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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 2025**

Financial Highlights

- Total revenue for the year ended 31 December 2025 amounted to RMB2,056.0 million, representing a decrease of 9.4%, or RMB213.8 million, as compared to RMB2,269.8 million for the year ended 31 December 2024.
- Net profit for the year ended 31 December 2025 amounted to RMB31.6 million, representing an increase of 2.3%, or RMB0.7 million, as compared to RMB30.9 million for the year ended 31 December 2024. Such increase was primarily due to (i) the decrease of finance costs to RMB25.9 million for the year ended 31 December 2025, as compared to RMB53.2 million for the year ended 31 December 2024, and (ii) the decrease of administrative expenses to RMB168.6 million for the year ended 31 December 2025, as compared to RMB210.5 million for the year ended 31 December 2024.
- The Group enhanced operational efficiency, strengthened store management, and implemented effective cost control measures during the Period. The gross profit margin of its self-owned stores increased from 70.3% in 2024 to 73.0% in 2025, representing an improvement of 2.7 percentage points.

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 2025 (the “**Period**”), together with the comparative figures for the year ended 31 December 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	<u>2,055,964</u>	<u>2,269,760</u>
Cost of sales		(1,007,555)	(1,070,810)
Gross profit		1,048,409	1,198,950
Other income and gains	5	22,850	44,384
Selling and distribution expenses		(824,331)	(934,095)
Administrative expenses		(168,602)	(210,457)
Impairment losses on financial assets, net		(188)	9,875
Other expenses		(10,406)	(6,355)
Finance costs	7	<u>(25,916)</u>	<u>(53,224)</u>
PROFIT BEFORE TAX	6	41,816	49,078
Income tax expense	8	<u>(10,192)</u>	<u>(18,153)</u>
PROFIT FOR THE YEAR		<u>31,624</u>	<u>30,925</u>
Attributable to:			
Owners of the parent		31,624	30,954
Non-controlling interests		<u>–</u>	<u>(29)</u>
		<u>31,624</u>	<u>30,925</u>
EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT			
Basic	10	<u>RMB3.47 cents</u>	<u>RMB3.39 cents</u>
Diluted	10	<u>RMB3.47 cents</u>	<u>RMB3.39 cents</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>31,624</u>	<u>30,925</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>15,022</u>	<u>(12,460)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investment at fair value through other comprehensive income, net of tax	(110)	(1,900)
Exchange differences on translation of the Company's financial statements into presentation currency	<u>(12,878)</u>	<u>7,949</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(12,988)</u>	<u>6,049</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>2,034</u>	<u>(6,411)</u>
TOTAL COMPREHENSIVE INCOME	<u>33,658</u>	<u>24,514</u>
Attributable to:		
Owners of the parent	33,658	24,543
Non-controlling interests	<u>–</u>	<u>(29)</u>
	<u>33,658</u>	<u>24,514</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2025*

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		411,630	371,248
Right-of-use assets		184,260	237,229
Intangible assets		39,835	45,254
Prepayments, other receivables and other assets		49,058	53,405
Equity investment designated at fair value through other comprehensive income		2,530	2,640
Deferred tax assets		173,946	183,017
Total non-current assets		861,259	892,793
CURRENT ASSETS			
Inventories		461,535	590,415
Right-of-return assets		61,683	73,897
Trade and notes receivables	<i>11</i>	237,395	303,376
Prepayments, other receivables and other assets		126,142	158,158
Pledged deposits		21,263	405,012
Cash and cash equivalents		182,551	186,891
Total current assets		1,090,569	1,717,749
CURRENT LIABILITIES			
Trade and notes payables	<i>12</i>	303,347	412,852
Other payables and accruals		152,386	153,760
Refund liabilities		137,440	152,471
Contract liabilities		9,510	17,995
Interest-bearing bank and other borrowings	<i>13</i>	411,252	903,469
Lease liabilities		100,905	102,793
Tax payable		2,280	2,619
Total current liabilities		1,117,120	1,745,959
NET CURRENT LIABILITIES		(26,551)	(28,210)
TOTAL ASSETS LESS CURRENT LIABILITIES		834,708	864,583

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	834,708	864,583
NON-CURRENT LIABILITIES		
Lease liabilities	62,595	109,582
Deferred tax liabilities	2,969	19,515
Total non-current liabilities	65,564	129,097
Net assets	769,144	735,486
EQUITY		
Equity attributable to owners of the parent		
Share capital	8,343	8,343
Reserves	760,801	727,143
Non-controlling interests	769,144	735,486
	-	-
Total equity	769,144	735,486

NOTES TO FINANCIAL STATEMENTS

31 December 2025

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. 628 Jinyuan Road, Yinzhou District, Ningbo, Zhejiang Province, People's Republic of China (the "PRC").

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

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

2. BASIS OF PREPARATION

Notwithstanding that the Group recorded net current liabilities of RMB26,551,000, the financial statements has been prepared on a going concern basis. The directors of the Company are of the opinion that the Group has sufficient available bank facilities which can be utilised in the next twelve months, to meet its financial liabilities and obligations as and when they fall due and to sustain its operations.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 in and the functional currencies of overseas subsidiaries, branches, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

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

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

	Year ended 31 December 2025			
	Apparel products			
	Offline channels RMB'000	Online channels RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	1,338,874	709,108	7,982	2,055,964
Total segment revenue	1,338,874	709,108	7,982	2,055,964
Segment results	842,553	205,295	561	1,048,409
Other income and gains				22,850
Selling and distribution expenses				(824,331)
Administrative expenses				(168,602)
Impairment losses on financial assets, net				(188)
Other expenses				(10,406)
Finance costs				(25,916)
Profit before tax				41,816

Year ended 31 December 2024

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

Geographic information

(a) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	<u>2,055,964</u>	<u>2,269,760</u>

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

(b) Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	635,247	653,129
Hong Kong	<u>478</u>	<u>602</u>
Total non-current assets	<u>635,725</u>	<u>653,731</u>

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 (2024: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Revenue from contracts with customers</u>		
Sale of apparel products		
Online channels	709,108	819,633
Offline channels		
Self-owned stores	878,326	912,483
Partnership stores	57,115	78,711
Distributor stores	403,433	449,991
Sale of other products	7,982	8,942
	<u>2,055,964</u>	<u>2,269,760</u>
Total	<u>2,055,964</u>	<u>2,269,760</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	<u>2,055,964</u>	<u>2,269,760</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	<u>17,995</u>	<u>21,199</u>
Revenue recognised from performance obligations satisfied in previous periods:		
Sale of goods not previously recognised due to constraints on variable consideration	<u>(5,975)</u>	<u>(861)</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 give rise to variable consideration subject to constraint.

As at 31 December 2025, the remaining performance obligations (unsatisfied or partially unsatisfied) are related to contracts that have an original expected duration of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iii) Refund liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Refund liabilities arising from sales return	<u>137,440</u>	<u>152,471</u>

An analysis of other income and gains is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Other income and gains</u>		
Investment income from pledged deposits	1,374	18,017
Government grants*	14,358	16,375
Bank interest income	781	2,268
Penalty charges received from distributors	953	906
Gain on termination of leases, net	803	898
Foreign exchange gains, net	–	671
Sale of raw materials	–	224
Others	<u>4,581</u>	<u>5,025</u>
Total other income and gains	<u>22,850</u>	<u>44,384</u>

* 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):

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	1,012,407	1,080,489
Cost of raw materials sold	–	696
Depreciation of property, plant and equipment	59,320	70,561
Impairment of property, plant and equipment	3,342	823
Impairment of right-of-use assets	822	1,412
Depreciation of right-of-use assets	124,722	110,131
Gain on termination of leases, net	(803)	(898)
Amortisation of intangible assets*	8,370	8,029
Impairment losses/(reversal of impairment losses) of trade receivables, net	428	(9,105)
Reversal of impairment losses of other receivables, net	(240)	(770)
Reversal of write-down of inventories to net realisable value**	(4,852)	(9,679)
Lease payments not included in the measurement of lease liabilities	40,766	69,628
Auditor's remuneration	4,392	4,831
Loss on disposal of items of property, plant and equipment, net	4,088	2,357
Foreign exchange differences, net	1,480	(671)
Employee benefit expenses (excluding directors' and chief executive's remuneration)		
Wages and salaries	74,847	71,985
Pension scheme contributions***	4,211	4,198
Staff welfare expenses	6,884	7,216
Total	<u>85,942</u>	<u>83,399</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans	19,661	47,140
Interest on lease liabilities	6,255	6,084
Total	<u><u>25,916</u></u>	<u><u>53,224</u></u>

8. INCOME TAX

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

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

Pursuant to the relevant tax law of Hong Kong Special Administrative Region, Hong Kong profits tax is provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. The Hong Kong subsidiary, Joy Sonic Limited, is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (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 the 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% (2024: 5%).

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current: Charge for the year	1,040	3,919
Deferred	9,152	14,234
	<hr/>	<hr/>
Total tax charge for the year	10,192	18,153
	<hr/> <hr/>	<hr/> <hr/>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Profit before tax	41,816	49,078
	<hr/>	<hr/>
At the PRC statutory income tax rate of 25%	10,454	12,270
Lower tax rates for specific provinces or enacted by local authority	(3,081)	(2,734)
Expenses not deductible for tax	1,281	4,812
Tax losses utilised from previous periods	(1,345)	(904)
Income not subject to tax	–	(209)
Temporary differences and tax losses not recognised	1,893	4,353
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	990	565
	<hr/>	<hr/>
Tax charge at the Group's effective rate	10,192	18,153
	<hr/> <hr/>	<hr/> <hr/>

9. DIVIDENDS

The board of directors did not recommend the payment of any final dividend for the year (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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 912,500,000 (2024: 912,500,000) outstanding during the year. The number of shares for the current year has been arrived at after eliminating the shares of the Company held under the restricted share unit scheme.

The calculation of diluted earnings per share for the years ended 31 December 2025 and 2024 does not assume the exercise of all dilutive potential ordinary shares arising from the restricted share units (“RSUs”) granted by the Company because the exercise price of these RSUs was higher than the average market price per share for the years.

The calculation of basic earnings per share is based on:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>31,624</u>	<u>30,954</u>
	Number of shares 2025	Number of shares 2024
<u>Shares</u>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	<u>912,500,000</u>	<u>912,500,000</u>

11. TRADE AND NOTES RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	639,331	653,854
Notes receivable	–	51,030
Total	639,331	704,884
Impairment of trade receivables	<u>(401,936)</u>	<u>(401,508)</u>
Net carrying amount	<u>237,395</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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 3 months	201,253	209,192
Between 3 and 6 months	26,737	28,931
Between 7 and 12 months	5,111	9,714
Between 1 and 2 years	4,294	4,509
	<hr/>	<hr/>
Total	237,395	252,346
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND NOTES PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	197,552	175,272
Notes payable	105,795	237,580
	<hr/>	<hr/>
Total	303,347	412,852
	<hr/> <hr/>	<hr/> <hr/>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	195,332	170,812
3 to 6 months	1,538	871
6 to 12 months	304	472
1 to 2 years	378	796
Over 2 years	–	2,321
	<hr/>	<hr/>
Total	197,552	175,272
	<hr/> <hr/>	<hr/> <hr/>

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

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
Current						
Bank loans – unsecured	2.50%-3.00%	Within 2025	281,252	3.00%-3.01%	Within 2025	261,261
Discounted letter of credit – unsecured	1.65%	Within 2025	115,000	1.90%-2.60%	Within 2025	230,984
Bank loans – secured (note)	2.70%	Within 2025	15,000	3.40%-4.10%	Within 2025	301,694
Discounted notes receivable – secured	-	-	-	-	Within 2025	11,000
Discounted letter of credit – secured	-	-	-	2.00%-2.15%	Within 2025	47,500
Discounted notes receivable – unsecured	-	-	-	-	Within 2025	51,030
Total			411,252			903,469
				2025		2024
				RMB'000		RMB'000

Analysed into:

Bank loans and other borrowings repayable:

Within one year or on demand

411,252	903,469
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Note:

As at 31 December 2025, the bank loans of RMB15,000,000 were secured by mortgages over certain of the Group's buildings, which had net carrying amounts of approximately RMB270,734,000 at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview and Outlook

In 2025, China's apparel industry faced development challenges amid continuously diversifying 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 be implemented, providing sustained momentum for the long-term development of the consumer market. During the year, the Group actively responded to the evolving market environment and consumer trends by continuously optimizing its omni-channel strategy. The Group also implemented various cost control measures to reduce overall operating expenses, thereby mitigating the adverse impact of the external environment on its performance. The Group remains confident in the long-term prospectus of China's fashion industry and consumer market. Looking ahead, the Group will continue to adopt a cautiously optimistic approach in capturing structural opportunities and will remain committed to implementing the following strategies:

- Deepening product design positioning, enhancing the precision of brand promotion and allocating brand marketing resources effectively to strengthen brand awareness and influence;
- Developing new brands and expanding their sales share;
- Strengthening the full-process quality control system from design, procurement to production to further improve product quality and enhance customer experience; and
- Improving the merchandise mix and increasing the gross profit margin of online channels.

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 RMB2,056.0 million, representing a decrease of 9.4%, or RMB213.8 million, from RMB2,269.8 million in 2024. Such decrease was primarily due to the decrease in sales revenue from gxg jeans and gxg.kids, as well as the decline in revenue from online channels.

Revenue by brand

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
GXG	1,926,756	93.7	2,078,506	91.6
gxg jeans	86,509	4.2	133,286	5.9
gxg.kids	5,683	0.3	13,611	0.6
Mode Commuter	34,608	1.7	41,336	1.8
Others	2,408	0.1	3,021	0.1
Total	2,055,964	100.0	2,269,760	100.0

For the Period, sales revenue from the Group's main brand, namely GXG, decreased by 7.3%, or RMB151.7 million, as compared to that in 2024. Such change was primarily due to (i) the strategic offline channels restructuring, including the closure of certain underperforming offline stores, (ii) the macro-environmental shifts in the e-commerce sector, including shifts in customer preferences and consumption patterns, and (iii) adverse weather conditions.

For the Period, sales revenue from gxg jeans decreased by 35.1%, or RMB46.8 million, as compared to that in 2024, primarily due to the Group's adjustments in brand positioning and business strategies.

For the Period, sales revenue from gxg.kids decreased by 58.1%, or RMB7.9 million, as compared to that in 2024, primarily due to the Group's strategic adjustment of brand positioning to terminate the business of gxg.kids.

For the Period, sales revenue from Mode Commuter decreased by 16.2%, or RMB6.7 million, as compared to that in 2024, primarily due to adverse weather conditions.

Revenue by sales channel

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Sales of apparel products				
Offline channels	1,338,874	65.0	1,441,185	63.5
Self-owned stores	878,326	42.5	912,483	40.2
Partnership stores	57,115	2.8	78,711	3.5
Distributor stores	403,433	19.7	449,991	19.8
Online channels	709,108	34.7	819,633	36.1
Sales of other products	7,982	0.3	8,942	0.4
Total	2,055,964	100.0	2,269,760	100.0

Due to the strategic offline channels restructuring, including the closure of certain underperforming offline stores, and the impact of adverse weather conditions, (i) sales revenue from self-owned stores for the Period decreased by 3.7%, or RMB34.2 million, to RMB878.3 million; (ii) sales revenue from partnership stores for the Period decreased by 27.4%, or RMB21.6 million, to RMB57.1 million; (iii) sales revenue from distributor stores for the Period decreased by 10.4%, or RMB46.6 million, to RMB403.4 million; and (iv) online channel sales revenue for the Period decreased by 13.5%, or RMB110.5 million, to RMB709.1 million.

Number of stores by brand

	As at 31 December			
	2025		2024	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
GXG	893	96.4	927	93.1
gxg jeans	8	0.9	41	4.1
Mode Commuter	25	2.7	28	2.8
Total	926	100.0	996	100.0

Due to the Group's adjustments in brand positioning and marketing strategies, the Group reduced the number of stores. As a result, the total number of offline stores decreased to 926 as at 31 December 2025 from 996 as at the end of 2024.

Number of stores by sales channel

	As at 31 December			
	2025		2024	
	<i>Number of stores</i>	<i>%</i>	<i>Number of stores</i>	<i>%</i>
Self-owned stores	376	40.6	410	41.2
Partnership stores	72	7.8	63	6.3
Distributor stores	478	51.6	523	52.5
Total	926	100.0	996	100.0

Due to the strategic offline channels restructuring, the Group closed its underperforming offline stores. As a result, the number of offline stores decreased from 996 as at 31 December 2024 to 926 as at 31 December 2025.

Gross Profit and Gross Profit Margin

The Group recorded a total gross profit of RMB1,048.4 million for the Period, representing a decrease of 12.6%, or RMB150.6 million, from RMB1,199.0 million in 2024. Gross profit margin decreased to 51.0% as compared to 52.8% in 2024.

Gross profit and gross profit margin by brand

	Year ended 31 December			
	2025		2024	
	Gross Profit	Gross Profit	Gross Profit	Gross Profit
	Margin	Margin	Margin	Margin
	RMB'000	%	RMB'000	%
GXG	999,788	51.9	1,113,939	53.6
gxc jeans	29,914	34.6	60,383	45.3
gxc.kids	96	1.7	1,916	14.1
Mode Commuter	17,549	50.7	22,338	54.0
Others	1,062	44.1	374	12.4
Total	1,048,409	51.0	1,198,950	52.8

The gross profit of GXG for the Period decreased by RMB114.1 million, or approximately 10.2%, and the gross profit margin of GXG decreased by 1.7 percentage points to 51.9%, as compared to that in 2024. Such changes were primarily due to the decrease in its revenue and the increase in the proportion of selling old stocks which had higher discounted rates during the Period.

The gross profit of gxc jeans for the Period decreased by RMB30.5 million, or approximately 50.5%, and the gross profit margin of gxc jeans decreased by 10.7 percentage points to 34.6%, as compared to that in 2024. Such changes were primarily due to the Group's strategic brand adjustment to close underperforming stores as well as the increase in the proportion of selling old stocks which had higher discounted rates during the Period.

The gross profit of gxc.kids for the Period decreased by RMB1.8 million, or approximately 94.7%, and the gross profit margin of gxc.kids decreased by 12.4 percentage points to 1.7%, as compared to that in 2024. Such changes were primarily due to the Group's strategic adjustment of brand positioning to terminate the business of gxc.kids as well as the increase in the proportion of selling old stocks which had higher discounted rates during the Period.

The gross profit of Mode Commuter for the Period decreased by RMB4.8 million, or approximately 21.5%, and the gross profit margin of Mode Commuter decreased by 3.3 percentage points to 50.7%, as compared to that in 2024. Such changes were primarily due to the decrease in its revenue and the increase in the proportion of selling old stocks which had higher discounted rates during the Period.

Gross profit and gross profit margin by sales channel

	Year ended 31 December			
	2025		2024	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Sales of apparel products				
Offline channels	842,553	62.9	858,364	59.6
Self-owned stores	640,916	73.0	641,917	70.3
Partnership stores	18,323	32.1	21,267	27.0
Distributor stores	183,314	45.4	195,180	43.4
Online channels	205,295	29.0	339,819	41.5
Sales of other products	561	7.0	767	8.6
Total	1,048,409	51.0	1,198,950	52.8

Gross profit of self-owned stores for the Period decreased by 0.2%, or approximately RMB1.0 million, as compared to that in 2024, primarily due to a decrease in its revenue. Gross profit margin of self-owned stores for the Period increased by 2.7 percentage points to 73.0%, as compared to 70.3% in 2024.

Gross profit of partnership stores for the Period decreased by RMB3.0 million, or approximately 14.1%, as compared to that in 2024, primarily due to a decrease in its revenue. Gross profit margin increased by 5.1 percentage points to 32.1%, as compared to 27.0% in 2024. Such increase was primarily due to lower product costs and reduced rebates provided to its partners.

Gross profit of distributor stores for the Period decreased by RMB11.9 million, or approximately 6.1%, as compared to that in 2024, primarily due to a decrease in its revenue. Gross profit margin increased by 2.0 percentage points to 45.4%, as compared to 43.4% in 2024. Such increase was primarily due to lower product costs and reduced rebates provided to its distributors.

Gross profit of online channels for the Period decreased by RMB134.5 million, or approximately 39.6%, as compared to that in 2024, primarily due to a decrease in its revenue and the offering of higher discount rates. Gross profit margin of online channels for the Period decreased by 12.5 percentage points to 29.0%, as compared to that in 2024. Such changes were primarily due to the offering of higher discount rates on e-commerce platforms driven by inventory optimization.

Other Income and Gains

Other income and gains for the Period were RMB22.9 million, representing a decrease of 48.4%, or RMB21.5 million, as compared to RMB44.4 million in 2024, mainly due to the decrease in investment income from pledged deposits.

Selling and Distribution Expenses

Total selling and distribution expenses for the Period decreased by 11.8%, or RMB109.8 million, to RMB824.3 million, as compared to RMB934.1 million in 2024, mainly due to a decrease in advertising expenses during the Period. The selling and distribution expenses as a percentage of the Group's total revenue remained relatively stable at 40.1%, as compared to 41.2% in 2024.

Administrative Expenses

Total administrative expenses for the Period decreased by 19.9%, or RMB41.9 million, to RMB168.6 million, as compared to RMB210.5 million in 2024. The decrease in total administrative expenses was mainly due to the decrease of other professional service and outsourcing service fee. Total administrative expenses as a percentage of the Group's total revenue also decreased to 8.2% in 2025 from 9.3% in 2024.

Impairment Losses on Financial Assets, Net

The Group's impairment losses on financial assets, net, for the Period were RMB0.2 million, as compared to reversal of impairment losses on financial assets, net, of RMB9.9 million in 2024. This was mainly due to the Group's continued implementation of its enhanced account receivables collection measures.

Other Expenses

The Group's other expenses for the Period increased by 62.5%, or RMB4.0 million, to RMB10.4 million, as compared to RMB6.4 million in 2024. This was mainly due to the increase in impairment loss on disposal of decoration costs and impairment of right-of-use assets.

Finance Costs

Finance costs for the Period decreased by 51.3%, or RMB27.3 million, to RMB25.9 million, as compared to RMB53.2 million in 2024. This was primarily attributable to the decrease in bank loans and effective expense control.

Profit before Tax

The Group's profit before tax for the Period was RMB41.8 million, representing a decrease of 14.9%, or RMB7.3 million, from RMB49.1 million in 2024. The decrease was mainly due to a decrease in gross profit.

Income Tax Expense

Income tax expense for the Period was RMB10.2 million, representing a decrease of 44.0%, or RMB8.0 million, as compared to RMB18.2 million in 2024.

Profit for the Period

As a result of the foregoing factors, profit for the Period was RMB31.6 million, representing an increase of 2.3%, or RMB0.7 million, as compared to RMB30.9 million in 2024.

Operating Cash Flows

Net operating cash inflow for the Period was RMB320.2 million, primarily due to the cash inflow from operating profit of RMB260.6 million and an increase in working capital of RMB79.3 million. The Group's net operating cash inflow for the Period increased by RMB148.5 million, as compared to RMB171.7 million in 2024, mainly due to a decrease in inventory and receivables.

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 RMB87.4 million, representing a decrease of 34.2%, or RMB45.4 million, from RMB132.8 million in 2024. The relatively lower capital expenditures in 2025 were primarily due to (i) the optimization of store renovation costs; and (ii) the reduced infrastructure expenditures during the Period.

Financial Position

The Group generally funds its operations with bank and other borrowings. As at 31 December 2025, the Group had bank and other borrowings of RMB411.3 million (31 December 2024: RMB903.5 million). Bank and other borrowings were denominated in RMB as at 31 December 2025 and 2024. As at 31 December 2025, the Group had fixed-rate bank borrowings of RMB411.3 million (31 December 2024: RMB903.5 million). For details, please see note 13 of the "Notes to Financial Statements".

The Group's cash and cash equivalents and pledged deposits totalled RMB203.8 million as at 31 December 2025, representing a decrease of 65.6%, or RMB388.1 million, from RMB591.9 million as at the end of 2024. Cash and cash equivalents as at 31 December 2025 were RMB182.6 million, among which 99.4% was denominated in RMB, 0.4% in U.S. dollars, 0.1% in Macau Pataca, and 0.1% in Hong Kong dollars. Pledged deposits as at 31 December 2025 were RMB21.3 million, all of which were denominated in RMB.

Gearing Ratio

The Group's gearing ratio is calculated by dividing the Group's total borrowings by the Group's total assets. As at 31 December 2025, the Group's gearing ratio was 21.1% (31 December 2024: 34.6%). The decrease in gearing ratio was primarily because the Group reduced 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 investment, acquisition or disposal. 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 2025, the Group's bank loans of RMB15.0 million were secured by certain of the Group's buildings.

Contingent Liabilities

As at 31 December 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 31 December 2025.

Human Resources

As at 31 December 2025, the number of employees of the Group was 404, 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 RMB90.2 million, as compared to RMB84.9 million in 2024. The total cost of staff for the Period represented 4.4% of the Group's revenue, as compared to 3.7% in 2024. This was mainly due to part of the outsourced services being undertaken by the Group's employees.

OTHER INFORMATION

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

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 2025, 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 2025.

Model Code for Securities Transactions for Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Upon specific enquiries made to all Directors, each of them has confirmed that he/she has complied with the required standards set out in the Model Code during the year ended 31 December 2025 and up to the date of this announcement.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Period (including sale of treasury shares, if any). As at 31 December 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. LAM Tsz Chung. 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 2025, 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 2025, but represents an extract from the consolidated financial statements for the year ended 31 December 2025 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 2025 Annual Results and 2025 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 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, 26 March 2026

As at the date of this announcement, the Board comprises Mr. YU Yong as executive Director; Mr. TANG Shun Lam, Mr. CHEN Yeliang, Ms. YOU Shike, Mr. TIAN Min and Mr. SUN Weiye as non-executive Directors; and Mr. GU Jiong, Ms. XU Yanyun and Mr. LAM Tsz Chung as independent non-executive Directors.