

IPO FACT SHEET
Mulsanne Group Holding Limited (1817)
ISSUE STATISTICS

Offer Size:	HK\$844m - HK\$1,176m
Placement Tranche:	200m
Price:	HK\$4.22 - HK\$5.88
Board lot:	500
Entry fee:	HK\$2,969.63
Historical PE	9.19x – 12.80x
Net tangible asset per share:	HK\$0.92 - HK\$1.26
Market Cap (post-IPO):	HK\$4,009.0m- HK\$5,586.0m
Open:	15 May 2019
Close:	12.00 noon on 20 May 2019
Trading:	27 May 2019
Sponsor:	Credit Suisse (Hong Kong) Limited, Citigroup Global Markets Asia Limited and CMB International Capital Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	3,510,301	16.3%
2018	3,787,042	7.9%
Profit for the year		
2017	421,791	5.5%
2018	374,502	-11.2%

BACKGROUND

- They are a leading fashion menswear company based in China. They operate a new retail platform that focuses on providing customers with a seamless and integrated shopping experience and identifying customers' needs by integrating offline retail stores with online channels through the support of big data analytics.
- According to CIC, the market share of the fashion menswear market accounted for approximately 21.0% of the overall menswear market and approximately 7.5% of the apparel market in China in 2018. According to CIC, they accounted for approximately 3.3% of the fashion menswear market share and were ranked second in China in 2018 in terms of total retail revenue.
- Leveraging their leading position in the fashion menswear market in China, they have strategically expanded into the sportswear market and other segments to enrich their brand and product portfolio. Furthermore, the online market has become a new major battlefield for the fashion menswear companies in China.
- They were ranked first in terms of total online retail revenue, which accounted for approximately 5.2% of the total online retail revenue in China and with the highest online penetration rate of 36.0% in China in 2018, according to CIC, which demonstrated their strong ability to capture the online market opportunities. The online penetration rate, in terms of online apparel retail revenue out of total apparel retail revenue, reached 21.5% in China in 2018.

BUSINESS STRATEGIES

- Continue to maintain their industry leading position by optimizing new retail platform and further enhance customer experience and brand awareness.
- Continue to develop the sales potentials in athleisure and performance sportswear industry through YAtlas and 2XU.
- Steadily expand their offline retail network and structure as well as optimize their online and offline channel mix and integration.
- Continue to strengthen and integrate their online and offline VIP membership program with big data analytics.
- Strengthen their supply chain management and enhance warehousing and logistics infrastructure.
- Further implement their multi-brand strategy and seek potential cooperation opportunities.

COMPETITIVE STRENGTHS

- Leadership in the rapidly growing fashion menswear industry in China.
- New retail platform comprising online and offline channels.
- Multi-brand strategy to achieve sustainable growth in various growing market segments.
- Flexible and innovative marketing strategies with highly active loyal fans community.
- Product design and supply chain empowered by big data analytics.
- Highly experienced management and investor teams driven by entrepreneurialism and professionalism.

KEY RISKS

- They operate in the competitive apparel industry both online and offline in China. If they fail to compete effectively and successfully, their customer base, market share and profit margins may be materially and adversely affected.
- Their business depends significantly on market recognition of their brands. If they are not able to maintain or enhance their brand recognition, keep up with the latest fashion trends, and particularly, maintain sales of their GXG series, their business, financial condition and results of operations may be materially and adversely affected.
- They may not be able to successfully maintain and expand their offline retail network and their online sales network.
- They may not be able to achieve same store sales growth.
- Failure to maintain optimal inventory levels and lower sales return rates could increase their inventory holding costs, lead to channel stuffing, cause them to lose sales or decrease their profit margins.
- They may not be able to continue to successfully expand their brand and product portfolio.

DIVIDEND POLICY

- They have adopted a general annual dividend policy of declaring and paying dividends on an annual basis of no less than 20% of their total profit for the year attributable to the Group for any particular fiscal year.

USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
To repay their existing indebtedness and reduce their financial expenses.	437.9	45.0%
To expand their brand and product portfolio by pursuing brand acquisitions or strategic alliances.	146.0	15.0%
To upgrade their offline retail stores to smart stores.	97.3	10.0%
To establish an advanced smart logistics center.	194.6	20.0%
To provide funding for their working capital and other general corporate purposes.	97.3	10.0%
Total:	973.0	100.0%

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