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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)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION THE 2020 WENMO GARMENT LEASE AGREEMENT

Reference is made to the announcement of Mulsanne Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 2 July 2020 (the “**Announcement**”), where the Company announced that its indirect wholly-owned subsidiary Chisage Mulsanne (as tenant) entered into the 2020 Wenmo Garment Lease Agreement with Wenmo Garment (as landlord). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board would like to provide further details on the information on Wenmo Garment and the opinion of the Independent Financial Adviser.

GENERAL INFORMATION

Wenmo Garment is a wholly-owned subsidiary of Ningbo Chisage Wenmo Branding Management Co., Ltd. (寧波中哲文墨品牌管理有限公司) (“**Chisage Wenmo**”). As at the date of this announcement,

- (1) Chisage Wenmo is owned by Ningbo Jessica Investment Management Partnership (Limited Partnership) (寧波杰斯卡投資管理合夥企業(有限合夥)) (“**Ningbo Jessica**”) as to 53%, Ningbo Wenmo Cultural Communication Co., Ltd. (寧波文墨文化傳播有限公司) (“**Wenmo Cultural**”) as to 42%, Mr. Zhu Zhaoguo (“**Mr. Zhu**”) as to 3% and Ms. Wang Simei as to 2%. Mr. Zhu is a former director of Chisage Mulsanne who retired in September 2016, and he has more than 5% of the interests in Ningbo Zhenrong Brand Management Co., Ltd., one of the Group’s five largest customers for the year ended 31 December 2019. Mr. Zhu also holds 10.00% of the equity interest in Madison International Limited (“**Madison International**”), which is a substantial shareholder of the Company.
- (2) Ningbo Jessica is owned by Chisage Holding Group Co., Ltd. (“**Chisage Holding**”) as to 63.16%, Mr. Yu Yong (“**Mr. Yu**”) (an executive Director and a substantial shareholder of the Company) as to 20.60%, Mr. Zhu as to 10.53%, Ms. Tu Guangjun (“**Ms. Tu**”) as to 4.21% and Ms. Mao Chunhua as to 1.50%. Ms. Tu is the chief operating officer and vice president of operations of the Group, and a director of TwoXu Sports (Ningbo) Co., Ltd. (an indirect subsidiary of the Company). She also holds 9.05% of the equity interest in Madison International, which is a substantial shareholder of the Company.

- (3) Chisage Holding is owned by Ningbo Zhonghui Investment Co., Ltd. (寧波中匯投資有限公司) (“**Ningbo Zhonghui**”) as to 60% and Ningbo U and K Investment Consulting Co., Ltd. (寧波優迪凱投資諮詢有限公司) (“**Ningbo U and K Investment**”) as to 40%. Ningbo Zhonghui is owned by Mr. Yang (a non-executive Director and a substantial shareholder of the Company) as to 49.08%, Ms. Xu Hongxia (Mr. Yang’s spouse) as to 25.60%, Ningbo Rongzhe Equity Investment Partnership (Limited Partnership) (寧波榮哲股權投資合夥企業(有限合夥)) (“**Ningbo Rongzhe**”) as to 20.58%, Ms. Tang Shuhua (a supervisor of Chisage Holding) as to 3.84% and Mr. Ding Dade (“**Mr. Ding**”) as to 1.00%. Mr. Ding is the chief financial officer and vice president of finance of the Group, a joint company secretary of the Company, as well as a director of certain subsidiaries of the Company. Ningbo Rongzhe is owned by Mr. Yang as to 90%, Mr. Yang Pingbo (Mr. Yang’s son) as to 9% and 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)) (“**Chisage Chuangye Investment**”) as to 1%. Chisage Chuangye Investment is owned by Chisage Holding as to 99% and Mr. Ding as to 1%. Ningbo U and K Investment is owned by Mr. Yang as to 71.68% and Mr. Ding as to 28.32%. Under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Yang, as the spouse of Ms. Xu Hongxia, is deemed to be interested in the same number of shares in which Ms. Xu Hongxia is interested.
- (4) Wenmo Cultural is owned by Mr. Wang Junhai (the general manager of Chisage Wenmo) as to 49.07%, Mr. Xu Lifeng (the deputy general manager of Chisage Wenmo) as to 32.71% and Ningbo Caimo Enterprise Management Consulting Partnership (Limited Partnership) (寧波彩墨企業管理諮詢合夥企業(有限合夥)) (“**Ningbo Caimo**”) as to 18.22%. Ningbo Caimo is owned by Ms. Wu Mei as to 23.08%, Ms. Kong Yanhui as to 16.99%, Ms. Wu Haina as to 16.99%, Ms. Zhang Siying as to 16.12%, Mr. Weng Xulai as to 14.63%, Mr. Xu Liewei as to 6.10% and Ms. Chai Jie as to 6.10%. Save for Mr. Xu Liewei, other shareholders of Ningbo Caimo are employees of Chisage Wenmo or its subsidiaries.
- (5) Each of Mr. Yu and Mr. Yang, being a Director and a substantial shareholder of the Company, is a connected person of the Company. Each of Mr. Ding and Ms. Tu, being a director of certain subsidiary(ies) of the Company, is a connected person of the Company. Ms. Xu Hongxia is the spouse of Mr. Yang and Mr. Yang Pingbo is the son of Mr. Yang, hence each of them is a connected person of the Company.
- (6) Each of Chisage Wenmo, Ningbo Jessica, Chisage Holding, Ningbo Zhonghui, Ningbo U and K Investment, Ningbo Rongzhe and Chisage Chuangye Investment is a company with Mr. Yang controlling the exercise of 30% or more of the voting power at the general meetings, hence an associate (as defined under Chapter 14A of the Listing Rules) of Mr. Yang and a connected person of the Company.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the shareholders of Chisage Wenmo, Ningbo Jessica and Chisage Holding and their respective ultimate beneficial owners is an independent third party with no past or present relationships with the Company or its connected persons.

OPINION OF THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Announcement, in opining whether it is normal business practice for agreements of similar nature with the 2020 Wenmo Garment Lease Agreement to be longer than three years, Maxa Capital considered six comparable leases (the “**Comparables**”) and the other two property lease agreements previously entered into by the Company (the “**Other Leases**”). The properties under the Comparables are used for business operation such as office, hotel and shopping center and the properties under the Other Leases are used as warehouse, which are all in nature similar to and comparable with the Premises under the 2020 Wenmo Garment Lease Agreement. Given that the Comparables and the Other Leases (i) involved leasing of properties for business operation; (ii) were entered into by companies listed on the Stock Exchange; and (iii) have duration of more than three years, Maxa Capital is of the view that the Comparables and the Other Leases are comparable with the 2020 Wenmo Garment Lease Agreement.

In addition, as (i) the Comparables comprise an exhaustive list of comparable leases which fall within the above three criteria announced within one year before the date of the 2020 Wenmo Garment Lease Agreement, which provide adequate information of recent terms agreed under property leases of similar nature, and (ii) the Other Leases comprise an exhaustive list of comparable leases which fall within the above three criteria and previously entered into by the Company, Maxa Capital considers that the Comparables and the Other Leases are fair and representative samples.

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

Hong Kong, 15 July 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.