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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**  
**TRADEMARK LICENSING AGREEMENT**

On 30 September 2021, the Company entered into the Trademark Licensing Agreement with Shanshan Group, pursuant to which Shanshan Group agreed to grant to the Group the exclusive license to use the Licensed Trademarks for its business operations, as well as the right to authorise third parties to use the Licensed Trademarks solely for the purpose of business operation of the Group. The Trademark Licensing Agreement has a term of four years commencing from 1 January 2022.

Pursuant to HKAS 38, an intangible asset will be recognized in the consolidated financial statements of the Group in respect of the Licensed Trademarks under the Trademark Licensing Agreement of not more than RMB3,900,000 which is unaudited and may be subject to adjustment in the future. The transaction contemplated under the Trademark Licensing Agreement is therefore regarded as an acquisition of asset under the Listing Rules.

As at the date of this announcement, Shanshan Group is the controlling shareholder of Shanshan which in turn held approximately 19.37% of the total issued shares of the Company. Shanshan Group may through Shanshan control the exercise of, 10% or more of the voting power at any general meeting of the Company. Thus, Shanshan Group is a connected person of the Company.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Trademark Licensing Agreement exceed 0.1% but are less than 5%, the Trademark Licensing Agreement, and the transaction contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **TRADEMARK LICENSING AGREEMENT**

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The details of the Trademark Licensing Agreement are set out below:

<b>Date</b>	30 September 2021
<b>Parties</b>	The Company (as licensee)  Shanshan Group (as licensor)
<b>Term</b>	Four years commencing from the 1 January 2022 and expired on 31 December 2025. Before the expiration of Trademark Licensing Agreement, both the Company and Shanshan Group shall negotiate the renewal of the Trademark Licensing Agreement at least one month in advance.
<b>Licensed Trademarks</b>	All domestic and overseas 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). The Company is permitted to use the Licensed Trademarks in accordance with the terms and conditions agreed in Trademark Licensing Agreement and the trademark registration certificates for its production and business activities. There are no geographical restrictions on the license granted by Shanshan Group to the Company.

**Licensing fees and payment**

From 1 January 2022 to 31 December 2022: RMBNil; From 1 January 2023 to 31 December 2023: RMB1,200,000; From 1 January 2024 to 31 December 2024: RMB1,200,000; and From 1 January 2025 to 31 December 2025: RMB1,500,000.

The licensing fees for each year shall be paid in two installments, that is, the licensing fees for the period from January to June shall be paid before June 20 and the licensing fees for the period from July to December shall be paid before December 20 each year, respectively.

**Deposit**

Within 15 business days after Trademark Licensing Agreement becomes effective, the Company shall pay a deposit of RMB600,000 to Shanshan Group as a guarantee for its duly performance of the agreement. The aforesaid deposit shall be returned to the Company without interest within one month after the termination of Trademark Licensing Agreement.

**Maintenance**

The Group will be responsible for the maintenance of the Licensed Trademarks from 1 January 2022 (including renewal, confirmation, right protection and other matters related to the existence of the Licensed Trademarks) until the expiry of the Trademark Licensing Agreement or the date of termination in case of early termination in accordance with the Trademark Licensing Agreement.

**Completion**

After the Trademark Licensing Agreement comes into effect and within 5 business days before the beginning of the license period under the Trademark Licensing Agreement, both the Company and Shanshan Group shall complete the administrative procedures (including but not limited to hand-over, trademark agency docking and trademark file transfer) in accordance with the terms of the Trademark Licensing Agreement.

## **BASIS FOR THE ANNUAL LICENSING FEES**

Shanshan Group currently licenses the Licensed Trademarks to an Independent Third Party. Based on the information provided by Shanshan Group, the annual licensing fee charged by Shanshan Group under the licensing agreements for the two years ended 31 December 2020 and for the year ending 31 December 2021 were RMB1,200,000 and RMB1,200,000, respectively.

The basis for the calculation of annual licensing fees payable under the Trademark Licensing Agreement is arrived at after arm's length negotiation between the parties with reference to the licensing fees charged by Shanshan Group in relation to the Licensed Trademarks for the year ending 31 December 2021.

## **REASONS FOR AND BENEFITS OF THE CONNECTED TRANSACTION UNDER THE TRADEMARK LICENSING AGREEMENT**

The Company is engaged in the apparel and accessories industry, among which, the home apparel is also a part of the Company's business. In view that the home apparel business has not been developed to its full potential, the Company intends to complement the existing businesses by introducing home textile related businesses using the Licensed Trademarks so as to promote the joint development, and better satisfying demand of the consumer while opening up new growth areas for the Company's business.

Given Shanshan Group allows the Group to use the Licensed Trademarks for free for the year ending 31 December 2022 to enable the Group to develop the home textile related businesses, the annual licensing fees under the Trademark Licensing Agreement are comparable to the existing licensing fees charged by Shanshan Group to an Independent Third Party and the Licensed Trademarks would help the Company expand into home textile related businesses, to complement its existing apparel and accessories businesses, the Directors (including the independent non-executive Directors) are of the view that the terms of the Trademark Licensing Agreement are fair and reasonable, the transaction under the Trademark Licensing Agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and 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 Trademark Licensing Agreement and is required to abstain from voting on the relevant Board resolutions. However, Cao Yang (曹陽), for reason of his shareholding in Pingren Investment, has abstained from voting on the relevant Board resolutions on a voluntary basis.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shanshan Group is the controlling shareholder of Shanshan which in turn held approximately 19.37% of the total issued shares of the Company. Shanshan Group may through Shanshan control the exercise of, 10% or more of the voting power at any general meeting of the Company. Thus, Shanshan Group is a connected person of the Company.

Pursuant to HKAS 38, an intangible asset will be recognized in the consolidated financial statements of the Group in respect of the Licensed Trademarks under the Trademark Licensing Agreement of not more than RMB3,900,000 which is unaudited and may be subject to adjustment in the future. The transaction contemplated under the Trademark Licensing Agreement is therefore regarded as an acquisition of asset under the Listing Rules.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Trademark Licensing Agreement exceed 0.1% but are less than 5%, the Trademark Licensing Agreement, and the transaction contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirements 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.

### **Shanshan Group**

Shanshan Group is a limited liability company established in the PRC on 28 June 1994. It is owned as to 54.08% by Shanshan Holding, 13.61% by ITOCHU Corporation (伊藤忠商事株式會社), 12.54% by Yuefeng Jinchuang (shareholders of which are two collectively owned enterprises in PRC and the ultimate beneficial owner is Zhangjiagang Economic and Technological Development Zone Management Committee (張家港經濟技術開發區管理委員會)), 10.44% by Ningbo Yonggang, and the remaining 9.33% by two Independent Third Parties (none of which owned more than 10% equity interests in Shanshan Group). Shanshan Holding is owned as to 48.06% by Qinggang Investment, 10.14% by Jiaying Trading (which is in turn 70% held by Yang Hui (楊暉) and 30% held by Zhou Geping (周革平)), 0.57% by Pingren Investment, (which is in turn 99% held by Cao Yang (曹陽), a Director of the Company), and the remaining 41.23% is held by 9 shareholders (which are investment companies or partnerships and each in turn held by a line of different individuals or companies) and none of them held more than 10% equity interests of Shanshan Holding. Qinggang Investment is owned as to 51% by Zheng Yonggang (鄭永剛) and 49% by Zhou Jiqing (周繼青). Ningbo Yonggang is owned as to 97.34% by Shanshan Holding and as to the remaining 2.66% by Wang Jun (王軍), a senior management of the Company, and 6 other individuals. In addition to its direct interest in Shanshan, Shanshan Group (through its subsidiaries) is principally engaged in assets management and investment, trading of nonferrous metals and chemical products.

## DEFINITIONS

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

“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
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting 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

“Licensed Trademarks”	All domestic and overseas 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, 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 Investment Partnership (Limited Partnership)(寧波梅山保稅港區平人投資合夥企業(有限合夥)), a limited partnership established in the PRC
“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
“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
“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 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
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trademark Licensing Agreement”	the trademark licensing agreement entered into between the Company and Shanshan Group on 30 September 2021
“Jiaying Trading”	Ningbo Xinrun Jiaying Trading Co., Ltd. (寧波鑫潤佳盈貿易有限公司), a limited liability company established in the PRC
“Yuefeng Jinchuang”	Zhangjiagang Yuefeng Jinchuang Investment Co., Ltd.* (張家港市悅豐金創投資有限公司), a limited liability company established in the PRC

\* *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.*

For and on behalf of  
**Shanshan Brand Management Co., Ltd.**  
**Yan Jingfen**  
*Executive Director and Joint Company Secretary*

Ningbo, the People’s Republic of China, 30 September 2021

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