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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 TRANSACTIONS**  
**NEW LEASE AGREEMENTS**

Reference is made to the section headed “Connected Transactions” in the Prospectus and the Announcement in relation to, among others, the Expiring Lease Agreements entered into between the Group and Shanshan which constituted continuing connected transactions of the Company under the Listing Rules.

In contemplation of the coming expiry of the Expiring Lease Agreement I on 31 July 2019 and to ensure the continuous use of Property I, on 31 July 2019, the Company entered into the New Lease Agreement I with Shanshan, a substantial shareholder of the Company, pursuant to which the term of the lease for Property I will be renewed for a term of one year commencing on 1 August 2019.

In contemplation of the coming expiry of the Expiring Lease Agreement II on 31 August 2019 and to ensure the continuous use of Property II, on 31 July 2019, Lubiam Apparel entered into the New Lease Agreement II with Shanshan, a substantial shareholder of the Company, pursuant to which the term of the lease for Property II will be renewed for a term of one year commencing on 1 September 2019.

In contemplation of the coming expiry of the Expiring Lease Agreement III on 30 September 2019 and to ensure the continuous use of Property III, on 31 July 2019, the Company entered into the New Lease Agreement III with Shanshan, a substantial shareholder of the Company, pursuant to which the term of the lease for Property III will be renewed for a term of one year commencing on 1 October 2019.

As at the date of this announcement, Shanshan is a substantial shareholder of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the New Lease Agreements between the Company and Shanshan, and between Lubiam Apparel and Shanshan constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the New Lease Agreements on an aggregated basis are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the New Lease Agreements and is required to abstain from voting on the relevant Board resolutions to approve the New Lease Agreements. However, Mr. Zhuang Wei, Mr. Yang Feng and Ms. Hui Ying, for reasons of their directorships and/or management roles in Shanshan Group, have abstained from voting on the relevant Board resolutions on a voluntary basis.

Reference is made to the section headed "Connected Transactions" in the Prospectus and the Announcement in relation to, among others, the Expiring Lease Agreements entered into between the Group and Shanshan which constituted continuing connected transactions of the Company under the Listing Rules.

## **NEW LEASE AGREEMENTS**

In contemplation of the coming expiry of the Expiring Lease Agreement I on 31 July 2019 and to ensure the continuous use of Property I, on 31 July 2019, the Company entered into the New Lease Agreement I with Shanshan, a substantial shareholder of the Company, pursuant to which the term of the lease for Property I will be renewed for a term of one year commencing on 1 August 2019.

In contemplation of the coming expiry of the Expiring Lease Agreement II on 31 August 2019 and to ensure the continuous use of Property II, on 31 July 2019, Lubiam Apparel entered into the New Lease Agreement II with Shanshan, a substantial shareholder of the Company, pursuant to which the term of the lease for Property II will be renewed for a term of one year commencing on 1 September 2019.

In contemplation of the coming expiry of the Expiring Lease Agreement III on 30 September 2019 and to ensure the continuous use of Property III, on 31 July 2019, the Company entered into the New Lease Agreement III with Shanshan, a substantial shareholder of the Company, pursuant to which the term of the lease for Property III will be renewed for a term of one year commencing on 1 October 2019.

## The principal terms of the New Lease Agreements are set out below:

New lease agreement	Date	Parties	Location of property	Area of property	Term of the lease agreement	Annual rent payable	Payment schedule	Use of Property
New Lease Agreement I	31 July 2019	Shanshan (as the landlord); and the Company (as the tenant).	First floor and basement, No. 553-555 Beijing West Road, Shanghai, the PRC	763.69 sq.m.	One year commencing on 1 August 2019 and ending on 31 July 2020.	RMB300,000 (based on unit price of RMB32.74 per sq.m. per month).	(i) The rent shall be paid quarterly within 10 business days upon the commencement of each quarter.  (ii) The rent is exclusive of property management fees, water and electricity fees and other charges which shall be paid separately by the Company.	Office
New Lease Agreement II	31 July 2019	Shanshan (as the landlord); and Lubiam Apparel (as the tenant).	Third floor of Building B1, No. 238 Yunlin Middle Road, Ningbo, the PRC ( <i>Note 1</i> )	833 sq.m.	One year commencing on 1 September 2019 and ending on 31 August 2020.	RMB129,948 (based on unit price of RMB13.0 per sq.m. per month).	(i) The rent shall be paid semi-annually within five business days upon the commencement of every half year.  (ii) The rent is exclusive of property management fees, water and electricity fees and other charges which shall be paid separately by Lubiam Apparel.	Office
New Lease Agreement III	31 July 2019	Shanshan (as the landlord); and the Company (as the tenant).	(i) Third Floor of Building B1 (4,167 sq.m.) and Building C1 (1,800 sq.m.), No. 238 Yunlin Middle Road, Ningbo, the PRC (collectively, "Property 1") ( <i>Note 1 and 2</i> );  (ii) Second floor (6,803 sq.m.) of the North Wing of Building B2, No. 238 Yunlin Central Road, Ningbo, the PRC (collectively, "Property 2"); ( <i>Note 3</i> )  (iii) First Floor (5,536 sq.m.) of the North Wing of Building B2, No. 238 Yunlin Central Road, Ningbo, the PRC ("Property 3"); ( <i>Note 3</i> )  (iv) "Shanshan" brand operated stores (160 sq.m.), 1st Floor, Bihuage, Huaqiao Cheng, No. 814 Baizhang East Road, Ningbo, the PRC ("Property 4")	18,466 sq.m.	One year commencing on 1 October 2019 and ending on 30 September 2020.	RMB3,084,504 in aggregate, comprising (i) RMB866,052 for Property 1 (based on unit prices of RMB13 per sq.m. per month for office and RMB10 per sq.m. per month for warehouse); (ii) RMB1,061,268 for Property 2 (based on unit prices of RMB13 per sq.m. per month); (iii) RMB797,184 for Property 3 (based on a unit price of RMB12 per sq.m. per month); and (iv) RMB360,000 for Property 4 (based on a unit price of RMB187.5 per sq.m. per month)	(i) The rent shall be paid semi-annually within 10 business days upon the commencement of every half year.  (ii) The rent is exclusive of property management fees, water and electricity fees and other charges which shall be paid separately by the Company.	For Property 1: office and warehouse  For Property 2: warehouse  For Property 3: warehouse  For Property 4: store

### Notes:

- "Building B1" is formerly known as "Building A".
- "Building C1" is formerly known as "Building F1".
- "Building B2" is formerly known as "Building B".

The total rent payable by the Group to Shanshan under the New Lease Agreements amounts to RMB3,514,452 which will be satisfied by the Group's internal resources. The annual rent payable by the Group to Shanshan under the New Lease Agreements was determined on an arm's length basis, taking into account (i) the existing rent of the Properties; (ii) the prevailing market rent of similar properties in the vicinity that are used for similar purposes; (iii) the rent recently negotiated by Shanshan on arm's length basis with Independent Third Party tenants of similar properties in the vicinity; and (iv) 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 NEW LEASE AGREEMENTS**

In contemplation of the coming expiry of the Expiring Lease Agreements and to ensure the continuous use of the Properties, the Group and Shanshan entered into the New Lease Agreements to renew the term of the leases for the Properties for one year. Moreover, entering into the New Lease Agreements will provide the Group with the opportunity and stability in further renewal of the leases for continuous use of the Properties in the future.

The Directors (including the independent non-executive Directors) believe that (i) the entering into of the New Lease Agreements 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 New Lease Agreements 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 a material interest in the New Lease Agreements and is required to abstain from voting on the relevant Board resolutions to approve the New Lease Agreements. However, Mr. Zhuang Wei, Mr. Yang Feng and Ms. Hui Ying, for reasons of their directorships and/or senior management roles in Shanshan Group, have abstained from voting on the relevant Board resolutions on a voluntary basis.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanshan is a substantial shareholder of the Company and is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the New Lease Agreements between the Company and Shanshan, and between Lubiam Apparel and Shanshan constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (other than the profits ratio) in respect of the transactions contemplated under the New Lease Agreements on an aggregated basis are more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A 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.

### **Lubiam Apparel**

Lubiam Apparel is a limited liability company established in the PRC and is a non-wholly owned subsidiary of the Company. It is principally engaged in the design, marketing and sales of menswear under LUBIAM brand.

### **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) and is a controlling shareholder of the Company. Shanshan is principally engaged in manufacture and sale of the raw materials of lithium battery, new energy vehicle business, provision of finance leasing, commercial factoring and advisory services, design, marketing and sale of formal and casual business menswear and investment.

## DEFINITIONS

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

“Announcement”	the announcement dated 23 August 2018 and published by the Company on the website of the Stock Exchange in relation to the Expiring Lease Agreement II and amendment to the Expiring Lease Agreement III
“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
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Expiring Lease Agreements”	Expiring Lease Agreement I, Expiring Lease Agreement II and Expiring Lease Agreement III
“Expiring Lease Agreement I”	the lease agreement entered into between the Company and Shanshan on 17 November 2016 in relation to the lease of Property I
“Expiring Lease Agreement II”	the lease agreement entered into between the Company and Shanshan on 23 August 2018 in relation to the lease of Property II
“Expiring Lease Agreement III”	the lease agreement entered into between the Company and Shanshan on 17 November 2016, as amended by a supplemental agreement dated 23 August 2018, in relation to the lease of Property III
“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Lubiam Apparel”	Lubiam (Ningbo) Apparel Co., Ltd.* (寧波魯彼昂姆服飾有限公司), a limited liability company established in the PRC on 21 December 2005, which is a 60% owned subsidiary of the Group
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange that is independent from and operated in parallel with GEM
“New Lease Agreements”	New Lease Agreement I, New Lease Agreement II and New Lease Agreement III
“New Lease Agreement I”	the lease agreement entered into between the Company and Shanshan on 31 July 2019 in relation to the renewal of the term of the lease for Property I for a term of one year commencing on 1 August 2019
“New Lease Agreement II”	the lease agreement entered into between Lubiam Apparel and Shanshan on 31 July 2019 in relation to the renewal of the term of the lease for Property II for a term of one year commencing on 1 September 2019
“New Lease Agreement III”	the lease agreement entered into between the Company and Shanshan on 31 July 2019 in relation to the renewal of the term of the lease for Property III for a term of one year commencing on 1 October 2019
“percentage ratios”	the percentage ratios defined by Rule 14.04(9) of the Listing Rules
“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 and Property III

“Property I”	certain properties located in Ningbo with total gross floor area of 763.69 sq.m. leased by the Company for use as office
“Property II”	certain properties located in Ningbo with total gross floor area of 833 sq.m. leased by Lubiam Apparel for use as office
“Property III”	certain properties located in Ningbo with total gross floor area of 18,466 sq.m. leased by the Company for use as office, warehouse and store
“Prospectus”	the prospectus of the Company dated 12 June 2018
“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) and one of the controlling shareholders of the Company
“Shanshan Group”	Shanshan and its subsidiaries
“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

\* *The English names are translations of the Chinese names and are included for identification purposes only. In the event of any inconsistency between the Chinese names and their English translations, the Chinese name shall prevail.*

On behalf of the Board  
**Shanshan Brand Management Co., Ltd.**  
**Zhuang Wei**  
*Chairman*

Ningbo, the PRC, 31 July 2019

*As at the date of this announcement, the executive Directors are Mr. Cao Yang, Mr. Luo Yefei and Ms. Yan Jingfen; the non-executive Directors are Mr. Zhuang Wei, Mr. Yang Feng and Ms. Hui Ying; and the independent non-executive Directors are Mr. Au Yeung Po Fung, Mr. Wang Yashan and Mr. Wu Xuekai.*