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江南布衣⁺ JNBY GROUP

JNBY Design Limited

江南布衣有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3306)

CONNECTED TRANSACTION FEBRUARY 2022 LEASE AGREEMENT

FEBRUARY 2022 HUIZHAN LEASE AGREEMENT

The Board announces that, on February 14, 2022, the Group entered into a lease agreement with Huizhan Technology (Hangzhou) Co., Ltd.* (慧展科技(杭州)有限公司) (“**Huizhan Technology**”), pursuant to which Huizhan Technology agreed to lease a premise in Hangzhou to the Group for holding products ordering fair purpose with a term of approximately two months commencing from February 14, 2022 (the “**February 2022 Huizhan Lease Agreement**”).

LISTING RULES IMPLICATION

As Huizhan Technology is indirectly owned by the Founders as to 84.6% and thus is a connected person of the Company, the transaction contemplated under the February 2022 Huizhan Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, as the transaction contemplated under the February 2022 Huizhan Lease Agreement is of similar nature as the April 2021 Continuing Lease Transactions, the transaction contemplated under the February 2022 Huizhan Lease Agreement and the April 2021 Continuing Lease Transactions (collectively, the “**February 2022 Continuing Lease Transactions**”) will be aggregated and treated as if they were one transaction.

On an aggregated basis, one or more of the applicable percentage ratios in respect of the annual caps for the amount of rental payable by the Group under the February 2022 Continuing Lease Transactions for the year ending June 30, 2023 exceeds 0.1% but all the applicable percentage ratios are less than 5%. As such, the February 2022 Continuing Lease Transactions are subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

References are made to the announcements of the Company dated November 23, 2018, February 27, 2019, October 17, 2019, May 28, 2020, September 29, 2020 and April 8, 2021 in relation to its lease agreements (the “**Announcements**”). Unless otherwise stated, capital terms used in this announcement shall have the same meanings as defined in the Announcements.

FEBRUARY 2022 HUIZHAN LEASE AGREEMENT

The Board announces that, on February 14, 2022, the Group entered into the February 2022 Huizhan Lease Agreement with Huizhan Technology, pursuant to which Huizhan Technology agreed to lease a premise in Hangzhou to the Group for holding products ordering fair purpose with a term of approximately two months commencing from February 14, 2022.

Date	February 14, 2022
Parties	(1) JNBY Finery as lessee; and (2) Huizhan Technology as lessor
Premise	A premise of 3,840 square meters located at 3F-8F, Block 16, Tianmu Qingshui Commercial Center, 398 Tianmushan Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區天目山路398號天目清水商業中心16號樓3層至8層)
Term	Approximately two months commencing from February 14, 2022 and expiring on April 30, 2022
Rent	The rent payable is calculated based on the actual days of usage (RMB42,000 per day) and standard usage fee (RMB350 per person)
Payment schedule	Monthly in arrears
Purpose	Holding products ordering fair

Proposed Annual caps for Continuing Connected Transactions

Taking the February 2022 Huizhan Lease Agreement into account, it is expected that the existing annual caps of the April 2021 Continuing Lease Transactions will be unable to cover the Group's demand, and the Board therefore proposes that the existing annual caps be revised for the years ending June 30, 2022. The revised annual caps will become effective upon the date of the Board's approval.

The revised annual caps were determined after taking into account: (i) the existing annual caps for the April 2021 Continuing Lease Transactions for the years ended/ending June 30, 2021, 2022, 2023; and (ii) the rent and other charges payable under the February 2022 Huizhan Lease Agreement.

The Board has proposed to revise the existing annual caps to the revised annual caps as follows:

	For the year ending June 30, 2022 (RMB)	For the year ending June 30, 2023 (RMB)
Estimated annual rent and other charges under the February 2022 Huizhan Lease Agreement	2,044,000	—
Proposed annual caps for rent and other charges under the February 2022 Huizhan Lease Agreement	2,044,000	—
Existing annual caps	54,070,000	18,600,000
Estimated annual rent and other charges under the February 2022 Continuing Lease Transactions	56,030,943	18,532,449
Revised annual caps	<u>56,114,000</u>	<u>18,600,000</u>

In determining the above revised annual caps for the February 2022 Continuing Lease Transactions, our Directors have considered the pricing terms of the underlying lease agreements and adjustments for expected inflation. Our Directors confirm that the annual rent and other charges payable and the revised annual caps for the February 2022 Continuing Lease Transactions are determined on normal commercial terms and with reference to market price and previous transactions and figures when applicable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FEBRUARY 2022 LEASE AGREEMENT

The Directors are of the view that the business operation and development of the Group requires the entering into of the February 2022 Lease Agreement which enables the Group to hold products ordering fairs for business operations.

The Directors are of the view that rent and other charges payable under the February 2022 Lease Agreement was determined on the basis of the prevailing market price of the comparable properties in the place where the leased properties are located. The Directors took into consideration a range of relevant factors (such as location, size, transportation, and facilities of the properties) to determine whether the property was suitable for the Group and its business. The Directors are of the view that the February 2022 Lease Agreement was entered into in the ordinary and usual course of our business, and the Company considers that such agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Huizhan Technology is indirectly owned by the Founders as to 84.6% and thus is a connected person of the Company, the transaction contemplated under the February 2022 Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, as the transaction contemplated under the February 2022 Huizhan Lease Agreement and the April 2021 Continuing Lease Transactions are of similar nature, the February 2022 Continuing Lease Transactions will be aggregated and treated as if they were one transaction.

On an aggregated basis, one or more of the applicable percentage ratios in respect of the annual caps for the amount of rental payable by the Group under February 2022 Continuing Lease Transactions for the year ending June 30, 2023 exceeds 0.1% but all the applicable percentage ratios are less than 5%. As such, the February 2022 Continuing Lease Transactions are subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ABOUT THE PARTIES

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 a number of brands in three stages — the mature brand namely JNBY, three younger brands, namely (i) CROQUIS (速寫), (ii) jnby by JNBY and (iii) LESS, as well as various emerging brands, such as POMME DE TERRE (蓬馬) and JNBYHOME, 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”.

Mr. Wu Jian and Ms. Li Lin are the Founders. Mr. Wu Jian is a controlling shareholder of the Company, the Chairman of the Board, and an executive Director. Ms. Li Lin is a controlling shareholder of the Company, an executive Director and the Chief Creative Officer of the Company. Mr. Wu Jian and Ms. Li Lin are connected persons of the Company.

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

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.

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 February 2022 Lease Agreement, as they will facilitate the operation and growth of the Group’s business; (b) the February 2022 Lease Agreement was 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.

On February 14, 2022, the Board considered and approved the resolutions in relation to the entering into of the February 2022 Lease Agreement. 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 February 2022 Lease Agreement, they have abstained from voting on the Board resolutions for approving the said matter.

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

Hong Kong, February 14, 2022

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