

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanshan Brand Management Co., Ltd, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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)

**VERY SUBSTANTIAL ACQUISITION IN RELATION TO
THE EXPECTED ENTRY INTO THE LAND USE RIGHTS GRANT
CONTRACT AND THE INVESTMENT AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Unless the context otherwise requires, capitalized terms used in the cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 15 of this circular.

A notice convening the EGM of the Company to be held at Conference Room, Third floor of Building B1, Shanshan New Energy Base, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC on Friday, 22 December 2023 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

If you do not intend to attend such meeting, you are urged to complete and return the form(s) of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the form(s) of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited, in the case of H Shareholders, with the Company's H share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, and in the case of Domestic Shareholders, to the Company's registered office address at The Office of the Board of Directors, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, no later than 24 hours before the time appointed for holding the relevant meeting(s) or its adjournment(s).

2 December 2023

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Articles of Association”	the articles of association of the Company
“Auction”	an open auction for the land use rights of the Land held on 29 November 2023 by the Ningbo Natural Resources and Planning Bureau
“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
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Deposit”	a bidding deposit of RMB9 million paid in connection with the Auction
“Directors”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Domestic Shareholders”	the holders of the Domestic Share(s)
“EGM”	an extraordinary general meeting of the Company to be held and convened at Conference Room, Third floor of Building B1, Shanshan New Energy Base, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC on Friday, 22 December 2023 at 10:00 a.m. to consider and, if though fit, to approve the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“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
“H Shareholders”	the holders of the H Share(s)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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)
“Investment Agreement”	the standard investment and construction agreement of Haishu District enterprise investment industrial project anticipated to be entered into between the Ningbo Wangchun Industrial Park Committee and the Company in relation to the Project
“Land”	a parcel of land with a total land area of 28,656, sq.m. (i.e. approximately 43 mu) located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC (寧波市海曙區望春工業園區), which is located at east to Buzheng River riverside green space, west to Fengcheng Road, south to Kemao Road and north to Hengyi River riverside green space (Land Parcel Number: WCH-06-e1)
“Land Cost”	the cost of the Land being RMB40,118,400 to be paid under the Land Use Rights Grant Contract
“Land Use Rights Grant Contract”	the land use rights grant contract (國有建設用地使用權出讓合同) anticipated to be entered into between the Company and the Ningbo Natural Resources and Planning Bureau for the Land
“Latest Practicable Date”	29 November 2023, being the latest practicable date for the purpose of ascertaining certain information contained in the circular prior to its publication

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Luo”	Mr. Luo Yefei, an executive Director and a substantial shareholder of the Company
“mu”	a measuring unit which is equal to approximately 666.66 square meters
“Ningbo Natural Resources and Planning Bureau”	the Ningbo Natural Resources and Planning Bureau* (寧波市自然資源和規劃局)
“Ningbo Wangchun Industrial Park Committee”	NingboWangchun Industrial Park Committee* (寧波望春工業園區管理委員會)
“PRC”	the People’s Republic of China, which for the sole purpose of this circular excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Project”	the proposed investment by the Group to construct a comprehensive building with a product research and development center therein, a high-end digital intelligent manufacturing plant and a digital intelligent warehouse for its formal and business casual menswear on the Land
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	H Share(s) and Domestic Share(s)
“Shareholder(s)”	the holder(s) of the H Shares and the Domestic Shares
“sq. m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“%”	per cent

* For identification purpose only

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. Luo Yefei (*Chairman*)
Mr. Cao Yang (*Vice Chairman*)
Ms. Yan Jingfen
Ms. Zhou Yumei

Registered office:

No. 238, Yunlin Middle Road
Wangchun Industrial Park
Ningbo, Zhejiang Province
PRC

Non-executive Directors:

Mr. Du Peng
Mr. Shen Jinxin

Principal place of business in Hong Kong:

31/F., 148 Electric Road
North Point
Hong Kong

Independent Non-executive Directors:

Mr. Chow Ching Ning
Mr. Wang Yashan
Mr. Wu Xuekai

2 December 2023

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION IN RELATION TO
THE EXPECTED ENTRY INTO THE LAND USE RIGHTS GRANT
CONTRACT AND THE INVESTMENT AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 16 November 2023 in relation to the Project.

As disclosed in the announcement, the Company intends to construct a comprehensive building with a product research and development center therein, a high-end digital intelligent manufacturing plant and a digital intelligent warehouse for its formal and business casual menswear on the Land. As such, the Company has registered for the Auction for bidding the Land and made payment of the Deposit. The Auction was conducted on 29 November 2023 and the Company was the successful bidder at the Auction. After obtaining Shareholders' approval as required under the Listing Rules, the Company will enter into the Land Use Rights Grant Contract with the Ningbo Natural Resources and Planning Bureau and the Investment Agreement with Ningbo Wangchun Industrial Park Committee.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, further information in respect of the Project, the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder, the notice of EGM and other information as required under the Listing Rules.

THE LAND USE RIGHTS GRANT CONTRACT

The principal terms and conditions of the Land Use Rights Grant Contract are set out follows:

Parties:	(i) the Company, as transferee; and (ii) the Ningbo Natural Resources and Planning Bureau, as transferor.
Location of the Land:	a plot of land located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC, which is located at east to Buzheng River riverside green space, west to Fengcheng Road, south to Kemao Road and north to Hengyi River riverside green space (Land Parcel Number: WCH-06-e1)
Total site area of the Land:	28,656 sq. m.
Term of land use rights:	50 years
Use of the Land:	Industrial land
Land Cost, payment terms and basis of the determination:	After offsetting the Deposit, the balance of the Land Cost of approximately RMB31 million will be payable by the Company within 10 working days from the date of the Land Use Rights Grant Contract.

The Land Cost is the winning bidding price at the Auction conducted in accordance with the relevant PRC laws and regulations, and was determined after taking into account the minimum bidding price of the Land of RMB40,118,400 (i.e. RMB1,400 per sq.m.) at the Auction, current market conditions, location of the Land, land price in the surrounding area and the preliminary market value of the Land of RMB43 million as valued by an independent property valuer and the development potential.

The Land Cost is expected to be funded by internal resources of the Group.

LETTER FROM THE BOARD

THE INVESTMENT AGREEMENT

The principal terms and conditions of the Investment Agreement in connection with the Land are set out follows:

Parties:

- (i) the Company; and
- (ii) the Ningbo Wangchun Industrial Park Committee.

Subject matter: The Land shall be used for construction for a manufacturing plant. In connection with the development of the Land, the Company has to meet the following conditions and provide the following undertakings, among others, pursuant to the Investment Agreement.

Targeted Indicators Undertakings by the Company: Pursuant to the Investment Agreement, the Company undertakes to ensure the following, *inter alia*:

- (i) within 6 months from the signing of the Land Use Rights Grant Contract, construction work will commence; if the construction work is not commenced in time, the Company shall submit a written application for extension to the Haishu branch of the Ningbo Natural Resources and Planning Bureau 30 natural days in advance, and shall complete the relevant procedures for extension after obtaining consent from the regional land management (land tender, auction and offering for sale) working group, with an extension period of not more than 1 year; if such extension is approved, the time for project completion and reaching production targets shall be extended accordingly based on the extension period;
- (ii) within 30 months from the signing of the Land Use Rights Grant Contract, construction will be completed and operation will commence;
- (iii) the value of its fixed asset investment in relation to the Project will be no less than RMB5.5 million per mu;
- (iv) its total annual tax payable will be no less than RMB0.9 million per mu (the “**Tax Target**”);

LETTER FROM THE BOARD

- (v) the investment value of research and development (“R&D”) expenses of 2.3% (which is calculated based on the amount of R&D investments divided by the primary business income of the Project multiplied by 100%);
- (vi) a building floor ratio of not less than 2.3 and not more than 2.6 (which is calculated based on the total construction area of the Project divided by the area of the Land);
- (vii) an added value per unit energy consumption of RMB88,000 per ton of coal and an added value of RMB26.44 million per ton of unit emission regarding the Project; and
- (viii) an output value of not less than RMB20 million per mu per annum

((iii) to (viii) collectively, the “**Targeted Indicators**”).

Other undertakings by the Company:

The Company further undertakes to:

- (i) be principally responsible for the construction of the Project, which shall be implemented in a manner that is in compliance with the relevant regulations and in accordance with the terms of the Investment Agreement;
- (ii) follow the supervision and guidance of the Ningbo Wangchun Industrial Park Committee and relevant government departments, and make timely rectification when and upon receiving a notice of rectification upon inspection;
- (iii) obtain a written consent from the Ningbo Wangchun Industrial Park Committee where financing is made by the Company in respect of the land use rights of the Land. The Company further undertakes that the financing amount shall not exceed the Land Cost;
- (iv) not to transfer or lease out the land use rights of the Land and the buildings attached thereto to any third party prior to the completion of all four completion inspection reviews;

LETTER FROM THE BOARD

- (v) that it and the Shareholders shall not transfer the land use rights of the Land and the buildings attached thereto to any third party whether by way of equity transfer (including the transfer of equity of an accumulated holding of over 25% to any entity or individual other than a person under such transferor's direct obligation of care or maintenance such as the transferor's spouse, parents or children) or pledge of equity interests, prior to the completion of all four completion inspection reviews. In the event of an equity change under certain circumstances (other than in relation to the H Shares) in relation to the Company, such equity change shall be effected after the Company has obtained consent from the regional land management (land tender, auction and offering for sale) working group and has entered into a supplemental agreement; and
- (vi) in the event that the Tax Target cannot be fulfilled, compensate the Ningbo Wangchun Industrial Park Committee equivalent to the difference between the annual tax paid and the Tax Target within 30 days from the date of the completion inspection review; in the event of an overdue compensation payment, such shall be deemed as a default and the Investment Agreement shall be subject to the termination clauses as stated under the paragraphs "Termination" below.

Completion inspection review: The application for the first completion inspection review will occur after 54 months from the signing of the Land Use Rights Grant Contract. At the first completion inspection review, the Company undertakes to reach 30% of the Tax Target and satisfy all the remaining Targeted Indicators. There will be in total four completion inspection reviews, to be conducted every two years by the Haishu District Investment Promotion Center* (海曙區招商中心) together with the Ningbo Wangchun Industrial Park Committee, the Ningbo Natural Resources and Planning Bureau and relevant government authorities.

LETTER FROM THE BOARD

Termination:

The Ningbo Wangchun Industrial Park Committee may unilaterally terminate the Investment Agreement under the following circumstances:

- (i) that the Project has not been completed on time pursuant to the Investment Agreement;
- (ii) that the Project fails to reach the Targeted Indicators in three out of the four completion inspection reviews;
- (iii) that the Company fails to reach the Tax Target in the four completion inspection reviews and fails to pay the compensation to the Ningbo Wangchun Industrial Park Committee; or
- (iv) the Company leases out or transfers the land use rights and buildings of the Land, transfers the equity ownership of the Project or modifies the Investment Agreement without compliance to the approval procedures required by relevant government authorities.

If the Investment Agreement is terminated, the Ningbo Wangchun Industrial Park Committee will request the Company and the Haishu branch of the Ningbo Natural Resources and Planning Bureau to terminate the Land Use Rights Grant Contract and complete the procedures for the recovery of the land use rights, and will recover the Land by paying to the Company the Land Cost and a compensation of the market value of the building(s) on the Land.

LETTER FROM THE BOARD

The Project

The Company will construct a comprehensive building with a product research and development center therein, a high-end digital intelligent manufacturing plant and a digital intelligent warehouse for its formal and business casual menswear on the Land which is located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC.

The Project involves the construction of a digitalized intelligent manufacturing base for high-end clothing that incorporates a garment design and R&D center, digital intelligent warehouse and intelligent production line, strengthening the integrated application of smart, modular units including R&D and design, processing and manufacturing, internal management, marketing and promotion, warehousing and logistics, and customer service, with a view to empowering the Group for high-quality development and increasing market competitiveness.

Based on the Company's current plan taking into account the Targeted Indicators and the preliminary valuation amount of the Land amounted to approximately RMB43 million, as valued by an independent professional valuer, the total investment amount of the Project is estimated to be approximately RMB280 million, which covered the Land Cost, the estimated expenditure for the construction of a comprehensive building with a product research and development center therein, an intelligent manufacturing plant and a digital intelligent warehouse, and the estimated expenditure for the procurement of equipment and software, all of which will be funded by the internal resources of the Group and external financing. The Land Cost is included in the investment amount required under the Targeted Indicator (iii) pursuant to the Investment Agreement. The Company expected that the Project will take 30 months to complete from the date of the Land Use Rights Grant Contract, with an expected completion date to be before June 2026 on the assumption that the Land Use Rights Grant Contract will be signed in December 2023. However, the actual completion date may change depending on the progress of the Project. The Company expected that it will meet all the Targeted Indicators.

As at the Latest Practicable Date, the Company has not entered into agreements with any suppliers or contractors for the anticipated expenditure on construction or procurement for the Project. The Group anticipates that it will enter into specific individual agreements for the purposes of construction or procurement for the Project from time to time. As the Company has already complied with the relevant requirements under Chapter 14 of the Listing Rules in relation to the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder, the entering of such specific individual agreements with Independent Third Party suppliers or contractors in the future for the purpose of the Project within the total cost of RMB280 million will not be subject to the re-compliance of the requirements under Chapter 14 of the Listing Rules. If any of these agreements or contracts are entered into with connected persons of the Company, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules accordingly.

LETTER FROM THE BOARD

The entry into the Land Use Rights Grant Contract and the Investment Agreement is subject to Shareholders' approval. In the event that the Shareholders resolve not to approve the proposed transactions at the EGM, the Company will not proceed to enter into the Land Use Rights Grant Contract and the Investment Agreement with the Ningbo Natural Resources and Planning Bureau and Ningbo Wangchun Industrial Park Committee, respectively. In order to fully release the Company of its liability and obligation in relation to the bidding of the Land if this occurs, on 16 November 2023, Mr. Luo executed an undertaking in favour of the Company, pursuant to which Mr. Luo has undertaken to take all necessary actions to fully release the Company's liability and obligation in relation to the bidding of the Land and to fully indemnify the Company for any loss, damages, costs, and other form of liabilities suffered by the Company in connection with the failure on the part of the Company in proceeding to the signing of the Land Use Rights Grant Contract and the Investment Agreement should the Shareholders resolve not to approve the proposed transactions at the EGM.

As at the Latest Practicable Date, the Company has obtained written approval from each of Ningbo Liankangcai Brand Management Co., Ltd., Shaanxi Maoye Gongmao Co., Ltd., Ms. Zhao Yongzhi, Mr. Luo and Mr. Zhang Jincan, who holds approximately 18%, 10%, 9.6%, 8.5% and 5% (collectively approximately 51.1%) of the issued share capital of the Company respectively that they have approved the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder and will vote for the resolution(s) to be proposed at the EGM in relation to the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF ENTRY INTO THE LAND USE RIGHTS GRANT CONTRACT AND THE INVESTMENT AGREEMENT

The Company's principal business is the design, marketing and sales of formal and casual business menswear in the PRC under the brands "FIRS" and "SHANSHAN". For many years, it has been primarily using original equipment manufacturers (the "OEM") to produce its garment products. Having considered the problems associated with the OEM model including, among others, quality control on the products, delivery time, leakage of information during the production and sale of surplus products by OEM factories to the market causing market confusion, the Company intends to acquire the land use rights of the Land from the Ningbo Natural Resources and Planning Bureau for the purpose of the Project. After the completion of the Project, the Company expects that its high-end original menswear suits and shirts will be produced at the Project's new digital intelligent manufacturing plant, and expects to continue to use the OEM model for the remaining garment products.

LETTER FROM THE BOARD

The Land is conveniently located five kilometers away from an airport, forty-five kilometers from a port, and is surrounded with highspeed railways and comprehensive facilities nearby. The Land is at a prime location and will allow for convenient transportation of raw materials and finished products at a relatively lower cost. Moreover, Wangchun Industrial Park has completed its core planned infrastructure and roads, providing a good development foundation for the Project.

It is expected that the Project will propel the Company to further its future plans, which include (i) establishing a digital intelligent warehouse to improve inventory management and meet the needs of online and offline business models; (ii) establishing a clothing design and R&D center to improve R&D capabilities and innovate in product design; and (iii) establishing a new retail operation center and a new retail live broadcast base to improve marketing and sales strategies, increase online omni-channel coverage, and enhance the brand's online and offline influence, popularity, and market share and simultaneously building a digital brand experience hall to empower offline channels and promote the rapid development of online and offline pan-retailing into diversified business forms together with the immersive experience of consumers.

The Board is of the view that the Land Use Rights Grant Contract and the Investment Agreement will be entered into on normal commercial terms, and that the terms of the Land Use Rights Grant Contract and the Investment Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE LAND USE RIGHT CONTRACT AND THE INVESTMENT AGREEMENT ON THE GROUP

Immediately upon the completion of the Land Use Rights Grant Contract with the Land Cost being paid to Ningbo Natural Resources and Planning Bureau and the entry into the Investment Agreement, there will be no change to the total assets and liabilities, the net assets and earnings of the Group. The Land acquired and the building constructed will be recognized by the Group as non-current assets in its consolidated statement of financial position in accordance with the HKFRS 16 and HKAS 16 respectively.

As mentioned above, the Group estimated that the total estimated cost of the Project to be approximately RMB280 million, which will be financed by internal resources of the Group and external financing as and when appropriate. If the Group uses equity fund raising to finance the Project, the net assets of the Group will be increase accordingly. If the Group uses debt financing, there may be finance costs to be recorded by the Group in this regard.

Upon completion of the Project and when the operation commences, there will be depreciation charges and financing costs recorded by the Group. As the Project will enable the Group to have stable supply of the garment products, the Board expected that the Project will result in net positive impact on the earnings of the Group.

LETTER FROM THE BOARD

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.

Ningbo Wangchun Industrial Park Committee

Ningbo Wangchun Industrial Park Committee is a local government authority in the PRC and is in charge of, inter alia, planning, promoting and coordinating investment projects in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC.

Ningbo Natural Resources and Planning Bureau

Ningbo Natural Resources and Planning Bureau is a PRC governmental authority and the seller and transferor of the land use rights of the Land.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Ningbo Wangchun Industrial Park Committee, the Ningbo Natural Resources and Planning Bureau and their respective ultimate beneficial owners is an Independent Third Party.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total cost of the Project under the Investment Agreement, which include the investment amount under the Investment Agreement and the Land Cost under the Land Use Rights Grant Contract, exceed(s) 100%, the proposed entry into the Land Use Rights Grant Contract and the Investment Agreement constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

EGM

The notice convening the EGM to be held at Conference Room, Third floor of Building B1, Shanshan New Energy Base, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC on Friday, 22 December 2023 at 10:00 a.m., is set out on pages EGM-1 to EGM-3 of this circular. At the EGM, ordinary resolutions will be proposed for the Shareholders to the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has a material interest in the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting on the resolution to approve the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder at the EGM.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.chinafirs.com). If you intend to appoint a proxy to attend the EGM, you are required to complete the form of proxy in accordance with the instructions printed thereon and return it to the H Share Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong (for H Shareholders), or the Company's head office in the PRC at Office of the Board of Directors, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC (for holders of Domestic Shares) as soon as possible but in any event not less than 24 hours before the time appointed for the holding of the respective meetings or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the respective meetings or any adjournment thereof (as the case may be) if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Company will procure the chairman of the EGM to demand for voting on poll in respect of the ordinary resolutions to be proposed at the EGM and Boardroom Share Registrars (HK) Limited will serve as the scrutineer for the vote-taking.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

For determining the entitlement of the Shareholders to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Tuesday, 19 December 2023 to Friday, 22 December 2023, both days inclusive, during which period no Share transfers can be registered. In order to be eligible to attend and vote at the EGM, all transfer documents of Shares accompanied by the relevant share certificates must be lodged with the H Share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong (for holders of H Shares), the office of the Board of Directors, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC (for the holders of Domestic Shares) for registration not later than 4:30 p.m. on Monday, 18 December 2023.

LETTER FROM THE BOARD

Shareholders whose names appear on the register of members of the Company on Friday, 22 December 2023 are entitled to attend and vote at the EGM.

RECOMMENDATION

The Board considers that the Land Use Rights Grant Contract, the Investment Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

For and on behalf of
Shanshan Brand Management Co., Ltd.
Luo Yefei
Chairman

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2020, 31 December 2021 and 31 December 2022, the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange at “<http://www.hkexnews.hk>” and the Company at “<http://www.chinafirs.com>”:

- annual report of the Company for the year ended 31 December 2020 (pages 62 to 148);
- annual report of the Company for the year ended 31 December 2021 (pages 97 to 188);
- annual report of the Company for the year ended 31 December 2022 (pages 101 to 196); and
- interim report of the Company for the six months ended 30 June 2023 (pages 19 to 38).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2023, being the latest practicable date for the purpose of this statement of indebtedness, the Group’s indebtedness included:

- (i) secured and guaranteed bank borrowings of approximately RMB120,000,000;
- (ii) lease liabilities of approximately RMB24,735,000;
- (iii) amount due to a joint venture of approximately RMB875,000; and
- (iv) amount due to a substantial shareholder of approximately RMB3,300,000.

Secured and guaranteed bank borrowings

The Group's secured and guaranteed bank borrowings included the following:

- An amount of RMB75,000,000 being guaranteed by shareholders, 杉杉集團有限公司, Mr. Luo Yefei and Ms. Zhou Yumei, together with a charge on a property held by Ms. Zhou Yumei; and
- An amount of RMB45,000,000 being secured by a corporate guarantee provided by a wholly-owned subsidiary.

For further information, please refer to "Substantial shareholders and other person's interests and short position in the shares, underlying shares and securities of the Company" in the section headed "DISCLOSURE OF INTERESTS" in Appendix III.

Lease liabilities

As at 31 October 2023, the Group's lease liabilities were in relation to the remaining lease terms of certain lease contracts, which were unsecured and unguaranteed.

Amount due to a joint venture

Amount due to a joint venture was unsecured and non-interest bearing.

Amount due to a substantial shareholder

Amount due to a substantial shareholder was unsecured and non-interest bearing.

The Directors confirm that, as of 31 October 2023, being the latest practicable date for the purpose of this statement of indebtedness, save as aforesaid, the Group did not have any issued and outstanding, or authorised or otherwise created but unissued debt securities, term loans, other borrowings, indebtedness, mortgages and charges, contingent liabilities and guarantees.

The Directors confirm that, save as disclosed above, there have been no material changes in the indebtedness or contingent liabilities of the Group as at the Latest Practicable Date.

3. WORKING CAPITAL

As at the Latest Practicable Date, the Group is in the process of finalising banking facilities with total amount of RMB40,000,000 with a bank, subject to the completion of the acquisition of land use rights.

The Directors, after due and careful consideration and taking into account the internal resources available to the Group, the effect of the acquisition, and on the assumption that the banking facilities will be available at the relevant time, are of the opinion that the Group would have sufficient working capital for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

In the first half of 2023, the Group recorded an increase in revenue of approximately 19.1% compared with the corresponding period of last year. Considering the continuous development of current business and in order to further enhance market competitiveness, the Group plans to implement the Project, which will provide a foundation for the long-term business growth of the Group.

The Group currently leases properties mainly for the Group's office and storage use. For the year ended 31 December 2022, the Group's rental expenses for warehouses, office premises and others amounted to approximately RMB8,066,000. Upon the completion of the Project, such rental expenses of the Group will be reduced. At the same time, the Project will further enhance the current sales business and develop new business. The Group can also continuously innovate product research and development and explore potential customers through the Project.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group have been made up.

The following is the text of letter and valuation report, prepared for the purpose of incorporation in this circular, received from Royson Valuation Advisory Limited, an independent property valuer, in connection with their valuation as at 31 October 2023 of the property interests to be acquired by the Group in the People's Republic of China.



Royson Valuation Advisory Limited
Unit 1503, 15/F, The L. Plaza
367-375 Queen's Road Central
Hong Kong

2 December 2023

The Board of Directors
Shanshan Brand Management Co., Ltd.
No. 238 Yunlin Middle Road,
Wangchun Industrial Park,
Ningbo City, Zhejiang Province,
The People's Republic of China

Dear Sirs and Madams,

Re: Valuation of a parcel of land Lot No. WCH-06-e1 located at the junction of Fengcheng Road and Kema Road, Wangchun Industrial Park, Ningbo City, Haishu District, Zhejiang Province, The People's Republic of China (the "**Property**")

INSTRUCTIONS

We refer to your instruction for us to value the property interests held by Shanshan Brand Management Co., Ltd. (the "**Company**") or its subsidiaries (together referred as the "**Group**") located in The People's Republic of China (the "**PRC**"). We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 31 October 2023 (the "**Valuation Date**") for the purpose of incorporation into the circular (the "**Circular**") issued by the Company on the date hereof.

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigations and limiting conditions of this valuation.

BASIS OF VALUATION

The valuation is our opinion of the market value (“**Market Value**”) which is defined by the Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

VALUATION METHODOLOGY(IES)

In valuing the Property, we have adopted market approach in our valuation by making reference to comparable market transactions or sale asking in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

VALUATION STANDARDS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the HKIS Valuation Standards 2020 Edition published by the Hong Kong Institute of Surveyors (HKIS), the RICS Valuation – Global Standards (Effective on 31 January 2022) published by the Royal Institution of Chartered Surveyors and the International Valuation Standards (Effective on 31 January 2022) published by the International Valuation Standards Council (IVSC).

VALUATION ASSUMPTION

Our valuations have been made on the assumption that the owner sells the Property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

TITLE INVESTIGATION

We have been shown copies of various documents relating to the property interest. However, we have not examined the original documents to verify the existing title to the property interest or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by the Group's PRC legal advisers, Guangdong Sundial Law firm, concerning the validity of the title to the property interest located in the PRC.

LIMITING CONDITIONS

We have inspected the exteriors and where possible, the interiors of the Property. In the course of our inspections, we did not note any serious structural defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot infestation or any other defects. No tests were carried out on any of the services. Moreover, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc., for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Property but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have relied to a considerable extent on information provided by the Group and accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (**RMB**).

We enclose herewith the valuation report.

Yours faithfully,
For and on behalf of
Royson Valuation Advisory Limited

Lawrence Chan Ka Wah
MRICS MHKIS RPS(GP) MCIREA MHIREA
RICS Registered Valuer MHKIM
Director

Mr. Lawrence Chan Ka Wah is a member of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, Registered Professional Surveyors in the General Practice Section, a RICS Registered Valuer and a member of the China Institute of Real Estate Appraisers and Agents, who has over 19 years' experience in the valuation of properties in Hong Kong, Macau, the PRC and the Asia-Pacific Rim.

VALUATION REPORT

Property interests to be acquired by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2023 RMB
A parcel of land Lot No. WCH-06-e1 located at the junction of Fengcheng Road and Kemao Road, Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, The People's Republic of China	<p>The Property comprises a parcel of land with a site area of approximately 28,656 sq.m.</p> <p>As advised by the Company, the Property will be developed into an industrial complex with a total estimated gross floor area of approximately 70,500 sq.m.</p> <p>The Property is expected to be completed in June 2026.</p> <p>The land use rights of the Property will be granted for a term of 50 years from the handover date of the Property for industrial use.</p>	The Property was vacant as at the Valuation Date.	43,000,000

Notes:

- Pursuant to a Notice for State Owned Construction Land Use Rights Auction and Grant* 國有建設用地使用權拍賣出讓須知 from Natural Resource and Planning Bureau of Ningbo City, Zhejiang Province dated 7 November 2023, the land use rights of the Property with a site area of approximately 28,656 sq.m. will be auctioned and granted to the successful bidder for a term of 50 years for industrial use. The initial auction price is RMB1,400 per sq.m. (site area). The detailed development parameters are as follows:

Plot Ratio	:	More than or equal to 2.3, less than or equal to 2.6
Building Height	:	More than or equal to 12 meters, less than or equal to 45 meters
Site Coverage	:	More than or equal to 30%, less than or equal to 50%

- Pursuant to announcement dated 29 November 2023 on Zhejiang Natural Resources Online Trading Center, the successful bidder is Shanshan Brand Management Co., Ltd. for a consideration of RMB40,118,400 (the "Consideration").

As advised by the Company, no architectural plans have been approved and no planning consent has been obtained.

3. According to information provided by the Company, there is no incurred construction cost of the Property (excluding the land cost) as at the Valuation Date.
4. The market value of the Property after completion of the development (the “**Proposed Development**”) according to the development proposal provided by the Company (the “**Gross Development Value**”) as at the Valuation Date is approximately RMB197,000,000.

In valuing Gross Development Value of the Proposed Development, we have adopted market approach in our valuation by making reference to comparable market transactions or sale asking in our assessment of the market value of a property interest. This approach rests on the wide acceptance of the market transactions or sale asking as the best indicator and pre-supposes that evidence of relevant transactions or sale asking in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

5. The Property is situated at the junction of Fengcheng Road and Kema Road in Wangchun Industrial Park of Ningbo City, buildings in the locality are industrial complex. Ningbo Rail Transit Buzheng Station and Ningbo Lishe International Airport are about 12-minute and 16-minute driving distance from the Property respectively. Rail Transit, taxis and buses are accessible to the Property.
6. Our Mr Ivan K. H. Mak (CFA, over 9-year experience in valuation industry) has inspected the Property on 2 August 2023, the external condition of the Property was fair.
7. In undertaking our valuation to the Property, we have identified and analysed various comparable sales transactions of land parcels as announced by the State Owned Land Resources Bureau of Ningbo City which have similar characteristics as the Property. The three comparables selected were based on the following criteria:
 - (a) industrial use is permitted;
 - (b) transaction dates within 1 month from the Valuation Date; and
 - (c) located in Ningbo City.

On the best effort basis, we obtained an exhaustive list of comparable transactions. Based on the above selection criteria, five comparables as shown below are selected.

The unit rate (which is calculated by dividing consideration by approximate site area) of these five comparables ranges from RMB1,050 to RMB1,701 per sq.m. We have made adjustments based on the differences in various aspects between the Property and the comparable properties, including time, size and location to arrive at the adjusted unit rate. The general basis of adjustment is that if the comparable property is superior to the Property, a downward adjustment is made, vice versa.

Based on the analysis of these five comparables, the adjusted unit rates of these five comparables ranges from RMB1,260 to RMB1,701 per sq.m. Hence, the adopted unit rate in the course of our valuation of the Property is RMB1,500 per sq.m., which is the average adjusted unit rate of 5 comparables. The market value of the land parcel of the Property is then calculated by adopted unit rate multiplied by the site area of the Property, which is rounded to RMB43,000,000.

Comparable	1	2	3	4	5
Address	Lot No. GX07-01-56-02, Yinzhou District, Ningbo City	Lot No. MS04-01-03-1, Beilun District, Ningbo City	Lot No. BL(XB)01-03-06-4, Beilun District, Ningbo City	Lot No. BL(XB)01-05-18, Beilun District, Ningbo City	Lot No. BL(XB)01-03-06-3, Beilun District, Ningbo City
Approximate site area (sq.m.)	20,244	46,679	88,789	13,023	16,647
Consideration (RMB)	34,435,044	49,012,950	113,205,150	13,674,150	21,224,925
Transaction Date	24 October 2023	30 October 2023	30 October 2023	30 October 2023	30 October 2023
Unit rate (RMB/sq.m.)	1,701	1,050	1,275	1,050	1,275
Time	Similar to the Property	Similar to the Property	Similar to the Property	Similar to the Property	Similar to the Property
Size	Similar to the Property	Similar to the Property	Similar to the Property	Similar to the Property	Similar to the Property
Location	Similar to the Property	Inferior to the Property	Inferior to the Property	Inferior to the Property	Inferior to the Property
Adjusted unit rate (RMB/sq.m.)	1,701	1,313	1,530	1,260	1,530

8. We have been provided with a legal opinion on the Property prepared by the Company's PRC legal adviser, Guangdong Sundial Law Firm, which contains, inter alia, the following information:
- (a) the Company is entitled to transfer, lease and mortgage the land use rights of the Property upon settlement of the Consideration and obtained the State Owned Land Use Rights Certificate, subject to the limitation stated in Note 7(b);
 - (b) the first completion inspection review will occur after 54 months from signing of the Land Use Rights Grant Contract. There will be in total four completion inspection reviews to be conducted every two years. The Property is not entitled to be transferred and leased before accomplishment of all 4 completion inspection reviews; and
 - (c) the following legal documents were obtained:

i.	Real Estate Ownership Certificate	No
ii.	Construction Land Planning Permit	No
iii.	Construction Works Planning Permit	No
iv.	Construction Works Commencement Permit	No
v.	Commodity House Pre-sale Permit	No

* For identification purpose only

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors', Chief Executives' and Supervisors' Interests and short position in the securities of the Company

As at the Latest Practicable Date, the interests of the Directors, Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set forth under Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Long Positions

(a) Long position in the Domestic Shares of the Company

Name of Directors/Supervisors /chief executive	Class of Shares	Capacity/Nature of Interests	Number of Shares Interested	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Mr. Luo Yefei ("Mr. Luo") (Note 1)	Domestic Shares	Interest of a controlled corporation/Corporate interest; Interest of spouse/Family interest; Beneficial owner/Personal interest	24,674,000	24.674%	18.496%

Name of Directors/Supervisors /chief executive	Class of Shares	Capacity/Nature of Interests	Number of Shares Interested	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Ms. Zhou Yumei ("Ms. Zhou YM") (Notes 1 & 2)	Domestic Shares	Interest of a controlled corporation/Corporate interest; Interest of spouse/Family interest	24,674,000	24.674%	18.496%

Notes:

- (1) Mr. Luo, an executive Director and the chairman of the Board (the "Chairman"), interested in and was deemed to be interested in 24,674,000 Domestic Shares within the meaning of Part XV of the SFO, which represents 24.674% of the total number of issued Domestic Shares and 18.496% of the total number of issued shares of the Company. It comprises (i) 11,339,000 Domestic Shares directly owned by Mr. Luo; and (ii) 13,335,000 Domestic Shares beneficially owned by Shaanxi Maoye Gongmao Co., Ltd.* (陝西茂業工貿有限公司) ("Shaanxi Maoye"), a company owned as to 80% by Mr. Luo and 20% by Ms. Zhou YM, the wife of Mr. Luo. Ms. Zhou YM is also the sole director of Shaanxi Maoye. By virtue of the SFO, each of Mr. Luo and Ms. Zhou YM is deemed to be interested in the Domestic Shares held by Shaanxi Maoye.
- (2) Ms. Zhou YM is an executive Director and the wife of Mr. Luo. By virtue of the SFO, Ms. Zhou YM is deemed to be interested in the same number of Domestic Shares in which Mr. Luo is interested in.

Save as disclosed above and so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executives of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register referred to therein pursuant to Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) **Substantial Shareholders and other person's interests and short position in the Shares, underlying Shares and securities of the Company***Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares*

As at the Latest Practicable Date, so far as was known to or otherwise notified to any Directors or the chief executives of the Company, the particulars of the corporations or persons which had 5% or more interests in the shares and the underlying shares as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long Positions and Short Positions in the Shares

Name of Substantial Shareholders	Class of Shares	Capacity/Nature of Interests	Number of Shares Interested	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Ningbo Shanshan Co.,Ltd. ("Shanshan") (Notes 2, 10 & 11)	Domestic Shares	Beneficial owner/Personal interest	25,834,600	63.182%	47.363%
	Domestic Shares	Person having security interest/other interest	37,347,000		
Shanshan Group Co., Ltd. ("Shanshan Group") (Notes 3, 10 & 11)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
Ningbo Yonggang Clothing Investment Co., Ltd. ("Ningbo Yonggang") (Notes 4, 10 & 11)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		

Name of Substantial Shareholders	Class of Shares	Capacity/Nature of Interests	Number of Shares Interested	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Shanshan Holding Co., Ltd. ("Shanshan Holding") (Notes 5, 10 & 11)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
Ningbo Qinggang Investment Co., Ltd. ("Qinggang Investment") (Notes 6, 10 & 11)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
The late Mr. Zheng Yonggang ("Mr. Zheng") (Notes 1, 7, 10 & 11)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
Ms. Zhou Jiqing ("Ms. Zhou") (Notes 7, 10 & 11)	Domestic Shares	Interest of a controlled corporation/ Corporate interest	25,834,600	63.182%	47.363%
	Domestic Shares	Interest of a controlled corporation/ Corporate interest	37,347,000		
Ningbo Liankangcai Brand Management Co., Ltd. ("Ningbo Liankangcai") (Note 8)	Domestic Shares	Beneficial owner/Personal interest; Person providing security interest/Other interest	24,012,000	24.012%	18.000%

Name of Substantial Shareholders	Class of Shares	Capacity/Nature of Interests	Number of Shares Interested	Percentage of Shareholding in the Relevant Class of Shares	Approximate Percentage of Shareholding in the Total Shares
Shaanxi Maoye (Note 9)	Domestic Shares	Beneficial owner/Personal interest; Person providing security interest/Other interest	13,335,000	13.335%	9.996%
Ms. Zhao Yongzhi	Domestic Shares	Beneficial owner/Personal interest	12,806,400	12.806%	9.600%
Mr. Zhang Jincan	Domestic Shares	Beneficial owner/Personal interest	6,670,000	6.670%	5.000%

Notes:

- (1) Mr. Zheng passed away on 10 February 2023.
- (2) Shanshan is a joint stock company with limited liability established in the PRC, whose issued shares are listed on the Shanghai Stock Exchange (stock code: 600884). Shanshan is owned as to approximately 34.55% by Shanshan Group, approximately 9.07% by Ningbo Pengze Trading Co., Ltd. (寧波朋澤貿易有限公司) (a corporation of which Shanshan Group is interested in 100% of its registered capital), approximately 3.19% by Shanshan Holding, approximately 3.44% by Ningbo Yinzhou Jielun Investment Co., Ltd. (寧波市鄞州捷倫投資有限公司) (a corporation of which Shanshan Holding is interested in 100% of its registered capital), approximately 0.03% by the late Mr. Zheng and approximately 49.72% by other shareholders.
- (3) Shanshan Group is directly interested in approximately 34.55% of the registered share capital of Shanshan and indirectly interested in approximately 9.07% of the registered share capital of Shanshan through Ningbo Pengze Trading Co., Ltd. (寧波朋澤貿易有限公司), and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Shanshan Group is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (4) Ningbo Yonggang is interested in approximately 10.00% of the registered capital of Shanshan Group, and (together with Shanshan Holding) controls the majority of the board of directors of Shanshan. By virtue of the SFO, Ningbo Yonggang is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.

- (5) Shanshan Holding is directly interested in approximately 3.19% of the registered share capital of Shanshan. Further, Shanshan Holding is indirectly interested in (a) approximately 34.55% of the registered share capital of Shanshan through (i) Ningbo Yonggang (a corporation of which Shanshan Holding is interested in approximately 97.65% of its registered capital); and (ii) Shanshan Group (a corporation of which Shanshan Holding is directly interested in approximately 51.80% and indirectly interested in approximately 10.00% through Ningbo Yonggang); (b) approximately 9.07% of the registered share capital of Shanshan through Ningbo Pengze Trading Co., Ltd. (寧波朋澤貿易有限公司) (a wholly-owned subsidiary of Shanshan Group); and (c) approximately 3.44% of the registered share capital of Shanshan through its wholly-owned subsidiary, Ningbo Yinzhou Jielun Investment Co., Ltd. (寧波市鄞州捷倫投資有限公司). By virtue of the SFO, Shanshan Holding is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (6) Qinggang Investment is interested in approximately 44.55% of the registered capital of Shanshan Holding. By virtue of the SFO, Qinggang Investment is deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (7) Qinggang Investment is owned as to 51% by the late Mr. Zheng and 49% by Ms. Zhou. By virtue of the SFO, both the late Mr. Zheng and Ms. Zhou are deemed to be interested in the same number of Domestic Shares in which Shanshan is interested.
- (8) Ningbo Liankangcai is owned as to 18.6% by Mr. Luo, 19% by Ms. Yan Jingfen, both are the executive Directors. On 18 March 2021, Ningbo Liankangcai provided guarantee by 24,012,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group.
- (9) Shaanxi Maoye is owned as to 80% by Mr. Luo, an executive Director and 20% by Ms. Zhou YM, an executive Director and the wife of Mr. Luo. By virtue of the SFO, each of Mr. Luo and Ms. Zhou YM is deemed to be interested in the Domestic Shares held by Shaanxi Maoye. On 30 March 2020, Shaanxi Maoye provided guarantee by 10,000,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group. On 18 March 2021, Shaanxi Maoye further provided guarantee by 3,335,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group.
- (10) On 30 March 2020, Shaanxi Maoye provided a guarantee by 10,000,000 Domestic Shares in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group. By virtue of the SFO, each of Shanshan Group, Ningbo Yonggang, Shanshan Holding, Qinggang Investment, the late Mr. Zheng and Ms. Zhou (either through direct or indirect interest) is therefore deemed to be interested in the 10,000,000 Domestic Shares of security interest held by Shanshan.
- (11) On 18 March 2021, each of Ningbo Liankangcai and Shaanxi Maoye provided guarantee by 24,012,000 and 3,335,000 Domestic Shares respectively in favour of Shanshan for its obligations to the guarantee on the bank loans granted to the Group. By virtue of the SFO, each of Shanshan Group, Ningbo Yonggang, Shanshan Holding, Qinggang Investment, the late Mr. Zheng and Ms. Zhou (either through direct or indirect interest) is therefore deemed to be interested in the abovementioned Domestic Shares of security interest held by Shanshan.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' INTERESTS IN GROUP'S ASSETS, CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had any direct or indirect interests in any assets which have since 31 December 2022 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company was materially interested in any contract or arrangement subsisting which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' OR SUPERVISORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or the Supervisors or their respective close associates (within the meaning of the Listing Rules) had any interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against any member of the Group.

7. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) which have been entered into by the Company within the two years preceding the date of this circular and which are or may be material.

8. EXPERTS AND CONSENTS

The following is the qualification of each of the experts who has given opinion or advice contained in this circular:

Expert	Qualification
Royson Valuation Advisory Limited	Independent qualified valuer
Guangdong Sundial Law Firm	PRC legal adviser

As at the Latest Practicable Date, each of the experts named above:

- (i) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and references to its name, in the form and context in which it appear;
- (ii) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (iii) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

- (i) The registered office of the Company is at No. 238, Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, PRC.
- (ii) The H Share registrar and transfer office of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.

- (iii) The joint company secretaries of the Company are Ms. Yan Jingfen and Ms. Cheng Lucy. Ms. Cheng is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Cheng has over 20 years of experience in the corporate secretarial field.
- (iv) Unless otherwise stated, in the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

The following documents will be published on the websites of the Company (<http://www.chinafirs.com/>) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular (both days inclusive):

- (i) the valuation report from Royson Valuation Advisory Limited on the Land, the text of which is set out on Appendix II to this circular; and
- (ii) the written consents of each of the experts referred to in the paragraph headed “Experts and Consents” in this Appendix.

* *For identification purpose only*

NOTICE OF EGM

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)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING FOR 2023

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting for 2023 (“EGM”) of Shanshan Brand Management Co., Ltd. (the “Company”) will be held at Conference Room, Third floor of Building B1, Shanshan New Energy Base, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the People's Republic of China (the “PRC”) on Friday, 22 December 2023 at 10:00 a.m. for the purpose of considering and, it thought fit, passing the following resolution:

BY WAY OF ORDINARY RESOLUTION:

1. “THAT
 - (a) the land use rights grant contract (the “Land Use Rights Grant Contract”) anticipated to be entered into between the Company and the Ningbo Natural Resources and Planning Bureau* (寧波市自然資源和規劃局) in relation to the acquisition of the land use rights of the parcel of the land with a total land area of 28,656 sq.m. (i.e. approximately 43 mu) located in Wangchun Industrial Park, Haishu District, Ningbo City, Zhejiang Province, the PRC (寧波市海曙區望春工業園區) (the “Land”) for RMB40,118,400 and the transactions contemplated thereunder, be and are hereby approved and confirmed;
 - (b) the standard investment and construction agreement of Haishu District enterprise investment industrial project (the “Investment Agreement”) anticipated to be entered into by the Company and Ningbo Wangchun Industrial Park Committee* (寧波望春工業園區管理委員會) in relation to the proposed investment by the Company and its subsidiaries to construct a comprehensive building with a product research and development center therein, a high-end digital intelligent manufacturing plant and a digital intelligent warehouse for its formal and business casual menswear on the Land and the transactions contemplated thereunder, be and are hereby approved and confirmed;
 - (c) the board of directors of the Company be and is hereby authorised to formulate and implement the project plan in relation to the development of the Land with an estimated budget of approximately RMB280 million (including the cost of the Land); and

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- (d) any one or more of the directors of the Company be and is/are hereby authorized for and on behalf of the Company to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary, desirable or expedient to carry and implement the Land Use Rights Grant Contract and the Investment Agreement and all the transactions contemplated thereunder.”

For and on behalf of
Shanshan Brand Management Co., Ltd.

Luo Yefei

Chairman and Executive Director

Ningbo, the PRC, 2 December 2023

Registered office:

238 Yunlin Middle Road, Wangchun Industrial Park
Ningbo, Zhejiang Province, the PRC

Principal place of business in Hong Kong:

31/F., 148 Electric Road, North Point, Hong Kong

Notes:

1. A member of the Company (the “**Member**” or the “**Shareholder**”) entitled to attend and vote at the EGM or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares with a nominal value of RMB1.00 each in the Company (the “**Shares**”), more than one), proxy to attend and vote, on a poll, in his stead in accordance with the Articles of Association. A proxy needs not be a Member.
2. For determining the entitlement of the Shareholders to attend and vote at the EGM, the transfer books and register of members of the Company will be closed from Tuesday, 19 December 2023 to Friday, 22 December 2023, both days inclusive, during which period no Share transfers can be registered. In order to be eligible to attend and vote at the EGM, all transfer documents of Shares accompanied by the relevant share certificates must be lodged with the H Share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong (for holders of H Shares), the office of the Board of Directors, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC (for the holders of Domestic Shares) for registration not later than 4:30 p.m. on Monday, 18 December 2023.
3. A form of proxy for use at the EGM is enclosed. If you do not intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at its adjournments if you so wish. In the event that you attend the EGM after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.

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4. In the case of holders of H Shares and to be valid, a form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's H share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, and in the case of holders of Domestic Shares, to the Company's registered office address at the Office of the Board of Directors, 238 Yunlin Middle Road, Wangchun Industrial Park, Ningbo, Zhejiang Province, the PRC, no later than 24 hours before the time appointed for holding the EGM or its adjournment. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the EGM, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
6. The EGM (or any adjournment thereof) is expected to be concluded within a day. Shareholders or their proxies attending the EGM (or any adjournment thereof) shall be responsible for their own travelling and accommodation expenses.

* *For identification purpose only*

As at the date of this notice, the executive Directors are Mr. Luo Yefei, Mr. Cao Yang, Ms. Yan Jingfen and Ms. Zhou Yumei; the non-executive Directors are Mr. Du Peng and Mr. Shen Jinxin; and the independent non-executive Directors are Mr. Chow Ching Ning, Mr. Wang Yashan and Mr. Wu Xuekai.