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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)

PAST CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

Upon further enquiries and review of records of the Group, it has come to the attention of the Company the following continuing connected transactions and connected transactions that were not previously disclosed.

(1) THE 2020 FRAMEWORK MANUFACTURING AGREEMENTS

Reference is made to the prospectus in relation to the global offering of the Company dated 15 May 2019, where it was disclosed that the Group entered into (i) the 2018 Ningbo Chisage Industrial Framework Manufacturing Agreement with Ningbo Chisage Industrial and (ii) the 2018 Huai'an Chisage Industrial Framework Manufacturing Agreement with Huai'an Chisage Industrial in relation to manufacture of apparel products. Both the 2018 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2018 Huai'an Chisage Industrial Framework Manufacturing Agreement expired on 31 December 2020.

On 10 June 2020, Muyue Garment (an indirectly wholly-owned subsidiary of the Company) entered into the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement with Ningbo Chisage Industrial (an associate of Mr. Yang, a non-executive Director and a substantial shareholder of the Company), pursuant to which Ningbo Chisage Industrial agreed to manufacture apparel products, in particular tops products, for the Group from time to time. The 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement will expire on 9 June 2023.

In addition, on 22 June 2020, Muyue Garment entered into the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement with Huai'an Chisage Industrial (an associate of Mr. Yang, a non-executive Director and a substantial shareholder of the Company), pursuant to which Huai'an Chisage Industrial agreed to manufacture apparel products, in particular trousers products, for the Group from time to time. The 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement will expire on 21 June 2023.

Listing Rules Implications

Mr. Yang is a non-executive Director and a substantial shareholder of the Company. Each of Ningbo Chisage Industrial and Huai'an Chisage Industrial is a company with Mr. Yang controlling the exercise of 30% or more of the voting power at the general meetings. Hence, each of Ningbo Chisage Industrial and Huai'an Chisage Industrial is an associate of Mr. Yang and a connected person of the Company. Accordingly, the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Ningbo Chisage Industrial and Huai'an Chisage Industrial are both associates of Mr. Yang, and the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement are of similar nature, the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement shall be aggregated with the transactions under the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules, collectively known as the 2020 Framework Manufacturing Agreements.

The aggregate maximum procurement amounts payable by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the years ending 31 December 2022 and 2023 shall not exceed RMB70,000,000, RMB80,500,000 and RMB92,575,000, respectively. Accordingly, such amounts have been set as the annual caps for the aggregate maximum procurement amounts payable by the Group under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the years ending 31 December 2022 and 2023. The actual aggregate procurement amounts paid by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the period from 1 January 2022 to the date of this announcement were RMB42,330,501 and RMB14,753,894, respectively.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the highest annual cap for the aggregate maximum procurement amounts payable by the Group under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the years ending 31 December 2022 and 2023 is above 0.1% but below 5%, the transactions thereunder are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

(2) THE COMMISSION AGREEMENTS

On 8 October 2019, Chisage Mulsanne (an indirect wholly-owned subsidiary of the Company) entered into the 2019 Commission Agreement with Hangzhou Xinxi (an associate of Mr. Yuan, an independent non-executive Director), pursuant to which Chisage Mulsanne commissioned Hangzhou Xinxi to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group. The total consideration payable to Hangzhou Xinxi under the 2019 Commission Agreement is RMB1,237,000.

In addition, on 25 March 2020, Chisage Mulsanne entered into the 2020 Commission Agreement with Hangzhou Xinxi, pursuant to which Chisage Mulsanne commissioned Hangzhou Xinxi to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group. The total consideration payable to Hangzhou Xinxi under the 2020 Commission Agreement is expected not to exceed RMB7,580,000.

Listing Rules Implications

Mr. Yuan is an independent non-executive Director. Hangzhou Xinxi is a company with Mr. Yuan controlling the exercise of 30% or more of the voting power at the general meetings. Hence, Hangzhou Xinxi is an associate of Mr. Yuan and a connected person of the Company. Accordingly, the transactions under the 2019 Commission Agreement and the 2020 Commission Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the 2019 Commission Agreement and the 2020 Commission Agreement were both entered into between Chisage Mulsanne and Hangzhou Xinxi, and the transactions under the 2019 Commission Agreement and the 2020 Commission Agreement are of similar nature, the transactions under the 2019 Commission Agreement shall be aggregated with the transactions under the 2020 Commission Agreement for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules, collectively known as the Commission Agreements. As at the date of this announcement, Chisage Mulsanne has paid an aggregate amount of RMB8,717,000 to Hangzhou Xinxi under the 2019 Commission Agreement and the 2020 Commission Agreement. The aggregate amount payable by Chisage Mulsanne to Hangzhou Xinxi under the 2019 Commission Agreement and the 2020 Commission Agreement is expected not to exceed RMB8,817,000. The Company will re-comply with the requirements under Chapter 14A of the Listing Rules in the event that the aggregate amount payable to Hangzhou Xinxi exceeds RMB8,817,000.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the aggregate amount payable by Chisage Mulsanne to Hangzhou Xinxi under the Commission Agreements is above 0.1% but below 5%, the transactions thereunder are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

However, due to an inadvertent oversight, the Company did not comply with the requirements under Chapter 14A of the Listing Rules to make timely announcements to disclose the continuing connected transactions under the 2020 Framework Manufacturing Agreements and the connected transactions under the Commission Agreements. Accordingly, there has been an inadvertent non-compliance by the Company of Chapter 14A of the Listing Rules.

To avoid recurrence of similar non-compliance in the future, the Company has taken a number of remedial actions, including but not limited to the establishment of a connected transaction committee to monitor the ongoing compliance of connected transactions and arrangement of additional trainings for all Directors and senior management members of the Group to reinforce their knowledge and awareness of compliance with the Listing Rules and applicable laws and regulations.

Upon further enquiries and review of records of the Group, it has come to the attention of the Company the following continuing connected transactions and connected transactions that were not previously disclosed.

THE 2020 FRAMEWORK MANUFACTURING AGREEMENTS

Reference is made to the prospectus in relation to the global offering of the Company dated 15 May 2019, where it was disclosed that the Group entered into (i) the 2018 Ningbo Chisage Industrial Framework Manufacturing Agreement with Ningbo Chisage Industrial and (ii) the 2018 Huai'an Chisage Industrial Framework Manufacturing Agreement with Huai'an Chisage Industrial in relation to manufacture of apparel products. Both the 2018 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2018 Huai'an Chisage Industrial Framework Manufacturing Agreement expired on 31 December 2020.

The 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement

On 10 June 2020, Muyue Garment entered into the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement with Ningbo Chisage Industrial, pursuant to which Ningbo Chisage Industrial agreed to manufacture apparel products, in particular tops products, for the Group from time to time.

The principal terms of the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement are as follows:

Date: 10 June 2020

Parties: Muyue Garment and Ningbo Chisage Industrial

Term: Commencing from 10 June 2020 and expiring on 9 June 2023. The 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement may be automatically renewed unless either party gives written notice to the other of its intention to terminate the agreement within 15 days prior to the expiry of the term.

Subject Matter: Pursuant to the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement, Ningbo Chisage Industrial agreed to manufacture apparel products, in particular tops products, for the Group from time to time.

The Group and Ningbo Chisage may, following the principal terms of the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement, from time to time enter into separate apparel manufacturing agreements to set out the specific terms and conditions of particular orders, such as specifications, quantity, unit price and payment terms.

Pricing Policy: The manufacturing prices are determined with reference to the cost of material and production cost negotiated between the Group and its suppliers (including independent third party suppliers and Ningbo Chisage Industrial). Prior to each order, the Group generally obtains quotes from a minimum of three suppliers (including at least two independent third party suppliers) selected from its approved suppliers list. When reviewing quotes, the Group also considers various other factors, including but not limited to historical relationships with potential suppliers, quality of the products, time required for delivery, production capacity as required by relevant orders. Under such circumstances, the Group will select the supplier who can meet its requirements provided the quote is not more than 5% higher than the lowest price quoted. In addition, the purchase amount from suppliers with higher price quotes shall not be more than 20% of the Group's total annual purchase amount from all suppliers of similar type of products.

The Directors are of the view that the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement have been and will further be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority shareholders.

The 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement

On 22 June 2020, Muyue Garment entered into the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement with Huai'an Chisage Industrial, pursuant to which Huai'an Chisage Industrial agreed to manufacture apparel products, in particular trousers products, for the Group from time to time.

The principal terms of the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement are as follows:

Date: 22 June 2020

Parties: Muyue Garment and Huai'an Chisage Industrial

Term: Commencing from 22 June 2020 and expiring on 21 June 2023. The 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement may be automatically renewed unless either party gives written notice to the other of its intention to terminate the agreement within 15 days prior to the expiry of the term.

Subject Matter: Pursuant to the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement, Huai'an Chisage Industrial agreed to manufacture apparel products, in particular trousers products, for the Group from time to time.

The Group and Huai'an Chisage may, following the principal terms of the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement, from time to time enter into separate apparel manufacturing agreements to set out the specific terms and conditions of particular orders, such as specifications, quantity, unit price and payment terms.

Pricing Policy: The manufacturing prices are determined with reference to the cost of material and production cost negotiated between the Group and the suppliers (including independent third party suppliers and Huai'an Chisage Industrial). Prior to each order, the Group generally obtains quotes from a minimum of three suppliers (including at least two independent third party suppliers) selected from its approved suppliers list. When reviewing quotes, the Group also considers various other factors, including but not limited to historical relationships with potential suppliers, quality of the products, time required for delivery, production capacity as required by relevant orders. Under such circumstances, the Group will select the supplier who can meet its requirements provided the quote is not more than 5% higher than the lowest price quoted. In addition, the purchase amount from suppliers with higher price quotes shall not be more than 20% of the Group's total annual purchase amount from all suppliers of similar type of products.

The Directors are of the view that the transactions under the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement have been and will further be conducted on normal commercial terms and not prejudicial to the interest of the Company's minority shareholders.

Historical Transaction Amounts

The table below sets out the historical procurement amounts paid or payable by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial:

	For the year ended 31 December 2019⁽¹⁾ (RMB) (audited)	For the year ended 31 December 2020⁽²⁾ (RMB) (audited)	For the year ended 31 December 2021⁽³⁾ (RMB) (unaudited)	For the period from 1 January 2022 to the date of this announcement (RMB) (unaudited)
Ningbo Chisage Industrial	63,880,048	49,038,023	41,244,953	12,340,699
Huai'an Chisage Industrial	16,719,161	3,474,339	1,085,548	2,413,195
	<u>80,599,209</u>	<u>52,512,362</u>	<u>42,330,501</u>	<u>14,753,894</u>

Notes:

- (1) The historical procurement amounts paid by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial did not exceed the existing annual caps of RMB103,000,000 and RMB31,000,000, respectively, for the year ended 31 December 2019. Further details are set out in the 2019 annual report of the Company.
- (2) The historical procurement amounts paid by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial did not exceed the existing annual caps of RMB117,000,000 and RMB35,000,000, respectively, for the year ended 31 December 2020. Further details are set out in the 2020 annual report of the Company.
- (3) The historical procurement amounts paid by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial did not exceed the existing annual caps of RMB60,000,000 and RMB10,000,000, respectively, for the year ended 31 December 2021. Further details will be set out in the 2021 annual report of the Company.

Annual Caps

As Ningbo Chisage Industrial and Huai'an Chisage Industrial are both associates of Mr. Yang, and the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement are of similar nature, the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement shall be aggregated with the transactions under the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules.

The table below sets out the annual caps for the procurement amounts payable by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial:

	For the year ended 31 December 2021 (RMB)	For the year ending 31 December 2022⁽²⁾ (RMB)	For the year ending 31 December 2023 (RMB)
Ningbo Chisage Industrial	60,000,000	69,000,000	79,350,000
Huai'an Chisage Industrial	10,000,000	11,500,000	13,225,000
	<u>70,000,000</u>	<u>80,500,000</u>	<u>92,575,000</u>

Notes:

- (1) The annual caps for the procurement amounts payable by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial for the year ended 31 December 2020 are RMB117,000,000 and RMB35,000,000, respectively. Further details are set out in the prospectus of the Company dated 15 May 2019 and the 2020 annual report of the Company.
- (2) Including the procurement amounts paid or payable by the Group for the period from 1 January 2022 to the date of this announcement.

In determining the respective annual caps above, the Directors have considered the forecast on production capacity available to the Group (with not more than 15% estimated growth each year from 2021 to 2023 due to limitation on production capacity) and the flexibility of supply chains of Ningbo Chisage Industrial and Huai'an Chisage Industrial, the historical figures of relevant transactions and the potential increase in procurement volume due to the Group's business expansion plan as well as potential increase in labor costs.

THE COMMISSION AGREEMENTS

The 2019 Commission Agreement

On 8 October 2019, Chisage Mulsanne entered into the 2019 Commission Agreement with Hangzhou Xinxi, pursuant to which Chisage Mulsanne commissioned Hangzhou Xinxi to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group.

The principal terms of the 2019 Commission Agreement are as follows:

Date:	8 October 2019
Parties:	Chisage Mulsanne and Hangzhou Xinxi
Scope of services:	Pursuant to the 2019 Commission Agreement, Chisage Mulsanne commissioned Hangzhou Xinxi to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group.
Consideration and payment:	The total consideration payable by Chisage Mulsanne to Hangzhou Xinxi under the 2019 Commission Agreement is RMB1,237,000 (including taxes), which include handling fee of RMB1,130,000 and remuneration of RMB107,000.

The handling fee is payable in cash within three days after entering into the 2019 Commission Agreement, and the remuneration is payable in cash within three days after Hangzhou Xinxi has provided the sample garment designed by the relevant Japanese fashion designer(s).

The consideration was arrived at after arm's length negotiation between the parties and was determined with reference to the estimated quotations of the Japanese fashion designers of the fashion brand(s) which the Group intended to cooperate with.

The 2020 Commission Agreement

On 25 March 2020, Chisage Mulsanne entered into the 2020 Commission Agreement with Hangzhou Xinxi, pursuant to which Chisage Mulsanne commissioned Hangzhou Xinxi to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group.

The principal terms of the 2020 Commission Agreement are as follows:

Date:	25 March 2020
Parties:	Chisage Mulsanne and Hangzhou Xinxi
Scope of services:	Pursuant to the 2020 Commission Agreement, Chisage Mulsanne commissioned Hangzhou Xinxi to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group.

Consideration and payment:

The total consideration payable by Chisage Mulsanne to Hangzhou Xinxi under the 2020 Commission Agreement is expected not to exceed RMB7,580,000 (including taxes), which include handling fee of RMB7,480,000 and commission fee of not more than RMB100,000.

The handling fee is payable in cash within seven business days after entering into the 2020 Commission Agreement. The commission fee, which represents 10% of the final sales of apparel products designed by the relevant Japanese fashion designer(s), is payable in cash within ten days after launching such apparel products.

The consideration was arrived at after arm's length negotiation between the parties and was determined with reference to the estimated quotations of the Japanese fashion designers of the fashion brand(s) which the Group intends to cooperate with.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2020 FRAMEWORK MANUFACTURING AGREEMENTS AND THE COMMISSION AGREEMENTS

The 2020 Framework Manufacturing Agreements

The Group is principally engaged in design, marketing and sales of apparel products of menswear, sportswear and other fashion segments in the PRC. Ningbo Chisage Industrial has extensive experience in apparel manufacturing business and Huai'an Chisage Industrial is specialized in manufacturing trousers. Each of Ningbo Chisage Industrial and Huai'an Chisage Industrial has been a long term and reliable supplier of the Group. The Board believes that entering into the 2020 Framework Manufacturing Agreements enables the Group to continue to leverage the expertise of and the high quality manufacturing services offered by Ningbo Chisage Industrial and Huai'an Chisage Industrial, so as to enhance the competitiveness of the Group.

As Mr. Yang is a controlling shareholder of each of Ningbo Chisage Industrial and Huai'an Chisage Industrial, Mr. Yang has abstained from voting on the Board resolutions approving the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement, the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement and the annual caps.

The Directors (including the independent non-executive Directors but excluding Mr. Yang who has abstained from voting) are of the view that the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement, which were entered into after arm's length negotiation and in the ordinary and usual course of business of the Group, reflect normal commercial terms, and the terms and the annual caps for the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Commission Agreements

The Group is principally engaged in design, marketing and sales of apparel products of menswear, sportswear and other fashion segments in the PRC. Hangzhou Xinxi operates an entertainment marketing platform that focuses on music production, artists management, live entertainment and music marketing in both domestic and international markets such as Japan and has investment in a Japanese fashion brand, therefore it has a network of fashion designers in Japan. The Board believes that entering into the Commission Agreements enables the Group to leverage the network of Hangzhou Xinxi to engage and cooperate with outstanding Japanese fashion designers to produce appealing apparel products, so as to enhance the competitiveness of the Group.

As Mr. Yuan is the chief executive officer and the controlling shareholder of Hangzhou Xinxi, Mr. Yuan has abstained from voting on the Board resolutions approving the 2019 Commission Agreement and the 2020 Commission Agreement.

The Directors (including the independent non-executive Directors but excluding Mr. Yuan who has abstained from voting) are of the view that the 2019 Commission Agreement and the 2020 Commission Agreement, which were entered into after arm's length negotiation and in the ordinary and usual course of business of the Group, reflect normal commercial terms, and the terms of the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Company, Muyue Garment and Chisage Mulsanne

The Company is an investment holding company. The principal activity of the Group is design, marketing and sales of apparel products of menswear, kidswear and other fashion segments in the PRC.

Muyue Garment is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in manufacture, wholesale and retail of apparel and crafted products.

Chisage Mulsanne is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in design, marketing and sales of apparel products.

Ningbo Chisage Industrial and Huai'an Chisage Industrial

Ningbo Chisage Industrial is a limited liability company established in the PRC and is principally engaged in, among others, manufacture of apparel and sales of knitted goods. It is owned as to 52% by Chisage Holding Group Co., Ltd. (中哲控股集團有限公司) ("**Chisage Holding**") and 48% by Yinboxing Investment Co., Ltd. (銀博興投資有限公司). Yinboxing Investment Co., Ltd. is owned by Ms. Xu as to 70%, Mr. Yang as to 20% and Ms. Zhang Lingling as to 10%. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Ms. Zhang Lingling is a third party independent of the Company and its connected persons.

Huai'an Chisage Industrial is a limited liability company established in the PRC and is principally engaged in, among others, manufacture and processing of apparel, brand consultation and management services, manufacture and sales of child car safety seats, machinery and equipment, as well as development and sales of software. It is indirectly wholly owned by Chisage Holding.

Chisage Holding is principally engaged in manufacture and sales of apparel products. It is owned by Ningbo Zhonghui Investment Co., Ltd. (寧波中匯投資有限公司) (“**Ningbo Zhonghui**”) as to 60% and Ningbo U and K Investment Consulting Co., Ltd. (寧波優迪凱投資諮詢有限公司) (“**Ningbo U and K Investment**”) as to 40%. Ningbo Zhonghui is owned by Mr. Yang as to 49.08%, Ms. Xu as to 25.60%, Ningbo Rongzhe Equity Investment Partnership (Limited Partnership) (寧波榮哲股權投資合夥企業(有限合夥)) (“**Ningbo Rongzhe**”) as to 20.58%, Ms. Tang Shuhua (a supervisor of Chisage Holding) as to 3.84% and Mr. Ding as to 1.00%. Ningbo Rongzhe is owned by Mr. Yang as to 90%, Mr. Yang Pingbo (Mr. Yang's son) as to 9% and Ningbo Chisage Chuangye Investment Management Partnership (Limited Partnership) (寧波中哲創業投資管理合夥企業(有限合夥)) (“**Chisage Chuangye Investment**”) as to 1%. Chisage Chuangye Investment is owned by Chisage Holding as to 99% and Mr. Ding as to 1%. Ningbo U and K Investment is owned by Mr. Yang as to 71.68% and Mr. Ding as to 28.32%.

Under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Mr. Yang, as the spouse of Ms. Xu, is deemed to be interested in the equity interests in which Ms. Xu is interested.

Hangzhou Xinxi

Hangzhou Xinxi is a limited liability company established in the PRC and is principally engaged in operation of music and entertainment marketing platform with music production, artists management, live entertainment and music marketing. It is owned as to 54.33% by Mr. Yuan and 15.09% by Hangzhou Clear and Logical Investment Partnership (L.P.) (杭州頭頭是道投資合夥企業(有限合夥)) (“**Hangzhou Clear and Logical**”). Hangzhou Clear and Logical's general partner is Mr. Cao Guoxiong and each of its limited partners holds less than one-third interests in Hangzhou Clear and Logical. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, apart from Mr. Yuan, other shareholders of Hangzhou Xinxi and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

The 2020 Framework Manufacturing Agreements

Mr. Yang is a non-executive Director and a substantial shareholder of the Company. Each of Ningbo Chisage Industrial and Huai'an Chisage Industrial is a company with Mr. Yang controlling the exercise of 30% or more of the voting power at the general meetings. Hence, each of Ningbo Chisage Industrial and Huai'an Chisage Industrial is an associate of Mr. Yang and a connected person of the Company. Accordingly, the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Ningbo Chisage Industrial and Huai'an Chisage Industrial are both associates of Mr. Yang, and the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement are of similar nature, the transactions under the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement shall be aggregated with the transactions under the 2020 Huai'an Chisage Industrial Framework Manufacturing Agreement for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules, collectively known as the 2020 Framework Manufacturing Agreements.

The aggregate maximum procurement amounts payable by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the years ending 31 December 2022 and 2023 shall not exceed RMB70,000,000, RMB80,500,000 and RMB92,575,000, respectively. Accordingly, such amounts have been set as the annual caps for the aggregate maximum procurement amounts payable by the Group under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the years ending 31 December 2022 and 2023. The actual aggregate procurement amounts paid by the Group to Ningbo Chisage Industrial and Huai'an Chisage Industrial under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the period from 1 January 2022 to the date of this announcement were RMB42,330,501 and RMB14,753,894, respectively.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the highest annual cap for the aggregate maximum procurement amounts payable by the Group under the 2020 Framework Manufacturing Agreements for the year ended 31 December 2021 and the years ending 31 December 2022 and 2023 is above 0.1% but below 5%, the transactions thereunder are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

The Commission Agreements

Mr. Yuan is an independent non-executive Director. Hangzhou Xinxi is a company with Mr. Yuan controlling the exercise of 30% or more of the voting power at the general meetings. Hence, Hangzhou Xinxi is an associate of Mr. Yuan and a connected person of the Company. Accordingly, the transactions under the 2019 Commission Agreement and the 2020 Commission Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the 2019 Commission Agreement and the 2020 Commission Agreement were both entered into between Chisage Mulsanne and Hangzhou Xinxi, and the transactions under the 2019 Commission Agreement and the 2020 Commission Agreement are of similar nature, the transactions under the 2019 Commission Agreement shall be aggregated with the transactions under the 2020 Commission Agreement for the purpose of calculating the applicable percentage ratios set out under Rule 14.07 of the Listing Rules, collectively known as the Commission Agreements. As at the date of this announcement, Chisage Mulsanne has paid an aggregate amount of RMB8,717,000 to Hangzhou Xinxi under the 2019 Commission Agreement and the 2020 Commission Agreement. The aggregate amount payable by Chisage Mulsanne to Hangzhou Xinxi under the 2019 Commission Agreement and the 2020 Commission Agreement is expected not to exceed RMB8,817,000. The Company will re-comply with the requirements under Chapter 14A of the Listing Rules in the event that the aggregate amount payable to Hangzhou Xinxi exceeds RMB8,817,000.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the aggregate amount payable by Chisage Mulsanne to Hangzhou Xinxi under the Commission Agreements is above 0.1% but below 5%, the transactions thereunder are only subject to the reporting, annual review and announcement requirements set out in the Listing Rules but are exempt from independent shareholders' approval requirement under the Listing Rules.

REMEDIAL ACTIONS

Due to an inadvertent oversight, the Company did not comply with the requirements under Chapter 14A of the Listing Rules to make timely announcements to disclose the continuing connected transactions under the 2020 Framework Manufacturing Agreements and the connected transactions under the Commission Agreements, and would like to emphasize that such non-compliance was inadvertent.

Hence, the Company published this announcement disclosing the details of the continuing connected transactions and the connected transactions in accordance with relevant requirements under Chapter 14A of the Listing Rules in order to keep the shareholders of the Company informed. Relevant disclosure will also be made in the 2021 annual report of the Company.

To avoid recurrence of similar non-compliance in the future, the Company has taken the following remedial actions to ensure strict ongoing compliance with the Listing Rules:

- (1) The Company has established a connected transaction committee, which consists of certain Director(s) (including an independent non-executive Director) and senior management members in finance department of the Group as members. The connected transaction committee will:
 - (a) monitor the connected transactions of the Group, including their implementation and compliance with the relevant Listing Rules and the annual caps (where applicable);
 - (b) prepare a continuing connected transaction report on an annual basis and submit to the audit committee of the Company for consideration. The continuing connected transaction report will include the aggregate amounts of the Group's continuing connected transactions and the status of compliance with their respective annual caps; and
 - (c) maintain a list of connected persons and update such list from time to time;
- (2) The Company (a) has reminded all Directors, senior management members and relevant personnel of the Group again of the connected transaction internal policy adopted by the Company, and (b) will circulate the list of connected persons (as updated from time to time) to all Directors, senior management members and relevant personnel of the Group, in order to ensure that any potential connected transactions in the future will be reported in advance to ascertain whether there will be any implications under the Listing Rules;
- (3) Additional trainings will be arranged for all Directors and the senior management members of the Group to reinforce their knowledge and awareness of compliance with the Listing Rules and applicable laws and regulations, in particular the connected transaction requirements under Chapter 14A of the Listing Rules. Going forward, similar trainings will be conducted at least once a year; and
- (4) For any proposed transaction(s) which may constitute new connected transaction(s) of the Group in the future, the Group will consult legal advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into such transaction(s) to ensure that all applicable requirements under the Listing Rules will be complied with.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“2018 Huai’an Chisage Industrial Framework Manufacturing Agreement”	the framework manufacturing agreement dated 1 July 2018 and entered into between the Group and Huai’an Chisage Industrial in relation to manufacture of apparel products
“2018 Ningbo Chisage Industrial Framework Manufacturing Agreement”	the framework manufacturing agreement dated 1 July 2018 and entered into between the Group and Ningbo Chisage Industrial in relation to manufacture of apparel products
“2019 Commission Agreement”	the commission agreement dated 8 October 2019 and entered into between Chisage Mulsanne and Hangzhou Xinxi, pursuant to which Hangzhou Xinxi was commissioned to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group
“2020 Commission Agreement”	the commission agreement dated 25 March 2020 and entered into between Chisage Mulsanne and Hangzhou Xinxi, pursuant to which Hangzhou Xinxi was commissioned to engage certain Japanese fashion designer(s) in Japan to design apparel products for the Group
“2020 Framework Manufacturing Agreements”	collectively, the 2020 Ningbo Chisage Industrial Framework Manufacturing Agreement and the 2020 Huai’an Chisage Industrial Framework Manufacturing Agreement
“2020 Huai’an Chisage Industrial Framework Manufacturing Agreement”	the framework manufacturing agreement dated 22 June 2020 and entered into between Muyue Garment and Huai’an Chisage Industrial in relation to manufacture of apparel products
“2020 Ningbo Chisage Industrial Framework Manufacturing Agreement”	the framework manufacturing agreement dated 10 June 2020 and entered into between Muyue Garment and Ningbo Chisage Industrial in relation to manufacture of apparel products
“Board”	the board of Directors of the Company

“Chisage Mulsanne”	Ningbo Chisage Mulsanne Holding Co., Ltd. (寧波中哲慕尚控股有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Commission Agreements”	collectively, the 2019 Commission Agreement and the 2020 Commission Agreement
“Company”	Mulsanne Group Holding Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Xinxi”	Hangzhou Xinxi Cultural Development Co., Ltd. (杭州心喜文化發展有限公司), a limited liability company established in the PRC and controlled by Mr. Yuan
“Huai’an Chisage Industrial”	Huai’an Chisage Industrial Co., Ltd. (淮安中哲實業有限公司), a limited liability company established in the PRC and controlled by Mr. Yang
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ding”	Mr. Ding Dade, the chief financial officer and vice president of finance of the Group and a joint company secretary of the Company
“Mr. Yang”	Mr. Yang Herong, a non-executive Director and a substantial shareholder of the Company
“Mr. Yuan”	Mr. Yuan Tao, an independent non-executive Director
“Ms. Xu”	Ms. Xu Hongxia, the spouse of Mr. Yang
“Muyue Garment”	Ningbo Muyue Garment Co., Ltd. (寧波慕悅製衣有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Ningbo Chisage Industrial”	Ningbo Chisage Industrial Technology Co., Ltd. (寧波中哲實業科技有限公司) (formerly known as Ningbo Chisage Apparel Co., Ltd. (寧波中哲製衣有限公司)), a limited liability company established in the PRC and controlled by Mr. Yang

“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 1 April 2022

As at the date of this announcement, the Board comprises Mr. YU Yong as executive Director; Mr. HUANG Hanji, Mr. YANG Herong, Mr. LIN Lin, Mr. CHEN Scott Yue and Mr. YOUNG Christopher as non-executive Directors; and Mr. GU Jiong, Mr. YUAN Tao and Mr. Paolo BODO as independent non-executive Directors.