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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 2023**

Financial Highlights

- Total revenue for the year ended 31 December 2023 amounted to RMB2,329.0 million, representing a slight increase of 0.1%, or RMB2.7 million, as compared to RMB2,326.3 million for the year ended 31 December 2022.
- Gross profit margin for the year ended 31 December 2023 increased to 52.0%, as compared to 48.9% for the year ended 31 December 2022. The gross profit margin of omni-channel has increased compared with 2022, especially with an increase in the proportion of revenue from offline channels with higher gross profit margin.
- Net profit for the year ended 31 December 2023 amounted to RMB37.2 million, representing an increase of RMB27.8 million, as compared to RMB9.4 million for the year ended 31 December 2022. Such increase was primarily due to (i) the recovery of offline consumer consumption coupled with the improvement in operational efficiency of offline retail channels, (ii) the successful implementation of the Group's brand promotion initiatives, and (iii) an increase in the sales revenue of RMB169.6 million from the Group's main brand, namely GXG.

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 2023 (the “**Period**”), together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	2,329,049	2,326,281
Cost of sales		<u>(1,116,866)</u>	<u>(1,188,375)</u>
Gross profit		1,212,183	1,137,906
Other income and gains	5	51,589	64,681
Selling and distribution expenses		(920,769)	(883,520)
Administrative expenses		(207,434)	(205,098)
Impairment losses on financial assets, net	6	(7,489)	(8,996)
Other expenses		(8,480)	(20,263)
Finance costs	7	<u>(67,791)</u>	<u>(63,080)</u>
PROFIT BEFORE TAX	6	51,809	21,630
Income tax expense	8	<u>(14,564)</u>	<u>(12,279)</u>
PROFIT FOR THE YEAR		<u>37,245</u>	<u>9,351</u>
Attributable to:			
Owners of the parent		39,567	12,429
Non-controlling interests		<u>(2,322)</u>	<u>(3,078)</u>
		<u>37,245</u>	<u>9,351</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic	10	<u>RMB4.34 cents</u>	<u>RMB1.36 cents</u>
Diluted	10	<u>RMB4.34 cents</u>	<u>RMB1.36 cents</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>37,245</u>	<u>9,351</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(46,767)</u>	<u>(336,361)</u>
Other comprehensive income 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	(1,850)	(5,444)
Exchange differences on translation of the Company's financial statements into presentation currency	<u>34,466</u>	<u>280,458</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>32,616</u>	<u>275,014</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(14,151)</u>	<u>(61,347)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>23,094</u>	<u>(51,996)</u>
Attributable to:		
Owners of the parent	25,416	(48,918)
Non-controlling interests	<u>(2,322)</u>	<u>(3,078)</u>
	<u>23,094</u>	<u>(51,996)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2023*

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		371,105	311,239
Right-of-use assets		141,502	217,199
Intangible assets		50,807	38,591
Equity investment designated at fair value through other comprehensive income		4,540	6,390
Deferred tax assets		209,734	217,402
Pledged deposits		446,946	529,646
Total non-current assets		1,224,634	1,320,467
CURRENT ASSETS			
Inventories		566,682	683,493
Right-of-return assets		68,603	47,100
Trade and notes receivables	<i>11</i>	334,525	361,657
Prepayments, other receivables and other assets		231,305	251,295
Pledged deposits		396,099	603,954
Cash and cash equivalents		192,420	252,194
Total current assets		1,789,634	2,199,693
CURRENT LIABILITIES			
Trade and notes payables	<i>12</i>	374,638	439,366
Other payables and accruals		255,032	203,789
Refund liabilities		148,504	109,330
Contract liabilities		21,199	49,047
Interest-bearing bank and other borrowings	<i>13</i>	887,459	1,184,004
Lease liabilities		71,589	109,637
Tax payable		17,443	20,314
Total current liabilities		1,775,864	2,115,487
NET CURRENT ASSETS		13,770	84,206
TOTAL ASSETS LESS CURRENT LIABILITIES		1,238,404	1,404,673

	<i>Note</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,238,404</u>	<u>1,404,673</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>13</i>	442,352	588,236
Lease liabilities		47,835	88,878
Deferred tax liabilities		<u>36,645</u>	<u>39,081</u>
Total non-current liabilities		<u>526,832</u>	<u>716,195</u>
Net assets		<u><u>711,572</u></u>	<u><u>688,478</u></u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		8,343	8,343
Reserves		<u>702,460</u>	<u>676,055</u>
		710,803	684,398
Non-controlling interests		<u>769</u>	<u>4,080</u>
Total equity		<u><u>711,572</u></u>	<u><u>688,478</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2023

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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board 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 new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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.

Segment information by sales channels:

Year ended 31 December 2023				
	Apparel products		Others	Total
	Offline channels	Online channels		
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	<u>1,485,767</u>	<u>834,289</u>	<u>8,993</u>	<u>2,329,049</u>
Total segment revenue	<u><u>1,485,767</u></u>	<u><u>834,289</u></u>	<u><u>8,993</u></u>	<u><u>2,329,049</u></u>
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				<u>(67,791)</u>
Profit before tax				<u><u>51,809</u></u>

Year ended 31 December 2022				
	Apparel products		Others	Total
	Offline channels	Online channels		
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	<u>1,279,192</u>	<u>1,036,195</u>	<u>10,894</u>	<u>2,326,281</u>
Total segment revenue	<u><u>1,279,192</u></u>	<u><u>1,036,195</u></u>	<u><u>10,894</u></u>	<u><u>2,326,281</u></u>
Segment results	731,606	405,333	967	1,137,906
Other income and gains				64,681
Selling and distribution expenses				(883,520)
Administrative expenses				(205,098)
Impairment losses on financial assets, net				(8,996)
Other expenses				(20,263)
Finance costs				<u>(63,080)</u>
Profit before tax				<u><u>21,630</u></u>

Geographic information

(a) Revenue from external customers

	2023 RMB'000	2022 RMB'000
Chinese Mainland	2,329,049	2,326,281

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

(b) Non-current assets

	2023 RMB'000	2022 RMB'000
Chinese Mainland	562,709	565,877
Hong Kong	705	1,152
Total non-current assets	563,414	567,029

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 (2022: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
<u>Revenue from contracts with customers</u>		
Sale of apparel products		
Online channels	834,289	1,036,195
Offline channels		
Self-owned stores	927,398	735,163
Partnership stores	134,053	150,626
Distributor stores	424,316	393,403
Sale of other products	8,610	8,084
Consignment services	383	2,810
Total	2,329,049	2,326,281

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 RMB'000	2022 RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	2,328,666	2,323,471
Services transferred at a point in time	383	2,810
Total	<u>2,329,049</u>	<u>2,326,281</u>

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:

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	<u>49,047</u>	<u>63,985</u>
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of goods not previously recognised due to constraints on variable consideration	<u>248</u>	<u>(3,713)</u>

(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 gives rise to variable consideration subject to constraint.

As at 31 December 2023, the remaining performance obligations (unsatisfied or partially unsatisfied) are expected to be recognised within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Refund liabilities

	2023 RMB'000	2022 <i>RMB'000</i>
Refund liabilities arising from sales return	148,504	109,330

An analysis of other income and gains is as follows:

	2023 RMB'000	2022 <i>RMB'000</i>
<u>Other income and gains</u>		
Investment income from pledged deposits	21,433	28,023
Government grants*	13,935	19,642
Foreign exchange gains, net	7,175	7,859
Bank interest income	2,936	3,975
Penalty charges received from distributors	1,057	215
Interest income from a third party	893	—
Sale of raw materials	231	152
Gain on terminations of leases, net	—	2,407
Others	3,929	2,408
Total other income and gains	51,589	64,681

- * 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):

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of inventories sold	1,142,806	1,206,962
Cost of services provided	310	2,376
Cost of raw materials sold	2,030	2,038
Depreciation of property, plant and equipment	64,798	62,837
Impairment of property, plant and equipment	490	4,774
Impairment of right-of-use assets	449	4,227
Depreciation of right-of-use assets	107,747	139,061
Loss/(gain) on terminations of leases, net	126	(2,407)
Amortisation of intangible assets*	7,363	6,317
Impairment of trade receivables, net	6,955	7,509
Impairment of other receivables, net	534	1,487
Reversal of write-down of inventories to net realisable value**	(26,250)	(20,963)
Lease payments not included in the measurement of lease liabilities	58,072	36,290
Auditor's remuneration	5,007	5,339
Loss on disposal of items of property, plant and equipment, net	3,180	8,830
Interest income from a third party	(893)	–
Waiver of debts with related parties	–	95
Covid-19-related rent concessions from lessors	–	(977)
Foreign exchange differences, net	(7,175)	(7,859)
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	83,853	110,260
Pension scheme contributions***	8,788	12,098
Staff welfare expenses	9,208	9,544
Total	<u>101,849</u>	<u>131,902</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:

	2023 RMB'000	2022 <i>RMB'000</i>
Interest on bank loans	62,696	59,717
Interest on lease liabilities	5,574	9,441
	68,270	69,158
Less: Interest capitalised	(479)	(6,078)
Total	67,791	63,080

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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 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 Chinese Mainland 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% (2022: 2.5%).

	2023 RMB'000	2022 <i>RMB'000</i>
Current tax:		
Charge for the year	3,832	6,605
Deferred	10,732	5,674
Total tax charge for the year	14,564	12,279

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

	2023 RMB'000	2022 <i>RMB'000</i>
Profit before tax	51,809	21,630
At the PRC statutory income tax rate of 25%	12,952	5,408
Lower tax rates for specific provinces or enacted by local authority	(3,151)	(1,551)
Expenses not deductible for tax	6,791	8,011
Tax losses utilised from previous years	(7,610)	(154)
Income not subject to tax	(839)	–
Temporary differences and tax losses not recognised	5,588	565
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	833	–
Tax charge at the Group's effective rate	14,564	12,279

9. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year (2022: 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 number of ordinary shares of 912,500,000 (2022: 912,500,000) in issue 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 the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares arising from the restricted share units (“RSUs”) granted by the Company.

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

	2023 RMB'000	2022 <i>RMB'000</i>
<u>Earnings</u>		
Earnings attributable to ordinary equity holders of the parent	39,567	12,429

	Number of shares 2023	2022
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	912,500,000	912,500,000
Effect of dilution – weighted average number of ordinary shares arising from the RSUs	–	4,060,126
Total	<u>912,500,000</u>	<u>916,560,126</u>

11. TRADE AND NOTES RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	726,788	755,334
Notes receivable	<u>51,590</u>	<u>44,840</u>
	778,378	800,174
Impairment of trade receivables	<u>(443,853)</u>	<u>(438,517)</u>
Net carrying amount	<u>334,525</u>	<u>361,657</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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Less than 3 months	215,792	248,563
Between 3 and 6 months	32,682	33,976
Between 6 and 12 months	36,513	42,743
Between 1 and 2 years	24,363	54,036
Over 2 years	<u>417,438</u>	<u>376,016</u>
Total	<u>726,788</u>	<u>755,334</u>

12. TRADE AND NOTES PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	164,668	296,666
Notes payable	<u>209,970</u>	<u>142,700</u>
Total	<u><u>374,638</u></u>	<u><u>439,366</u></u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	153,975	248,143
3 to 6 months	3,264	25,865
6 to 12 months	1,138	8,875
1 to 2 years	4,106	10,920
Over 2 years	<u>2,185</u>	<u>2,863</u>
Total	<u><u>164,668</u></u>	<u><u>296,666</u></u>

Included in the trade and notes payables are trade payables of RMB2,083,000 (2022: RMB1,080,000) 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 2023			31 December 2022		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Current						
Current portion of long-term bank loans – secured (note (a))	5-year LPR*	Within 2024	25,805	5-year LPR	Within 2023	22,450
Current portion of long-term bank loan – secured US\$29,600,000 bank loan (note (b))	3-month LIBOR* plus 1.14%	Within 2024	34,325	3-month LIBOR plus 1.14%	Within 2023	20,615
Bank loans – secured (note (c))	3.20%-3.25%	Within 2024	244,569	3.15%-3.70%	Within 2023	387,194
Discounted notes receivable – secured (note (d))	–	Within 2024	100,000	–	Within 2023	215,980
Discounted letter of credit – secured (note (e))	2.50%	Within 2024	37,650	1.48%	Within 2023	100,000
Bank loans – unsecured	3.40%-3.85%	Within 2024	240,520	3.45%-3.70%	Within 2023	262,841
Discounted notes receivable – unsecured	–	Within 2024	99,590	–	Within 2023	44,840
Discounted letter of credit – unsecured	2.80%-3.50%	Within 2024	105,000	2.00%-3.24%	Within 2023	130,084
Total – current			887,459			1,184,004
Non-current						
Bank loans – secured (note (a))	5-year LPR	2025-2028	87,713	5-year LPR	2024-2028	98,663
Bank loan – secured US\$29,600,000 bank loan (note (b))	3-month LIBOR plus 1.14%	Within 2025	154,615	3-month LIBOR plus 1.14%	2024-2025	185,573
Bank loans – secured (note (c))	3.40%	Within 2025	200,024	3.25%-3.40%	2024-2025	304,000
Total – non-current			442,352			588,236
Total			1,329,811			1,772,240

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Analysed into:		
Bank loans and other borrowings repayable:		
Within one year or on demand	887,459	1,184,004
In the second year	380,444	159,986
In the third to fifth years, inclusive	61,908	419,387
Beyond five years	—	8,863
Total	1,329,811	1,772,240

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

Notes:

- (a) The bank loans of RMB113,518,000 (2022: RMB121,113,000) 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 (2022: RMB20,332,000).
- (b) 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 (2022: RMB236,832,000).
- (c) The bank loans of RMB444,593,000 (2022: RMB691,194,000) are secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB476,818,000 (2022: RMB758,715,000).
- (d) The discounted notes receivable of RMB100,000,000 (2022: RMB215,980,000) are secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB75,535,000 (2022: RMB71,580,000).
- (e) The discounted letter of credit of RMB37,650,000 (2022: RMB100,000,000) is secured by the pledge of certain of the Group’s time deposits amounting to approximately RMB19,025,000 (2022: RMB50,000,000).
- (f) Except for the bank loan of US\$29,600,000 (2022: US\$29,600,000) which is denominated in US\$, all loans are in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview and Outlook

In 2023, the Group's business, particularly its offline consumer consumption, had recovered. Moreover, as a leading fashion company in China, the Group benefited from its omni-channel strategy and the development in China's domestic economy. As a result, the Group remains confident towards the future of the Chinese fashion industry. To further consolidate its leading position in the fashion apparel industry in China, the Group is committed to implementing the following strategies:

- Navigate brand positioning to explore potential consumer base, and improve members' experience through new retail technologies and advantages;
- Reform organization structure and business model and deepen the integration of online and offline sales channels to improve operational efficiency so as to enable the Group to respond to the market in a faster manner; and
- Continue to improve the management of omni-channels to increase the Group's gross profit margin.

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 RMB2,329.0 million, representing a slight increase of 0.1%, or RMB2.7 million, from RMB2,326.3 million in 2022. Such increase was primarily attributable to (i) an increase in the sales revenue from the Group's main brand, namely GXG, as a result of the recovery of offline consumer consumption coupled with the improvement in operational efficiency of offline retail channels and (ii) the successful implementation of the Group's brand promotion initiatives.

Revenue by brand

	Year ended 31 December			
	2023		2022	
	RMB'000	%	RMB'000	%
GXG	2,016,953	86.6	1,847,359	79.4
gxg jeans	181,333	7.8	218,728	9.4
gxg.kids	89,016	3.8	199,347	8.6
Mode Commuter	37,175	1.6	33,335	1.4
Others	4,572	0.2	27,512	1.2
Total	2,329,049	100.0	2,326,281	100.0

For the Period, sales revenue from the Group's main brand, namely GXG, increased by 9.2%, or RMB169.6 million, as compared to that in 2022. Such increase was primarily due to recovery of offline consumer consumption coupled with the improvement in operational efficiency of offline retail channels and the successful implementation of the Group's brand promotion initiatives.

For the Period, sales revenue from gxg jeans decreased by 17.1%, or RMB37.4 million, as compared to that in 2022. Such decrease was primarily due to the Group's reduction in the number of gxg jeans stores to enhance store efficiency.

For the Period, sales revenue from gxg.kids decreased by 55.3%, or RMB110.3 million, as compared to that in 2022. Such decrease was primarily due to the reduction in the business scale of gxg.kids as a strategic adjustment to focus more on the Group's main brand, namely GXG.

For the Period, the sales revenue from Mode Commuter increased by 11.7%, or RMB3.9 million, as compared to that in 2022, 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			
	2023		2022	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales of apparel products				
Offline channels				
Self-owned stores	927,398	39.7	735,163	31.6
Partnership stores	134,053	5.8	150,626	6.5
Distributor stores	424,316	18.2	393,403	16.9
Online channels	834,289	35.8	1,036,195	44.5
Sales of other products	8,610	0.4	8,084	0.3
Consignment services	383	0.1	2,810	0.2
Total	2,329,049	100.0	2,326,281	100.0

Due to the successful implementation of the Group's brand promotion initiatives and improvement of members' experience, which enhanced its products' brand awareness, the sales revenue from self-owned stores for the Period increased by 26.1%, or RMB192.2 million, to RMB927.4 million and the sales revenue from distributor stores for the Period also increased by 7.9%, or RMB30.9 million, to RMB424.3 million, as compared to that in 2022.

Sales revenue from partnership stores for the Period decreased by 11.0%, or RMB16.5 million, to RMB134.1 million, as compared to that in 2022, primarily due to brand strategic adjustment to sell more old stocks of smaller brands which have higher discounted rates during the Period.

Online channel sales revenue for the Period decreased by 19.5%, or RMB201.9 million, to RMB834.3 million, as compared to that in 2022, mainly due to (i) the negative impact of the overall e-commerce industry and (ii) the Group's reduction of business scale in smaller brands on online channels.

Number of stores by brand

	As at 31 December			
	2023		2022	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
GXG	903	88.3	973	86.8
gxg jeans	65	6.4	80	7.1
gxg.kids	36	3.5	51	4.5
Mode Commuter	18	1.8	18	1.6
Total	1,022	100.0	1,122	100.0

During the Period, the Group adjusted its brand positioning and marketing strategies by reducing the number of stores to enhance store efficiency. As a result, the total number of offline stores decreased to 1,022 as at 31 December 2023 from 1,122 as at the end of 2022.

Number of stores by sales channel

	As at 31 December			
	2023		2022	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
Self-owned stores	380	37.2	393	35.0
Partnership stores	139	13.6	184*	16.4
Distributor stores	503	49.2	545*	48.6
Total	1,022	100.0	1,122	100.0

* The figures were inadvertently miscalculated in the Group's 2022 annual results announcement dated 30 March 2023, and the Group does not consider such inadvertent errors to be material. Please refer to the updated and corrected figures presented herein.

Due to the upgrade and consolidation of its offline channels, the Group adjusted its store network during the Period by closing its under-performing offline stores. As a result, the number of offline stores decreased from 1,122 as at 31 December 2022 to 1,022 as at 31 December 2023.

Gross Profit and Gross Profit Margin

The Group recorded a total gross profit of RMB1,212.2 million for the Period, representing an increase of 6.5%, or RMB74.3 million, from RMB1,137.9 million in 2022. Gross profit margin increased to 52.0% as compared to 48.9% in 2022. Details of and the reasons for the increase in gross profit are set out below.

Gross profit and gross profit margin by brand

	Year ended 31 December			
	2023		2022	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
GXG	1,091,525	54.1	934,443	50.6
gxg jeans	80,642	44.5	92,320	42.2
gxg.kids	20,658	23.2	88,609	44.4
Mode Commuter	19,095	51.4	15,733	47.2
Others	263	5.8	6,801	24.7
Total	1,212,183	52.0	1,137,906	48.9

As the Group (i) controlled retail discount rates on products and product costs and (ii) enhanced brand awareness through effective brand publicity and promotion activities, the overall gross profit margin of the Group increased to 52.0% during the Period.

During the Period, the gross profit of GXG and Mode Commuter increased by RMB157.1 million, or approximately 16.8%, and RMB3.4 million, or approximately 21.7%, respectively, as compared to that in 2022. Such increases in gross profit were primarily due to the increases in their respective revenue. During the Period, the gross profit of gxg jeans and gxg.kids decreased by RMB11.7 million, or approximately 12.7%, and RMB67.9 million, or approximately 76.6%, respectively, as compared to that in 2022, primarily due to the decreases in their respective revenue.

The gross profit margin of GXG, gxg jeans and Mode Commuter during the Period increased to 54.1%, 44.5% and 51.4%, respectively, as compared to 50.6%, 42.2% and 47.2%, respectively, in 2022. Such increases in gross profit margins of GXG, gxg jeans and Mode Commuter were primarily because the Group offered lower retail discount rates on products under these brands and effectively controlled product costs. The gross profit margin of gxg.kids decreased by 21.2 percentage points, as compared to that in 2022, primarily due to the reduction in the business scale of gxg.kids as a strategic adjustment to focus more on the Group's main brand, namely GXG.

Gross profit and gross profit margin by sales channel

	Year ended 31 December			
	2023		2022	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Sales of apparel products				
Offline channels				
Self-owned stores	650,393	70.1	501,848	68.3
Partnership stores	24,524	18.3	49,492	32.9
Distributor stores	194,323	45.8	180,266	45.8
Online channels	342,447	41.0	405,333	39.1
Sales of other products	423	4.9	533	6.6
Consignment services	73	19.1	434	15.4
Total	1,212,183	52.0	1,137,906	48.9

Gross profit of self-owned stores for the Period increased by RMB148.6 million, or approximately 29.6%, as compared to that in 2022. Such increase was primarily due to an increase in its revenue. Gross profit margin of self-owned stores for the Period increased by 1.8 percentage points to 70.1%, as compared to 68.3% in 2022, primarily because the Group offered lower retail discounts on the products sold during the Period than those sold in 2022.

Gross profit of partnership stores for the Period decreased by RMB25.0 million, or approximately 50.5%, with gross profit margin decreased by 14.6 percentage points to 18.3%, as compared to that in 2022. Such decrease was primarily due to brand strategic adjustment to sell more old stocks of smaller brands which have higher discounted rates during the Period.

Gross profit of distributor stores for the Period increased by RMB14.0 million, or approximately 7.8%, as compared to that in 2022. Such increase was primarily due to an increase in its revenue. Gross profit margin of distributor stores remained stable at 45.8% in both 2022 and 2023.

Gross profit of online channels for the Period decreased by RMB62.9 million, or approximately 15.5%, to RMB342.4 million, as compared to that in 2022, which was primarily due to a decrease in revenue as the Group reduced the business scale of smaller brands on online channels. Gross profit margin of online channels for the Period increased by 1.9 percentage points to 41.0%, as compared to 39.1% in 2022, which was 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 RMB51.6 million, representing a decrease of 20.2%, or RMB13.1 million, as compared to RMB64.7 million in 2022, mainly due to the decrease in investment income from time deposits and government grants.

Selling and Distribution Expenses

Total selling and distribution expenses for the Period increased by 4.2%, or RMB37.3 million, to RMB920.8 million, as compared to RMB883.5 million in 2022, mainly due to an increase in advertising expenses as the Group increased its brand promotion activities in 2023.

As a result, selling and distribution expenses as a percentage of the Group's total revenue also increased to 39.5% in 2023 from 38.0% in 2022.

Administrative Expenses

Total administrative expenses for the Period remained relatively stable at RMB207.4 million, as compared to RMB205.1 million in 2022.

Total administrative expenses as a percentage of the Group's total revenue also remained relatively stable at 8.9% in 2023, as compared to 8.8% in 2022.

Impairment Losses on Financial Assets, Net

The Group's impairment losses on financial assets, net were RMB7.5 million in 2023, as compared to RMB9.0 million in 2022. 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 58.1%, or RMB11.8 million, to RMB8.5 million, as compared to RMB20.3 million in 2022. This was mainly due to the decrease in impairment and loss on disposal of decoration costs, and impairment of right-of-use assets.

Finance Costs

Finance costs for the Period increased by 7.4%, or RMB4.7 million, to RMB67.8 million, as compared to RMB63.1 million in 2022. The increase was mainly because the Group capitalized its interest on the construction of the Group's headquarters office building in 2022 and it no longer had such capitalization since February 2023.

Profit before Tax

The Group's profit before tax for the Period was RMB51.8 million, representing an increase of 139.8%, or RMB30.2 million, from RMB21.6 million in 2022. The increase was mainly due to an increase in gross profit.

Income Tax Expense

Income tax expense for the Period was RMB14.6 million, representing an increase of 18.7%, or RMB2.3 million, as compared to RMB12.3 million in 2022.

Profit for the Period

As a result of the foregoing factors, profit for the Period was RMB37.2 million, representing an increase in net profit of 295.7%, or RMB27.8 million, as compared to a profit of RMB9.4 million in 2022.

Operating Cash Flows

Net operating cash inflow for the Period was RMB297.8 million, primarily due to the cash inflow from operating profit of RMB250.4 million and an increase in working capital of RMB47.4 million. The Group's net operating cash inflow for the Period increased by RMB53.1 million, as compared to RMB244.7 million in 2022, mainly due to (i) its enhanced efforts in promotion and sales of inventories, (ii) strengthening the process of account receivables collection and (iii) stringently controlling various expenses.

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 RMB85.8 million, representing a decrease of 32.0%, or RMB40.3 million, from RMB126.1 million in 2022. The relatively higher capital expenditures in 2022 were primarily due to higher costs of construction of the Group's headquarters office building in 2022.

Financial Position

The Group generally funds its operations with bank and other borrowings. As at 31 December 2023, the Group had bank and other borrowings of RMB1,329.8 million (31 December 2022: RMB1,772.2 million). Bank and other borrowings were denominated in RMB and U.S. dollars as at 31 December 2023 and 2022. As at 31 December 2023, the Group had fixed-rate bank borrowings of RMB827.8 million (31 December 2022: RMB1,184.1 million). For details, please see note 13 of the "Notes to Financial Statements".

The Group's cash and cash equivalents and pledged deposits totalled RMB1,035.4 million as at 31 December 2023, representing a decrease of 25.3%, or RMB350.4 million, from RMB1,385.8 million as at the end of 2022. Cash and cash equivalents as at 31 December 2023 were RMB192.4 million, among which 91.3% was denominated in RMB, 8.6% in U.S. dollars, and 0.1% in Macau Pataca. Pledged deposits as at 31 December 2023 were RMB843.0 million, among which 99.5% was denominated in RMB and 0.5% in U.S. dollars.

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 2023, the Group's gearing ratio was 44.1% (31 December 2022: 50.3%). 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 2023, among the Group's bank loans, RMB113.5 million were secured by mortgages over the Group's leasehold land, RMB444.6 million and US\$26.6 million were both secured by the Group's pledged deposits.

As at 31 December 2023, the Group's discounted letter of credit of RMB37.7 million was secured by the Group's pledged deposits.

As at 31 December 2023, the Group's discounted notes receivable of RMB100.0 million were secured by the Group's pledged deposits.

Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (as at 31 December 2022: Nil).

Events after the Period

As at the date of this announcement, no material event has occurred after 31 December 2023.

Human Resources

As at 31 December 2023, the number of employees of the Group was 508, as compared to 603 as at 31 December 2022. 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 RMB100.0 million, as compared to RMB132.6 million in 2022. The total cost of staff for the Period represents 4.3% of the Group's revenue, as compared to 5.7% in 2022. The decrease was mainly because the number of employees of the Group decreased during the Period.

OTHER INFORMATION

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023.

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 2023, 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 2023.

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 has complied with the required standards set out in the Model Code during the year ended 31 December 2023 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.

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 2023, the proceeds amounting to a total of RMB694.0 million (equivalent to approximately HK\$790.7 million) had been used. These proceeds were allocated in accordance with the Prospectus and the announcement of the Company dated 22 May 2019 (the “**Price Reduction Announcement**”). 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 (the “**2021 Annual Results Announcement**”) published by the Company on the websites of the Stock Exchange and the Company. As at 31 December 2023, the summaries of the net proceeds utilized by the Company are set out as follows:

Item	Approximate percentage of total amount	Planned use of proceeds (RMB million)	Actual amount used during the Period (RMB million)	Actual amount used as at 31 December 2023 (RMB million)	Unutilised amount as at 31 December 2023 (RMB million)
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	28	130	11
To provide funding for working capital and other general corporate purposes	10%	71	–	71	–
Total	100%	705	28	694	11

As at 31 December 2023, the remaining proceeds of approximately RMB10.9 million (equivalent to approximately HK\$12.0 million) will continue to be used in accordance with the purposes as set out in the Prospectus, the Price Reduction Announcement and the 2021 Annual Results Announcement and are expected to be fully utilized within the next 12 months.

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 2023, 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 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 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 2023 Annual Results and 2023 Annual Report

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

The annual report of the Company for the year ended 31 December 2023 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, 28 March 2024

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.