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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)

CONNECTED TRANSACTION
2022 LEASE AGREEMENT

2022 LEASE AGREEMENT

On 30 December 2022 the Company entered into the 2022 Lease Agreement with Shanshan to continue to lease the Properties from Shanshan.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanshan held approximately 19.37% of the total issued shares of the Company. Thus, Shanshan is a substantial shareholder and a connected person of the Company.

The right-of-use assets acquired under the 2022 Lease Agreement will be recognized by the Group in its consolidated statement of financial position in accordance with the HKFRS 16. Accordingly, the entering into of the 2022 Lease Agreement and the transaction contemplated thereunder will be deemed as an acquisition of right-of-use assets by the Group. The total value of the right-of-use assets to be acquired under the 2022 Lease Agreement is estimated to be not more than RMB6,000,000, which is calculated with reference to the present value of the total rental payments under the 2022 Lease Agreement in accordance with the HKFRS 16. As all of the applicable percentage ratios are less than 25% and the total consideration for the acquisition of the right-of-use assets under the 2022 Lease Agreement is less than HK\$10,000,000, the transactions contemplated under the 2022 Lease Agreement will be subject to reporting, announcement and annual review requirements but exempt from circular and shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

2022 LEASE AGREEMENT

Reference is made to the announcement of the Company dated 17 December 2021 in relation to the Lease Agreement. As the Lease Agreement will expire on 31 December 2022, on 30 December 2022 the Company entered into the 2022 Lease Agreement with Shanshan to continue to lease the Properties from Shanshan.

The principal terms of the 2022 Lease Agreement are set out below:

Date	30 December 2022
Parties	The Company (as lessee) Shanshan (as lessor)
Term	Two years commencing from the 1 January 2023 and expired on 31 December 2024.

Properties	Properties	Location	GFA	Use of Properties	Total rent	
					payable	Other Charges
	Property I	Exhibition hall and warehouse on the first floor, Block B1, No. 238, Yunlin Middle Road, Ningbo City	5,911.04 sq.m.	Exhibition hall and warehouse	RMB1,886,803.96	RMB312,102.92
	Property II	Warehouse on the second floor, Block B1, No. 238, Yunlin Middle Road, Ningbo City	2,629.69 sq.m.	Warehouse	RMB662,681.88	RMB138,847.64
	Property III	Office space on the second floor, Block B1, No. 238, Yunlin Middle Road, Ningbo City	2,629.69 sq.m.	Office	RMB817,307.66	RMB138,847.64
	Property IV	Office space on the third floor of Building B1, No. 238, Yunlin Middle Road, Ningbo City	4,912.03 sq.m.	Office	RMB1,650,442.08	RMB259,355.18
	Property V	Exhibition hall on the first floor of Building A5, No. 238, Yunlin Middle Road, Ningbo City	2,373.58 sq.m.	Exhibition hall	RMB1,025,386.56	RMB153,807.98

Payment schedule The rent shall be paid by each six-month leasing period. The rental payments for the first six-month leasing period shall be made within 10 business days upon the entering of the 2022 Lease Agreement and the remaining rental payments shall be made within 10 business days upon the commencing of each subsequent six-month leasing period.

Deposit The deposit of RMB587,131.96 paid by the Company pursuant to the Lease Agreement shall continue to be held by the Shanshan as guarantee for the Company's duly performance of the 2022 Lease Agreement. The aforesaid deposit shall be returned to the Company without interest after the termination of the 2022 Lease Agreement.

Miscellaneous During the term of the 2022 Lease Agreement, the Company shall not sub-lease the Properties unless with Shanshan's written consent.

The total rental payments under the 2022 Lease Agreement will be made in cash and satisfied by the Group's internal resources. The rental payments under the 2022 Lease Agreement were determined on an arm's length basis, taking into account (i) the prevailing market rents of similar properties in the vicinity that are used for similar purposes; (ii) the recent similar transactions conducted by Shanshan with Independent Third Party tenants of similar properties in the vicinity; and (iii) the conditions of the Properties, including but not limited to their locations and associated facilities.

REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTIONS UNDER THE 2022 LEASE AGREEMENT

Since the Lease Agreement will expire shortly and the Group will continue to use the Properties having considered the need of the Group's business, the Company and Shanshan entered into the 2022 Lease Agreement to renew the lease of the Properties. The Properties will be mainly used for office, warehouse and showroom of the Company so as to meet the Company's need for its ordinary and usual course of business.

The Directors (including the independent non-executive Directors) believe that (i) the entering into of the 2022 Lease Agreement is in the Group's ordinary and usual course of business based on the commercial needs of the Group; and (ii) the terms of the connected transactions contemplated under the 2022 Lease Agreement are on normal commercial terms and on terms not less favourable than those available from Independent Third Parties, and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the transaction under the 2022 Lease Agreement and is required to abstain from voting on the relevant Board resolutions. However, Cao Yang (曹陽), for reason of his indirect shareholding interest in Shanshan, has abstained from voting on the relevant Board resolutions on a voluntary basis.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shanshan held approximately 19.37% of the total issued shares of the Company. Thus, Shanshan is a substantial shareholder and a connected person of the Company.

The right-of-use assets acquired under the 2022 Lease Agreement will be recognized by the Group in its consolidated statement of financial position in accordance with the HKFRS 16. Accordingly, the entering into of the 2022 Lease Agreement and the transaction contemplated thereunder will be deemed as an acquisition of right-of-use assets by the Group. The total value of the right-of-use assets to be acquired under the 2022 Lease Agreement is estimated to be not more than RMB6,000,000, which is calculated with reference to the present value of the total rental payments under the 2022 Lease Agreement in accordance with the HKFRS 16. As all of the applicable percentage ratios are less than 25% and the total consideration for the acquisition of the right-of-use assets under the 2022 Lease Agreement is less than HK\$10,000,000, the transactions contemplated under the 2022 Lease Agreement will be subject to reporting, announcement and annual review requirements but exempt from circular and shareholders' approval requirements under Rule 14A.76(2)(b) 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 Stock Exchange. The Group is principally engaged in the design, marketing and sale of formal and casual business menswear in the PRC.

Shanshan

Shanshan is a joint stock company incorporated in the PRC with limited liability whose shares are listed and traded on the Shanghai Stock Exchange (上海證券交易所) (stock code: 600884). Shanshan is principally engaged in lithium-ion battery materials and LCD polarisers business.

DEFINITIONS

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

“2022 Lease Agreement”	the lease agreement dated 30 December 2022 entered between the Company and Shanshan regarding the lease of the Properties by the Group
“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 Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“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 (as defined in the Listing Rules), its subsidiaries or any of their respective associates (as defined in the Listing Rules)
“Lease Agreement”	the lease agreement dated 17 December 2021 entered between the Company and Shanshan
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Other Charges”	the public utilities maintenance fee and the management fees under the 2022 Lease Agreement
“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
“Properties”	Property I, Property II, Property III, Property IV and Property V
“Property I”	exhibition hall and warehouse with a GFA of 5,911.04 sq.m. on the first floor of Block B1, No. 238, Yunlin Middle Road, Ningbo City
“Property II”	a warehouse with a GFA of 2,629.69 sq.m. on the second floor of Block B1, No. 238, Yunlin Middle Road, Ningbo City
“Property III”	office space with a GFA of 2,629.69 sq.m. on the second floor of Block B1, No. 238, Yunlin Middle Road, Ningbo City
“Property IV”	office space with a GFA of 4,912.03 sq.m. on the third floor of Building B1, No. 238, Yunlin Middle Road, Ningbo City

“Property V”	exhibition hall with a GFA of 2,373.58 sq.m. on the first floor of Building A5, No. 238, Yunlin Middle Road, Ningbo City
“RMB”	Renminbi, the lawful currency of the PRC
“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)
“Shareholder(s)”	the shareholder(s) of the Company
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq.m.”	square meter(s)
“%”	per cent

* *For identification purpose only*

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

Ningbo, the PRC, 30 December 2022

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Luo Yefei (*Chairman*)

Mr. Cao Yang (*Vice-Chairman*)

Ms. Yan Jingfen

Ms. Zhou Yumei

Non-executive Directors:

Ms. Zhao Chunxiang

Mr. Du Peng

Independent Non-executive Directors:

Mr. Chow Ching Ning

Mr. Wang Yashan

Mr. Wu Xuekai