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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 TRANSACTIONS**

### **NEW LEASE AGREEMENTS, SUPPLEMENTAL LEASE AGREEMENT AND REVISION OF ANNUAL CAPS**

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

On 23 August 2018, the Company entered into the New Lease Agreement I and the New Lease Agreement II with Shanshan Suqian, a wholly-owned subsidiary of Shanshan, in relation to the leasing of certain properties in Suqian, the PRC, by the Company for warehouse and dormitory use.

On 23 August 2018, Lubiam Apparel, a non-wholly owned subsidiary of the Company, entered into the New Lease Agreement III with Shanshan in relation to the leasing of certain properties in Ningbo, the PRC, by Lubiam Apparel for office use. The Previous Lease Agreement I entered into between Lubiam Apparel and Shanshan prior to the Listing was also terminated and superseded by the New Lease Agreement III with effect from 31 August 2018.

In addition, on 23 August 2018, the Company entered into the Supplemental Lease Agreement with Shanshan in relation to the adjustment of certain leased areas and termination of the leasing of certain properties under the Previous Lease Agreement II which constituted part of the continuing connected transactions of the Company with Shanshan under the Previous Lease Agreements under the Listing Rules upon Listing.

Accordingly, the annual caps of the continuing connected transactions with Shanshan under the Previous Lease Agreements (as amended by the Supplemental Lease Agreement) shall be revised.

As at the date of this announcement, Shanshan is a substantial shareholder of the Company and Shanshan Suqian is a wholly owned subsidiary of Shanshan, and therefore both Shanshan and Shanshan Suqian are connected persons of the Company pursuant to the Listing Rules. Accordingly, the transactions between the Company and Shanshan contemplated under the Previous Lease Agreements (as amended by the Supplemental Lease Agreement), and the transactions between the Company and Shanshan Suqian, and between Lubiam Apparel and Shanshan, contemplated under the New Lease Agreements constitute continuing 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 and the Previous Lease Agreements (as amended by the Supplemental Lease Agreement) on an aggregated basis are more than 0.1% but less than 5% on an annual basis, 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 any material interest in these transactions and is required to abstain from voting on the relevant Board resolutions. 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 in relation to, among others, the Previous Lease Agreements entered into between the Group and Shanshan which constituted continuing connected transactions of the Company under the Listing Rules upon Listing.

#### **A. NEW LEASE AGREEMENTS**

On 23 August 2018, the Company entered into the New Lease Agreement I and New Lease Agreement II with Shanshan Suqian, a wholly-owned subsidiary of Shanshan, in relation to the leasing of certain properties in Suqian, the PRC, by the Company for warehouse and dormitory use.

On 23 August 2018, Lubiam Apparel, a non-wholly owned subsidiary of the Company, entered into the New Lease Agreement III with Shanshan in relation to the leasing of certain property in Ningbo, the PRC, by Lubiam Apparel for office use. The Previous Lease Agreement I entered into between Lubiam Apparel and Shanshan prior to the Listing was also terminated and superseded by the New Lease Agreement III with effect from 31 August 2018.

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	Maximum annual rent payable	Payment schedule	Use of Property	Historical transaction amount
New Lease Agreement I	23 August 2018	Shanshan Suqian (as the landlord); and the Company (as the tenant).	Building B (13,843.72 sq.m.), Building C (13,843.72 sq.m.) and Building F (9,182.5 sq.m.), No. 133 Nanjing Road, Economic and Technological Development Zone, Suqian, the PRC.	36,869.94 sq.m.	Three years commencing on 1 September 2018 and ending on 31 August 2021.	RMB3,495,270 (based on unit price of RMB7.9 per sq.m. per month).	(i) The rent for the first three months shall be paid within 10 days upon signing of the New Lease Agreement I; and the rent shall be paid semi-annually in arrears from 1 January 2019.  (ii) The rent includes property management fees of RMB0.4 per sq.m. per month and maintenance fees of RMB0.5 per sq.m. per month, exclusive of water and electricity fees and other charges which shall be paid separately by the Company.	Warehouse	Since the Company and Shanshan Suqian had not entered into any similar transaction in respect of the same properties in the past, there is no historical transaction amount available.
New Lease Agreement II	23 August 2018	Shanshan Suqian (as the landlord); and the Company (as the tenant).	Shanshan Suqian dormitories, No. 133 Nanjing Road, Economic and Technological Development Zone, Suqian, the PRC.	980 sq.m. (Note 1) (based on the unit size of (i) 40 sq.m. per suite; (ii) 20 sq.m. per single room; and (iii) 20 sq.m. per quadruple room)	Three years commencing on 1 September 2018 and ending on 31 August 2021.	RMB172,800 (Note 1) (based on unit price of (i) RMB600 per suite per month; (ii) RMB300 per single room per month; and (iii) RMB200 per quadruple room per month).	(i) The rent shall be paid monthly in arrears.  (ii) The rent is exclusive of water and electricity fees and other charges which shall be paid separately by the Company.	Dormitory	Since the Company and Shanshan Suqian had not entered into any similar transaction in respect of the same properties in the past, there is no historical transaction amount available.
New Lease Agreement III	23 August 2018	Shanshan (as the landlord); and Lubiam Apparel (as the tenant).	Third floor of Building B1, No. 238 Yunlin Middle Road, Ningbo, the PRC (Note 2)	833 sq.m.	One year commencing on 1 September 2018 and ending on 31 August 2019.	RMB129,948 (based on unit price of RMB13.0 per sq.m. per month).	(i) The rent shall be paid semi-annually in arrears.  (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	For each of the two years ended 31 December 2016 and 2017 and the six months ended 30 June 2018, the same property leased by Shanshan to the Company under the Previous Lease Agreement I was charged at the unit price of RMB13.0 per sq.m. per month, with total rentals amounting to approximately RMB129,948, RMB129,948 and RMB64,974, respectively.

*Note:*

1. The maximum annual rent payable and the area of property under the New Lease Agreement II are calculated based on the estimated number of staff of the Group in need of accommodation to support the operation of the new warehousing and logistics center in Suqian, the PRC, where the Group will need to lease approximately 13 suites, 20 single rooms and 3 quadruple rooms for their staff.
2. “Building B1” is formerly known as “Building A”. The subject property of the New Lease Agreement III is one of the subject properties under the Previous Lease Agreement I.

Subject to the entering into of the New Lease Agreements, the aggregated maximum annual rent payable by the Group to Shanshan Group thereunder for each of the four years ended 31 December 2018, 2019, 2020 and 2021 shall be RMB1,266,006, RMB3,754,702, RMB3,668,070, and RMB2,459,780, respectively.

The above maximum amount of annual rent payable by the Group to Shanshan Group under the New Lease Agreements has been 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 Group on arm's length basis with Independent Third Party tenants of similar properties in the vicinity; and (iii) the estimated accommodation demand for the dormitory rooms under the New Lease Agreement II; and (iv) the existing rent of the subject property of the New Lease Agreement III pursuant to the Previous Lease Agreement I.

## **B. SUPPLEMENTAL LEASE AGREEMENT AND REVISION OF ANNUAL CAPS**

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

Pursuant to the Previous Lease Agreement II entered into by the Company and Shanshan on 17 November 2016, the Company leased several properties located in Ningbo, the PRC, with a total gross floor area of 31,466 sq.m. from Shanshan.

On 23 August 2018, the Company entered into the Supplemental Lease Agreement with Shanshan to amend the Previous Lease Agreement II, pursuant to which (i) the leased area of 5,000 sq.m. for warehouse use of the third floor of Building B1 (formerly known as Building A), No. 238 Yunlin Middle Road, Ningbo, the PRC under the Previous Lease Agreement II is adjusted to 4,167 sq.m., where the remaining 833 sq.m. shall be leased by Shanshan to Lubiam Apparel under the New Lease Agreement III; and (ii) the leasing of first floor (6,190 sq.m.) and second floor (5,977 sq.m.) for warehouse use of the South Wing of Building B, No. 238 Yunlin Central Road, Ningbo, the PRC, shall be terminated. Apart from the amendment mentioned above, other terms of the Previous Lease Agreement II remained unchanged.

Pursuant to the Previous Lease Agreements, the aggregated maximum annual rent payable by the Group to Shanshan thereunder was RMB5,699,124, which shall constitute the maximum amount of rent payable by the Company to Shanshan under the Previous Lease Agreements for each of the two years ended 31 December 2018 and 2019. By entering into the Supplemental Lease Agreement, the aggregated maximum annual rent payable by the Group to Shanshan under the Previous Lease Agreements (as amended by the Supplemental Lease Agreement) shall be revised to RMB5,281,340, which shall constitute the maximum amount of rent payable by the Company to Shanshan under the Previous Lease Agreements (as amended by the Supplemental Lease Agreement) for each of the two years ended 31 December 2018 and 2019.

The above maximum amount of annual rent payable by the Company to Shanshan under the Previous Lease Agreements (as amended by the Supplemental Lease Agreement) has been determined pursuant to the terms of the Previous Lease Agreements (as amended by the Supplemental Lease Agreement).

### **Historical Transaction Values**

The total rentals paid by the Company to Shanshan for the properties leased under the Previous Lease Agreement II for each of the two years ended 31 December 2016 and 2017, and the six months ended 30 June 2018 were approximately RMB3.0 million, RMB4.2 million and RMB3.4 million, respectively.

### **Revision of Annual Caps**

Subject to the entering into of the New Lease Agreements and the Supplemental Lease Agreement, the Board estimates that the annual caps for the total amounts of rent payable by the Group to Shanshan Group under the New Lease Agreements and the Previous Lease Agreements (as amended by the Supplemental Lease Agreement), calculated on an aggregated basis, shall be revised as follows:

<b>For the year ending</b>	<i>RMB</i>
31 December 2018	6,547,346
31 December 2019	6,243,080
31 December 2020	3,668,070
31 December 2021	2,459,780

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW LEASE AGREEMENTS AND THE PREVIOUS LEASE AGREEMENT II AS AMENDED BY THE SUPPLEMENTAL LEASE AGREEMENT**

Reference is made to the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus in relation to the expansion plans of the Group after the Listing. As part of the Group’s expansion plans, within the first six months after the Listing, the Group planned to establish a new warehousing and logistics center to provide sufficient space for installing advanced product sorting and distribution equipment and storing its inventory products and SHANSHAN branded consignment products. The New Lease Agreements and the Supplemental Lease Agreement were thus entered into between the Company and Shanshan Group to facilitate the establishment of such new warehousing and logistics center.

The Directors (including the independent non-executive Directors) believe that (i) the entering into of the New Lease Agreements and the Supplemental Lease Agreement is in the Group’s ordinary and usual course of business based on the commercial needs of the

Group; (ii) the terms of the continuing connected transactions contemplated under the New Lease Agreements and the Previous Lease Agreement II as amended by the Supplemental 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; and (iii) the proposed revised annual caps under both the New Lease Agreements and the Previous Lease Agreements as amended by the Supplemental Lease Agreement calculated on an aggregated basis are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in these transactions and is required to abstain from voting on the relevant Board resolutions. 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 Shanshan Suqian is a wholly-owned subsidiary of Shanshan, and therefore both Shanshan and Shanshan Suqian are connected persons of the Company pursuant to the Listing Rules. Accordingly, the transactions between the Company and Shanshan contemplated under the Previous Lease Agreements (as amended by the Supplemental Lease Agreement), and the transactions between the Company and Shanshan Suqian, and between Lubiam Apparel and Shanshan, contemplated under the New Lease Agreements constitute continuing 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 and the Previous Lease Agreements (as amended by the Supplemental Lease Agreement) 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 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.

## **Shanshan Suqian**

Shanshan Suqian is a limited liability company established in the PRC and a wholly owned subsidiary of Shanshan. It is principally engaged in the provision of business management services, factory leasing services and property management services.

## **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
“Director(s)”	the directors of the Company
“Fashion Brand”	Ningbo Shanshan Fashion Brand Management Co., Ltd. (寧波杉杉時尚服裝品牌管理有限公司), a limited liability company established in the PRC on 17 June 2009 and a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	listing of the H Shares on the Main Board of the Stock Exchange on 27 June 2018
“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. (寧波魯比昂姆服飾有限公司), a limited liability company established in the PRC on 21 December 2005, which is owned as to 60% by Fashion Brand and 40% by Lubiam Moda per L’Uomo
“Lubiam Moda per L’Uomo”	LUBIAM MODA per L’UOMO S.p.a., a joint stock company incorporated under the laws of Italy on 19 November 1980, which is interested in 40% equity interest in Lubiam Apparel
“New Lease Agreement I”	the lease agreement entered into between the Company and Shanshan Suqian on 23 August 2018 in relation to the leasing of certain properties by the Company from Shanshan Suqian for warehouse use, details of which are set out in the section headed “A. New Lease Agreements” in this announcement
“New Lease Agreement II”	the lease agreement entered into between the Company and Shanshan Suqian on 23 August 2018 in relation to the leasing of certain properties by the Company from Shanshan Suqian for dormitory use, details of which are set out in the section headed “A. New Lease Agreements” in this announcement



“New Lease Agreement III”	the lease agreement entered into between Lubiam Apparel and Shanshan Suqian on 23 August 2018 in relation to the leasing of certain properties by the Company from Shanshan Suqian for office use, details of which are set out in the section headed “A. New Lease Agreements” in this announcement
“New Lease Agreements”	New Lease Agreement I, New Lease Agreement II and New Lease Agreement III
“percentage ratios”	the percentage ratios defined by Rule 14.04(9) of the Listing Rules
“Previous Lease Agreement I”	the lease agreement entered into between Lubiam Apparel and Shanshan on 17 November 2016, as one of the three lease agreements constituting the Previous Lease Agreements, in relation to the leasing of certain properties in Ningbo, the PRC, for office and showroom use, with a total gross floor area of 767 sq.m., details of which are set out in the section headed “Connected Transactions — Continuing Connected Transactions — B. Continuing connected transactions which are subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders’ approval requirement — 4. Lease Agreements with Shanshan” in the Prospectus
“Previous Lease Agreement II”	the lease agreement entered into between the Company and Shanshan on 17 November 2016, as one of the three lease agreements constituting the Previous Lease Agreements, in relation to the leasing of certain properties in Ningbo, the PRC, for warehouse and storage use, with a total gross floor area of 31,466 sq.m., details of which are set out in the section headed “Connected Transactions — Continuing Connected Transactions — B. Continuing connected transactions which are subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders’ approval requirement — 4. Lease Agreements with Shanshan” in the Prospectus

“Previous Lease Agreements”	the three lease agreements entered into between the Group and Shanshan on 17 November 2016 in relation to the leasing of certain properties in Shanghai and Ningbo, the PRC, with a total gross floor area of 32,996.69 sq.m., details of which are set out in the section headed “Connected Transactions — Continuing Connected Transactions — B. Continuing connected transactions which are subject to the reporting, annual review, announcement requirements but exempt from the independent Shareholders’ approval requirement — 4. Lease Agreements with Shanshan” in the Prospectus
“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
“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
“Shanshan Suqian”	Shanshan Fashion Industrial Park Suqian Co., Ltd. (杉杉時尚產業園宿遷有限公司), a limited liability company established in the PRC on 20 December 2013 and a wholly-owned subsidiary of Shanshan
“Shareholder(s)”	the shareholder(s) of the Company
“Supplemental Lease Agreement”	the supplemental lease agreement to the Previous Lease Agreement II entered into between the Company and Shanshan on 23 August 2018 in relation to the adjustment of certain leased areas and termination of the leasing of certain properties under the Previous Lease Agreement II

“Stock Exchange”      The Stock Exchange of Hong Kong Limited

“sq.m.”                      square meter(s)

\* *The English name is a translation of its Chinese name and is included for identification purposes only.*

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

Ningbo, the PRC, 23 August 2018

*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.*