through its self-owned stores, distributors, partners and online channels to end customers. The Group’s revenue is stated as the net invoiced value of goods sold, after allowances for returns and trade discounts.

For the Period, the total sales revenue was RMB2,269.8 million, representing a slight decrease of 2.5%, or RMB59.2 million, from RMB2,329.0 million in 2023. Such decrease was primarily due to the Group’s strategic brand adjustment to terminate the business of gxg.kids, while the sales revenue from the Group’s main brand, namely GXG, for the Period increased by 3.0%, or RMB61.5 million, as compared to that in 2023, as a result of the successful implementation of the Group’s brand promotion initiatives.

## Revenue by brand

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
GXG	2,078,506	91.6	2,016,953	86.6
gxg jeans	133,286	5.9	181,333	7.8
gxg.kids	13,611	0.6	89,016	3.8
Mode Commuter	41,336	1.8	37,175	1.6
Others	3,021	0.1	4,572	0.2
<b>Total</b>	<b>2,269,760</b>	<b>100.0</b>	<b>2,329,049</b>	<b>100.0</b>

For the Period, sales revenue from the Group's main brand, namely GXG, increased by 3.0%, or RMB61.5 million, as compared to that in 2023. Such increase was primarily due to (i) the successful implementation of the Group's brand promotion initiatives, (ii) the introduction of professional design team to accurately catch the fashion trends and consumption demands, and (iii) the improvement of our product quality to elevate product experience for consumers.

For the Period, sales revenue from gxg jeans decreased by 26.5%, or RMB48.0 million, as compared to that in 2023. Such decrease was primarily due to our strategic brand adjustment to reduce the number of gxg jeans stores to enhance store efficiency.

For the Period, sales revenue from gxg.kids decreased by 84.7%, or RMB75.4 million, as compared to that in 2023. Such decrease was primarily due to the termination of the business of gxg.kids as a strategic adjustment to focus more on the Group's main brand, namely GXG.

For the Period, sales revenue from Mode Commuter increased by 11.0%, or RMB4.1 million, as compared to that in 2023, primarily because the Group improved the management of its self-owned Mode Commuter stores and optimized the brand's product offerings.

## Revenue by sales channel

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
Sales of apparel products				
Offline channels				
Self-owned stores	912,483	40.2	927,398	39.7
Partnership stores	78,711	3.5	134,053	5.8
Distributor stores	449,991	19.8	424,316	18.2
Online channels	819,633	36.1	834,289	35.8
Sales of other products	8,942	0.4	8,610	0.4
Consignment services	–	–	383	0.1
<b>Total</b>	<b>2,269,760</b>	<b>100.0</b>	<b>2,329,049</b>	<b>100.0</b>

Sales revenue from self-owned stores for the Period decreased by 1.6%, or RMB14.9 million, to RMB912.5 million, as compared to that in 2023, mainly due to the impacts of the macro-environment of the market.

Sales revenue from partnership stores for the Period decreased by 41.3%, or RMB55.4 million, to RMB78.7 million, as compared to that in 2023, primarily due to (i) the strategic brand adjustment to terminate the business of gxg.kids, which attributed to the decrease in the number of partnership stores during the Period, and (ii) the conversion of some partnership stores into self-owned stores and distributor stores.

Due to our store structural adjustment, sales revenue from distributor stores for the Period increased by 6.1%, or RMB25.7 million, to RMB450.0 million, as compared to that in 2023.

Online channel sales revenue for the Period decreased by 1.8%, or RMB14.7 million, to RMB819.6 million, as compared to that in 2023, mainly due to (i) the structural change in stabilizing our pricing strategy in online channel sales which led to a higher gross margin in online channel sales, and (ii) the Group's reduction of business scale in smaller brands on online channels.

### ***Number of stores by brand***

	As at 31 December			
	2024		2023	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
GXG	927	93.1	903	88.3
gxg jeans	41	4.1	65	6.4
gxg.kids	–	–	36	3.5
Mode Commuter	28	2.8	18	1.8
<b>Total</b>	<b>996</b>	<b>100.0</b>	<b>1,022</b>	<b>100.0</b>

Due to the Group's adjustments in brand positioning and marketing strategies, the Group (i) steadily expanded its main brand, namely GXG, (ii) strategically reduced the scale of gxg jeans, and (iii) terminated the business of gxg.kids and licensed it to an independent third party. As a result, the total number of offline stores decreased to 996 as at 31 December 2024 from 1,022 as at the end of 2023.

### ***Number of stores by sales channel***

	As at 31 December			
	2024		2023	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
Self-owned stores	410	41.2	380	37.2
Partnership stores	63	6.3	139	13.6
Distributor stores	523	52.5	503	49.2
<b>Total</b>	<b>996</b>	<b>100.0</b>	<b>1,022</b>	<b>100.0</b>

Due to strategic offline channels restructuring, the Group (i) terminated the business of gxg.kids, which attributed to the decrease in the number of partnership stores, and (ii) converted some partnership stores into self-owned stores and distributor stores. As a result, the number of offline stores decreased from 1,022 as at 31 December 2023 to 996 as at 31 December 2024.

### Gross Profit and Gross Profit Margin

The Group recorded a total gross profit of RMB1,199.0 million for the Period, representing a slight decrease of 1.1%, or RMB13.2 million, from RMB1,212.2 million in 2023. Gross profit margin increased to 52.8% as compared to 52.0% in 2023.

### Gross profit and gross profit margin by brand

	Year ended 31 December			
	2024		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%
GXG	1,113,939	53.6	1,091,525	54.1
gxg jeans	60,383	45.3	80,642	44.5
gxg.kids	1,916	14.1	20,658	23.2
Mode Commuter	22,338	54.0	19,095	51.4
Others	374	12.4	263	5.8
<b>Total</b>	<b>1,198,950</b>	<b>52.8</b>	<b>1,212,183</b>	<b>52.0</b>

The gross profit of GXG for the Period increased by RMB22.4 million, or approximately 2.1%, as compared to that in 2023, primarily due to the increase in revenue of GXG. The gross profit margin of GXG remained relatively stable at 53.6%, as compared to 54.1% in 2023.

The gross profit of gxg jeans for the Period decreased by RMB20.2 million, or approximately 25.1%, as compared to that in 2023, primarily due to the decrease in revenue of gxg jeans and our strategic brand adjustment. The gross profit margin of gxg jeans increased by 0.8 percentage point, primarily because the Group offered lower retail discounts on the products sold during the Period than those sold in 2023.

The gross profit of gxg.kids for the Period decreased by RMB18.8 million, or approximately 90.8%, and the gross profit margin of gxg.kids decreased by 9.1 percentage points, as compared to that in 2023. Such decreases were primarily due to the Group's strategic adjustment of brand positioning to terminate the business of gxg.kids as well as selling old stocks which have higher discounted rates during the Period.

The gross profit of Mode Commuter for the Period increased by RMB3.2 million, or approximately 16.8%, as compared to that in 2023, primarily due to the increase in revenue of Mode Commuter. The gross profit margin of Mode Commuter increased by 2.6 percentage points, primarily because the Group offered lower retail discounts on the products sold during the Period than those sold in 2023.

## Gross profit and gross profit margin by sales channel

	Year ended 31 December			
	2024		2023	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Sales of apparel products				
Offline channels				
Self-owned stores	641,917	70.3	650,393	70.1
Partnership stores	21,267	27.0	24,524	18.3
Distributor stores	195,180	43.4	194,323	45.8
Online channels	339,819	41.5	342,447	41.0
Sales of other products	767	8.6	423	4.9
Consignment services	—	—	73	19.1
<b>Total</b>	<b>1,198,950</b>	<b>52.8</b>	<b>1,212,183</b>	<b>52.0</b>

Gross profit of self-owned stores for the Period decreased by RMB8.5 million, or approximately 1.3%, as compared to that in 2023, primarily due to a decrease in its revenue. Gross profit margin of self-owned stores for the Period remained relatively stable at 70.3%, as compared to 70.1% in 2023.

Gross profit of partnership stores for the Period decreased by RMB3.2 million, or approximately 13.1%, as compared to that in 2023, primarily due to a decrease in its revenue. Gross profit margin increased by 8.7 percentage points to 27.0%, as compared to that in 2023, primarily due to the Group's strategic brand positioning adjustment to terminate the business of g.xg.kids, which had a lower gross profit margin, under partnership stores.

Gross profit of distributor stores for the Period increased by RMB0.9 million, or approximately 0.5%, as compared to that in 2023, primarily due to an increase in its revenue. Gross profit margin decreased by 2.4 percentage points to 43.4%, as compared to that in 2023, primarily due to the structural adjustment of distributors and products.

Gross profit of online channels for the Period decreased by RMB2.6 million, or approximately 0.8%, as compared to that in 2023, primarily due to a decrease in its revenue. Gross profit margin of online channels for the Period increased by 0.5 percentage point to 41.5%, as compared to 41.0% in 2023, primarily due to the improvement of brand image and optimization of product structure.

### Other Income and Gains

Other income and gains for the Period were RMB44.4 million, representing a decrease of 14.0%, or RMB7.2 million, as compared to RMB51.6 million in 2023, mainly due to the decrease in foreign exchange gains and investment income from time deposits.

## **Selling and Distribution Expenses**

Total selling and distribution expenses for the Period increased by 1.4%, or RMB13.3 million, to RMB934.1 million, as compared to RMB920.8 million in 2023, mainly due to the increase in operating lease rental and decoration charges as the Group increased the number of self-owned stores.

As a result, selling and distribution expenses as a percentage of the Group's total revenue also increased to 41.2% in 2024 from 39.5% in 2023.

## **Administrative Expenses**

Total administrative expenses for the Period increased by 1.5%, or RMB3.1 million, to RMB210.5 million, as compared to RMB207.4 million in 2023, primarily driven by higher research and development expenses and one-time expenditures related to warehouse relocation.

Total administrative expenses as a percentage of the Group's total revenue also increased to 9.3% in 2024 from 8.9% in 2023.

## **Impairment Losses on Financial Assets, Net**

The Group recorded reversal of impairment losses on financial assets of RMB9.9 million, as compared to impairment losses on financial assets, net, of RMB7.5 million in 2023. This was mainly because the Group enhanced its account receivables collection and applied a more stringent credit control policy over its customers.

## **Other Expenses**

The Group's other expenses for the Period decreased by 24.7%, or RMB2.1 million, to RMB6.4 million, as compared to RMB8.5 million in 2023. This was mainly due to the decrease in cost of raw materials sold.

## **Finance Costs**

Finance costs for the Period decreased by 21.5%, or RMB14.6 million, to RMB53.2 million, as compared to RMB67.8 million in 2023. This was primarily attributable to the reduction in scale of loan and the decline in interest rates, thereby reducing interest expenses on bank loans.

## **Profit before Tax**

The Group's profit before tax for the Period was RMB49.1 million, representing a decrease of 5.2%, or RMB2.7 million, from RMB51.8 million in 2023. The decrease was mainly due to a decrease in gross profit.

## **Income Tax Expense**

Income tax expense for the Period was RMB18.2 million, representing an increase of 24.7%, or RMB3.6 million, as compared to RMB14.6 million in 2023.

## **Profit for the Period**

As a result of the foregoing factors, profit for the Period was RMB30.9 million, representing a decrease of 16.9%, or RMB6.3 million, as compared to RMB37.2 million in 2023.

## **Operating Cash Flows**

Net operating cash inflow for the Period was RMB171.7 million, primarily due to the cash inflow from operating profit of RMB234.5 million and a decrease in working capital of RMB62.8 million. The Group's net operating cash inflow for the Period decreased by RMB126.1 million, as compared to RMB297.8 million in 2023. The Group had significantly reduced its inventory level in 2023 and continued to improve its inventory structure in 2024, which led to an improved inventory turnover period of 7 days as compared to that in 2023. As the Chinese New Year period in 2025 was earlier than usual and the Group's preparation towards the end of the Period, the Group's inventory level at the end of the Period grew slightly as compared to 2023.

## **Capital Expenditures**

The Group's capital expenditures include payments for logistics base construction, property, plant and equipment and intangible assets. During the Period, the Group's capital expenditures amounted to RMB132.8 million, representing an increase of 54.8%, or RMB47.0 million, from RMB85.8 million in 2023. The relatively higher capital expenditures in 2024 were primarily due to an increase in construction and decoration costs of the Group's headquarters office building for the Period.

## **Financial Position**

The Group generally funds its operations with bank and other borrowings. As at 31 December 2024, the Group had bank and other borrowings of RMB903.5 million (31 December 2023: RMB1,329.8 million). Bank and other borrowings were denominated in RMB and U.S. dollars as at 31 December 2024 and 2023. As at 31 December 2024, the Group had fixed-rate bank borrowings of RMB903.5 million (31 December 2023: RMB827.8 million). For details, please see note 13 of the "Notes to Financial Statements".

The Group's cash and cash equivalents and pledged deposits totaled RMB591.9 million as at 31 December 2024, representing a decrease of 42.8%, or RMB443.5 million, from RMB1,035.4 million as at the end of 2023. Cash and cash equivalents as at 31 December 2024 were RMB186.9 million, among which 98.3% was denominated in RMB, 1.5% in U.S. dollars, 0.1% in Macau Pataca, and 0.1% in Hong Kong dollars. Pledged deposits as at 31 December 2024 were RMB405.0 million, all of which were denominated in RMB.



## **Gearing Ratio**

The Group's gearing ratio is calculated by dividing the Group's total borrowings by the Group's total assets. As at 31 December 2024, the Group's gearing ratio was 34.6% (31 December 2023: 44.1%). The decrease in gearing ratio was primarily because the Group reduced pledged borrowings, which pledged certificates of deposits.

## **Significant Investments Held**

For the Period, the Group did not hold any significant investments.

## **Funding and Treasury Policy**

The Group adopts a stable approach on its finance and treasury policy, aiming to maintain an optimal financial position, the most economic finance costs, and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans.

## **Material Acquisitions and Future Plans for Major Investment**

During the Period, the Group did not conduct any material investments, acquisitions or disposals. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of the Company dated 15 May 2019 (the "**Prospectus**"), the Group has no specific plan for major investment or acquisition of major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

## **Exposure to Fluctuations in Exchange Rates**

The Group operates mainly in China with most of its transactions settled in RMB. However, the Group is exposed to foreign exchange risk arising mainly from debt denominated in the U.S. dollars. During the Period, the Group did not use any financial instrument for hedging purpose.

## **Pledge of Assets**

As at 31 December 2024, the Group's bank loans of RMB301.7 million was secured by the Group's pledged deposits.

As at 31 December 2024, the Group's discounted letter of credit of RMB47.5 million was secured by the Group's pledged deposits.

As at 31 December 2024, the Group's discounted notes receivable of RMB11.0 million was secured by the Group's pledged deposits.



## **Contingent Liabilities**

As at 31 December 2024, the Group had no significant contingent liabilities (as at 31 December 2023: Nil).

## **Events after the Period**

As at the date of this announcement, no material event has occurred after 31 December 2024.

## **Human Resources**

As at 31 December 2024, the number of employees of the Group was 465, as compared to 508 as at 31 December 2023. In order to attract, retain and develop the knowledge, skills and quality of employees, the Group places a strong emphasis on training and development. The Group provides training periodically across operational functions, including introductory training for new employees, technical training, professional and management training, team-building and communications training. The Group also offers competitive remuneration packages, which include salaries, bonuses and other benefits. In general, the Group determines employee salaries based on each employee's qualifications, experience, position and seniority. The total cost of staff, including basic salary and wages, social insurance and bonus, for the Period was RMB84.9 million, as compared to RMB100.0 million in 2023. The total cost of staff for the Period represented 3.7% of the Group's revenue, as compared to 4.3% in 2023. The decrease was mainly due to an improvement of work efficiency.

## **OTHER INFORMATION**

### **Final Dividend**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024.

### **Corporate Governance**

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and enhance its corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**Corporate Governance Code**") set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. During the year ended 31 December 2024, the Company complied with all applicable code provisions set out in the Corporate Governance Code. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the Corporate Governance Code.

Further information on the corporate governance practices of the Company will be set out in the corporate governance report contained in the annual report of the Company for the year ended 31 December 2024.

## Model Code for Securities Transactions for Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Upon specific enquiries made to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the year ended 31 December 2024 and up to the date of this announcement.

## Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period (including sale of treasury shares, if any). As at 31 December 2024, the Company did not hold any treasury shares.

## Use of Proceeds from the Global Offering

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 May 2019 and issued 200,000,000 new shares. After deducting the underwriting fees, commissions and estimated expenses, the total net proceeds from the listing were approximately RMB704.9 million (equivalent to approximately HK\$802.7 million). As at 31 December 2024, the proceeds amounting to a total of RMB704.9 million (equivalent to approximately HK\$802.7 million) had been used. These proceeds were allocated in accordance with the Prospectus and the announcement of the Company dated 22 May 2019. In addition, on 30 March 2022, the Board resolved to change the use of the unutilized net proceeds from the global offering. For details, please refer to the announcement dated 30 March 2022 published by the Company on the websites of the Stock Exchange and the Company.

As at 31 December 2024, all net proceeds from the global offering have been completely utilized. Please see below a summary of the net proceeds utilized by the Company:

Item	Approximate percentage of total amount	Planned use of proceeds <i>RMB million</i>	Actual amount used during the Period <i>RMB million</i>	Actual amount used as at 31 December 2024 <i>RMB million</i>	Unutilized amount as at 31 December 2024 <i>RMB million</i>
To repay the Group’s existing indebtedness and reduce the Group’s financial expenses	45%	317	–	317	–
To expand the Group’s brand and product portfolio by pursuing brand acquisitions or strategic alliances	15%	106	–	106	–
To upgrade the Group’s offline retail stores to smart stores	10%	70	–	70	–
To rent, maintain and upgrade warehouses with smart facilities and software	20%	141	11	141	–
To provide funding for working capital and other general corporate purposes	10%	71	–	71	–
<b>Total</b>	<b>100%</b>	<b>705</b>	<b>11</b>	<b>705</b>	<b>–</b>

## **Audit Committee**

The Company has established the audit committee with written terms of reference. As at the date of this announcement, the audit committee comprises three independent non-executive Directors, namely Mr. GU Jiong, Ms. XU Yanyun and Mr. LIAO Xiaoxin. Mr. GU Jiong is the chairman of the audit committee. The primary duties of the audit committee are to review the Company's financial information, and oversee the Company's financial reporting system, risk management and internal control systems.

The audit committee has jointly reviewed with the Board the consolidated financial results of the Group for the year ended 31 December 2024, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

## **Scope of Work for Annual Results Announcement by Auditor**

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2024, but represents an extract from the consolidated financial statements for the year ended 31 December 2024 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

## **Publication of the 2024 Annual Results and 2024 Annual Report**

This annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.gxggroup.cn](http://www.gxggroup.cn)).

The annual report of the Company for the year ended 31 December 2024 will be sent to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 27 March 2025

*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.*