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**GXG**

**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)**

## **PROFIT WARNING**

This announcement is made by Mulsanne Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In light of the unfavourable macroeconomic conditions in 2019, the board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and the information currently available to the Group, it is expected that the net profit of the Company for the year ended 31 December 2019 would decrease by approximately 40% to 45% as compared to that for the year ended 31 December 2018. The major reasons for such decrease include:

- (i) decline in customer flow in some shopping areas led to loss in certain offline stores;
- (ii) one-off inventory loss as the Group reduced the levels of unsold inventory across its distribution network in light of the prevailing retail environment; and
- (iii) one-off loss caused by closing direct sales stores, including deposit deduction and depreciation of residual value.

In 2019, the Group adopted a conservative strategy to open new stores and took the initiative to close retail stores which failed to meet performance targets. It also strengthened cost-efficient management of its inventories. Although such measures contributed to a decrease in the Group’s profits in 2019, the Board believes that its retail network has been better positioned.

Furthermore, the Company’s online sales grew at a compound annual growth rate (CAGR) of over 35% from 2016 to 2018 and continued to grow in 2019. The Company believes that its expansion in online distribution channel is consistent with the long-term market trend in the increasing penetration of e-commerce in the fashion industry.

In December 2019, the Company established a joint venture with the Esprit group in the People’s Republic of China, aiming to promote a new Esprit brand with new style and focus, and to build a solid foundation for the future growth of the Group.

As the Group's consolidated results for the year ended 31 December 2019 have not yet been finalized, the information contained in this announcement is only a preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and other information currently available to the Group, and the figures and information have not been audited or reviewed by the Company's auditor and may be subject to adjustments. Shareholders and potential investors should refer to the annual results announcement of the Company for the year ended 31 December 2019, which is expected to be published in March 2020 in compliance with the requirements under the Listing Rules.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong  
3 February 2020

*As at the date of this announcement, the Board comprises Mr. YU Yong as executive director; Mr. HUANG Hanji, Mr. YANG Herong, Mr. LIN Lin, Mr. WANG Jun and Mr. Ravinder Singh THAKRAN as non-executive directors; and Mr. GU Jiong, Mr. YUAN Tao and Mr. Paolo BODO as independent non-executive directors.*