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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**  
**LEASE AGREEMENT**

On 17 December 2021, the Company entered into the Lease Agreement with Shanshan, pursuant to which the Company agreed 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 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 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 Lease Agreement is estimated to be approximately RMB3,000,000, which is calculated with reference to the gross rental payments. As one or more of the applicable percentage ratios are more than 0.1% but all of the applicable percentage ratios are less than 5%, the entering of Lease Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 17 December 2021, the Company entered into the Lease Agreement with Shanshan, pursuant to which the Company agreed to lease the Properties from Shanshan.

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

<b>Date</b>	17 December 2021
<b>Parties</b>	The Company (as lessee)  Shanshan (as lessor)
<b>Term</b>	One year commencing from the 1 January 2022 and expired on 31 December 2022.

<b>Properties</b>	<b>Properties</b>	<b>Location</b>	<b>GFA</b>	<b>Use of Properties</b>	<b>Total rent payable Approximate</b>	<b>Other Charges Approximate</b>
	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	RMB940,000	RMB160,000
	Property II	Warehouse on the second floor, Block B1, No. 238, Yunlin Middle Road, Ningbo City	2,629.69 sq.m.	Warehouse	RMB330,000	RMB70,000
	Property III	Office space on the second floor, Block B1, No. 238, Yunlin Middle Road, Ningbo City	2,629.69 sq.m.	Office	RMB400,000	RMB70,000
	Property IV	Office space on the third floor of Building B1, No. 238, Yunlin Middle Road, Ningbo City	4,912.03 sq.m.	Office	RMB820,000	RMB130,000
	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	RMB510,000	RMB80,000

**Payment schedule** The rent shall be paid by each six months. The first instalment for the first six months shall be paid within 10 business days upon the entering of Lease Agreement and the second instalment shall be paid within 10 business days upon the commencing of the second six months.

**Deposit** Within 10 business days upon entering the Lease Agreement, the Company shall pay a deposit of approximately RMB587,000 to Shanshan as a guarantee for its duly performance of this agreement. The aforesaid deposit shall be returned to the Company without interest after the termination of the Lease Agreement.

**Miscellaneous** During the term of Lease Agreement, the Company shall not sub-lease the Properties unless Shanshan has approved so in written.

The total rent payable by the Company to Shanshan under the Lease Agreement will be paid in cash and satisfied by the Group's internal resources. The rent payable by the Company to Shanshan under the Lease Agreement was determined on an arm's length basis, taking into account (i) the prevailing market rent of similar properties in the vicinity that are used for similar purposes; (ii) the rent recently negotiated by Shanshan on arm's length basis 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 LEASE AGREEMENT**

Since part of the Properties under the Lease Agreement are being leased by the Company for office and the existing lease agreement will be expired shortly, to ensure the continuous use of such properties and considering the need of the Group's business, the Company and Shanshan entered into the Lease Agreement to lease the Properties. The Properties will be mainly used for office, warehouse and showroom of the Company in the future, 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 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 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 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 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 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 Lease Agreement is estimated to be approximately RMB3,000,000, which is calculated with reference to the gross rental payments. As one or more of the applicable percentage ratios are more than 0.1% but all of the applicable percentage ratios are less than 5%, the entering of Lease Agreement and the transaction contemplated thereunder is subject to the reporting and announcement requirements but exempt from the circular and 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 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:

“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
“controlling shareholder(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, as amended from time to time
“Other Charges”	the public utilities maintenance fee and the management fees under the 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

\* *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, 17 December 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.*