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江南布衣⁺

JNBY Design Limited

江南布衣有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3306)

REVISION OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

1. BACKGROUND

Reference is made to the Connected Transactions section of the prospectus of JNBY Design Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated October 19, 2016 (the “**Prospectus**”) in relation to, among other things, the continuing connected transactions between our wholly-owned subsidiaries and our connected persons (as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The above continuing connected transactions refer to: (a) provision of logistics and warehousing services agreement entered into between Liancheng Huazhuo and JNBY Finery, our wholly-owned subsidiaries, and Huikang Industrial, our connected person; and (b) framework sample apparel agreement entered into between Liancheng Huazhuo, our wholly-owned subsidiary, and Hangzhou JNBY, our connected person (together, the “**Continuing Connected Transactions**”). Detailed description of the Continuing Connected Transactions shall be referred to the Connected Transactions section of the Prospectus. Unless the context otherwise requires, terms used in this announcement shall have the same meaning as those defined in the Prospectus.

According to the current status of the business development of the Group, it is expected that the existing annual caps of the Continuing Connected Transactions (the “**Existing Annual Caps**”) will be unable to cover the Group’s demand for the years ending June 30, 2017, June 30, 2018 and June 30, 2019. The board of directors of the Company (the “**Board**”) therefore proposes that the Existing Annual Caps be revised in order to accommodate the Group’s demand for the years ending June 30, 2017, June 30, 2018 and June 30, 2019. The revised annual caps (the “**Revised Annual Caps**”) will become effective upon the date of the Board’s approval.

2. DETAILS

The Board has proposed to revise the Existing Annual Caps to the Revised Annual Caps as follows:

Nature of transaction	Existing Annual Cap for the year ending	Revised Annual Cap for the year ending	Existing Annual Cap for the year ending	Revised Annual Cap for the year ending	Existing Annual Cap for the year ending	Revised Annual Cap for the year ending
	June 30, 2017 (RMB'000)	June 30, 2017 (RMB'000)	June 30, 2018 (RMB'000)	June 30, 2018 (RMB'000)	June 30, 2019 (RMB'000)	June 30, 2019 (RMB'000)
Provision of logistics and warehousing services	16,144	20,071	19,123	27,130	22,651	37,050
Framework sample apparel agreement	18,630	24,362	19,562	29,378	20,540	35,427

3. REASONS FOR AND BASIS OF REVISION OF ANNUAL CAPS

Due to the expansion of business of the Group and continuing launches of new brands and products, demands for logistics and warehousing services, and sample apparel manufacture continue to increase, the Existing Annual Caps would not be able to satisfy the demands of future business. Therefore, the Directors are of the view that the business development of the Group requires the revisions of the annual caps in respect of the Continuing Connected Transactions.

The Revised Annual Caps were determined after taking into account: (i) historical figures, i.e., the unaudited transaction amounts of logistics and warehousing services, and sample apparel manufacturing for the 8 months ended February 28, 2017; (ii) the remaining continuing connected transaction amounts under the Group's framework agreements with Huikang Industrial and Hangzhou JNBY respectively; and (iii) the increase of the demands for logistics and warehousing services, and sample apparel manufacturing due to the Group's future business expansion.

4. HISTORICAL FIGURES

The historical figures of the Continuing Connected Transactions are as follows:

Nature of transaction	For the year ended	For the year ended	For the year ended
	June 30, 2014 (RMB'000)	June 30, 2015 (RMB'000)	June 30, 2016 (RMB'000)
Provision of logistics and warehousing services	10,432	10,883	14,025
Framework sample apparel agreement	Nil	Nil	18,619

5. LISTING RULES IMPLICATIONS

Huikang Industrial is indirectly wholly-owned by Mr. Wu and Ms. Li, (together, the “**Substantial Shareholders**”), hence an associate (as defined under Chapter 14A of the Listing Rules) of our Substantial Shareholders and our connected person. Therefore, the transaction between Huikang Industrial, our connected person, and Liancheng Huazhuo and JNBY Finery, both wholly-owned subsidiaries of the Company, constitutes a continuing connected transaction of the Company under the Listing Rules.

Hangzhou JNBY is a company whose issued capital were 47.76% held by Mr. Wu and 51.74% held by Ms. Li, hence an associate (as defined under Chapter 14A of the Listing Rules) of our Substantial Shareholders and our connected person. Therefore, the transaction between Hangzhou JNBY, our connected person, and Liancheng Huazhuo, a wholly-owned subsidiary of the Company, constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the contemplated provision of logistics and warehousing services and framework sample apparel manufacture exceed 0.1% but are lower than 5%, the Continuing Connected Transactions and the relevant caps shall be subject to the reporting, annual review and announcement requirements but exempt from the circular and shareholder’s approval requirement under Chapter 14A of the Listing Rules.

6. CONFIRMATION BY THE BOARD

The Directors of the Company (the “**Directors**”) (including the independent non-executive Directors) are of the view that: (a) it is beneficial for the Group to continue to enter into the Continuing Connected Transactions as these transactions have facilitated and will continue to facilitate the operation and growth of the Group’s business; (b) the Continuing Connected Transactions have been conducted on normal commercial terms and were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (c) that the Revised Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

On April 5, 2017, the Board considered and approved the resolution in relation to the Revised Annual Caps of the Continuing Connected Transactions. As Mr. Wu and Ms. Li, the Directors, are also the directors of Huikang Industrial and Hangzhou JNBY, they are deemed to have material interests in the Continuing Connected Transactions. They have abstained from voting on the resolution of the Revised Annual Caps. As Mr. Li Ming is the brother of Ms. Li and hence a close associate of Ms. Li, Mr. Li Ming has abstained from voting on the resolution of the Revised Annual Caps.

7. GENERAL INFORMATION

7.1. Hangzhou JNBY

Hangzhou JNBY Finery Co., Ltd.* (杭州江南布衣服飾有限公司) is a limited liability company established under the laws of the PRC on September 4, 1997, with Mr. Wu, Ms. Li and Mr. Wei Zhe, each holding 47.8%, 51.7% and 0.5% of its shares, respectively.

7.2. Huikang Industrial

Hangzhou Huikang Industrial Co., Ltd.* (杭州慧康實業有限公司) is a wholly foreign-owned enterprise established under the laws of the PRC on August 22, 2002, with Famewise Development Limited (慧康發展有限公司) and Sinomax Corporation Limited (華卓有限公司) (both wholly-owned companies of Mr. Wu and Ms. Li) holding 70% and 30% of its shares, respectively.

7.3. JNBY Finery

JNBY Finery Co., Ltd.* (江南布衣服飾有限公司) is a limited liability company established under the laws of the PRC on June 21, 2011 and an indirectly wholly-owned subsidiary of the Company.

7.4. Liancheng Huazhuo

Hangzhou Liancheng Huazhuo Industrial Co., Ltd.* (杭州聯成華卓實業有限公司) is a limited liability company established under the laws of the PRC on October 19, 2012 and an indirectly wholly-owned subsidiary of the Company.

By Order of the Board of
JNBY Design Limited
Wu Jian

Chairman and Executive Director

Hong Kong, April 5, 2017

As at the date of this announcement, the executive Directors are Mr. Wu Jian, Ms. Li Lin and Mr. Li Ming; the non-executive Directors are Mr. Wei Zhe and Mr. Zhang Beili; and the independent non-executive Directors are Mr. Lam Yiu Por, Ms. Han Min and Mr. Hu Huanxin.

* *for identification purposes only*