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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024**

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Shanshan Brand Management Co., Ltd. (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Year**” or “**FY2024**”), together with the comparative figures for the year ended 31 December 2023 (the “**FY2023**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB</i>	<i>RMB</i>
Revenue	4	1,006,620,320	1,060,045,974
Cost of sales		<u>(627,421,780)</u>	<u>(662,806,836)</u>
Gross profit		<u>379,198,540</u>	<u>397,239,138</u>
Other revenue		1,062,271	1,583,534
Other gains and losses, net		(3,100,156)	3,806,700
Selling and distribution expenses		(281,841,736)	(308,249,013)
Administrative expenses		(41,919,741)	(40,394,094)
Impairment loss on property, plant and equipment		(765,613)	(287,868)
Impairment loss on right-of-use assets		(1,862,667)	(1,455,137)
Impairment loss on trade receivables, net		(851,735)	(1,070,535)
Impairment loss on deposits and other receivables, net		(326,826)	(822,909)
Write-off of prepayment		–	(472,146)
Finance costs		(5,634,254)	(6,549,299)
Share of result of an associate		547,790	(2,627,613)
Share of result of a joint venture		<u>(20,706)</u>	<u>(96,986)</u>
Profit before income tax	5	44,485,167	40,603,772
Income tax expense	7	<u>(11,311,639)</u>	<u>(8,998,394)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>33,173,528</u>	<u>31,605,378</u>
Earnings per share attributable to the owners of the Company	8	<u>0.25</u>	<u>0.24</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	RMB	RMB
Non-current assets			
Property, plant and equipment		67,484,573	14,601,395
Right-of-use assets		59,209,760	50,676,967
Intangible assets		4,888,171	6,509,464
Interest in an associate		7,270,928	6,723,138
Interest in a joint venture		865,214	885,920
Prepayments, deposits and other receivables	<i>10</i>	2,007,608	4,639,898
Pledged deposits		2,172,445	–
Deferred tax assets		20,266,187	19,000,352
		<hr/>	<hr/>
Total non-current assets		164,164,886	103,037,134
		<hr/>	<hr/>
Current assets			
Inventories		278,221,780	230,363,770
Trade and bills receivables	<i>9</i>	239,825,926	223,122,076
Prepayments, deposits and other receivables	<i>10</i>	21,110,891	21,558,178
Financial assets at fair value through profit or loss		645,910	259,740
Amount due from a substantial shareholder		624,293	624,293
Pledged deposits		8,500,000	4,200,305
Cash and cash equivalents		106,457,075	143,224,055
		<hr/>	<hr/>
Total current assets		655,385,875	623,352,417
		<hr/>	<hr/>

		2024	2023
	Notes	RMB	RMB
Current liabilities			
Trade and bills payables	11	216,080,405	151,563,421
Contract liabilities	12	31,810,323	34,367,062
Other payables and accruals	13	111,411,616	117,616,728
Interest-bearing bank borrowings	14	145,000,000	135,000,000
Amount due to a joint venture		875,000	875,000
Amount due to a substantial shareholder		2,835,849	1,335,849
Income tax payable		6,116,686	2,714,166
Lease liabilities		11,474,289	7,439,271
		<u>525,604,168</u>	<u>450,911,497</u>
Total current liabilities			
		<u>525,604,168</u>	<u>450,911,497</u>
Net current assets		<u>129,781,707</u>	<u>172,440,920</u>
Total assets less current liabilities		<u>293,946,593</u>	<u>275,478,054</u>
Non-current liabilities			
Contract liabilities	12	–	875,986
Other payables and accruals	13	11,460,000	15,846,300
Amount due to a substantial shareholder		–	1,500,000
Lease liabilities		6,210,144	3,480,847
		<u>17,670,144</u>	<u>21,703,133</u>
Total non-current liabilities			
		<u>17,670,144</u>	<u>21,703,133</u>
Net assets		<u>276,276,449</u>	<u>253,774,921</u>
Capital and reserves			
Share capital	15	133,400,000	133,400,000
Reserves		142,876,449	120,374,921
		<u>276,276,449</u>	<u>253,774,921</u>
Total equity		<u>276,276,449</u>	<u>253,774,921</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

Ningbo Shanshan Garment Brand Management Co., Ltd. (“**Shanshan Garment Brand**”), the predecessor of the Company, was established as a limited liability company in the People’s Republic of China (the “**PRC**”) on 23 August 2011.

On 18 May 2016, Shanshan Garment Brand was converted into a joint stock company with limited liability and renamed as Shanshan Brand Management Co., Ltd. The Company’s overseas-listed foreign shares (the “**H Shares**”) have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 27 June 2018.

The address of its registered office and principal place of business is No. 238, Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC.

The Group is principally engaged in the design, marketing and sale of formal and casual business menswear in the PRC.

Particulars of the Company’s principal subsidiaries at 31 December 2024 and 2023 were as follows:

Name of subsidiaries	Date of establishment and type of legal entity	Place of operation and incorporation	Issued and paid-up capital	Proportion of effective equity interests held by the Company				Principal activities
				2024		2023		
				Directly	Indirectly	Directly	Indirectly	
Ningbo Shanshan Fashion Brand Management Co., Ltd.	17 June 2009/Limited liability company	The PRC	RMB100 million	100%	N/A	100%	N/A	Investment holding and trademark sub-licensing
Ningbo Shanshan E-commerce Co., Ltd.	27 August 2020/Limited liability company	The PRC	RMB10 million	100%	N/A	100%	N/A	Distribution of formal and casual business menswear through e-commerce
Tengzhou Shanshan Commerce and Trading Co., Ltd.	23 March 2023/Limited liability company	The PRC	RMB0.5 million	100%	N/A	100%	N/A	Distribution of formal and casual business menswear through retail

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of new/revised HKFRS Accounting Standards

The Hong Kong Institute of Certified Public Accountants (the “HKICPA”) has issued a number of new/revised HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to Hong Kong Accounting Standard (“HKAS”) 1	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

(b) New/revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new/revised HKFRS Accounting Standards, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ No mandatory effective date yet determined but available for adoption.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

The Group has already commenced an assessment of the impact of adopting the above new/revised HKFRS Accounting Standards to the Group. The Group has so far concluded that except for HKFRS 18, which is expected to have certain impacts to the presentation of the Group’s financial statements, other new/revised HKFRS Accounting Standards will have no material impact on the Group’s financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except for financial assets stated at fair values, which are measured at fair value.

(c) Functional and presentation currency

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and its subsidiaries.

4. SEGMENT INFORMATION AND REVENUE

(a) Reportable segment

During the reporting period, the information reported to the executive Directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, is the financial information of the Group as a whole as reported under HKFRS Accounting Standards. Such information does not contain profit or loss information of particular product or service line or brand. Therefore, the executive Directors have determined that the Group has only one single reportable segment which is trading of garments in the PRC. The executive Directors allocate resources and assess performance on an aggregated basis.

In the following table, revenue is disaggregated by primary geographical market, major products and service lines, brands and timing of revenue recognition.

	2024 <i>RMB</i>	2023 <i>RMB</i>
Primary geographical market		
The PRC	<u>1,006,620,320</u>	<u>1,060,045,974</u>
Major product/service		
Trading of garments	902,236,232	946,051,210
Trademark sub-licensing income	<u>104,384,088</u>	<u>113,994,764</u>
	<u>1,006,620,320</u>	<u>1,060,045,974</u>
Revenue by brands		
FIRS	710,004,551	602,902,487
SHANSHAN	286,066,447	447,602,449
Others	<u>10,549,322</u>	<u>9,541,038</u>
	<u>1,006,620,320</u>	<u>1,060,045,974</u>
Timing of revenue recognition		
At a point in time	795,641,217	852,316,429
Transferred over time	<u>210,979,103</u>	<u>207,729,545</u>
	<u>1,006,620,320</u>	<u>1,060,045,974</u>

(b) Geographic information

During the reporting period, the Group's operations and non-current assets are situated in the PRC in which all of its revenue was derived.

(c) Information about major customer

During the reporting period, there is no customer with transactions exceeded 10% of the Group's revenue.

(d) Revenue

The following summary describes the operations of the Group's revenue by different sale channels:

Revenue from contracts with customer within the scope of HKFRS 15:	2024 RMB	2023 RMB
Trading of garments – sale channels:		
– E-commerce platforms	367,749,686	322,834,314
– Franchisee	166,875,421	232,581,086
– Self-operated retail stores	139,074,032	149,928,189
– Distributors	102,361,013	121,006,838
– Work uniform	126,176,080	119,700,783
	902,236,232	946,051,210
Trademark sub-licensing income	104,384,088	113,994,764
	1,006,620,320	1,060,045,974

5. PROFIT BEFORE INCOME TAX

	2024 RMB	2023 RMB
Profit before income tax is arrived at after (crediting)/charging:		
Amortisation and depreciation		
– Amortisation of intangible assets	1,621,293	1,803,028
– Depreciation of right-of-use assets	13,141,266	16,431,067
– Depreciation of property, plant and equipment	17,800,393	19,566,022
Total amortisation and depreciation	32,562,952	37,800,117
Impairment losses on		
– Trade receivables, net	851,735	1,070,535
– Deposits and other receivables, net	326,826	822,909
– Property, plant and equipment	765,613	287,868
– Right-of-use assets	1,862,667	1,455,137
Total impairment losses, net	3,806,841	3,636,449
Write-off of prepayment	–	472,146
Write down of inventories		
– Finished goods (included in cost of sales)	2,339,780	5,766,244
– Raw materials (included in cost of sales)	879,474	1,139,782
– Raw materials (included in other gains and losses, net)	571,598	700,947
Total write down of inventories, net	3,790,852	7,606,973
Expenses relating to leases		
– Short-term leases	12,739,653	15,789,247
– Variable lease payments	14,415,694	14,580,367
Total expenses relating to leases	27,155,347	30,369,614
Auditor's remuneration		
– Audit services	1,112,316	1,068,655
– Non-audit services	326,247	706,333
Total auditor's remuneration	1,438,563	1,774,988
Advertising and promotional expenses (included in selling and distribution expenses)	7,357,626	7,436,242
Cost of inventories sold	624,202,526	655,900,810
Fair value (gain)/loss on financial assets at fair value through profit or loss	(354,924)	23,127

6. DIVIDEND

	2024 <i>RMB</i>	2023 <i>RMB</i>
Final dividend declared of RMB8.0 cents (2023: RMB8.0 cents) per share	<u>10,672,000</u>	<u>10,672,000</u>

At the Board meeting held on 25 March 2025, the Board resolved to recommend a final dividend of RMB8.0 cents (2023: RMB8.0 cents) per ordinary share and is subject to the approval of shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company to be held on 9 June 2025 (the “**2025 AGM**”). The proposed final dividend has not been recognised as a dividend payable as at 31 December 2024, but reflected as an appropriation of accumulated profits for the Year.

7. INCOME TAX EXPENSE

Income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income is as follow:

	2024 <i>RMB</i>	2023 <i>RMB</i>
PRC Enterprise Income Tax		
– Provision for the year	11,706,984	4,428,656
– Under provision in prior year	<u>870,490</u>	<u>–</u>
	<u>12,577,474</u>	<u>4,428,656</u>
Deferred taxation	<u>(1,265,835)</u>	<u>4,569,738</u>
Income tax expense	<u>11,311,639</u>	<u>8,998,394</u>

PRC Enterprise Income Tax (the “PRC EIT”)

The PRC EIT represents tax charged on the estimated assessable profits arising in Mainland China. The Company and its subsidiaries operating in Mainland China are subject to the PRC EIT rate of 25% (2023: 25%).

8. EARNINGS PER SHARE

The basic and diluted earnings per share attributable to the owners of the Company are calculated as follows:

	2024 <i>RMB</i>	2023 <i>RMB</i>
Earnings		
Profit for the purposes of basic and diluted earnings per share attributable to owners of the Company	<u>33,173,528</u>	<u>31,605,378</u>
	2024 <i>Shares</i>	2023 <i>Shares</i>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>133,400,000</u>	<u>133,400,000</u>
	2024 <i>RMB</i>	2023 <i>RMB</i>
Earnings per share	<u>0.25</u>	<u>0.24</u>

There were no potential ordinary shares outstanding during the years ended 31 December 2024 and 2023, and hence the diluted earnings per share is the same as basic earnings per share.

9. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB</i>	2023 <i>RMB</i>
Trade receivables	269,698,165	257,058,115
Less: Provision for impairment	<u>(29,972,239)</u>	<u>(34,925,855)</u>
	239,725,926	222,132,260
Bills receivables	<u>100,000</u>	<u>989,816</u>
	<u>239,825,926</u>	<u>223,122,076</u>

Ageing analysis

Included in trade receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, at the end of reporting period.

	2024 RMB	2023 RMB
Within 3 months	197,068,156	185,561,289
Over 3 months but within 6 months	13,294,132	19,322,238
Over 6 months but within 1 year	22,504,325	12,494,269
Over 1 year	6,859,313	4,754,464
	<u>239,725,926</u>	<u>222,132,260</u>

Expected credit loss measurement

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 RMB	2023 RMB
As at 1 January	34,925,855	50,989,260
Impairment loss recognised during the year	851,735	1,070,535
Amounts written off	<u>(5,805,351)</u>	<u>(17,133,940)</u>
As at 31 December	<u>29,972,239</u>	<u>34,925,855</u>

The Group offers a general credit period from 30 to 240 days to its customers.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB	2023 RMB
Deposits and other receivables	10,848,354	12,939,470
Less: Provision for impairment	<u>(322,424)</u>	<u>(115,598)</u>
	10,525,930	12,823,872
Prepayments	<u>12,592,569</u>	<u>13,374,204</u>
	23,118,499	26,198,076
Less: Non-current portion included in prepayments, deposits and other receivables	<u>(2,007,608)</u>	<u>(4,639,898)</u>
	<u>21,110,891</u>	<u>21,558,178</u>

Deposits and other receivables

Deposits and other receivables mainly represent refundable earnest money paid to the shopping malls and online platform operators and temporary payment on behalf of franchisees.

Deposits consist of an amount of RMB600,000 paid to a substantial shareholder of the Company in accordance with the trademark licensing agreement.

Expected credit loss measurement

Movements in the loss allowance account in respect of deposits and other receivables during the year as follows:

	2024 <i>RMB</i>	2023 <i>RMB</i>
As at 1 January	115,598	178,338
Impairment loss recognised during the year	326,826	822,909
Amounts written off	(120,000)	(885,649)
	<hr/>	<hr/>
As at 31 December	322,424	115,598

Prepayments

	2024 <i>RMB</i>	2023 <i>RMB</i>
Prepayments to suppliers	3,640,791	8,397,613
Prepayments for short-term leases	2,561,246	1,292,285
Prepayments for advertising	5,696,913	1,090,660
Prepayments for renovation	200,000	–
Others	493,619	2,593,646
	<hr/>	<hr/>
	12,592,569	13,374,204

11. TRADE AND BILLS PAYABLES

	2024 RMB	2023 RMB
Trade payables	199,080,405	147,363,421
Bills payables	17,000,000	4,200,000
	<u>216,080,405</u>	<u>151,563,421</u>

As at 31 December 2024, the bills payables were pledged by a deposit of RMB8,500,000 (2023: RMB4,200,305) and were guaranteed by a subsidiary of the Company. The bills payables were usually settled within six months from the date of issue.

Ageing analysis

The trade payables are non-interest bearing and normally due to be settled within twelve months. The carrying amounts of trade payables approximate to their fair values and are denominated in RMB. The ageing analysis, based on invoice date, is as follows:

	2024 RMB	2023 RMB
Within 3 months	173,755,222	121,853,901
Over 3 months but within 6 months	12,651,239	13,854,931
Over 6 months but within 1 year	7,138,247	5,567,459
Over 1 year	5,535,697	6,087,130
	<u>199,080,405</u>	<u>147,363,421</u>

12. CONTRACT LIABILITIES

	2024 RMB	2023 RMB
Contract liabilities arising from:		
Trading of garments		
– Advance from customers	23,407,461	30,643,214
– Volume rebate	4,449,021	2,462,103
– Prepaid cards	2,815,379	2,137,731
– Customer loyalty programs	1,138,462	–
	<u>31,810,323</u>	<u>35,243,048</u>
Less: Non-current portion included in contract liabilities arising from advance from customers	<u>–</u>	<u>(875,986)</u>
	<u>31,810,323</u>	<u>34,367,062</u>

13. OTHER PAYABLES AND ACCRUALS

	2024 RMB	2023 RMB
Deposits received	77,829,372	102,548,575
Construction payables	26,049,938	–
Other tax payables (<i>Note</i>)	10,859,056	19,397,371
Others	8,133,250	11,517,082
	<u>122,871,616</u>	<u>133,463,028</u>
Less: Non-current portion included in other payables and accruals	<u>(11,460,000)</u>	<u>(15,846,300)</u>
	<u>111,411,616</u>	<u>117,616,728</u>

Note: Other tax payables mainly include value-added tax payables arising from sale.

Deposits received

The deposits received represent interest-free refundable deposits from franchisees, distributors, sub-licensing users and customers from work uniform sales channel. The breakdown of deposits received is as follows:

	2024 RMB	2023 RMB
Deposits received from franchisees	56,863,749	84,858,086
Deposits received from sub-licensing users	12,609,189	8,349,189
Deposits received from distributors	7,706,434	9,341,300
Deposits received from customers of work uniform	650,000	–
	<u>77,829,372</u>	<u>102,548,575</u>

14. INTEREST-BEARING BANK BORROWINGS

	2024 <i>RMB</i>	2023 <i>RMB</i>
Bank borrowings denominated in RMB	<u>145,000,000</u>	<u>135,000,000</u>

As at 31 December 2024, bank borrowings denominated in RMB included the following:

- Amounts of RMB100,000,000 being guaranteed by a subsidiary of the Company and personal guarantee from Directors, with fixed interest rate from 3.35% to 3.45% per annum and repayable within one year.

Amounts of RMB62,000,000 included in above bank borrowings are subject to annual review of certain financial covenant terms in relation to maintaining a minimum debt-asset ratio requirements (based on audited financial statements) of the Company, otherwise the bank would have a right to demand an early repayment of the loan. During the Year, the Group had not breached any financial covenant terms.

- Amounts of RMB45,000,000 being guaranteed by a subsidiary of the Company, with fixed interest rate at 3.80% per annum and repayable within one year.

As at 31 December 2023, bank borrowings denominated in RMB included the following:

- Amounts of RMB75,000,000 being guaranteed by Shanshan Group Co., Ltd. (“**Shanshan Group**”), a substantial shareholder of the Company, personal guarantee from Directors together with a charge on a property held by a Director, with fixed interest rate from 3.50% to 3.80% per annum and repayable within one year.
- Amounts of RMB60,000,000 being guaranteed by a subsidiary of the Company, with fixed interest rate from 3.80% to 4.25% per annum and repayable within one year.

The Directors estimated the fair value of the interest-bearing bank borrowings by discounting their future cash flows at the market rate, and the Directors considered that the carrying amounts of the Group’s interest-bearing bank borrowings approximate to their fair values at each reporting date.

15. SHARE CAPITAL

	Number of shares	<i>RMB</i>
Registered domestic share capital and H Shares		
At 1 January 2023, 31 December 2023 and 31 December 2024	<u>133,400,000</u>	<u>133,400,000</u>

16. COMMITMENTS

(a) Operating lease commitments

The operating lease commitments are all related to short-term leases which are exempted from recognising the related right-of-use assets and lease liabilities under HKFRS 16.

The operating leases of certain retail stores include additional rentals, which are based on a certain percentage of revenue of the operation being undertaken therein pursuant to the terms and condition as stipulated in the respective agreements. As the future revenue of these retail stores could not be accurately determined as at end of year, the relevant contingent rentals have not been included in the following operating lease commitments.

Total future minimum lease payments under non-cancellable operating leases are due as follows:

	2024 RMB	2023 RMB
Not later than one year	<u>7,318,232</u>	<u>7,555,382</u>

(b) Capital commitments

In addition to those capital commitments disclosed elsewhere in the consolidated financial statements, the Group had capital commitments as follows:

	2024 RMB	2023 RMB
Contracted, but not provided for:		
– Acquisition of property, plant and equipment	6,119,751	4,519,532
– Construction of the Project	<u>66,837,124</u>	<u>2,526,000</u>
	<u>72,956,875</u>	<u>7,045,532</u>

In 2023, the Group entered into a very substantial acquisition transaction in relation to acquisition of a land use right and entering into an investment agreement (the “Project”).

The Company planned to construct a comprehensive building on the land, comprising a product research and development center, a high-end digital intelligent manufacturing plant and a digital intelligence warehouse for its formal and causal business menswear business.

17. CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group had no significant contingent liabilities.

18. EVENT AFTER THE REPORTING PERIOD

Pursuant to the resolution passed at the extraordinary general meeting on 24 February 2025 and subject to and conditional upon the necessary approval of the Registrar of Companies in the PRC being obtained, the English name of the Company will be changed from “Shanshan Brand Management Co., Ltd” to “Ningbo Maoye Fashion Brand Management Co., Ltd” and the Chinese name of the Company from “杉杉品牌運營股份有限公司” to “寧波茂葉時尚品牌管理股份有限公司”.

Save as above disclosed, the Group had no other significant events from the end of the reporting period and up to the date of this announcement.

BUSINESS REVIEW

In 2024, the complexity and severity of developing environment have stimulated the full development potential of China's apparel industry. With national series of inventory incremental policies came into effect, domestic and foreign market demand gradually recovered supported by other positive factors, the industry's production, investment, efficiency and other major operating indicators improved significantly, the industry's economic operation is generally stable. According to data from the National Bureau of Statistics, in the sales of goods above the quota for the year 2024, the apparel, footwear, hats and knitwear category recorded a growth of 0.3%.

In the FY2024, the Group adhered to the strategic core idea of “high-quality development”, deployed and launched its operating activities around the word “high-quality”, and continued to focus on the “demand-led” principle. We have always been focusing on “demand-oriented”, continuing to unleash the value of our brands, and creating a development model of “getting stronger before getting bigger”, in order to seek profit space for the healthy development of our brands and to make a strong breakthrough. Based on its accurate judgment of the consumer market, the Group has optimized its corporate development strategy and adopted multiple proactive and effective strategic measures to cope with market uncertainties and seize the opportunities arising from the rise of national products.

During the Year, the Group promoted the brand culture of Shanshan suits and enhanced its cultural value. In the 2024 China's Fall/Winter International Fashion Week held in Beijing, the Company cooperated with the China Fashion Designers Association (中國服裝設計師協會) to launch a series of major events, including the China Western Suits Trend Show with the theme of “Kick-off” (“啟序”), “The Revival of Domestic Brands, the Re-emergence of Glory – China Suit Industry Development Forum” (“國牌煥新榮耀再現－中國西服產業發展論壇”) and the launch ceremony of “2025 White Paper on the China Suit Trends” (《2025中國西服流行趨勢白皮書》). “Suit Industry Development Forum” and “2025 China Suit Trend White Paper” launching ceremony and other important activities, which highlighted Shanshan's core development strategies of focusing on the category of suits and striving to become the “top brand in suits”.

During the Year, the Group promoted the upgrading of its brand image, Mr. Hu Bing (胡兵先生), a famous actor and model, was officially signed as the new spokesman of China Shanshan brand, to innovate the brand culture narrative and promotion methods, continuously enhance the brand awareness and reputation, and to strengthen the brand's market influence and cultural penetration.

During the Year, the Group's industrial park project for 5G new quality productive forces located at Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province was officially launched, aiming to establish a benchmark industrial park integrating research and development of apparels, design center, new retail live base, multi-brand incubation, intelligent manufacturing and intelligent warehousing characterized by ecological energy-saving, low-carbon environmental protection and technological intelligence. The main construction of the industrial park project has now completed, signifying the Group's increased emphasis on technological research and development innovation.

Based on the continuous optimization of the terminal channel layout, deepened its efforts on key regional markets, upgrading the brand image, and improving store efficiency and people efficiency, the Group adopted a series of effective measures, resulting in the number of retail terminal stores of the Group being adjusted from 709 as at 31 December 2023 to 662 as at 31 December 2024, including 441 for FIRS and 221 for SHANSHAN, representing a year-on-year decrease in the number of retail stores of approximately 6.6%. Meanwhile, the Group has targeted to empower terminal stores through the plan of "thousands of stores in hundreds of cities", membership system construction and retail skills training, strengthened e-commerce authorization and control, and perfected the effective expansion of the Internet platform and in-depth cooperation.

The Board believes that the various strategic initiatives implemented by the Group in FY2024 are effective and result in a positive effect on the growth of profits in the Year. Despite the operating revenue of the Group amounted to RMB1,006.6 million for the Year, representing a slight decrease of approximately 5.0% as compared to RMB1,060.0 million for the FY2023, the Group's profit increased by approximately 5.0% from RMB31.6 million in FY2023 to RMB33.2 million for the Year.

FINANCIAL REVIEW

Revenue

The Group generated revenue primarily from sales of apparel to distributors, direct sales, franchisee sales, sales of work uniform and trademark sub-licensing income, etc. For the Year, total revenue of the Group slightly decreased by approximately 5.0% to RMB1,006.6 million from RMB1,060.0 million for FY2023, primarily attributable to (i) the Group's channel optimization and marketing policy adjustments resulted in a decrease in revenue from distributor sales channels of RMB18.6 million; and (ii) the Group continued to improve store quality and reduce the number of low-efficiency stores, resulting in a decrease of 28.3% in sales revenue from the SHANSHAN brand franchise cooperative arrangement. Please refer to the sections headed "Revenue by sales channels" and "Revenue by brands" below for details.

Revenue by sales channels

The breakdown of the total revenue by sales channels is as follows:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales to distributors	102,361	10.2	121,007	11.4
Direct sales				
E-commerce platforms	367,750	36.5	322,834	30.5
Self-operated retail stores	139,074	13.8	149,928	14.1
Franchisee sales				
Cooperative arrangements	166,875	16.6	232,581	21.9
Work uniform	126,176	12.5	119,701	11.3
Trademark sub-licensing income	104,384	10.4	113,995	10.8
Total	<u>1,006,620</u>	<u>100</u>	<u>1,060,046</u>	<u>100</u>

Revenue by brands

The breakdown of the total revenue by brands is as follows:

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
FIRS	710,005	70.5	602,903	56.9
SHANSHAN	286,066	28.4	447,602	42.2
Others	10,549	1.1	9,541	0.9
Total	<u>1,006,620</u>	<u>100</u>	<u>1,060,046</u>	<u>100</u>

Gross profit

For the Year, gross profit of the Group decreased by approximately 4.5% to RMB379.2 million from RMB397.2 million for FY2023, primarily attributable to the decrease in revenue by 5.0% for the Year, resulting in the decrease of gross profit by RMB18.0 million.

Other revenue

Other revenue mainly comprises bank interest income and gain from the sales of raw materials of the Group. For the Year, other revenue of the Group decreased by approximately 31.3% to RMB1.1 million from RMB1.6 million for FY2023, mainly due to lower gains on sales of raw materials.

Other gains and losses, net

Other losses, net for the Year amounted to RMB3.1 million, which was mainly attributable to (i) the Group's donation of supplies against cold weather for public welfare to the earthquake in Jishishan County, Linxia, Gansu Province, the PRC at the beginning of the Year; and (ii) awareness of product quality among online merchants increased during the Year, and gains from merchant defaults decreased.

Other gains, net for FY2023 amounted to RMB3.8 million, which mainly represented (i) liquidated damages income from merchants of RMB3.1 million; and (ii) government grants of RMB2.1 million.

Selling and distribution expenses

Selling and distribution expenses mainly include the Group's commission sharing to franchisees, store and e-commerce expenses, staff costs, advertising and promotional expenses and renovation costs.

For the Year, selling and distribution expenses of the Group decreased by approximately 8.6% to RMB281.8 million from RMB308.2 million for FY2023, mainly attributable to (i) the decrease in the share of franchisees resulted from the decrease in sales of cooperation arrangement channels; and (ii) optimization of terminal channel layout, improvement of store efficiency and human efficiency, and reduction in the number of retail terminal stores led to a reduction in store expenses.

Administrative expenses

Administrative expenses mainly include staff costs, travelling expenses, office rental expenses and legal and professional fees.

For the Year, administrative expenses of the Group increased by approximately 3.7% to RMB41.9 million from RMB40.4 million for FY2023, mainly due to increase in expenses related to AW2023 China Fashion Week during the Year.

Impairment loss on property, plant and equipment

The impairment loss on property, plant and equipment of the Group increased from RMB0.3 million for FY2023 to RMB0.8 million for the Year.

Impairment loss on right-of-use assets

The impairment loss on right-of-use assets of the Group increased from RMB1.5 million for FY2023 to RMB1.9 million for the Year.

Impairment loss on trade receivables, net

For the Year, impairment loss on trade receivables of the Group decreased to RMB0.9 million from RMB1.1 million for FY2023.

Impairment loss on deposits and other receivables, net

The impairment loss on deposits and other receivables of the Group decreased to RMB0.3 million for the Year from RMB0.8 million for FY2023.

Finance costs

Finance costs mainly include interest expenses on bank borrowings of the Group and interest expenses on lease liabilities.

For the Year, finance costs of the Group decreased by approximately 13.8% to RMB5.6 million from RMB6.5 million for FY2023. Such decrease was mainly due to the decrease in interest expenses on bank borrowings as a result of decrease in bank interest rates.

Income tax expense

Income tax expense mainly represents the income tax payable by the Group according to the relevant PRC income tax laws and regulations. The income tax expense for the Year increased to RMB11.3 million from RMB9.0 million for FY2023, primarily due to the fact that the full amount of a company's income tax prior years' recoverable losses has been utilized in full in FY2023.

Profit for the year

For the Year, the profit recorded by the Group increased to RMB33.2 million from RMB31.6 million for FY2023. The increase was mainly due to lower selling and distribution expenses.

WORKING CAPITAL MANAGEMENT

	Year ended 31 December	
	2024	2023
Average inventory turnover days	148	149
Average trade receivables turnover days	84	74
Average trade payables turnover days	107	85

Average inventory turnover days of the Group decreased from 149 days as at 31 December 2023 to 148 days as at 31 December 2024, which remained relatively stable.

Average trade receivables turnover days of the Group increased from 74 days as at 31 December 2023 to 84 days as at 31 December 2024, this was mainly due to the fact that the Group appropriately relaxed the repayment period in line with the market environment.

Average trade payables turnover days of the Group increased from 85 days as at 31 December 2023 to 107 days as at 31 December 2024, mainly due to purchasing volumes rose towards the end of the Year, while credit periods offered by suppliers were extended.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a solid financial position for the Year. Cash and cash equivalents of the Group decreased from RMB143.2 million as at 31 December 2023 to RMB106.5 million as at 31 December 2024, and its pledged deposits increased to RMB8.5 million as at 31 December 2024 from RMB4.2 million as at 31 December 2023. The cash and cash equivalents were mainly denominated in RMB.

As at 31 December 2024 and 31 December 2023, total bank borrowings of the Group amounted to approximately RMB145.0 million and RMB135.0 million, respectively. As at 31 December 2024, all bank borrowings were denominated in RMB and repayable within a year from the respective year end dates. The details for the Group's bank borrowings are set out in note 14 to the consolidated financial statements in this announcement. Gearing ratios (total borrowings over total assets of the Group) of the Group were approximately 17.7% and 18.6% as at 31 December 2024 and 31 December 2023, respectively.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a solid liquidity position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group will have adequate cash for its business operation and business development.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the Group's transactions are denominated in RMB. As such, the Company does not have significant exposure to foreign exchange fluctuation.

USE OF PROCEEDS FROM THE SHARE OFFER

The H Shares were listed on the Main Board of the Stock Exchange on 27 June 2018. The total net proceeds from the share offer conducted by the Company in 2018 amounted to approximately HK\$66.4 million (equivalent to approximately RMB55.2 million). As at 31 December 2024, a total of RMB55.2 million of the proceeds from the offering of H Shares had been fully utilised for the following purposes which are consistent with that disclosed in the prospectus of the Company dated 12 June 2018:

	Planned amount	Unutilised balance as at 1 January 2024	Actual utilised amount during the Year	Unutilised amount as at 31 December 2024
	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>	<i>RMB (million)</i>
Retail network	20.9	–	–	–
Brand promotion and marketing	13.6	–	–	–
Information technology system	10.7	0.3	0.3	–
Warehouses and logistics center	4.5	–	–	–
General working capital	5.5	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total	55.2	0.3	0.3	–
	<hr/>	<hr/>	<hr/>	<hr/>

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 265 employees (31 December 2023: 311 employees). Employee costs, including Directors' emoluments, amounted to approximately RMB42.4 million for the Year (2023: RMB36.2 million). The remuneration policy for the Directors and the senior management focuses on their experience, level of responsibility and general market conditions. Any discretionary bonus and other performance bonus are linked to the profit performance of the Group and the performance of the Directors and individual senior management. The Group provides and arranges on-the-job training for the employees.

The remuneration committee of the Board reviews and recommends to the Board for consideration and approval of the remuneration and compensation packages of the Directors and the senior management with reference to the salaries paid by comparable companies in the market, time commitment, responsibilities of the Directors and the senior management as well as the Group's financial performance.

ENVIRONMENTAL MANAGEMENT

Being a socially and environmentally responsible enterprise, the Group is dedicated to achieving environmental friendly and sustainable development by abiding by relevant laws and regulations, including the “Environmental Protection Law of the People’s Republic of China” and the regulations implemented by the environmental protection bureaus of the relevant PRC local governments during its daily operation. The Group has also attained the ISO14001 “Environment Management Systems” Certification. An environmental, social and governance report of the Company will be issued as part of the annual report of the Company for the Year, in accordance with the Environmental, Social and Governance Reporting Code as contained in Appendix C2 to the Listing Rules, which will be published on the respective websites of the Stock Exchange and the Company.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not hold any significant investments, and did not conduct any material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As disclosed in the circular of the Company dated 2 December 2023, the estimated total costs of the industrial park project was RMB280 million (including the land use rights of a land located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC (the “**Land Use Rights**”)). Up to 31 December 2024, the Company settled the consideration for the Land Use Rights amounted to RMB41,321,952 and signed contracts for the construction of the industrial park project in the amount of RMB114,574,616 totally. Save as disclosed above, the Company did not have any other plan for material investments or capital assets as of 31 December 2024. The Company’s expected source of funding for the coming year will tentatively come from the Group’s existing internal resources and from bank borrowings for the development of the industrial park project.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company as at 31 December 2024 as compared with that as at 31 December 2023.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2024 (31 December 2023: Nil).

PLEDGE OF ASSETS

As at 31 December 2024, the Group pledged deposits of RMB10.7 million as guarantee deposits for bills payable, project construction of the industrial park project and guarantee deposits for other contracts (31 December 2023: RMB4.2 million was placed as security for bills payables). Except for the above-mentioned pledged deposits, there were no other assets pledged as security by the Group.

OUTLOOK AND STRATEGIES

In the year 2025, the Group will continue to focus on the theme of “high-quality development”, centering on the three core elements of talent, brand and capital, and strive to create a multi-brand, multi-industry, diversified, high-return and high-growth development model. Specific measures are set out below:

1. The Group will keep a foothold in its cradle, focusing on core markets and key provinces and cities, accelerating the implementation of the 100 “China Shanshan” brand experience centers to provide consumers with an immersive experience that integrates technology, fashion and professionalism, so as to improve consumer satisfaction, tap the growth potential of branded consumption, and create an assured and satisfactory consumption environment for consumers.
2. The Group will continue to build a “one body, two wings” development model, whereby online and offline development will proceed in parallel. Relying on the innovative power of products, the Group will push forward the offline “thousands of stores in hundreds of cities” plan and the online “traditional platforms – social media platforms – livestreaming platforms – private domains” to develop an omni-channel marketing scenario, accelerating the development of the digitalization of marketing network. At the same time, the Group will keep a foothold in the era of digital economy and artificial intelligence, while embrace the development opportunities of national brands’ consumption, promotes the channel ecology in which online and offline brands grow together, each with its own strengths and values, enhancing the market influence of the Group’s brands in the first tier of business men’s apparel.

3. The Group will also continue to focus on the large single product plan for suits, gaining insights into the changes in consumer demand, study the prospects of market development, and continue to create new products, new scenes and new hotspots for consumers, so as to strengthen consumers' sense of identification with the national brands. At the same time, we will utilize new technologies to empower the operation of user assets and explore the potential of consumption, so as to promote the Company's core member base to contribute steady profit for the Company's sustainable development.
4. The Group will promote the construction of the 5G new quality productivity industrial park in terms of quality and quantity, and build a modernized digital intelligence industrial park integrating intelligent production, smart warehousing, new retail live base and brand incubation, etc., so as to provide high-quality and price-ratio suit and shirt products for the omni-channel marketing network, and to further enhance the brand awareness and competitiveness in the market.

The Group has always maintained a positive and optimistic attitude towards its future development prospects, and has been consolidating the Group's various operation and management work in order to ensure the smooth implementation of its annual strategic plan by focusing on the Company's strategic plan for 2025 and its operation and management measures. We will continue to operate in depth around the three core assets of "talent, brand and capital", continue to deepen the implementation of the suit large single product plan, rely on product upgrades, and take root in new marketing, new scenarios and new consumption to build the market voice and cultural influence of "top brand in suits", promote the Company's overall business and cultural influence, driving the Company's overall business and profit growth at a high rate, to enhance the value-added of the Company's core assets, so as to better reward the Company's shareholders, employees and customers, and to lay a solid foundation for the Group's long-term sustainable development.

SUBSEQUENT EVENTS

Save as disclosed in note 18 to the consolidated financial statements in this announcement, the Group had no significant events from the end of the Year and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, the Company did not redeem any listed securities nor did the Company and any of its subsidiaries purchase or sell any of the Company's listed securities (including sale of treasury shares, if any).

CORPORATE GOVERNANCE PRACTICES

The Board firmly believes that conducting the businesses of the Group in a transparent and responsible manner and complying with good corporate governance practices serve its long-term interests and those of the Shareholders. Various measures have been adopted to enhance the management efficiency of the Company and thus to protect the interest of the Shareholders.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as contained in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance. During the Year, the Company has applied the CG Code and complied with all the code provisions as set out in the CG Code during the Year except for the following deviation:

Pursuant to C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Presently, the Company does not have a position titled “chief executive officer”. However, Mr. Luo Yefei, an executive Director and the chairman of the Board, has been carrying out the duties of the chief executive officer. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximises the effectiveness of its operation.

In addition, as all major decisions are made in consultation with the members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review the structure from time to time to ensure that appropriate action is being taken as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing the securities transactions by the Directors and the supervisors of the Company (the “**Supervisors**”) on terms no less exacting than the required standard as set out in the Model Code. Following a specific enquiry made by the Company with each of the Directors and the Supervisors, all the Directors and the Supervisors have confirmed that they had complied with the Model Code during the Year.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Chow Ching Ning, Mr. Wang Yashan and Mr. Wu Xuekai. Mr. Chow Ching Ning who has the appropriate professional qualifications as required by the Listing Rules is the chairman of the Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control and financial reporting matters for the Year. The Audit Committee has also reviewed the annual results of the Group for the Year.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group’s results for the Year contained in the financial information set out on pages 2 to 18 of this announcement have been agreed by the Group’s independent auditor, BDO Limited (“**BDO**”), to the amounts set out in the Group’s draft consolidated financial statements for the Year as approved by the Board. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by BDO in this preliminary announcement.

FINAL DIVIDEND

The Board has resolved to recommend the distribution of a final dividend of RMB0.08 per share (pre-tax) for 133,400,000 shares for the Year, representing a total amount of RMB10,672,000 (pre-tax) (2023: RMB10,672,000).

The proposed final dividend is subject to the approval of Shareholders at the 2025 AGM, and the proposed final dividend is expected to be paid on or before Friday, 8 August 2025 to the holders of domestic shares (the “**Domestic Shares**”) and H Shares whose names appear in the register of members of the Company (the “**Register of Members**”) on Friday, 20 June 2025. The proposed final dividend will be declared in RMB and distributed in Hong Kong dollars (“**HKD**”) (H Shares) and RMB, and the exchange rate will be the average middle rate of RMB to HKD published by the People’s Bank of China one calendar week prior to the date of declaration of proposed final dividend.

Dividend Taxation

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) with effect on 1 January 2008 and being revised on 24 February 2017 and 29 December 2018, the Implementation Regulations on the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) with effect on 1 January 2008 and being revised on 23 April 2019 and 20 January 2025, and the Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shares holders who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (國稅函[2008]897號) issued with effect on 6 November 2008 by State Taxation Administration, etc., any Chinese domestic enterprise which pays dividend to a non-resident enterprise shareholder in respect of annual dividends of and after 2008 shall withhold and pay 10% enterprise income tax for such shareholder for fiscal periods after 1 January 2008. Therefore, as a PRC domestic enterprise, the Company will, after withholding 10% of the annual dividend as enterprise income tax, distribute the annual dividend to non-resident enterprise shareholders (i.e. any shareholders who hold H Shares in the name of non-individual shareholders, including but not limited to HKSCC Nominees Limited, other nominees, trustees, or holders of H Shares registered in the name of other organizations and groups) whose names appear on the register of members of H Shares. Upon receipt of such dividends, an overseas non-resident enterprise shareholder may apply to the competent tax authorities for relevant treatment under the tax treaties (arrangements) in person or through a proxy or the Company and provide evidence in support of its status as a beneficial owner as defined in the tax treaties (arrangements). Upon verification by the competent tax authorities, the difference between the tax levied and the amount of tax payable as calculated at the tax rate under the tax treaties (arrangements) will be refunded.

On 28 June 2011, the State Administration of Taxation issued the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the “**No. 348 Circular**”). Pursuant to the No. 348 Circular, the overseas resident individual shareholders of the shares issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China as well as the tax arrangements between China and Hong Kong or Macau. Pursuant to the No. 348 Circular, individual income tax at a tax rate of 10% may in general be withheld in respect of the dividend or bonus income to be distributed by the PRC non-foreign-invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders, without any application for favourable tax treatments. However, the tax rate for each overseas resident individual shareholder may vary depending on the relevant tax agreements between the countries of its domicile and the PRC.

If the individual holders of H Shares are Hong Kong residents, Macau residents and residents of other countries or regions that have a tax rate of 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If the individual holders of H Shares are residents of countries or regions that have a tax rate lower than 10% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the rate of 10% on behalf of such Shareholders. If such Shareholders wish to claim refund of the amount in excess of the individual income tax payable under the tax treaties, the Company may apply on behalf of such Shareholders according to the relevant tax treaties for the relevant agreed preferential tax treatment, provided that the relevant Shareholders submit the relevant documents and information required by the circular of SAT on Issuing Administrative Measures on Preferential Treatment Entitled by Non-residents Taxpayers under Tax Treaties (SAT Circular [2019] No.35) and the provisions of the relevant tax treaties in a timely manner.

The Company will assist with the tax refund of additional amount of tax withheld and paid subject to the approval of the competent tax authorities.

If the individual holders of H Shares are residents of countries or regions that have a tax rate higher than 10% but lower than 20% under the tax treaties with the PRC, the Company will withhold and pay individual income tax at the applicable tax rates stated in such tax treaties on behalf of such Shareholders.

If the individual holders of H Shares are residents of countries or regions that have a tax rate of 20% under the tax treaties with the PRC, or have not entered into any tax treaties with the PRC, or otherwise, the Company will withhold and pay individual income tax at the rate of 20% on behalf of such Shareholders.

Shareholders are recommended to consult their tax advisors regarding the ownership and disposal of H Shares in the PRC and in Hong Kong and other tax effects.

Closure of Register of Members

(1) 2025 AGM

For the purpose of determining the Shareholders' entitlement to attend and vote at the 2025 AGM, the Register of Members will be closed from Wednesday, 4 June 2025 to Monday, 9 June 2025, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify as the Shareholders to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with in case of holders of H Shares (the "**H Shareholders**"), with the Company's H share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, and in case of holders of domestic shares of the Company (the "**Domestic Shareholders**"), to the Company's registered office address at the Office of the Board, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, no later than 4:30 p.m. on Tuesday, 3 June 2025.

(2) Proposed final dividend

For the purpose of determining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed from Monday, 16 June 2025 to Friday, 20 June 2025, both days inclusive, during which no transfer of shares will be effected. In order to determine the Shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with in case of H Shareholders, with the Company's H share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, and in case of Domestic Shareholders, to the Company's registered office address at the Office of the Board, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, no later than 4:30 p.m. on Friday, 13 June 2025. Shareholders whose names appear on the Register of Members on Friday, 20 June 2025 are entitled to receive the above final dividend.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual results announcement is published on the Stock Exchange's website at <http://www.hkexnews.hk> and on the Company's website at <http://www.chinafirs.com>. The 2024 annual report of the Company will be available on both websites and despatched to the Shareholders (if so requested) in due course.

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

Ningbo, the PRC, 25 March 2025

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:

Mr. Mao Weiyong

Mr. Shen Jinxin

Independent Non-executive Directors:

Mr. Chow Ching Ning

Mr. Wang Yashan

Mr. Wu Xuekai