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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)

CONTINUING CONNECTED TRANSACTION 2019 LEASE AGREEMENTS

THE 2019 LEASE AGREEMENTS

The Board announces that, on November 23, 2018, JNBY Finery, an indirectly wholly owned subsidiary of the Company, entered into the 2019 Lease Agreements with Huizhan Technology, to which the Founders are controlling shareholders. Pursuant to the 2019 Lease Agreements, Huizhan Technology agreed to lease an office building and a multi-function hall to the Company, for office purpose and advertising campaign purpose, respectively.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14A of the Listing Rules, as one or more of the applicable percentage ratios in respect of the annual caps (as defined in the Listing Rules) set for the transactions contemplated under the 2019 Lease Agreements exceed 0.1% but all the applicable percentage ratios are less than 5%. The transactions contemplated under the 2019 Lease Agreements are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

MAJOR TERMS OF THE 2019 LEASE AGREEMENTS

Office Building Lease agreement

Date	November 23, 2018
Parties	(1) JNBY Finery as lessee; and (2) Huizhan Technology as lessor
Subject	The building located in Tianmuli D, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里D座) and 100 associated underground parking lots with a total leasing area of 23,906.76 square meters for above-ground structures and approximately 2,000.00 square meters for underground structures

Term	3 years commencing from December 1, 2019 and ending on November 30, 2022
Rent and other charges	The rent payable for above-ground structures is RMB30,540,900.00 per annum, and for underground structures is RMB1,460,000.00 per annum; the homeowners association fee payable is RMB4,876,978.30 per annum; the utilities will be billed based on actual usage with an estimate of RMB4,000,000.00 per annum
Payment schedule	Annually in advance for the rent and the homeowners association fee; monthly payment for utilities
Purpose	To be used for office purpose

Multi-function Hall Lease agreement

Date	November 23, 2018
Parties	(1) JNBY Finery as lessee; and (2) Huizhan Technology as lessor
Subject	The multi-function hall located in Floor 1-2, Tianmuli D1, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目里D1座1-2層) with a total leasing area of approximately 2,342.00 square meters
Term	JBNY Finery is permitted to rent based on actual needs in a period of 3 years commencing from December 1, 2019 and ending on November 30, 2022
Rent and other charges	The rent payable is RMB40,000.00 per day with an estimate of no more than RMB1,200,000.00 per annum based on actual needs of the Company
Payment schedule	Payment within 30 days after renting
Purpose	To be used for advertising campaign purpose

PROPOSED ANNUAL CAPS

The Board has proposed the annual caps set for the transactions contemplated under the 2019 Lease Agreements:

	For 7 months ending June 30, 2020 (RMB)	For the year ending June 30, 2021 (RMB)	For the year ending June 30, 2022 (RMB)	For 5 months ending November 30, 2022 (RMB)
Estimated annual rent and other charges	24,445,429.01	42,077,878.30	42,077,878.30	17,632,449.29
Annual caps	24,500,000.00	42,100,000.00	42,100,000.00	17,700,000.00

Based on the estimated aggregate annual rent and other charges amount payable by the Group under the 2019 Lease Agreements for the term of the 2019 Lease Agreements set out above, which is expected not to exceed (i) 24,500,000.00 for the period from December 1, 2019 to June 30, 2020; (ii) 42,100,000.00 for the period from July 1, 2020 to June 30, 2021; (iii) 42,100,000.00 for the period from July 1, 2021 to June 30, 2022; and (iv) 17,700,000.00 for the period from July 1, 2022 to November 30, 2022, respectively. Accordingly, such amounts have been set as the annual caps for the said periods for the transactions under the 2019 Lease Agreements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 LEASE AGREEMENTS

The Directors are of the view that the business operation and development of the Group requires the entering into of the 2019 Lease Agreements for the following reasons: (i) the lease of the Group's existing office complex will expire after June 30, 2019 and such office complex may not be able to support the Group's future operations in view of the Group's development strategy; (ii) leasing of new office building will provide a conducive working environment for our employees and to enhance competitiveness of our Group; (iii) leasing of multi-function hall will enable the Group to host various large scale advertising campaign activities and further raise the brand recognition and acceptance; and (iv) signing the 2019 Lease Agreements in advance of the commencement of the terms of the agreements will enable the Group to have sufficient time to plan and design and carry out the decoration process before the terms of the 2019 Lease Agreements start.

The rent and other charges payable under the 2019 Lease Agreements were determined based on the prevailing market price of the comparable properties in the place where the leased properties are located and taking into consideration the term of the leases and the expenses required for design and decoration of the building. The Directors took into consideration a range of relevant factors (such as location, size, transportation, and facilities of the properties) to determine whether the properties were suitable for the Group and its business. The Directors are of the view that the 2019 Lease Agreements are entered into in the ordinary and usual course of our business, and the Company considers that such lease contract is on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Lessee

JNBY Finery is a limited liability company incorporated in the PRC with limited liability on June 21, 2011 and an indirectly wholly owned subsidiary of the Company.

The Company is a leading designer brand fashion house based in China. The Group designs, promotes and sells contemporary apparel, footwear and accessories for women, men, children and teenagers as well as household products. Brand portfolio of the Group currently comprises eight brands – (i) JNBY, (ii) CROQUIS, (iii) jnby by JNBY, (iv) less, (v) Pomme de terre, (vi) JNBYHOME, (vii) SAMO and (viii) REVERB, each targeting at a distinct customer segment and having a uniquely defined design identity based on the Group’s universal brand philosophy – “Just Naturally Be Yourself”.

The Lessor

Huizhan Technology is a wholly foreign owned enterprise established under the laws of the PRC on July 16, 2008 by United Citi Investment Limited and Eminent Health (Hong Kong) Limited, which hold 84.6% and 15.4% of the shares of Huizhan Technology, respectively. United Citi Investment Limited is indirectly wholly owned by the Founders, who thus are controlling shareholders of Huizhan Technology. Huizhan Technology is a connected person of the Company.

LISTING RULES IMPLICATIONS

Huizhan Technology is a wholly foreign owned enterprise established under the laws of the PRC on July 16, 2008 by United Citi Investment Limited and Eminent Health (Hong Kong) Limited, which hold 84.6% and 15.4% of the shares of Huizhan Technology, respectively. United Citi Investment Limited is indirectly wholly owned by the Founders, who thus are controlling shareholders of Huizhan Technology. Mr. Wu Jian and Ms. Li Lin are the Founders of the Company. Mr. Wu is a controlling Shareholder, the Chairman of the Board, chief executive officer of the Company and an executive Director. Ms. Li is a controlling Shareholder, an executive Director and the Chief Creative Officer of the Company. Huizhan Technology is a connected person of the Company and the 2019 Lease Agreements entered into between the Company and the Huizhan Technology constitute a continuing connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, as one or more of the applicable percentage ratios in respect of the annual caps (as defined in the Listing Rules) set for the transactions contemplated under the 2019 Lease Agreements exceed 0.1% but all the applicable percentage ratios are less than 5%. The transactions contemplated under the 2019 Lease Agreements are subject to the reporting and announcement requirements but are exempt from Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CONFIRMATION BY THE BOARD

The Directors (including the independent non-executive Directors) are of the view that: (a) it is beneficial for the Group to enter into the 2019 Lease Agreements as they will facilitate the operation and growth of the Group's business; (b) the 2019 Lease Agreements were entered into in the ordinary and usual course of business of the Group and will be conducted on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (c) that the annual caps set for the transactions contemplated under the 2019 Lease Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

On November 23, 2018, the Board considered and approved the resolutions in relation to the entering into of the 2019 Lease Agreements and annual caps set for the transactions contemplated under the 2019 Lease Agreements. As Mr. Wu Jian, the Chairman of the Board and an executive Director, and Ms. Li Lin, an executive Director, are deemed to have material interests in the 2019 Lease Agreements, they have abstained from voting on the Board resolutions for approving the 2019 Lease Agreements and the annual caps set for the transactions contemplated under the 2019 Lease Agreements. As Mr. Li Ming is a brother of Ms. Li Lin and hence a close associate of Ms. Li Lin, Mr. Li Ming has also abstained from voting on the Board resolutions for approving the 2019 Lease Agreements and the annual caps set for the transactions contemplated under the 2019 Lease Agreements.

DEFINITIONS

“2019 Lease Agreements”	the 2 lease agreements both dated November 23, 2018 entered into between the Company and Huizhan Technology, for office building leasing and multi-function hall leasing, respectively
“Board”	the board of Directors of the Company
“Company”	JNBY Design Limited, a company incorporated in the Cayman Islands with limited liability on November 26, 2012 and listed on the Main Board of the Stock Exchange on October 31, 2016
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Founders”	Mr. Wu Jian (吳健) and Ms. Li Lin (李琳), executive Directors
“Group”	the Company and its subsidiaries from time to time
“Huizhan Technology”	Huizhan Technology (Hangzhou) Co., Ltd. (慧展科技(杭州)有限公司), which is controlled by the Founders
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board of
JNBY Design Limited
Wu Jian
Chairman and Executive Director

Hong Kong, November 23, 2018

As at the date of this announcement, the executive Directors are Mr. Wu Jian, Ms. Li Lin and Mr. Li Ming; and 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.