**杉杉品牌運營股份有限公司**
**Shanshan Brand Management Co., Ltd.**
*(A joint stock company incorporated in the People's Republic of China with limited liability)*
**(Stock Code: 1749)**

# DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF TRADEMARKS

Since 2021, the Company has entered into trademark licensing agreements with Shanshan Group, pursuant to which the Trademarks have been licensed to the Group for the period specified in each trademark licensing agreement. The current Trademark Licensing Agreement has a tenure until 31 December 2029, details of which are set out in the Trademark Licensing Announcement.

Pursuant to the restructuring plan approved by the People's Court of Yinzhou District, Ningbo City, Zhejiang Province (浙江省寧波市鄞州區人民法院), certain assets of Shanshan Group, including the Trademarks, were offered for sale by way of public auction in accordance with the applicable PRC laws and regulations. As the Company intends to continue using the Trademarks for its existing sub-licensing business, it participated in the public auction and was confirmed as the successful bidder for the Trademarks on 28 September 2026 at a bid price of RMB9,338,070.

The Company will enter into the Auction Confirmation with the Administrators on or before 26 October 2026 in respect of the Company's successful bid for the Trademarks and the terms of the Acquisition.

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition and the transaction contemplated thereunder constitute a discloseable transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## BACKGROUND

Since 2021, the Company has entered into trademark licensing agreements with Shanshan Group, pursuant to which the Trademarks have been licensed to the Group for the period specified in each trademark licensing agreement. The current Trademark Licensing Agreement has a tenure until 31 December 2029, details of which are set out in the Trademark Licensing Announcement.

Pursuant to the restructuring plan approved by the People's Court of Yinzhou District, Ningbo City, Zhejiang Province (浙江省寧波市鄞州區人民法院), certain assets of Shanshan Group, including the Trademarks, were offered for sale by way of public auction in accordance with the applicable PRC laws and regulations. As the Company intends to continue using the Trademarks for its existing sub-licensing business, it participated in the public auction and and was confirmed as the successful bidder for the Trademarks on 28 September 2026 at a bid price of RMB9,338,070.

## THE ACQUISITION

The Company will enter into the Auction Confirmation with the Administrators on or before 26 October 2026 in respect of the Company's successful bid for the Trademarks and the terms of the Acquisition, the principal terms of which are set out below.

| | |
|---|---|
| **Parties** | The Administrators (as auctioneer)<br><br>The Company (as purchaser) |
| **Trademarks** | 29 trademarks registered by Shanshan Group related to "cloths, textiles, bed sheets, tablecloths, carpets, mats, mats related, linoleum and other floor covering materials, and non-textile wall hangings", including the "Shanshan (杉杉)" and "FIRS" brands (the 24th and 27th categories). |

**Consideration**

The consideration for the Acquisition is RMB9,338,070, being the final bid price for the Trademarks at the public auction, payable in cash in the following manners:

(a) a bidding deposit of RMB1,867,614, which was paid by the Company upon its participation in the public auction and will be applied towards the consideration; and

(b) the remaining balance of RMB7,470,456 shall be paid to the account designated by the Administrators within 30 days after the conclusion of the public auction.

The Group intends to fund the Acquisition from its internal resources.

**Completion**

Completion of the Acquisition shall take place within seven (7) business days after the entering into of the Auction Confirmation and the Administrators' receipt of the consideration in full.

**Financial information of the Trademarks**

During the two years ended 31 December 2025 and the six months ended 30 June 2026, the Trademarks had been leased to the Group at licensing fees of RMB1,200,000, RMB1,500,000 and RMB750,000, respectively.

Based on the information available to the Company, the book value of the Trademarks at the books of Shanshan Group was RMB nil and the Trademarks were self-developed by Shanshan Group including its group companies.

The Group has been licensing the Trademarks to certain licensees who are Independent Third Parties. As at 30 June 2026, the Group had three licensees with respect to the Trademarks. The unaudited financial information attributable to the Trademarks is summarised below:

| | **For the six months ended 30 June** | **For the year ended 31 December** | |
|---|---|---|---|
| | **2026** | **2025** | **2024** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Gross sub-licensing income | 1,572 | 2,009 | 1,906 |
| Net profits (before taxation) | 1,027 | 919 | 816 |
| Net profits (after taxation) | 770 | 689 | 612 |

The net profit (before taxation) is arrived at after deducting cash operating expenses and non-cash amortisation costs of approximately (i) RMB170,000 and RMB920,000 for each of the two years ended 31 December 2025; and (ii) RMB85,000 and RMB460,000 for the six months ended 30 June 2026.

## BASIS FOR DETERMINATION OF THE CONSIDERATION

The consideration for the Trademarks was determined during the public auction process. The Company assessed the reasonableness of the consideration for the Trademarks with reference to the appraised value of the Trademarks as at 30 June 2026 of RMB13.4 million as set out in the valuation report prepared by Royson, an independent professional valuer. In valuing the Trademarks, Royson considered that: (i) the cost approach was not appropriate as it does not capture the Trademarks' ability to generate future economic benefits; and (ii) the market approach was not appropriate as no closely comparable market transactions involving similar trademark assets could be identified. The Trademarks can generate direct, independent cash flows to their owner on a standalone basis. Historically, the Group has sub-licensed the Trademarks to third parties and has not used the Trademarks in its sales operations. The Trademarks generate distinct cash flows and therefore, the Trademarks' intrinsic value can be estimated based on forecasts of fundamental conditions in the future using the discounted cash flow analysis under the income approach. Accordingly, Royson adopted the discounted cash flow method under the income approach, whereby the value of the Trademarks was determined based on the present value of projected future cash flows attributable to the Trademarks, discounted using a risk-adjusted rate derived from comparable companies and adjusted for trademark-specific risks, with consideration given to the related tax amortisation benefit.

**Discounted Cash Flow Analysis**

A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate should consider the time value of money, inflation, and the risk inherent in ownership of the asset or security interest being valued.

Performing a discounted cash flow analysis requires the preparation and analysis of a reliable forecast of the expected future financial performance of the subject entity. Forecasting cash flow to all investors requires the projection of revenues, operating expenses, taxes, working capital requirements, and capital expenditures for a future period.

Projected cash flow to all investors must then be discounted to a present value using a discount rate, which appropriately accounts for the market cost of capital as well as the risk and nature of the subject cash flows.

***Cash Flow Adjustments***

As Royson attempted to arrive at free cash flow-to-firm ("**FCFF**") in its valuation model, net income had to be adjusted for certain items in order to estimate the cash return on the assets that generate the forecast revenue. First, non-cash items, including depreciation, and after-tax interest expenses are added back to net income. Second, forecasted capital expenditures, if any, and investment in operating working capital are subtracted. Working capital requirements are forecasted across the entire projection period.

### *Discount Rate Estimation*

A discount rate is the expected rate of return or yield that an investor would have to give up by investing in the subject investment instead of available alternative investments that are comparable in terms of risk and other investment characteristics. The discount rate to be applied to the FCFF is the sum of weighted average cost of capital (the "**WACC**") of the Trademarks. WACC is calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight, and then adding the products together to determine the WACC value. The formula of WACC is defined as follows:

$$\mathbf{WACC} = \frac{E}{V} \times R_e + \frac{D}{V} \times R_d \times (1 - T_c)$$

where:
$R_e$ = Cost of equity
$R_d$ = Cost of debt
E = Market value of equity
D = Market value of debt
V = Invested capital or E + D
E/V = Percentage of financing that is equity
D/V = Percentage of financing that is debt
$T_c$ = Tax rate

The cost of equity is developed through the application of the Capital Asset Pricing Model ("**CAPM**") with reference to the required rates of return demanded by investors for similar projects while the cost of debt is replicated by 5-year loan prime rate in the PRC.

*Selection of Comparable Companies*

A major requirement in generating the cost of equity is to identify companies that are comparable to the Trademarks in terms of business nature and associated risks. Major selection criteria for this valuation are: (1) more than 50% revenue is generated from home textile products for the last financial year; (2) owns and operates brands for home textile products; (3) principally operates in the PRC; and (4) listed on a stock exchange in the PRC and Hong Kong for over five years.

Based on the above criteria, Royson conducted comprehensive research and came up with below exhaustive list of comparable companies (the "**Comparable Companies**") which are listed in the PRC. A description of their business operation is summarised below:

| | Selected Comparable Company | Stock Ticker and Place of Listing | Principal Business |
|---|---|---|---|
| 1. | Shanghai Shuixing Home Textile Co., Ltd. | 603365 (PRC) | Shanghai Shuixing Home Textile Co., Ltd. operates as a household textile goods manufacturing company. The company produces and sells blankets, bedspreads, sheets, table clothes, towels, and other related products. It markets its products throughout the PRC. |
| 2. | Hunan Mendale Hometextile Co., Ltd. | 002397 (PRC) | Hunan Mendale Hometextile Co., Ltd. develops, manufactures, and sells household textile products such as cushions, pillows and other bedroom products. |
| 3. | Shenzhen Fuanna Bedding and Furnishing Co.,Ltd | 002327 (PRC) | Shenzhen Fuanna Bedding and Furnishing Co., Ltd. manufactures bedding products. The company produces and sells comforter insert, pillow insert, and other products. It conducts businesses in the PRC. |

| Selected Comparable Company | Stock Ticker and Place of Listing | Principal Business |
|---|---|---|
| 4. Luolai Lifestyle Technology Co., Ltd. | 002293 (PRC) | Luolai Lifestyle Technology Co., Ltd. operates as a textile products manufacturer. The company designs, produces, and sells a wide range of home textile products and other related accessories. It markets worldwide. |

The Comparable Companies, which are all exposed to the risks of the home textile sector in the PRC operating brands for home textile products, are considered as highly but not perfectly comparable with the operations of the Trademarks. The inclusion of the Comparable Companies also accommodates the fact of not perfectly comparable business. The Trademarks' revenue and future prospects are closely related to the development of the home textile sector of the PRC. Therefore, Royson believes that the Comparable Companies are fair and representative.

*CAPM*

The CAPM states that an investor requires excess returns to compensate for any risk that is correlated to the risk in the return from the stock market as a whole but requires no excess return for other risks. Risks that are correlated to the risk in the return from the stock market as a whole are referred to as systematic and measured by a parameter called beta, whereas other risks are referred to as non-systematic.

The cost of equity for the Trademarks is the sum of the risk-free rate return, the equity risk premium required by investors to compensate for the systematic risk assumed with adjustments for increment for risk differentials of versus those of the comparable companies, which include risk adjustments for size and other risk factors in relation to the comparable companies. The formula of CAPM is defined as follows:

$$\mathbf{R_e = R_f + \beta\,(R_m) + R_c}$$

where:

$R_e$ = Cost of equity

$R_f$ = Risk-free rate

$\beta$ = Beta

$R_m$ = Market risk premium

$R_c$ = Premium for size and other risk factors

A risk-free rate of 1.73% is adopted, which is based upon the yields on long-term government bonds in the PRC as of 30 June 2026. A market risk premium of 7.22% is assumed, which represents the average total return of common stocks in excess of the income return of long-term securities in the PRC. In order to estimate the appropriate beta for use in its analysis, Royson researched companies in a similar business as the Trademarks and arrived at the list of the Comparable Companies. Based on their levered betas that were extracted from Bloomberg as at 30 June 2026, Royson derived the unlevered betas from the equity levered betas of the Comparable Companies as at 30 June 2026 by adjusting their respective debt-to-equity ratio and their statutory/effective tax rate. Royson then applied the debt-to-equity ratio of the Comparable Companies and the statutory tax rate applicable to the Trademarks to develop the re-levered betas of the Comparable Companies. The average re-levered beta of the Comparable Companies of 0.75 is adopted as the proxy and then applied to the CAPM formula.

Small capitalisation risk premium is the excess return that an investor would demand in order to compensate for the additional risk over that of the entire stock market when investing in a small capitalization company. This premium reflects the fact that cost of capital increases with decreasing size of a company. A number of studies were conducted in the United States which concluded that the risk premium associated with a small company is over and above the amount that would be warranted just as a result of the company's systematic risk derived from the CAPM. A small capitalisation risk premium of 10.38% is applied to the Trademarks.

The average debt ratio of the Comparable Companies is 7.55%. Based on this capital structure, according to Royson's analysis, the WACC of the Trademarks as at 30 June 2026 is estimated to be 16.40% (rounded). The Trademarks are considered to be riskier than a business, and it calls for an intangible asset risk premium to compensate investors for holding assets lacking physical substance such as the Trademarks to account for higher uncertainty and difficult liquidation. While the Trademarks command an established track record in generating distinct revenue cashflows which partly mitigates the uncertainty and illiquidity of intangible assets, the number of sub-licensees is relatively concentrated and Royson believes that an intangible asset risk premium of 7.00% is appropriate. The discount rate of the Trademarks is concluded to be 23.40%.

With the discount rate of 23.40%, a statutory tax rate of 25.0% and the projection period of 10 years, the total present value of the cash flows from the Trademarks amounts to approximately RMB11,900,000 as at 30 June 2026.

### Tax Amortisation Benefit

Tax amortisation benefit refers to the net present value of future income tax savings resulting from the amortisation of intangible assets. Generally, a tax amortisation benefit should be included when the income approach is used because a typical participant would be able to amortise an intangible asset acquired in such a hypothetical transaction. Including tax amortisation benefit ensures that the valuation captures the full economic benefit available to a market participant under prevailing tax regulation. The value of the intangible asset is enhanced by this tax amortisation benefit.

In the PRC, trademarks shall be amortised on a straight-line basis over a period of not less than 10 years. Intangible assets acquired through investments or acquisitions shall be amortised over their useful lives prescribed under relevant laws or contracts.

Based on the discount rate of 23.40%, the statutory tax rate of 25.0% and a statutory 10-year tax life, the tax amortisation benefit of the Trademarks amounts to approximately RMB1,500,000.

## KEY ASSUMPTIONS OF THE PROJECTION

For the purposes of this valuation, the projection reflects only income from the sub-licensing arrangement and related legal and maintenance costs.

### Projection Period

Management of the Group determined a 10-year projection period having regard to the long-established and stable operating history of the Trademarks' sub-licensing business. The Trademarks have maintained a track record of generating licensing income since 2011, including during the period when they were licensed by Shanshan Group to independent third parties before the Company began leasing the Trademarks from Shanshan Group. Given the sustained history of licence renewals and recurring income generation, the management considers a 10-year projection period to be reasonable and supportable.

### Revenue

Revenue is generated solely from the sub-licensing arrangement with three licensees and is projected with reference to the existing licence agreements, resulting in forecast revenue of approximately RMB3.3 million for the twelve months ending 30 June 2027 and declining annual growth through 2029. Following the expiry of the current contracts between December 2026 and December 2028, the licences are assumed to be renewed at the last agreed rates, resulting in no revenue growth thereafter.

### Operating Expenses

Operating expenses, comprising legal and maintenance costs, are projected at approximately RMB198,000 for the twelve months ending 30 June 2027 based on current cost levels. Thereafter, such expenses are assumed to increase by 2.0% annually through 2036 with reference to the PRC's long-term inflation rate published by the International Monetary Fund.

### Profit

Profit before tax per annum will range from approximately RMB3.1 million to RMB3.5 million during the projection, with a tax rate of 25%.

### Other assumptions

The Trademarks are not expected to require any working capital or capital expenditure, as licensing fees are received upfront and related expenses are paid as incurred.

## OTHER MAJOR VALUATION ASSUMPTIONS

1. there will be no major changes in the existing political, legal, fiscal and economic conditions in which the Trademarks operate;

2. there will be no major changes in the current taxation law in the country where the Trademarks operate, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;

3. there will be no material changes in the industry in which the Trademarks involve that would materially affect the revenues, profits, cash flows attributable to the Trademarks;

4. the registration of the Trademarks will remain valid and its sub-licensees will obtain the necessary licences and approvals, including but not limited to the business licences, to operate in accordance to the projection;

5. exchange rates and interest rates will not differ materially from those presently prevailing;

6. industry trends and market conditions for related industries will not deviate materially from current conditions;

7. the projection has been prepared on a reasonable basis, reflecting estimates which have been arrived at after due and careful consideration by the management. Specific assumptions on the projection include:

   (a) the economic useful life of the Trademarks is 10 years (i.e. the projection period);

   (b) the Trademarks will only have income generating from sub-licensing as stipulated in the projection;

   (c) the sub-licensees would continue leasing the Trademarks and renew the sub-licensing arrangement on substantially same terms as at the appraisal date; and the licensing fees will be received in accordance with the terms of the respective licensing agreements;

   (d) the costs in maintaining the Trademarks forecast based on external quotation and management assessment resemble the actual costs during the projection period; and

   (e) the effective tax rate applicable to the Trademarks is 25.00%, which is the prevailing statutory tax rate in the PRC;

8. the Trademarks shall be amortised on a straight-line basis over a period of 10 years under the tax law in the PRC; and

9. the appropriate discount rate of the Trademarks as at the appraisal date is 23.40%.

**Confirmations**

As the valuation of the Trademarks was prepared using the discounted cash flow method, it constitutes a profit forecast under Rule 14.61 of the Listing Rules and is therefore subject to the requirements of Rule 14.60A of the Listing Rules.

BDO Limited, being the Company's reporting accountants, has reported to the Directors in respect of the compilation of the discounted cash flows in connection with the valuation of the Trademarks prepared by Royson used in the valuation report, which do not involve the adoption of accounting policies.

The Board has reviewed the principal assumptions upon which the Profit Forecast is based and considers that the Profit Forecast has been made after due and careful enquiry. The report from BDO Limited in compliance with Rule 14.60A(2) of the Listing Rules is included in Appendix I to this announcement and the letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix II to this announcement.

**Experts and consents**

The qualifications of the experts who have given an opinion and advice in this announcement are as follows:

| **Name** | **Qualifications** |
|---|---|
| Royson Valuation Advisory Limited | Independent professional valuer |
| BDO Limited | Certified Public Accountants and Registered Public Interest Entity Auditor |

As at the date of this announcement, each of the experts mentioned above (i) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; (ii) has given and has not withdrawn its consent to the issue of this announcement with the inclusion of its letter or opinion and the references to its name included herein in the form and context in which it is included.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is principally engaged in the apparel and accessories business, of which home apparel forms an integral part. The Company has historically leased the Trademarks from Shanshan Group and generated stable licensing income by sub-licensing the Trademarks to Independent Third Parties. Given the successful and profitable track record of such arrangements, the acquisition of the Trademarks would allow the Company to continue and further develop this business segment.

The Company considers that the discounted cash flow method is the most appropriate valuation methodology because the Trademarks derive their value principally from the future income expected to be generated through the Company's sub-licensing business. While the historical licence fee paid by the Group to Shanshan Group in connection with the Trademarks is an important reference point, the Group will no longer have to pay such licence fee to Shanshan Group upon completion of the Acquisition. Such licence fee paid to Shanshan Group do not fully reflect the future cash flows expected to be generated from sub-licensing the Trademarks to independent third parties or the costs associated with maintaining and operating the business. Accordingly, the valuation was prepared based on the projected revenue from sub-licensing the Trademarks and the estimated costs and expenses attributable thereto, which the Company considers to be a fair and reasonable basis for assessing the fair value of the Trademarks.

In light of the above and that the consideration is lower than the appraised value of the Trademarks of RMB13.4 million, the Directors are of the view that the terms of the Acquisition and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition is more than 5% but all of them are less than 25%, the Acquisition and the transaction contemplated thereunder constitute a discloseable transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## GENERAL INFORMATION ON THE PARTIES

### The Company and the Group

The Company is a joint stock company incorporated in the PRC with limited liability whose H Shares are listed and traded on the Main Board of the Stock Exchange. The Group is principally engaged in the design, marketing and sale of formal and casual business menswear in the PRC.

### The Administrators

The Administrators, being Zhong Lun Law Firm (Shanghai Office) (北京市中倫（上海）律師事務所), Zhejiang Yongtai Law Firm (浙江甬泰律師事務所) and Zhejiang Zhongxing Certified Public Accountants (Special General Partnership) (浙江中興會計師事務所（特殊普通合夥）), were appointed by the People's Court of Yinzhou District, Ningbo City, Zhejiang Province (浙江省寧波市鄞州區人民法院) in connection with the restructuring of Shanshan Group.

**Shanshan Group**

Shanshan Group is a limited liability company established in the PRC on 28 June 1994. It is owned as to 54.81% by Shanshan Holding, 15.23% by Yuefeng Jinchuang (the shareholder of which is a collective-owned enterprise in the PRC and the ultimate beneficial owner is the Management Committee of Zhangjiagang Economic and Technological Development Zone (張家港經濟技術開發區管理委員會)), 12.23% by ITOCHU Corporation (伊藤忠商事株式會社), 9.38% by Ningbo Yonggang and the remaining 8.35% by two Independent Third Parties (none of which owned more than 10% equity interests in Shanshan Group), respectively. Shanshan Holding is owned as to 40.54% by Qinggang Investment, 0.48% by Pingren Investment (which is in turn 99% held by Mr. Cao Yang (曹陽), a Director) and the remaining 58.98% is held by 12 Independent Third Parties (which are investment companies or partnerships and each in turn held by a line of different individuals or companies), respectively, and none of them held more than 10% equity interests of Shanshan Holding. Qinggang Investment is owned as to 51% by the late Mr. Zheng Yonggang (鄭永剛) and 49% by Ms. Zhou Jiqing (周繼青), respectively. Ningbo Yonggang is owned as to 99.74% by Shanshan Holding and the remaining 0.26% held by Mr. Shen Yunkang (沈雲康) (a director of Shanshan Group) in his personal capacity. In addition to its direct interest in Shanshan, Shanshan Group (through its subsidiaries) is principally engaged in asset management and investment, trading of non-ferrous metals and chemical products.

Shanshan Group was historically the controlling shareholder of Shanshan, which held approximately 19.37% of the total issued Shares, and was therefore historically a connected person of the Company. As at the date of this announcement, based on publicly available information and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shanshan Group and Ningbo Pengze Trading Co., Ltd.* (寧波朋澤貿易有限公司), a company wholly owned by Shanshan Group, held approximately 3.63% and 4.75% of the equity interest in Shanshan, respectively. Following the implementation of Shanshan Group's restructuring plan, Shanshan Group is no longer the controlling shareholder of Shanshan and no longer controls a majority of the board of directors of Shanshan. Accordingly, Shanshan Group is not a connected person of the Company under Chapter 14A of the Listing Rules as at the date of this announcement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Administrators, Shanshan Group and their respective ultimate beneficial owners are Independent Third Parties.

## TERMINATION OF THE TRADEMARK LICENSING AGREEMENT

The Company has received a notice for terminating the Trademark Licensing Agreement in accordance with the terms of the Trademark Licensing Agreement, with effect from the completion of the Acquisition.

## DEFINITIONS

In this announcement, the following terms have the meanings set forth below unless otherwise defined:

| | |
|---|---|
| "Acquisition" | the acquisition of the Trademarks pursuant to the Auction Confirmation |
| "Administrators" | the administrators of Shanshan Group appointed by the People's Court of Yinzhou District, Ningbo City, Zhejiang Province (浙江省寧波市鄞州區人民法院) |
| "associate(s)" | has the meaning ascribed to it under the Listing Rules |
| "Auction Confirmation" | the auction confirmation (拍賣成交確認書) to be entered into between the Administrators (as auctioneer) and the Company (as purchaser) in respect of the Company's successful bid for the Trademarks and the terms of the Acquisition |
| "Board" | the board of Directors |
| "Company" | Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司), a joint stock company with limited liability established under the laws of the PRC on 18 May 2016 whose H Shares are listed on the Main Board of the Stock Exchange |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules |
| "Director(s)" | directors of the Company |
| "Group" | the Company and its subsidiaries |

| | |
|---|---|
| "H Share(s)" | overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Independent Third Party(ies)" | any individual(s) or company(ies) who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are third party(ies) independent of and not connected with (within the meaning under the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time |
| "Main Board" | the stock market (excluding the option market) operated by the Stock Exchange that is independent from and operated in parallel with GEM |
| "Ningbo Yonggang" | Ningbo Yonggang Clothing Investment Co., Ltd. (寧波甬港服裝投資有限公司), a limited liability company established in the PRC on 27 April 2005 |
| "Pingren Investment" | Ningbo Meishan Bonded Port Zone Pingren Investment Partnership (Limited Partnership) (寧波梅山保税港區平人投資合夥企業(有限合夥)), a limited partnership established in the PRC |
| "PRC" | the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| "Profit Forecast" | the discounted cash flow method adopted in the valuation of the Trademarks by Royson |

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|---|---|
| "Qinggang Investment" | Ningbo Qinggang Investment Co., Ltd. (寧波青剛投資有限公司), a limited liability company established in the PRC on 1 September 2014 |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Royson" | Royson Valuation Advisory Limited, an independent professional valuer |
| "Shanshan" | Ningbo Shanshan Co., Ltd. (寧波杉杉股份有限公司), a joint stock company with limited liability established in the PRC on 14 December 1992 whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code: 600884) and one of the substantial shareholders of the Company |
| "Shanshan Group" | Shanshan Group Co., Ltd. (杉杉集團有限公司), a limited liability company established in the PRC on 28 June 1994 |
| "Shanshan Holding" | Shanshan Holding Co., Ltd. (杉杉控股有限公司), a limited liability company established in the PRC on 30 August 2004 |
| "Shareholder(s)" | the shareholder(s) of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "substantial shareholder(s)" | has the meaning ascribed to it under the Listing Rules |
| "Trademark Licensing Agreement" | the trademark licensing agreement entered into between the Company and Shanshan Group on 20 March 2026, as disclosed in the Trademark Licensing Announcement |
| "Trademark Licensing Announcement" | the announcement of the Company dated 20 March 2026 regarding the lease of the Trademarks for the period from 1 April 2026 to 31 December 2029 |

| | |
|---|---|
| "Trademarks" | 29 trademarks registered by Shanshan Group related to "cloths, textiles, bed sheets, tablecloths, carpets, mats, mats related, linoleum and other floor covering materials, and non-textile wall hangings", including the "Shanshan (杉杉)" and "FIRS" brands (the 24th and 27th categories) as contemplated in the Trademark Licensing Agreement and the Auction Confirmation |
| "Yuefeng Jinchuang" | Zhangjiagang Yuefeng Jinchuang Investment Co., Ltd. (張家港市悦豐金創投資有限公司), a limited liability company established in the PRC |

The English translations of the names of the entities established in PRC referred to in this announcement may not be the official translations and are for identification purposes only. In the event of any inconsistency between the Chinese names and the English translations, the Chinese names shall prevail.

By Order of the Board
**Shanshan Brand Management Co., Ltd.**
**Luo Yefei**
*Chairman*

Ningbo, the People's Republic of China, 28 September 2026

*As at the date of this announcement, the executive Directors are Mr. Luo Yefei, Mr. Cao Yang, Ms. Yan Jingfen and Ms. Zhou Yumei; the non-executive Directors are Mr. Mao Weiyong and Mr. Wang Mingming; and the independent non-executive Directors are Mr. Chow Ching Ning, Mr. Wang Yashan and Mr. Wu Xuekai.*

The following is the text of a report from BDO Limited, the independent reporting accountants, for the purpose of inclusion in this announcement.

# INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE ASSETS VALUATION OF INTANGIBLE ASSETS RELATED TO TRADEMARKS

**To the Board of Directors of Shanshan Brand Management Co., Ltd.**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the assets valuation (the "**Valuation**") dated 28 September 2026 prepared by Royson Valuation Advisory Limited in respect of the appraisal of the fair value of intangible assets related to trademarks (the "**Target Assets**") is based. The Valuation is set out in the announcement of Shanshan Brand Management Co., Ltd (the "**Company**") dated 28 September 2026 (the "**Announcement**") in connection with the disclosable transaction in relation to acquisition of trademarks (the "**Acquisition Transaction**"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are solely responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions adopted by the Directors as set out on pages 4 to 12 of the Announcement. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

It is our responsibility, pursuant to paragraph 14.60A(2) of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows on which the Valuation is based, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This reasonable assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out in pages 4 to 12 of the Announcement. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, performed procedures on the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Assets or an expression of an audit or review opinion on the Valuation.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out in pages 4 to 12 of the Announcement.

Yours faithfully,
BDO Limited
Certificated Public Accountants
Hong Kong

28 September 2026

28 September 2026

Listing Division
Hong Kong Exchanges and Clearing Limited
12/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs,

## DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF TRADEMARKS

We refer to the announcement of the Company dated 28 September 2026 (the "**Announcement**") of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

We refer to the valuation report prepared by Royson in relation to the valuation of the Trademarks as at 30 June 2026. The valuation of the Trademarks based on the discounted cash flow method under the income approach is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

For the purpose of preparing this letter, we have (i) considered the report from BDO Limited regarding the calculations of the Profit Forecast upon which the valuation of the Trademarks is based; (ii) reviewed the Profit Forecast upon which the valuation of the Trademarks has been made; (iii) discussed with the management of the Company regarding the bases and assumptions upon which the Profit Forecast regarding the Trademarks in the valuation has been prepared and the relevant work conducted by the management, and the historical financial and operating data of the Trademarks; and (iv) reviewed the reports from the management regarding the calculations of the financial projection used in the valuation.

Based on the foregoing, we confirm that the Profit Forecast was made after due and careful enquiry.

By order of the Board
**Shanshan Brand Management Co., Ltd.**
**Luo Yefei**
*Chairman*