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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 TRANSACTIONS

- (1) 2022 OōEli LEASE AGREEMENT;**
- (2) 2022 BLUE SEA & ZICHUANG LEASE AGREEMENT;**
- (3) 2022 XIAOSHAN LEASE AGREEMENT;**

CONTINUING CONNECTED TRANSACTIONS

- (4) 2022 CONCESSION AGREEMENT; AND**
- (5) 2022 OōEli MULTI-PURPOSE SPACE FRAMEWORK AGREEMENT**

CONNECTED TRANSACTIONS

(1) 2022 OōEli Lease Agreement

References are made to the announcements of the Company dated November 23, 2018, October 17, 2019, May 28, 2020, April 8, 2021 and February 14, 2022 in relation to the various lease agreements with respect to the Company's headquarters (including certain office spaces and ancillary facilities such as staff canteen and warehouse) at the OōEli Complex in Hangzhou.

In hopes of promoting better corporate governance practice and standardizing the Group's various tenancy arrangements which have different expiry dates, the Board is pleased to announce that on May 24, 2022, JNBY Finery (a wholly-owned subsidiary of the Company) has:

- a) entered into the OōEli Early Termination Agreement with Huizhan Technology to early terminate the OōEli Terminated Leases by the parties' mutual consent and effective on June 30, 2022; and

- b) entered into the 2022 OōEli Lease Agreement with Huizhan Technology and Huizhan Property, pursuant to which JNBY Finery has agreed to lease the OōEli Premises as the Group’s headquarters for a term of 2 years starting from July 1, 2022 and ending on June 30, 2024.

(2) 2022 Blue Sea & Zichuang Lease Agreement

Reference is made to the announcement of the Company dated September 29, 2020 in relation to the October 2020 Office Building Lease Agreement where JNBY Finery has leased from Huikang Industrial the Blue Sea Premises for a term starting from October 1, 2020 and ending on June 30, 2022.

The Board is pleased to announce that on May 24, 2022, JNBY Finery has entered into the 2022 Blue Sea & Zichuang Lease Agreement, pursuant to which JNBY Finery has agreed to renew the lease with respect to the Blue Sea Premises to house certain of the Group’s laboratories function and to lease the Zichuang Premises as staff dormitory, for a term of 2 years starting on July 1, 2022 and expiring on June 30, 2024.

(3) 2022 Xiaoshan Lease Agreement

Reference is made to the announcement of the Company dated May 28, 2020 in relation to the 2020 Dormitory Lease Agreement and 2020 Office Building Lease Agreement where Liancheng Huazhuo (a wholly-owned subsidiary of the Company) has respectively leased from Huikang Industrial the Xiaoshan Dormitory Premises for a term starting from July 1, 2019 and ending on June 30, 2022 and the Xiaoshan Workshop Premises for a term starting from July 1, 2020 and ending on June 30, 2023.

In hopes of promoting better corporate governance practice and standardizing the Group’s various tenancy arrangements which have different expiry dates, the Board is pleased to announce that on May 24, 2022, Liancheng Huazhuo has:

- a) entered into the Xiaoshan Early Termination Agreement with Huikang Industrial to early terminate the 2020 Office Building Lease Agreement with respect to the Xiaoshan Workshop Premises by the parties’ mutual consent and effective on June 30, 2022; and
- b) entered into the 2022 Xiaoshan Lease Agreement with Huikang Industrial, pursuant to which Liancheng Huazhuo has agreed to lease the Xiaoshan Premises for a term of 2 years starting from July 1, 2022 and ending on June 30, 2024.

CONTINUING CONNECTED TRANSACTIONS

(4) 2022 Concession Agreement

Reference is made to the announcement of the Company dated September 29, 2020 in relation to the 2020 Concession Agreements.

In hopes of promoting better corporate governance practice and standardizing the Group's various tenancy arrangements which have different expiry dates, the Board is pleased to announce that on May 24, 2022, JNBY Finery has:

- a) entered into the Concession Early Termination Agreement with Huizhan Technology to terminate the 2020 Concession Agreements by the parties' mutual consent and effective on June 30, 2022; and
- b) entered into the 2022 Concession Agreement with Huizhan Technology, pursuant to which JNBY Finery (as concessioner) was granted concession from Huizhan Technology (as grantor) to operate retail business at specified premises in the OōEli Complex for a term of two years starting from July 1, 2022 and ending on June 30, 2024.

(5) 2022 OōEli Multi-purpose Space Framework Agreement

The Board is pleased to announce that on May 24, 2022, JNBY Finery has entered into the 2022 OōEli Multi-purpose Space Framework Agreement with Huizhan Technology, pursuant to which JNBY Finery may, during the term starting from July 1, 2022 and ending on June 30, 2024, use all multi-purpose open space at the OōEli Complex from time to time for various purposes, including but not limited to hosting promotional activities, organizing fashion shows and housing other events.

LISTING RULES IMPLICATIONS

As each of Huizhan Technology, Huizhan Property and Huikang Industrial is indirectly controlled by the Founders and thus is a connected person of the Company, transactions contemplated with such parties may constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected Transactions

Pursuant to HKFRS 16, the leases contemplated under 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement will be recognized as right-of-use assets of the Group from the commencement of their respective terms. The recognition of a right-of-use asset in relation to such agreements (with fixed lease payments) will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules and therefore constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, given the transactions contemplated under the 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement are of similar nature and were all entered into at the same time, the Company considers that such transactions may be aggregated and be treated as if they were one transaction pursuant to Rule 14A.81 and 14A.83 of the Listing Rules.

On an aggregated basis, as one or more of the applicable percentage ratios in respect of the value of right-of-use assets of the 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, while such connected transactions do not constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, they are nevertheless subject to the reporting, annual review and announcement requirements set out in the Listing Rules, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Continuing Connected Transactions

Given the transactions contemplated under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement involve variable payments based on different factors (such as the sales generated from the premises), such fees and charges payable under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement will be recognized as expenses in the Company's profit or loss accounts during their respective terms. On this basis, the transactions under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, given the transactions contemplated under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement are of similar nature and were all entered into at the same time, the Company considers that such transactions may be aggregated and be treated as if they were one transaction pursuant to Rule 14A.81 and 14A.83 of the Listing Rules.

On an aggregated basis, as one or more of the applicable percentage ratios in respect of the annual caps for the amount of fees payable by the Group under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement for the year ending June 30, 2024 exceeds 0.1% but all the applicable percentage ratios are less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements set out in the Listing Rules, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as defined in the respective aforementioned announcements of the Company.

CONNECTED TRANSACTIONS

(1) 2022 OōEli Lease Agreement

References are made to the announcements of the Company dated November 23, 2018, October 17, 2019, May 28, 2020, April 8, 2021 and February 14, 2022 in relation to the various lease agreements with respect to the Company's headquarters (including certain office spaces and ancillary facilities such as staff canteen and warehouse) at the OōEli Complex in Hangzhou (which was previously identified and referred to as "Tianmuli" or "Tianmu Qingshui Commercial Center").

In hopes of promoting better corporate governance practice and standardizing the Group's various tenancy arrangements which have different expiry dates, the Board is pleased to announce that on May 24, 2022, JNBY Finery (a wholly-owned subsidiary of the Company) has:

- a) entered into a termination agreement with Huizhan Technology to early terminate the OōEli Terminated Leases by the parties' mutual consent (the "**OōEli Early Termination Agreement**"); and
- b) entered into the 2022 OōEli Lease Agreement with Huizhan Technology and Huizhan Property, pursuant to which JNBY Finery has agreed to lease the OōEli Premises as the Group's headquarters for a term of 2 years starting from July 1, 2022 and ending on June 30, 2024.

Pursuant to the OōEli Early Termination Agreement, the OōEli Terminated Leases will be early terminated effective on June 30, 2022 by mutual consent without any early termination penalty. Any prepaid rent under such OōEli Terminated Leases will be carried forward to the 2022 OōEli Lease Agreement.

Set forth below is a summary of the principal terms of the 2022 OōEli Lease Agreement:

Date: May 24, 2022

Parties: JNBY Finery as lessee; and
Huizhan Technology and Huizhan Property as lessors (collectively the “**OōEli Lessors**”)

Premises: The premises of approximately 35,519 sq m of space in total located at the OōEli Complex (the “**OōEli Premises**”), which include the following facilities and amenities:

- a) approximately 29,954 sq m of office space;
- b) approximately 4,480 sq m of warehouse space;
- c) approximately 1,085 sq m of staff canteen space; and
- d) 400 underground assigned parking spaces.

Term: Two years commencing from July 1, 2022 and ending on June 30, 2024

Fees payable and payment schedule: The fees payable by JNBY Finery to the OōEli Lessors for the period from July 1, 2022 to June 30, 2023 shall be paid in advance on June 30, 2022 and include:

- a) annual rent of approximately RMB48,903,531 (however, only approximately RMB35,202,784 will be payable on June 30, 2022 due to the carry forward balance from the OōEli Terminated Leases); and
- b) annual management fee and public utilities fees of approximately RMB6,332,083 (however, only approximately RMB4,543,455 will be payable on June 30, 2022 due to the carry forward balance from the OōEli Terminated Leases).

The fees payable by JNBY Finery to the OōEli Lessors for the period from July 1, 2023 to June 30, 2024 shall be paid in advance on June 30, 2023 and include:

- a) annual rent of approximately RMB54,370,159; and
- b) annual management fee and public utilities fees of approximately RMB6,332,083.

In addition to the above fees, JNBY Finery will also be responsible for the utilities fees of the OōEli Premises (as applicable), which will be determined by the actual usage of the Group and is payable monthly.

Usage: To be used as the Group's headquarters with supporting facilities such as staff canteen and parking spaces.

Right-Of-Use Assets

The value of the right-of-use assets recognized by the Company under the 2022 OōEli Lease Agreement is amounted to approximately RMB114,169,830, calculated with reference to the present value of the aggregated lease payments to be made under the lease in accordance with HKFRS 16 *Leases*.

The OōEli Early Termination Agreement and the 2022 OōEli Lease Agreement will be accounted for a lease modification by re-measuring the lease liability and making a corresponding adjustment to the right-of-use assets in relation to the OōEli Complex and therefore the transactions contemplating thereto are not accounted for a disposal of right-of-use assets by the Company.

(2) 2022 Blue Sea & Zichuang Lease Agreement

Reference is made to the announcement of the Company dated September 29, 2020 in relation to the October 2020 Office Building Lease Agreement where JNBY Finery has leased from Huikang Industrial the Blue Sea Premises for a term starting from October 1, 2020 and ending on June 30, 2022.

The Board is pleased to announce that on May 24, 2022, JNBY Finery has entered into the 2022 Blue Sea & Zichuang Lease Agreement, pursuant to which JNBY Finery has agreed to renew the lease with respect to the Blue Sea Premises to house certain of the Group's laboratories function and to lease the Zichuang Premises as staff dormitory, for a term of 2 years starting on July 1, 2022 and expiring on June 30, 2024.

Set forth below is a summary of the principal terms of the 2022 Blue Sea & Zichuang Lease Agreement:

Date: May 24, 2022

Parties: JNBY Finery as lessee; and
Huikang Industrial as lessor

Premises:	<p>Blue Sea Premises:</p> <p>The premises of approximately 850 sq m located at the West part of the 3rd Floor, Building 1, Blue Sea Times International Building, 39 Yile Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區益樂路39號藍海時代國際大廈1幢3層西面部分)</p> <p>Zichuang Premises:</p> <p>The premises of approximately 87.16 sq m located at Room 603 and Room 605, Building 3, Zichuang Business Center, Gukeyuan East Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區古科園東路紫創商務中心3號樓603室、605室)</p>
Term:	Two years commencing from July 1, 2022 and expiring on June 30, 2024
Fees payable and payment schedule:	<p>JNBY Finery shall pay the annual rent of RMB600,000 to Huikang Industrial for the Blue Sea Premises and RMB168,000 to Huikang Industrial for the Zichuang Premises, both for the period from July 1, 2022 to June 30, 2024 and payable annually in advance.</p> <p>In addition to the above fees, JNBY Finery will also be responsible for the management fees and utilities fees of Blue Sea Premises and Zichuang Premises respectively, which will be determined by the actual usage of the Group</p>
Usage:	Blue Sea Premises will house certain of the Group's laboratories function and Zichuang Premises will house certain of the Group's staff dormitory

Right-Of-Use Assets

The value of the right-of-use assets recognized by the Company under the 2022 Blue Sea & Zichuang Lease Agreement is amounted to approximately RMB1,547,297, calculated with reference to the present value of the aggregated lease payments to be made under the lease in accordance with HKFRS 16 *Leases*.

(3) 2022 Xiaoshan Lease Agreement

Reference is made to the announcement of the Company dated May 28, 2020 in relation to the 2020 Dormitory Lease Agreement and 2020 Office Building Lease Agreement where Liancheng Huazhuo (a wholly-owned subsidiary of the Company) has respectively leased from Huikang Industrial the Xiaoshan Dormitory Premises for a term starting from July 1, 2019 and ending on June 30, 2022 and the Xiaoshan Workshop Premises for a term starting from July 1, 2020 and ending on June 30, 2023.

In hopes of promoting better corporate governance practice and standardizing the Group's various tenancy arrangements which have different expiry dates, the Board is pleased to announce that on May 24, 2022, Liancheng Huazhuo has:

- a) entered into a termination agreement with Huikang Industrial to terminate the 2020 Office Building Lease Agreement with respect to the Xiaoshan Workshop Premises by the parties' mutual consent (the "**Xiaoshan Early Termination Agreement**"); and
- b) entered into the 2022 Xiaoshan Lease Agreement with Huikang Industrial, pursuant to which Liancheng Huazhuo has agreed to lease the Xiaoshan Premises for a term of 2 years starting from July 1, 2022 and ending on June 30, 2024.

Pursuant to the Xiaoshan Early Termination Agreement, the 2020 Office Building Lease Agreement will be early terminated effective on June 30, 2022 by mutual consent without any early termination penalty. Any prepaid rent under the 2020 Office Building Lease Agreement will be carried forward to the 2022 Xiaoshan Lease Agreement.

Set forth below is a summary of the principal terms of the 2022 Xiaoshan Lease Agreement:

Date: May 24, 2022

Parties: Liancheng Huazhuo as lessee; and
Huikang Industrial as lessor

Premises: The premises of approximately 9,080 sq m in total located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號) (the "**Xiaoshan Premises**"), which includes the following areas:

- a) 6,700 sq m of staff dormitory (the “**Xiaoshan Dormitory Premises**”);
- b) 1,980 sq m of workshop and factory store (the “**Xiaoshan Workshop Premises**”); and
- c) 400 sq m of warehouse space.

Term: Two years commencing from July 1, 2022 and expiring on June 30, 2024

Fees payable and payment schedule: Fees payable by Liancheng Huazhuo for the Xiaoshan Premises for the period from July 1, 2022 to June 30, 2024 shall be RMB2,112,000 and RMB2,247,756 per annum for the first and second year of the term respectively (inclusive of utilities and management fees), payable annually in advance.

Usage: The Xiaoshan Premises will be used for staff dormitory, workshop and warehouse as stipulated by the aforementioned nature of such premises

Right-Of-Use Assets

The value of the right-of-use assets recognized by the Company under the 2022 Xiaoshan Lease Agreement is amounted to approximately RMB4,359,756, calculated with reference to the present value of the aggregated lease payments to be made under the Lease in accordance with HKFRS 16 *Leases*.

The Xiaoshan Early Termination Agreement and the 2022 Xiaoshan Lease Agreement will be accounted for a lease modification by re-measuring the lease liability and making a corresponding adjustment to the right-of-use assets in relation to the Xiaoshan Premises and therefore the transactions contemplating thereto are not accounted for a disposal of right-of-use assets by the Company.

CONTINUING CONNECTED TRANSACTIONS

(4) 2022 Concession Agreement

Reference is made to the announcement of the Company dated September 29, 2020 in relation to the 2020 Concession Agreements.

In hopes of promoting better corporate governance practice and standardizing the Group's various tenancy arrangements which have different expiry dates, the Board is pleased to announce that on May 24, 2022, JNBY Finery has:

- a) entered into a termination agreement with Huizhan Technology to terminate the 2020 Concession Agreements by the parties' mutual consent (the "**Concession Early Termination Agreement**"); and
- b) entered into the 2022 Concession Agreement with Huizhan Technology, pursuant to which JNBY Finery (as concessioner) was granted concession from Huizhan Technology (as grantor) the sole and exclusive right to operate retail business at specified premises in the OōEli Complex for a term starting from July 1, 2022 and ending on June 30, 2024.

Pursuant to the Concession Early Termination Agreement, the 2020 Concession Agreements will be early terminated effective on June 30, 2022 by mutual consent without any early termination penalty and any prepaid fees under the 2020 Concession Agreements will be carried forward to the 2022 Concession Agreement.

Set forth below is a summary of the principal terms of the 2022 Concession Agreement:

Date:	May 24, 2022
Parties:	JNBY Finery as concessioner; and Huizhan Technology as grantor
Premises:	Certain premises of approximately 633 sq m of retail space in total located at the OōEli Complex, which JNBY Finery is granted the sole and exclusive right to operate its retail businesses thereat, including: <ol style="list-style-type: none">a) approximately 81 sq m of retail space for the Group to operate the retail store of its brand "jnby by JNBY";b) approximately 68 sq m of retail space for the Group to operate the retail store of its brand "POMME DE TERRE";c) approximately 484 sq m of retail space for the Group to operate the retail store of "JNBY Membership Store";
Term:	Two years commencing from July 1, 2022 and ending on June 30, 2024

Pricing policy and payment schedule:	The fees payable monthly by JNBY Finery to Huizhan Technology during the term in respect of the 2022 Concession Agreement include: <ul style="list-style-type: none"> a) a monthly rent component that is calculated based on the monthly turnover (tax inclusive) of such specific retail operation multiplied by a royalty rate of 10%; b) an aggregated monthly promotional service fees of RMB6,330 payable per month; and c) an aggregated monthly management fee of RMB28,485 payable per month.
Historical transaction amounts:	The historical transaction amounts for the fees and other charges paid by the Group to Huizhan Technology for the year ended June 30, 2021 and the six months ended December 31, 2021 were RMB1,677,187 and RMB1,225,702 respectively.
Usage:	To house the retail operation of the Group's brands in the OōEli Complex.

(5) 2022 OōEli Multi-purpose Space Framework Agreement

The Board is pleased to announce that on May 24, 2022, JNBY Finery has entered into the 2022 OōEli Multi-purpose Space Framework Agreement with Huizhan Technology, pursuant to which JNBY Finery may, during the term starting from July 1, 2022 and ending on June 30, 2024, use the multi-purpose open space at the OōEli Complex from time to time for various purposes, including but not limited to hosting promotional activities, organizing fashion shows and housing other events.

Set forth below is a summary of the principal terms of the 2022 OōEli Multi-purpose Space Framework Agreement:

Date:	May 24, 2022
Parties:	JNBY Finery as licensee; and Huizhan Technology as licensor
Premises:	The multi-purpose open space at the OōEli Complex
Term:	Two years commencing from July 1, 2022 and expiring on June 30, 2024

Pricing policy: Subject to the relevant annual cap, the fees chargeable for the open space shall be in accordance with the relevant event space leasing guide as published by Huizhan Technology from time to time in relation to the multi-purpose open space at OōEli Complex

JNBY Finery shall also enjoy certain discount in reserving such open space which shall not be less favorable than the discount rate offered by Huizhan Technology to other independent third parties

Payment schedule: Monthly in arrears depends on the actual usage of the open space

Usage: For the Group to host various events at the OōEli Complex, including but not limited to promotional activities, fashion shows and other events as part of the brand development and recognition that the OōEli Complex is the Group’s headquarters

PROPOSED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

2022 Concession Agreement

Set out below are the annual caps for the years ending June 30, 2023 and 2024 for the 2022 Concession Agreement:

	For the year ending June 30, 2023 (RMB)	For the year ending June 30, 2024 (RMB)
Annual caps for the 2022 Concession Agreement	5,000,000	5,000,000

In determining the annual caps for the 2022 Concession Agreement, the Directors have considered the historical transaction amount with respect to the 2020 Concession Agreements and expected increase in the sales amount with respect to the retail operation at such stores going forward. On this basis, the Directors believe that such annual caps could reflect the Company’s expectation of the fees payable in relation to the 2022 Concession Agreement.

2022 OōEli Multi-purpose Space Framework Agreement

Set out below are the annual caps for the years ending June 30, 2023 and 2024 for the 2022 OōEli Multi-purpose Space Framework Agreement:

	For the year ending June 30, 2023 <i>(RMB)</i>	For the year ending June 30, 2024 <i>(RMB)</i>
Annual caps for the 2022 OōEli Multi-purpose Space Framework Agreement	12,000,000	12,000,000

In determining the annual caps for the 2022 OōEli Multi-purpose Space Framework Agreement, the Directors have considered the expected need of the Group to use the multi-purpose open space at the OōEli Complex in bolstering its brand recognition. It is also expected that the frequency for the Group to host special events and utilizing such space will significantly increase as the COVID-19 situation improves.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

In hopes of promoting better corporate governance practice and standardizing the Group's various lease agreements which have different expiry dates, the Company intends to take this opportunity to standardize and consolidate the various leases and concession transactions to lower future administrative costs and to provide better clarity to its stakeholders. Upon execution of the agreements as referred to in this announcement, the term of such leases and concession agreements will be consolidated with the same term until June 30, 2024.

The Company is of the view that such consolidation will be beneficial to the Group's business operation and its development for the following reasons: (i) the consolidation of the leases coincide with the expiry of certain lease agreements of the Company and such renewal and consolidation will significantly reduce the Company's administrative burden and costs going forward; (ii) the premises under such leases and concession agreements could provide a conducive working environment for our employees and to enhance competitiveness in retaining talent of our Group; (iii) the continuing occupation of the OōEli Premises as the Group's headquarters may increase the corporate image of the Group; and (iv) the leasing of warehouses and workshops necessary for convenient storage.

The Directors took into consideration a range of relevant factors (such as location, size, transportation, and amenity facilities of the premises) to determine whether the premises were suitable for the Group and its business. On this basis, the Directors (including the independent non-executive Directors) are of the view that fees and other charges payable, the value of the right-of-use assets (to the extent applicable) and the relevant annual caps (to the extent applicable) under the 2022 OōEli Lease Agreement, 2022 Blue Sea &

Zichuang Lease Agreement, 2022 Xiaoshan Lease Agreement, 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement were determined on the basis of the prevailing market price of the comparable properties in the place where the leased properties are located.

In addition, the Directors (including the independent non-executive Directors) are also of the view that the 2022 OōEli Lease Agreement, OōEli Early Termination Agreement, 2022 Blue Sea & Zichuang Lease Agreement, 2022 Xiaoshan Lease Agreement, Xiaoshan Early Termination Agreement, 2022 Concession Agreement, the Concession Early Termination Agreement and 2022 OōEli Multi-purpose Space Framework Agreement are entered into in the ordinary and usual course of our business, and that such agreements are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of Huizhan Technology, Huizhan Property and Huikang Industrial is indirectly controlled by the Founders and thus is a connected person of the Company, transactions contemplated with such parties may constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Connected Transactions

Pursuant to HKFRS 16, the leases contemplated under 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement will be recognized as right-of-use assets for the Group from the commencement of their respective terms. The recognition of a right-of-use asset in relation to such agreements (with fixed lease payments) will be regarded as an acquisition of asset under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules and therefore constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, given the transactions contemplated under the 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement are of similar nature and were all entered into at the same time, the Company considers that such transactions may be aggregated and be treated as if they were one transaction pursuant to Rule 14A.81 and 14A.83 of the Listing Rules.

The aggregate value of the right-of-use assets under the 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement recognized by the Group is as follow (Shareholders and potential investors of the Company shall note that the figures below are unaudited and may be subject to adjustment in the future):

	Value of right-of-use assets recognized (RMB)
2022 OōEli Lease Agreement	114,169,830
2022 Blue Sea & Zichuang Lease Agreement	1,547,297
2022 Xiaoshan Lease Agreement	4,359,756
Total	120,076,883

On an aggregated basis, as one or more of the applicable percentage ratios in respect of the value of right-of-use assets of the 2022 OōEli Lease Agreement, 2022 Blue Sea & Zichuang Lease Agreement and 2022 Xiaoshan Lease Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, while such connected transactions do not constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, they are nevertheless subject to the reporting, annual review and announcement requirements set out in the Listing Rules, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

Continuing Connected Transactions

Given the transactions contemplated under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement involve variable payments based on different factors (such as the sales generated from the premises), such fees and charges payable under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement will be recognized as expenses in the Company's profit or loss accounts during their respective terms. On this basis, the transactions under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement constitute continuing connected transactions of Company under Chapter 14A of the Listing Rules.

In addition, given the transactions contemplated under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement are of similar nature and were all entered into at the same time, the Company considers that such transactions may be aggregated and be treated as if they were one transaction pursuant to Rule 14A.81 and 14A.83 of the Listing Rules.

On an aggregated basis, the aggregated annual caps under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement for the years ending June 30, 2023 and 2024 are RMB17,000,000 and RMB17,000,000, respectively.

As one or more of the applicable percentage ratios in respect of the annual caps for the amount of fees payable by the Group under the 2022 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement for the year ending June 30, 2024 exceeds 0.1% but all the applicable percentage ratios are less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements set out in the Listing Rules, but are exempt from the independent shareholders' approval requirement under 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.

Liancheng Huazhuo 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. Liancheng Huazhuo is principally engaged in apparel manufacturing, wholesaling and distribution business in the PRC as part of the Group's operation.

JNBY Finery is a limited liability company established in the PRC on June 21, 2011. It is an indirectly wholly-owned subsidiary of the Company and is principally engaged in fashion sales with a focus on designer brands. It operates as an centralized and integrated sales platform of the Group, including direct and online sales.

Huikang Industrial is a wholly foreign owned enterprise established under the laws of the PRC on August 22, 2002 by Famewise Development Limited (慧康發展有限公司) and Sinomax Corporation Limited (華卓有限公司), both of which are wholly-owned companies of the Founders (equity interest held through nominees) holding 70% and 30% of the shares of Huikang Industrial, respectively. Huikang Industrial is principally engaged in the property holding business in the PRC.

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. Huizhan Property is a wholly-owned subsidiary of Huizhan Technology. United Citi Investment Limited is indirectly wholly-owned by the Founders, who thus are controlling shareholders of Huizhan Technology. Huizhan Technology is principally engaged in property holding, including office complexes as well as other venues. Huizhan Property is principally engaged in property management and property holding business.

On May 24, 2022, the Board considered and approved the resolutions in relation to the entering into of the 2022 OōEli Lease Agreement, OōEli Early Termination Agreement, 2022 Blue Sea & Zichuang Lease Agreement, 2022 Xiaoshan Lease Agreement, Xiaoshan Early Termination Agreement, 2022 Concession Agreement, the Concession Early Termination Agreement and 2022 OōEli Multi-purpose Space Framework Agreement as well as the annual caps of such contemplated transactions.

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 2022 OōEli Lease Agreement, OōEli Early Termination Agreement, 2022 Blue Sea & Zichuang Lease Agreement, 2022 Xiaoshan Lease Agreement, Xiaoshan Early Termination Agreement, 2022 Concession Agreement, Concession Early Termination Agreement and 2022 OōEli Multi-purpose Space Framework Agreement, they have abstained from voting on the Board resolutions for approving the said matters.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“2022 Blue Sea & Zichuang Lease Agreement”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (2) 2022 Blue Sea & Zichuang Lease Agreement” of this announcement
“2022 Concession Agreement”	has the meaning ascribed to it in the section headed “CONTINUING CONNECTED TRANSACTIONS — (4) 2022 Concession Agreement” of this announcement
“2022 OōEli Lease Agreement”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (1) 2022 OōEli Lease Agreement” of this announcement
“2022 OōEli Multi-purpose Space Framework Agreement”	has the meaning ascribed to it in the section headed “CONTINUING CONNECTED TRANSACTIONS — (5) 2022 OōEli Multi-purpose Space Framework Agreement” of this announcement
“2022 Xiaoshan Lease Agreement”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (3) 2022 Xiaoshan Lease Agreement” of this announcement

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Blue Sea Premises”	Certain premises located at the West part of the 3rd floor, Building 1, Blue Sea Times International Building, 39 Yile Road, Xihu District, Hangzhou, Zhejiang Province, the PRC (中國浙江省杭州市西湖區益樂路39號藍海時代國際大廈1幢3層西面部分), as further stipulated in the section headed “CONNECTED TRANSACTIONS — (2) 2022 Blue Sea & Zichuang Lease Agreement” of this announcement
“Board”	the board of Directors of the Company
“Company”	JNBY Design Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Concession Early Termination Agreement”	has the meaning ascribed to it in the section headed “CONTINUING CONNECTED TRANSACTIONS — (4) 2022 Concession Agreement” of this announcement
“controlling shareholders”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Founders”	Mr. Wu Jian (吳健) and Ms. Li Lin (李琳), both are executive Directors
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huikang Industrial”	Hangzhou Huikang Industrial Co., Ltd. (杭州慧康實業有限公司), previously known as Hangzhou Huikang Finery Co., Ltd. (杭州慧康服飾有限公司), which is controlled by the Founders
“Huizhan Property”	Hangzhou Huizhan Property Services Co., Ltd.* (杭州慧展物業服務有限公司), a wholly-owned subsidiary of Huizhan Technology
“Huizhan Technology”	Huizhan Technology (Hangzhou) Co., Ltd. (慧展科技(杭州)有限公司), which is controlled by the Founders

“JNBY Finery”	JNBY Finery Co., Ltd.* (江南布衣服飾有限公司) 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
“Liancheng Huazhuo”	Hangzhou Liancheng Huazhuo Industrial Co., Ltd.* (杭州聯成華卓實業有限公司), a limited liability company established under the laws of the PRC on October 19, 2012 and an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“OōEli Complex”	the office building and art park complex commonly known as the “OōEli Complex” and located in 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), which was previously identified and referred to as “Tianmuli” or “Tianmu Qingshui Commercial Center”
“OōEli Early Termination Agreement”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (1) 2022 OōEli Lease Agreement” of this announcement
“OōEli Premises”	the space in OōEli Complex that houses the Group’s headquarters under the 2022 OōEli Lease Agreement”, as further stipulated in the section headed “CONNECTED TRANSACTIONS — (1) 2022 OōEli Lease Agreement” of this announcement
“OōEli Terminated Leases”	certain leases and tenancies previously entered into between JNBY Finery and Huizhan Technology with respect to the OōEli Premises, including the office building lease agreement dated November 23, 2018; the multi-function hall lease agreement dated November 23, 2018; the staff canteen lease agreement I dated October 17, 2019; the 2020 warehouse lease agreement dated May 28, 2020; the April 2021 office building lease agreement dated April 8, 2021; and the April 2021 car park lease agreement dated April 8, 2021, which will be early terminated by mutual consent by the parties effective on June 30, 2022. For more details, please refer to the relevant announcements of the Company dated November 23, 2018, October 17, 2019, May 28, 2020 and April 8, 2021

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company listed on the Main Board of the Stock Exchange
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“sq m”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it in the Listing Rules
“Xiaoshan Dormitory Premises”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (3) 2022 Xiaoshan Lease Agreement” of this announcement
“Xiaoshan Early Termination Agreement”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (3) 2022 Xiaoshan Lease Agreement” of this announcement
“Xiaoshan Premises”	Certain premises located at 350 Hongda Road, Economic and Technology Development District, Xiaoshan District, Hangzhou, Zhejiang, China (中國浙江省杭州市蕭山區經濟技術開發區鴻達路350號), as further stipulated in the section headed “CONNECTED TRANSACTIONS — (3) 2022 Xiaoshan Lease Agreement” of this announcement
“Xiaoshan Workshop Premises”	has the meaning ascribed to it in the section headed “CONNECTED TRANSACTIONS — (3) 2022 Xiaoshan Lease Agreement” of this announcement
“Zichuang Premises”	Certain premises located at Room 603 and Room 605, Building 3, Zichuang Business Center, Gukeyuan East Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC (中國浙江省杭州市西湖區古科園東路紫創商務中心3號樓603室、605室), as further stipulated in the section headed “CONNECTED TRANSACTIONS — (2) 2022 Blue Sea & Zichuang Lease Agreement” of this announcement

“%” per cent.

The Chinese name of the entities incorporated in the PRC is the official name and the English name is the translation for identification purpose only.

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

Hong Kong, May 24, 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.