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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)

**CONTINUING CONNECTED TRANSACTION
SUPPLY FRAMEWORK AGREEMENT**

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On 13 October 2022, the Company entered into the Supply Framework Agreement with the Purchasers, pursuant to which the Company agreed to sell and the Purchasers agreed to procure factory uniforms for a term from 13 October 2022 to 31 December 2024.

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. As each of the Purchasers is a subsidiary of Shanshan, therefore the Purchasers are the connected persons of the Company. Accordingly, the entering into the Supply Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios are less than 25% on an annual basis and each of the annual cap is less than HK\$10,000,000, the transactions contemplated under the Supply Framework 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.

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The principal terms of the Supply Framework Agreement are summarized as below:

Date: 13 October 2022

Parties: (i) the Company; and
(ii) the Purchasers

Term: From 13 October 2022 to 31 December 2024

Subject matter: The Company agreed to sell and the Purchasers agreed to procure factory uniforms. During the term of the Supply Framework Agreement, the Purchasers and the Company shall enter into individual agreements for the transactions contemplated under the Supply Framework Agreement in accordance with the principal terms thereof.

Pricing policy: The fees to be charged for the sale of factory uniforms under the Supply Framework Agreement shall be determined on arm's length basis with reference to the pricing policy set out in the paragraph headed "Pricing Policy" below, which shall be no favorable than those provided to the Independent Third Parties.

Annual caps: It is proposed that the annual caps for the transactions contemplated under the Supply Framework Agreement for the three months ending 31 December 2022 and two years ending 31 December 2024 are expected not to exceed the following:

	For the three months ending 31 December 2022 RMB	For the year ending 31 December	
		2023 RMB	2024 RMB
Proposed annual caps	2,500,000	3,900,000	3,900,000

The above proposed annual caps were determined after taking into account of the following:

- (i) the historical transaction amounts between the Company and the Purchasers for the nine months ended 30 September 2022 are RMB2,678,697 (unaudited) for the sale of factory uniforms;
- (ii) the expected transaction amounts for the factory uniforms to be procured by the Purchasers for the three months ending 31 December 2022 and for the two years ending 31 December 2024 taking into account the pricing policy as more particularised in the section headed “Pricing Policy” below and the indication from the Purchasers of their expected demand of the factory uniforms; and
- (iii) the assumption that the demand for the factory uniforms will remain stable for the two year ending 31 December 2024.

Pricing Policy

As a general principle, the prices to be charged by the Company under the Supply Framework Agreement will be determined in accordance with the following pricing principles:

- (i) the Company’s other contemporaneous transactions of similar products carried out with Independent Third Parties as comparable transactions; and
- (ii) prices charged by other companies in the PRC of comparable transactions with independent third parties.

In determining the prices chargeable and terms under the individual agreements, the terms offered to the Purchasers will be reviewed and evaluated by the relevant personnel of the finance department and the management of the Company and will be compared against the terms obtained through the monthly regular research conducted by the Company based on historical transactions with Independent Third Party(ies) for comparable transactions. The Company will only enter into such individual agreement to sell the relevant factory uniforms to the Purchasers when the terms offered to the Purchasers are no less favourable to the Company than terms offered to Independent Third Party(ies) by the Group.

To this end, the business department of the Company will obtain at least three transactions for reference, and the heads of relevant operating departments, the chief financial officer of the Company, the executive Directors will review and approve the offer to the Purchasers to ensure that the terms of the offer reflect the prevailing market conditions.

The Directors consider that the above relevant procedures conducted by the Company in determining the terms under the individual agreement can ensure the transactions contemplated under the Supply Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

Internal Control Measures

The pricing policy for all the continuing connected transactions of the Company will be supervised and monitored by the relevant personnel and management of the Company in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

The relevant personnel and management of the Group will review and assess the terms before entering into the individual agreement to ensure they are consistent with the principles and provisions set out in the Supply Framework Agreement.

The finance department of the Company will closely monitor the aggregate transaction amounts and notify the management if the aggregate transaction amounts come close to 80% of the annual caps. Regular checks will be conducted on an annual basis to review and assess whether the transactions contemplated under the relevant continuing connected transactions are conducted in accordance with the terms of the respective agreements and the terms for a specific transaction are fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the management's annual review reports on the transactions contemplated under the relevant continuing connected transactions and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap thereof.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the Supply Framework Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE SUPPLY FRAMEWORK AGREEMENT

The Company is principally engaged in the design, marketing and sale of formal and casual business menswear in the PRC. The Supply Framework Agreement is entered into in the ordinary and usual course of business of the Company. The Company has been selling factory uniforms to the Purchasers since 28 October 2021 and they were fully exempted connected transactions under Chapter 14A of the Listing Rules. The Company anticipated that such transaction amounts will increase, and thus it entered into the Supply Framework Agreement with the Purchasers so to continue the uniform sales in compliance with the Listing Rules. The Company is of the view that the sale of factory uniforms to the Purchasers will enhance the revenue of the Company and would be beneficial to the development of its business.

The Directors (including the independent non-executive Directors) believe that (i) the entering into of the Supply Framework Agreement is in the Group's ordinary and usual course of business; and (ii) the terms of the connected transactions contemplated under the Supply Framework Agreement are on normal commercial terms and on terms not less favourable to the Group than those offered to the 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 Supply Framework Agreement and is required to abstain from voting on the relevant Board resolutions. For good corporate governance, Cao Yang (曹陽) has abstained from voting on the relevant Board resolutions on a voluntary basis in view of his indirectly interest in Shanshan. Save for Cao Yang, no other Directors had abstained from voting on the Board resolutions approving the Supply Framework Agreement.

LISTING RULES IMPLICATIONS

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As all of the applicable percentage ratios are less than 25% on an annual basis and each of the annual cap is less than HK\$10,000,000, the transactions contemplated under the Supply Framework 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 and the Purchasers

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.

The Purchasers are listed as follows:

- (i) Shanghai Shanshan New Materials Co., Ltd.* (上海杉杉新材料有限公司) is principally engaged in new materials research and development business. It is wholly owned by Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.* (上海杉杉鋰電材料科技有限公司) which is indirectly owned as to 87.08% by Shanshan and 12.92% by 7 other partnership enterprises or companies (who are in turn respectively held in layers by various companies, partnership enterprises or individuals and are all Independent Third Parties) and none of whom owned more than 5% equity interests in Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.*;
- (ii) Ningbo Shanshan New Material Technology Co., Ltd.* (寧波杉杉新材料科技有限公司) is principally engaged in lithium-ion battery materials development business. It is a wholly owned subsidiary of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.*;
- (iii) Huzhou Shanshan New Energy Technology Co., Ltd.* (湖州杉杉新能源科技有限公司) is principally engaged in lithium-ion battery materials development business. It is a wholly owned subsidiary of Ningbo Shanshan New Material Technology Co., Ltd.*;

- (iv) Fujian Shanshan Technology Co., Ltd.* (福建杉杉科技有限公司) is principally engaged in lithium-ion battery materials development business. It is a wholly owned subsidiary of Ningbo Shanshan New Material Technology Co., Ltd.*;
- (v) Chenzhou Shanshan New Material Co., Ltd.* (郴州杉杉新材料有限公司) is principally engaged in lithium-ion battery materials development business. It is a wholly owned subsidiary of Ningbo Shanshan New Material Technology Co., Ltd.*;
- (vi) Inner Mongolia Shanshan Technology Co., Ltd.* (內蒙古杉杉科技有限公司) is principally engaged in lithium-ion battery materials development business. It is a wholly owned subsidiary of Ningbo Shanshan New Material Technology Co., Ltd.*;
- (vii) Inner Mongolia Shanshan New Material Co., Ltd.* (內蒙古杉杉新材料有限公司) is principally engaged in electronic materials development. It is a wholly owned subsidiary of Inner Mongolia Shanshan Technology Co., Ltd.*;
- (viii) Sichuan Shanshan New Material Co., Ltd.* (四川杉杉新材料有限公司) is principally engaged in electronic materials development. It is a wholly owned subsidiary of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.*; and
- (ix) Yunnan Shanshan New Material Co., Ltd.* (雲南杉杉新材料有限公司) is principally engaged in research and development of new material technology. It is a wholly owned subsidiary of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd.*.

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
“Director(s)”	the directors of the Company

“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 (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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
“Purchaser(s)”	the purchasers under the Supply Framework Agreement
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supply Framework Agreement”	the supply framework agreement dated 13 October 2022 entered into between the Company and the Purchasers for the sale and purchase of factory uniforms
“%”	per cent

* *For identification purpose only*

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

Ningbo, the PRC, 13 October 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