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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

Financial Highlights

- For the six months ended 30 June 2025, sales from self-owned stores remained relatively stable at RMB448.7 million, as compared to RMB456.5 million for the same period in 2024. Among other things, sales from the self-owned stores of GXG also remained relatively stable.
- The Group strengthened expense control through cost reduction and efficiency enhancement measures during the Period. The proportions of administrative expenses and finance costs to revenue decreased to 8.6% and 1.7%, respectively, as compared to 10.3% and 2.7% for the same period in 2024, respectively.
- Net profit for the six months ended 30 June 2025 amounted to approximately RMB8.9 million, representing an increase of 30.9%, or RMB2.1 million, as compared to RMB6.8 million for the same period in 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Mulsanne Group Holding Limited (the “**Company**”) is pleased to announce the interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Period**”), together with the comparative figures for the same period in 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
REVENUE	5	969,076	1,088,424
Cost of sales		<u>(451,345)</u>	<u>(505,107)</u>
Gross profit		517,731	583,317
Other income and gains	5	13,451	19,898
Selling and distribution expenses		(415,267)	(451,200)
Administrative expenses		(83,269)	(112,024)
Impairment losses on financial assets, net		(782)	(924)
Other expenses		(2,611)	(1,689)
Finance costs	7	<u>(16,054)</u>	<u>(29,803)</u>
PROFIT BEFORE TAX	6	13,199	7,575
Income tax expense	8	<u>(4,327)</u>	<u>(784)</u>
PROFIT FOR THE PERIOD		<u>8,872</u>	<u>6,791</u>
Attributable to:			
Owners of the parent		8,872	6,820
Non-controlling interests		<u>–</u>	<u>(29)</u>
		<u>8,872</u>	<u>6,791</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic	10	<u>RMB0.97 cents</u>	<u>RMB0.75 cents</u>
Diluted	10	<u>RMB0.97 cents</u>	<u>RMB0.75 cents</u>

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<u>8,872</u>	<u>6,791</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(168)	2,016
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements into presentation currency	<u>1,255</u>	<u>(4,601)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>1,087</u>	<u>(2,585)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,959</u>	<u>4,206</u>
Attributable to:		
Owners of the parent	9,959	4,235
Non-controlling interests	<u>-</u>	<u>(29)</u>
	<u>9,959</u>	<u>4,206</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		386,556	371,248
Right-of-use assets		205,121	237,229
Intangible assets		41,228	45,254
Prepayments, other receivables and other assets		50,523	53,405
Equity investment designated at fair value through other comprehensive income		2,640	2,640
Deferred tax assets		175,959	183,017
Total non-current assets		862,027	892,793
CURRENT ASSETS			
Inventories		491,658	590,415
Right-of-return assets		23,345	73,897
Trade and notes receivables	11	160,617	303,376
Prepayments, other receivables and other assets		275,211	158,158
Pledged deposits		366,640	405,012
Cash and cash equivalents		156,285	186,891
Total current assets		1,473,756	1,717,749
CURRENT LIABILITIES			
Trade and notes payables	12	229,006	412,852
Other payables and accruals		105,177	153,760
Refund liabilities		55,610	152,471
Contract liabilities		48,689	17,995
Interest-bearing bank and other borrowings	13	944,540	903,469
Lease liabilities		86,040	102,793
Tax payable		1,150	2,619
Total current liabilities		1,470,212	1,745,959
NET CURRENT ASSETS/(LIABILITIES)		3,544	(28,210)
TOTAL ASSETS LESS CURRENT LIABILITIES		865,571	864,583

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES	865,571	864,583
NON-CURRENT LIABILITIES		
Lease liabilities	110,344	109,582
Deferred tax liabilities	9,782	19,515
Total non-current liabilities	120,126	129,097
Net assets	745,445	735,486
EQUITY		
Equity attributable to owners of the parent		
Share capital	8,343	8,343
Reserves	737,102	727,143
Total equity	745,445	735,486

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Notes	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		13,199	7,575
Adjustments for:			
Finance costs	7	16,054	29,803
Bank interest income	5	(498)	(1,040)
Impairment of trade and other receivables, net	6	782	924
Impairment/(reversal) of write-down of inventories to net realisable value	6	13,407	(19,055)
Depreciation of property, plant and equipment	6	32,335	33,082
Depreciation of right-of-use assets	6	63,594	47,245
Amortisation of other intangible assets	6	4,146	4,026
Loss on disposal of items of property, plant and equipment, net	6	1,329	533
Foreign exchange differences, net	6	1,269	702
Gain on terminations of leases, net	5	(512)	(772)
Interest income arising from rental deposits		(707)	—
Investment income from pledged deposits	5	(3,835)	(10,035)
		140,563	92,988
Decrease in trade and notes receivables		90,947	97,990
Increase in prepayments, other receivables and other assets		(111,890)	(140,331)
Decrease in inventories		85,350	83,261
Decrease in right-of-return assets		50,552	46,961
Increase in pledged short-term deposits		(9,993)	(10,804)
Decrease in trade and notes payables		(183,846)	(96,995)
Decrease in other payables and accruals		(44,211)	(50,787)
Decrease in refund liabilities		(96,861)	(94,700)
Increase in contract liabilities		30,694	28,360
		(48,695)	(44,057)
Cash used in operations		498	1,040
Bank interest received		(13,414)	(17,358)
Income tax paid			
Net cash flows used in operating activities		(61,611)	(60,375)

	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(54,403)	(69,119)
Purchases of intangible assets	(121)	(470)
Proceeds from disposal of items of property, plant and equipment	410	216
Repayment of loans from a third party	—	27,000
	<hr/>	<hr/>
Net cash flows used in investing activities	(54,114)	(42,373)
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CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	640,441	1,425,390
Repayment of bank and other borrowings	(549,433)	(1,009,108)
Placement of pledged time deposits	(21,397)	(380,389)
Withdrawal of pledged time deposits	69,762	133,346
Investment income received from pledged deposits	3,835	10,035
Principal portion of lease payments	(42,727)	(40,815)
Interest paid	(14,961)	(28,535)
	<hr/>	<hr/>
Net cash flows from financing activities	85,520	109,924
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(30,205)	7,176
Cash and cash equivalents at beginning of period	186,891	192,420
Effect of foreign exchange rate changes, net	(401)	(3,066)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	156,285	196,530
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ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	156,285	196,530
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. CORPORATE 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 reporting period, 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

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investment designated at fair value through other comprehensive income, which has been measured at fair value. The interim condensed consolidated financial information is 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended IFRS Accounting Standard for the first time for the current period's financial information.

Amendments to IAS 21

Lack of Exchangeability

The nature and impact of the amended IFRS Accounting Standard are described below:

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

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.

	Six months ended 30 June 2025			
	Apparel products			
	Offline channels (Unaudited) RMB'000	Online channels (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue				
Sales to external customers	607,003	357,978	4,095	969,076
Total segment revenue	607,003	357,978	4,095	969,076
Segment results	390,630	126,384	717	517,731
Other income and gains				13,451
Selling and distribution expenses				(415,267)
Administrative expenses				(83,269)
Impairment losses on financial assets, net				(782)
Other expenses				(2,611)
Finance costs				(16,054)
Profit before tax				13,199

	Six months ended 30 June 2024			
	Apparel products			
	Offline channels (Unaudited) RMB'000	Online channels (Unaudited) RMB'000	Others (Unaudited) RMB'000	Total (Unaudited) RMB'000
Segment revenue				
Sales to external customers	650,871	434,004	3,549	1,088,424
Total segment revenue	650,871	434,004	3,549	1,088,424
Segment results	424,282	158,383	652	583,317
Other income and gains				19,898
Selling and distribution expenses				(451,200)
Administrative expenses				(112,024)
Impairment losses on financial assets, net				(924)
Other expenses				(1,689)
Finance costs				(29,803)
Profit before tax				<u>7,575</u>

Geographic information

(a) Revenue from external customers

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Mainland China	<u>969,076</u>	<u>1,088,424</u>

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

(b) Non-current assets

	30 June 2025	31 December 2024
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Mainland China	682,885	706,534
Hong Kong	<u>543</u>	<u>602</u>
Total	<u>683,428</u>	<u>707,136</u>

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

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 reporting period (six months ended 30 June 2024: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Revenue from contracts with customers</u>		
Sale of apparel products		
Online channels	357,978	434,004
Offline channels		
Self-owned stores	448,650	456,549
Partnership stores	30,821	47,929
Distributor stores	127,532	146,393
Sale of other products	4,095	3,549
Total	<u>969,076</u>	<u>1,088,424</u>

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	<u>969,076</u>	<u>1,088,424</u>

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Other income and gains</u>		
Government grants	6,558	6,618
Investment income from pledged deposits	3,835	10,035
Gain on terminations of leases, net	512	772
Bank interest income	498	1,040
Penalty charges received from distributors	438	122
Others	1,610	1,311
Total	<u>13,451</u>	<u>19,898</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold	437,938	524,162
Depreciation of property, plant and equipment	32,335	33,082
Depreciation of right-of-use assets	63,594	47,245
Amortisation of intangible assets	4,146	4,026
Impairment of trade and other receivables, net	782	924
Impairment/(reversal) of write-down of inventories to net realisable value	13,407	(19,055)
Loss on disposal of items of property, plant and equipment, net	1,329	533
Foreign exchange differences, net	1,269	702
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Wages and salaries	38,422	40,226
Pension scheme contributions	1,976	2,205
Staff welfare expenses	2,994	4,499
Total	43,392	46,930

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other borrowings	12,983	27,499
Interest on lease liabilities	3,071	2,304
Total	16,054	29,803

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% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 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% (2024: 5%).

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax:		
Charge for the period	1,003	951
Deferred	3,324	(167)
Total	4,327	784

9. DIVIDENDS

The board of directors did not declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 912,500,000 (six months ended 30 June 2024: 912,500,000) outstanding during the period. The number of shares for the current period 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 six months ended 30 June 2025 and 30 June 2024 does not assume the exercise of all dilutive potential ordinary shares arising from the restricted share unites (“RSUs”) granted by the Company because the exercise price of these RSUs was higher than the average market price per share for the periods.

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	8,872	6,820
	Number of shares	
	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	912,500,000	912,500,000

11. TRADE AND NOTES RECEIVABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade receivables	562,907	653,854
Notes receivable	<u>–</u>	<u>51,030</u>
Total	562,907	704,884
Impairment of trade receivables	(402,290)	(401,508)
Net carrying amount	<u>160,617</u>	<u>303,376</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:

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 3 months	99,869	209,192
3 to 6 months	14,324	28,931
6 to 12 months	40,177	9,714
1 to 2 years	6,247	4,509
Total	<u>160,617</u>	<u>252,346</u>

12. TRADE AND NOTES PAYABLES

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Trade payables	61,986	175,272
Notes payable	167,020	237,580
Total	229,006	412,852

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

	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
Within 3 months	50,502	170,812
3 to 6 months	8,333	871
6 to 12 months	295	472
1 to 2 years	658	796
Over 2 years	2,198	2,321
Total	61,986	175,272

As at 30 June 2025, included in the trade and notes payables are trade payables of RMB810,000 (31 December 2024: RMB999,000) due to the Group's related party 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

	As at 30 June 2025 (unaudited)			As at 31 December 2024 (audited)		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Current						
Bank loans – secured (<i>note (a)</i>)	3.75%	Within 2025	201,372	3.40%-4.10%	Within 2025	301,694
Discounted notes receivable – secured (<i>note (b)</i>)	–	Within 2025	66,580	–	Within 2025	11,000
Discounted letter of credit – secured (<i>note (c)</i>)	2.10%	2025-2026	10,000	2.00%-2.15%	Within 2025	47,500
Bank loans – unsecured	1.50%-3.10%	2025-2026	516,727	3.00%-3.01%	Within 2025	261,261
Discounted notes receivable – unsecured	–	–	–	–	Within 2025	51,030
Discounted letter of credit – unsecured	2.15%-2.50%	Within 2025	149,861	1.90%-2.60%	Within 2025	230,984
Total			<u>944,540</u>			<u>903,469</u>
				30 June 2025	31 December 2024	
				(Unaudited)	(Audited)	
				RMB'000	RMB'000	

Analysed into:

Bank loans and other borrowings repayable:

Within one year or on demand

<u>944,540</u>	<u>903,469</u>
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Notes:

- (a) The bank loans of RMB201,372,000 (31 December 2024: RMB301,694,000) are secured by the pledge of certain of the Group's time deposits amounting to approximately RMB231,307,000 at the end of the reporting period (31 December 2024: RMB335,553,000).
- (b) The discounted notes receivable of RMB66,580,000 (31 December 2024: RMB11,000,000) are secured by the pledge of certain of the Group's time deposits amounting to approximately RMB66,890,000 at the end of the reporting period (31 December 2024: RMB3,366,000).
- (c) The discounted letter of credit of RMB10,000,000 (31 December 2024: RMB47,500,000) is secured by the pledge of certain of the Group's time deposits amounting to approximately RMB2,047,000 at the end of the reporting period (31 December 2024: RMB9,690,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview and Outlook

In the first half of 2025, China's apparel industry faced development challenges amid increasingly diversified consumer demands and intensifying market competition, while continuing to present structural opportunities. The national policy of "further expanding domestic demand and steadily boosting consumption" continued to deepen its implementation, injecting sustained momentum into the long-term positive development of the industry. As a leading fashion company in China, the Group resolutely leveraged our enhanced omni-channel strategy and continuous organizational efficiency upgrades to strengthen our business foundation and position for future growth. Consequently, the Group maintains confidence in the long-term prospects of China's fashion industry consumer market. The Group is adopting a cautiously optimistic approach to capture structural opportunities, and committed to implementing the following strategies:

- Deepening product design positioning, enhancing the precision of brand promotion and allocating brand marketing expenses reasonably to enhance brand awareness and influence;
- Accurately capturing the market fashion trends and consumption hotspots and deeply fusing the trending elements and consumption needs to create a trendy and fresh product experience;
- Building a full-process quality control system from design, procurement to production to promote product quality upgrade; and
- Strengthening supply chain management and effectively controlling logistics costs to achieve cost reduction and efficiency enhancement.

Revenue

The Group derives 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.

Total sales revenue for the Period was RMB969.1 million, representing a decrease of 11.0%, or RMB119.3 million, from RMB1,088.4 million for the same period in 2024. Such decrease was primarily attributable to the continued execution of brand strategy adjustments and the reduction in the scale of online channel sales.

Revenue by brand

	Six months ended 30 June			
	2025		2024	
	RMB'000	%	RMB'000	%
GXG	897,457	92.6	978,670	89.9
gxg jeans	48,751	5.0	79,025	7.3
Mode Commuter	19,139	2.0	20,479	1.9
gxg.kids	2,007	0.2	7,414	0.7
Others	1,722	0.2	2,836	0.2
Total	969,076	100.0	1,088,424	100.0

Sales revenue from the Group's main brand, namely GXG, for the Period decreased by 8.3%, or RMB81.2 million, as compared to that for the same period in 2024, primarily due to the decline in the scale of its online channel sales, which was influenced by macro-environmental shifts in the e-commerce sector, including shifts in customer preferences and consumption patterns.

Sales revenue from gxg jeans for the Period decreased by 38.2%, or RMB30.2 million, as compared to that for the same period in 2024, primarily due to the impact of the Group's strategic brand adjustment to close underperforming stores.

Sales revenue from Mode Commuter for the Period decreased by 6.8%, or RMB1.4 million, as compared to that for the same period in 2024, primarily due to the decline in individual store performance.

Sales revenue from gxg.kids for the Period decreased by 73.0%, or RMB5.4 million, as compared to that for the same period in 2024, primarily due to the Group's strategic adjustment of brand positioning to terminate the business of gxg.kids as well as the increase in the proportion of selling old stocks which have higher discounted rates during the Period.

Revenue by sales channel

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales of apparel products				
Offline channels				
Self-owned stores	448,650	46.3	456,549	41.9
Partnership stores	30,821	3.2	47,929	4.4
Distributor stores	127,532	13.2	146,393	13.4
Online channels	357,978	36.9	434,004	39.9
Sales of other products	4,095	0.4	3,549	0.4
Total	969,076	100.0	1,088,424	100.0

Sales from self-owned stores for the Period decreased by 1.7%, or RMB7.8 million, to RMB448.7 million, as compared to that for the same period in 2024, mainly due to the impact of minor brand strategy adjustments.

Sales from partnership stores for the Period decreased by 35.7%, or RMB17.1 million, to RMB30.8 million, as compared to that for the same period in 2024, primarily due to the decline in the number of partnership stores.

Sales from distributor stores for the Period decreased by 12.9%, or RMB18.9 million, to RMB127.5 million, as compared to that for the same period in 2024, mainly due to seasonal timing differences and changes in distributor stock collection timelines.

Due to the impact of the macro-environment on the e-commerce industry, sales from online channel for the Period decreased by 17.5%, or RMB76.0 million, to RMB358.0 million, as compared to that for the same period in 2024.

Number of stores by brand

	30 June 2025		31 December 2024	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
GXG	909	96.1	927	93.1
gxg jeans	14	1.5	41	4.1
Mode Commuter	23	2.4	28	2.8
Total	946	100.0	996	100.0

During the Period, the Group adjusted its brand positioning and marketing strategies and reduced the number of stores. As a result, the total number of offline stores decreased from 996 as at 31 December 2024 to 946 as at 30 June 2025.

Number of stores by sales channel

	30 June 2025		31 December 2024	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
Self-owned stores	375	39.7	410	41.2
Partnership stores	58	6.1	63	6.3
Distributor stores	513	54.2	523	52.5
Total	946	100.0	996	100.0

Due to strategic offline channels restructuring, the Group closed its underperforming offline stores during the Period. As a result, the number of offline stores decreased from 996 as at 31 December 2024 to 946 as at 30 June 2025.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of RMB517.7 million for the Period, representing a decrease of 11.2%, or RMB65.6 million, from RMB583.3 million for the same period in 2024. Gross profit margin remained relatively stable at 53.4% during the Period, as compared to 53.6% for the same period in 2024. Details of and the reasons for the decrease in gross profit are set out below.

Gross profit and gross profit margin by brand

	Six months ended 30 June			
	2025		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	%	RMB'000	%
GXG	486,385	54.2	533,557	54.5
gxg jeans	19,836	40.7	37,179	47.0
Mode Commuter	11,173	58.4	11,460	56.0
gxg.kids	174	8.7	787	10.6
Others	163	9.5	334	11.8
Total	517,731	53.4	583,317	53.6

The gross profit of GXG for the Period decreased by RMB47.2 million, or approximately 8.8%, as compared to that for the same period in 2024, primarily due to the decrease in revenue of GXG. The gross profit margin of GXG remained relatively stable at 54.2%, as compared to 54.5% for the same period in 2024.

The gross profit of gxg jeans for the Period decreased by RMB17.4 million, or approximately 46.8%, as compared to that for the same period in 2024, primarily due to the decrease in revenue of gxg jeans. The gross profit margin of gxg jeans decreased by 6.3 percentage points, primarily due to the impact of the Group's strategic brand adjustment.

The gross profit of Mode Commuter for the Period decreased by RMB0.3 million, or approximately 2.6%, as compared to that for the same period in 2024, primarily due to the decrease in revenue of Mode Commuter. The gross profit margin of Mode Commuter increased by 2.4 percentage points, primarily because the Group offered lower retail discounts on the products sold during the Period than those sold in the same period in 2024.

The gross profit of gxg.kids for the Period decreased by RMB0.6 million, or approximately 75.0%, and the gross profit margin of gxg.kids decreased by 1.9 percentage points. 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.

Gross profit and gross profit margin by sales channel

	Six months ended 30 June			
	2025		2024	
	Gross Profit <i>RMB'000</i>	Gross Profit Margin %	Gross Profit <i>RMB'000</i>	Gross Profit Margin %
Sales of apparel products				
Offline channels				
Self-owned stores	320,459	71.4	329,061	72.1
Partnership stores	12,438	40.4	20,611	43.0
Distributor stores	57,733	45.3	74,610	51.0
Online channels	126,384	35.3	158,383	36.5
Sales of other products	717	17.5	652	18.4
Total	517,731	53.4	583,317	53.6

Gross profit of self-owned stores for the Period decreased by RMB8.6 million, or approximately 2.6%, as compared to that for the same period in 2024, primarily due to a decrease in its revenue. Gross profit margin of self-owned stores decreased by 0.7 percentage point to 71.4%, as compared to 72.1% for the same period in 2024, primarily due to elevated costs from quality upgrades and the structural adjustment of self-owned stores.

Gross profit of partnership stores for the Period decreased by RMB8.2 million, or approximately 39.8%, primarily due to a decrease in its revenue. Gross profit margin decreased by 2.6 percentage points to 40.4%, as compared to that for the same period in 2024, primarily due to elevated costs from quality upgrades.

Gross profit of distributor stores for the Period decreased by RMB16.9 million, or approximately 22.7%, as compared to that for the same period in 2024, primarily due to a decrease in its revenue. Gross profit margin decreased by 5.7 percentage points to 45.3%, as compared to that for the same period in 2024, primarily due to (i) elevated costs from quality upgrades; and (ii) the structural adjustment of products.

Gross profit of online channels for the Period decreased by RMB32.0 million, or approximately 20.2%, as compared to that for the same period in 2024, primarily due to a decrease in its revenue. Gross profit margin of online channels decreased by 1.2 percentage points to 35.3%, as compared to 36.5% for the same period in 2024, primarily due to elevated costs from quality upgrades.

Other Income and Gains

Other income and gains for the Period were RMB13.5 million, representing a decrease of 32.2%, or RMB6.4 million, as compared to RMB19.9 million for the same period in 2024, mainly attributable to a decrease in investment income from time deposits.

Selling and Distribution Expenses

Total selling and distribution expenses for the Period decreased by 8.0%, or RMB35.9 million, to RMB415.3 million, as compared to RMB451.2 million for the same period in 2024, mainly due to a decrease in advertising expenses during the Period.

Selling and distribution expenses as a percentage of the Group's total revenue increased to 42.9% for the Period as compared to 41.5% for the same period in 2024.

Administrative Expenses

Total administrative expenses for the Period decreased by 25.6%, or RMB28.7 million, to RMB83.3 million, as compared to RMB112.0 million for the same period in 2024. The decrease was mainly due to a decrease in service fee and employee-related expenses.

Total administrative expenses as a percentage of the Group's total revenue decreased to 8.6% for the Period as compared to 10.3% for the same period in 2024.

Impairment Losses on Financial Assets, Net

Impairment losses on financial assets, net for the Period remained relatively stable at RMB0.8 million, as compared to RMB0.9 million for the same period in 2024.

Other Expenses

The Group's other expenses for the Period increased by 52.9%, or RMB0.9 million, to RMB2.6 million, as compared to RMB1.7 million for the same period in 2024. This was mainly due to an increase in stores closure expenses.

Finance Costs

Finance costs for the Period decreased by 46.0%, or RMB13.7 million, to RMB16.1 million, as compared to RMB29.8 million for the same period in 2024. The decrease was mainly due to a decrease in bank loans and effective expense control.

Profit before Tax

The Group's profit before tax for the Period was RMB13.2 million, representing an increase of RMB5.6 million, from RMB7.6 million for the same period in 2024. The increase was mainly due to the strengthened expense control of the Group through cost reduction and efficiency enhancement measures.

Income Tax Expense

Income tax expense for the Period was RMB4.3 million, representing an increase of RMB3.5 million, as compared to RMB0.8 million for the same period in 2024.

Profit for the Period

As a result of the foregoing factors, profit for the Period was RMB8.9 million, representing an increase of RMB2.1 million, as compared to RMB6.8 million for the same period in 2024.

Operating Cash Flows

Net operating cash outflow for the Period was RMB61.6 million, primarily due to a decrease in working capital of RMB189.2 million and the cash inflow from operating profit of RMB127.6 million. The Group's net operating cash outflow for the Period remained relatively stable, as compared to net operating cash outflow of RMB60.4 million for the same period in 2024.

Capital Expenditures

The Group's capital expenditures include payments for property, plant and equipment and intangible assets. During the Period, the Group's capital expenditures amounted to RMB54.5 million, representing a decrease of 21.7%, or RMB15.1 million, from RMB69.6 million for the same period in 2024. The decrease was primarily due to higher costs of construction of the Group's headquarter office building incurred for the same period in 2024.

Financial Position

The Group generally funds its operations with bank and other borrowings. As at 30 June 2025, the Group had bank and other borrowings of RMB944.5 million. Bank and other borrowings were mainly denominated in RMB as at 30 June 2025. As at 30 June 2025, the Group had fixed-rate bank borrowings of RMB944.5 million (31 December 2024: RMB903.5 million). For details, please see note 13 of the "Notes to Interim Condensed Consolidated Financial Information".

The Group's cash and cash equivalents and pledged deposits totalled RMB522.9 million as at 30 June 2025, representing a decrease of 11.7%, or RMB69.0 million, from RMB591.9 million as at the end of 2024. Cash and cash equivalents as at 30 June 2025 were RMB156.3 million, among which 99.5% was denominated in RMB, 0.2% in U.S. dollars, 0.2% in Hong Kong dollars, and 0.1% in Macau Pataca. Pledged deposits as at 30 June 2025 were RMB366.6 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 30 June 2025, the Group's gearing ratio was 40.4% (31 December 2024: 34.6%). The increase in gearing ratio during the Period was primarily due to an increase in the seasonal borrowings used in the prepayments for the purchases of winter goods for the second half of the year.

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 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 investment, acquisition or disposal. While the Group has no specific plan for major investment or acquisition of major capital assets or other businesses, it 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 30 June 2025, the Group's bank loans of RMB201.4 million were secured by the Group's pledged deposits.

As at 30 June 2025, the Group's discounted letter of credit of RMB10.0 million was secured by the Group's pledged deposits.

As at 30 June 2025, the Group's discounted notes receivable of RMB66.6 million were secured by the Group's pledged deposits.

Contingent Liabilities

As at 30 June 2025, the Group had no significant contingent liabilities (as at 31 December 2024: Nil).

Events after the Period

As at the date of this announcement, no material event has occurred after 30 June 2025.

Human Resources

As at 30 June 2025, the number of employees of the Group was 432, as compared to 467 as at 31 December 2024. 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 RMB45.5 million, as compared to RMB49.6 million for the same period in 2024. The decrease of such total cost of staff was mainly due to a decrease in the number of employees. The total cost of staff for the Period remained relatively stable at 4.7% of the Group's revenue, as compared to 4.6% for the same period in 2024.

OTHER INFORMATION

Interim Dividend

The Board does not recommend the payment of any interim dividend for the Period.

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 Period, 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.

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**”) as 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 throughout the Period 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 30 June 2025, the Company did not hold any treasury shares.

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 unaudited interim results of the Group for the six months ended 30 June 2025, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

Publication of the 2025 Interim Results and 2025 Interim Report

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company’s website (www.gxgggroup.cn). The 2025 interim report of the Company for the six months ended 30 June 2025 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, 21 August 2025

As at the date of this announcement, the Board comprises Mr. YU Yong as executive Director; Mr. TANG Shun Lam, Mr. CHEN Yeliang, 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.