

杉杉品牌運營股份有限公司
SHANSHAN BRAND MANAGEMENT CO., LTD.

(A joint stock company established 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:

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

Non-executive directors:

Mr. Mao Weiyong
Mr. Wang Mingming

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

12 September 2025

To the Independent Shareholders

Dear Sir or Madam,

(1) MANDATORY CONDITIONAL CASH OFFER BY SDICS INTERNATIONAL SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF MR. LUO YEFEI FOR ALL THE H SHARES IN SHANSHAN BRAND MANAGEMENT CO., LTD (OTHER THAN THOSE H SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. LUO YEFEI AND PARTIES ACTING IN CONCERT WITH HIM)
AND

(2) MANDATORY CONDITIONAL CASH OFFER BY MR. LUO YEFEI FOR ALL THE DOMESTIC SHARES IN SHANSHAN BRAND MANAGEMENT CO., LTD (OTHER THAN THOSE DOMESTIC SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. LUO YEFEI AND PARTIES ACTING IN CONCERT WITH HIM)

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among others, the Acquisitions and the Offers.

As disclosed in the Joint Announcement, on 30 June 2025, the Offeror entered into the Equity Transfer Agreements with the Sellers, pursuant to which the Offeror agreed to acquire and the Sellers agreed to sell an aggregate of 46.50% of the share capital of Ningbo Liankangcai, at an aggregate consideration of RMB1,116,558.00. Completion took place on the date of the Equity Transfer Agreements, being 30 June 2025.

Immediately before Completion, the Offeror was interested in 28,009,000 Domestic Shares. Immediately following Completion and as at the Latest Practicable Date, the Offeror held 65.10% of the share capital of Ningbo Liankangcai and therefore deemed to be interested in the 24,012,000 Domestic Shares (representing 18.00% of the total issued Shares) held by Ningbo Liankangcai. As a result of the foregoing, the Offeror and parties acting in concert with him owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make mandatory conditional general offers in cash for all the issued Domestic Shares and H Shares other than those already owned or agreed to be acquired by the Concert Group in accordance with the Takeovers Code.

The purpose of this Composite Document is to provide you with, among others, (i) details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offers; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the Forms of Acceptance; and (iv) the property valuation report prepared by Royson Valuation Advisory Limited in respect of the property interests of the Group.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising a non-executive Director, Mr. WANG Mingming (王明明先生) and all of the independent non-executive Directors, namely Mr. CHOW Ching Ning (周政寧先生), Mr. WANG Yashan (王亞山先生) and Mr. WU Xuekai (武學凱先生), who have no direct or indirect interest in the Offers, has been established by the Company, to advise the Independent Shareholders in relation to the Offers, in particular as to whether the Offers are fair and reasonable and as to the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code.

The Independent Financial Adviser has been appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offers and in particular as to whether the Offers are, or are not, fair and reasonable and as to the acceptance of the Offers.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders, the "Letter from the Independent Financial Adviser" and the additional information contained in the appendices to this Composite Document before taking any actions in respect of the Offers.

MANDATORY CONDITIONAL CASH OFFERS

Immediately before Completion, the Offeror was interested in 28,009,000 Domestic Shares (representing approximately 21.00% of the total issued Shares), comprising (i) 14,674,000 Domestic Shares (representing 11.00% of the total issued Shares) directly owned by the Offeror; and (ii) 13,335,000 Domestic Shares (representing approximately 10.00% of the total issued Shares) beneficially owned by Shaanxi Maoye, a company ultimately and beneficially owned as to 80.00% by the Offeror and 20.00% by Ms. Zhou YM, the spouse of the Offeror and an executive Director. Apart from the 28,009,000 Domestic Shares, prior to Completion, the Offeror was also interested in 18.60% of the share capital of Ningbo Liankangcai which held 24,012,000 Domestic Shares (representing 18.00% of the total issued Shares).

Immediately following Completion and as at the Latest Practicable Date, the Offeror held 65.10% of the share capital of Ningbo Liankangcai and therefore deemed to be interested in the 24,012,000 Domestic Shares held by Ningbo Liankangcai and hence, Ningbo Liankangcai is regarded to be acting in concert with the Offeror under class (8) presumption of the definition of “acting in concert” under the Takeovers Code. As a result of the foregoing, the Offeror, Shaanxi Maoye, and Ningbo Liankangcai owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror will be required to make mandatory conditional general offers in cash for all the issued Domestic Shares and H Shares other than those already owned or agreed to be acquired by the Concert Group in accordance with the Takeovers Code.

As at the Latest Practicable Date, the Company has 133,400,000 Shares in issue comprising (i) 100,000,000 Domestic Shares; and (ii) 33,400,000 H Shares. The Company has no outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

Principal terms of the Offers

The Offeror will make the Domestic Share Offer, and SDICSI Securities, on behalf of the Offeror, will make the H Share Offer in compliance with the Takeovers Code on the following basis:

For each Domestic Share RMB0.1000 in cash

For each H Share HK\$0.1097 in cash

The Domestic Share Offer Price of RMB0.1000 per Domestic Share was determined with reference to (i) the consideration for the share capital of Ningbo Liankangcai under the Equity Transfer Agreements which was arrived at after arm's length negotiations between the Offeror and the Sellers; and (ii) the 24,012,000 Domestic Shares held by Ningbo Liankangcai. Save for the 24,012,000 Domestic Shares held by Ningbo Liankangcai, it has no other material assets. The Domestic Share Offer Price was calculated by firstly dividing the entire consideration of RMB1,116,558.00 paid under the Equity Transfer Agreements by 46.50% (being the aggregate acquired share capital of Ningbo Liankangcai by the Offeror under the Equity Transfer Agreements) and followed by dividing by the number of 24,012,000 Domestic Shares held by Ningbo Liankangcai.

The H Share Offer Price of HK\$0.1097 per H Share is equivalent to RMB0.1000, being the Domestic Share Offer Price and converted into Hong Kong dollars, based on the median exchange rate of RMB0.91195 to HK\$1.00 quoted by The People's Bank of China on 30 June 2025, being the date of the Joint Announcement.

The Offeror will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

The Offers will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offers shall be fully paid and free from all liens, charges, Encumbrances, rights and benefits of pre-emption and any other third party of any nature and together with all rights now and thereafter becoming attached thereto, including but not limited to the rights to receive all dividend, other distribution or return of capital, if any, which may be declared, made or paid, or agreed to be made or paid by reference to a record date on or after the date on which the Offers are made, being the date of this Composite Document.

The Directors confirm that as at the Latest Practicable Date, (i) the Company has not declared any dividend which remains unpaid, (ii) the Company does not intend to declare any dividend the record date of which will fall on or after the date of this Composite Document, and (iii) the Company does not intend to make, declare or pay any future dividend or make other distributions until the closing of the Offers.

Comparisons of value

The Domestic Share Offer Price of RMB0.1000 per Domestic Share and the H Share Offer Price of HK\$0.1097 per H Share represent:

- (a) a discount of approximately 88.81% to the closing price of HK\$0.9800 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 89.16% to the average closing price of HK\$1.0120 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

- (c) a discount of approximately 89.78% to the average closing price of HK\$1.0730 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 89.99% to the average closing price of HK1.0963 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 95.17% to the audited consolidated net asset value of the Company of approximately RMB2.0710 (equivalent to approximately HK\$2.2360) per Share (calculated based on (i) the Group's audited consolidated net asset value of RMB276,276,449 as at 31 December 2024 as disclosed in the annual report of the Company published on 22 April 2025; (ii) 133,400,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of RMB0.92604 to HK\$1.00, being the median exchange rate as announced by the People's Bank of China on 31 December 2024).

Highest and lowest H Share prices

During the Relevant Period:

- (a) the highest closing price of the H Shares was HK\$1.2500 per H Share as quoted on the Stock Exchange on 13 March 2025; and
- (b) the lowest closing price of the H Shares was HK\$0.8300 per H Share as quoted on the Stock Exchange on 8 January 2025, 9 January 2025, 10 January 2025, 13 January 2025, 14 January 2025, 15 January 2025 and 18 February 2025.

Value of the Offers

Your attention is drawn to the section headed "Value of the Offers" in the Letter from SDICSI Corporate Finance" contained in this Composite Document which sets out the value of the Offers.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there are 133,400,000 Shares in issue (comprising (i) 100,000,000 Domestic Shares; and (ii) 33,400,000 H Shares). The following table sets out the shareholding structure of the Company (i) immediately before Completion and (ii) immediately after Completion and as at the Latest Practicable Date but prior to the Offers being made, assuming there is no change in number of the issued Shares from the Latest Practicable Date but prior to the Offers being made:

Name of Shareholder	Before Completion		Immediately after Completion and as at the Latest Practicable Date but prior to the Offers being made	
	Number of Shares	Approximate % of total issued Shares	Number of Shares	Approximate % of total issued Shares
Domestic Shares				
Offeror (<i>Note 1</i>)	14,674,000	11.00	14,674,000	11.00
Shaanxi Maoye (<i>Note 1</i>)	13,335,000	10.00	13,335,000	10.00
Subtotal of the Concert Group (excluding Ningbo Liankangcai)	28,009,000	21.00	28,009,000	21.00
Ningbo Liankangcai (<i>Note 1</i>)	24,012,000	18.00	24,012,000	18.00
Subtotal of the Concert Group (<i>Note 1</i>)	28,009,000	21.00	52,021,000	39.00
Shanshan (<i>Note 2</i>)	25,834,600	19.36	25,834,600	19.36
Ms. Zhao	12,806,400	9.60	12,806,400	9.60
Mr. Zhang	6,670,000	5.00	6,670,000	5.00
Other Domestic Shareholder	2,668,000	2.00	2,668,000	2.00
Total Domestic Shares	100,000,000	74.96	100,000,000	74.96
H Shares				
H Shareholders	33,400,000	25.04	33,400,000	25.04
Total H Shares	33,400,000	25.04	33,400,000	25.04
Grand total	133,400,000	100.00	133,400,000	100.00

Notes:

1. Before Completion, the Offeror was interested in an aggregate of 28,009,000 Domestic Shares, comprising (i) 14,674,000 Domestic Shares directly owned by the Offeror; and (ii) 13,335,000 Domestic Shares beneficially owned by Shaanxi Maoye, a company ultimately and beneficially owned as to 80.00% by the Offeror and 20.00% by Ms. Zhou YM, the spouse of the Offeror and an executive Director. After Completion and as at the Latest Practicable Date, the Offeror held 65.10% of the issued share capital of Ningbo Liankangcai and therefore deemed to be interested in the Domestic Shares held by Ningbo Liankangcai, and the Offeror and parties acting in concert with him owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date. As such, Ningbo Liankangcai is regarded to be acting in concert with the Offeror under class (8) presumption of the definition of “acting in concert” under the Takeovers Code. Ningbo Liankangcai provided a guarantee registered on 8 December 2023 to Shanshan for amounts payable to Shanshan with 17,938,931 Domestic Shares.
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).

Based on public disclosures currently available, Shanshan is owned as to (i) approximately 14.24% by Shanshan Group; (ii) approximately 9.13% by Ningbo Pengze Trading Co., Ltd.* (寧波朋澤貿易有限公司) (a corporation wholly-owned by Shanshan Group); (iii) approximately 2.23% by Shanshan Holding; (iv) approximately 1.32% by Ningbo Yinzhou Jielun Investment Co., Ltd.* (寧波市鄞州捷倫投資有限公司) (a corporation wholly-owned by Shanshan Holding); (v) approximately 0.03% by the late Mr. Zheng Yonggang and (vi) approximately 73.05% by other public shareholders.

Based on public disclosures currently available, Shanshan Group was owned as to (i) approximately 54.81% by Shanshan Holding; (ii) approximately 9.38% by Ningbo Yonggang Clothing Investment Co., Ltd.* (寧波甬港服裝投資有限公司) (registered capital of which is owned as to 99.74% by Shanshan Holding and 0.26% by Mr. SHEN Yunkang (沈云康先生)); (iii) approximately 6.18% by Ningbo Yinzhou Jinyuan Equity Investment Partnership (Limited Partnership)* (寧波市鄞州區堇元股權投資合夥企業(有限合伙)) (the general partner of which is Shanghai Dongfang Jingxing Private Equity Fund Management Co., Ltd.* (上海東方景星私募基金管理有限公司), which is wholly-owned by Shanghai Shihong Technology Co., Ltd.* (上海士竝科技有限公司) and in turn owned as to 60% by Shanshan Holding, 30% by Mr. GAO Ming and 10% by Mr. ZHENG Ju); (iv) approximately 15.23% by Zhangjiagang Shiyue Fengjinchuang Investment Co., Ltd.* (張家港市悅豐金創投資有限公司) (which is a state-owned enterprise); (v) 12.23% by Itochu Corporation (which is a listed company on the Tokyo Stock Exchange) and (vi) 2.17% by Itochi (China) Group Co., Ltd.* (伊藤忠(中國)集團有限公司) (which is wholly owned by Itochu Corporation).

Based on public disclosures currently available, Shanshan Holding is owned as to 40.54% by Qinggang Investments, which in turn is owned as to 51% by the late Mr. Zheng Yonggang and 49% by Ms. ZHOU Jiqing (周繼青女士) and as to 59.46% by 13 corporate shareholders who are independent third parties to the Company and its connected persons (the largest of which does not exceed 9% as at the Latest Practicable Date).

3. SDICSI Corporate Finance and relevant members of the SDICSI Group which hold the Shares (or options, warrants or derivatives in respect of them) are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares (or options, warrants or derivatives in respect of them) held on behalf of non-discretionary investment clients of the SDICSI Group). As at the Latest Practicable Date, SDICSI Corporate Finance and members of the SDICSI Group did not hold any Share.

* For identification purpose only

INFORMATION ON THE GROUP

The Company is a joint stock limited company established in the PRC, the H Shares of which are listed on the Stock Exchange. The business of the Company primarily involves the design, marketing and sale of formal and casual business menswear in the PRC under two brands, namely FIRS and SHANSHAN.

Your attention is drawn to Appendices II, III and IV to this Composite Document which contain financial information, general information of the Group and property valuations of the property interests of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “3. Information regarding the Offeror and the Concert Group” in the “Letter from SDICSI Corporate Finance” contained in, and Appendix V to, this Composite Document.

THE INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the section headed “4. The intention of the Offeror on the Group” in the “Letter from SDICSI Corporate Finance” contained in, and Appendix V to, this Composite Document.

The Board is aware that it is the intention of the Offeror to continue with the Group's existing principal activities following the close of the Offers and to work closely with the Company management team to drive both customer and shareholder value.

Furthermore, the Board understands that as at the Latest Practicable Date, (i) the Offeror does not have any plans to make any material changes to the continued employment of the employees of the Group (other than in the ordinary course of business); (ii) does not expect there to be a significant redeployment of the fixed assets of the Group; and (iii) the Offeror will conduct a strategic review of the Group's assets, corporate structure, capitalization, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the completion of the Offers with a view to optimising the Group's activities and development, and may make such changes as the Offeror deems necessary, appropriate or beneficial for the Group following its strategic review and/or taking into account any future developments.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed "5. Public float and maintaining the listing status of the Company" in the "Letter from SDICSI Corporate Finance" contained in this Composite Document.

The Board noted that the Offeror intends the Company to remain listed on the Stock Exchange after the closing of the Offers.

RECOMMENDATIONS

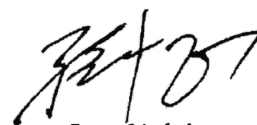
Your attention is drawn to the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" in this Composite Document, which contain, among others, the advice of the Independent Financial Advisers and the Independent Board Committee in relation to the Offers and the principal factors considered by them in arriving at their recommendations, and in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to additional information set out in the appendices to this Composite Document. You are also recommended to read carefully the "Letter from SDICSI Corporate Finance" in, and Appendix I to this Composite Document as well as and the accompanying Forms of Acceptance.

If you are in doubt about your position in connection with the Offers, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Yours faithfully,
For and on behalf of the Board of
Shanshan Brand Management Co., Ltd.



Luo Yefei
Chairman and Executive Director