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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
NEW LEASE AGREEMENT**

THE NEW LEASE AGREEMENT

The Board announces that, on August 30, 2017, Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, entered into the New Lease Agreement with the Lessors, pursuant to which the Lessors agreed to lease the Premise to Liancheng Huazhuo for a term of 22 months for offices purpose.

LISTING RULES IMPLICATIONS

Mr. Li Ming, one of the Lessors, is an executive Director and a brother of Ms. Li Lin, an executive Director and one of the Controlling Shareholders, and hence a connected person of the Company. Ms. Tang Yu, the other one of the Lessors, is the spouse of Mr. Li Ming, an executive Director, and hence an associate of Mr. Li Ming and a connected person of the Company. Accordingly, the New Lease Agreement entered into between Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, and the Lessors constitutes 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 the New Lease Agreement is of similar nature as the Leases with Founders Entities, the Transactions will be aggregated and treated as if they were one transaction. On an aggregated basis, one of the applicable percentage ratio (as defined in the Listing Rules) of the Transactions exceeds 0.1% but all the applicable percentage ratios are less than 5%. As such, the Transactions are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the Prospectus in relation to the Leases with Founders Entities, detailed descriptions of which are set out below⁽¹⁾:

	Date of Agreement	Landlord	Tenant	Size (sqm)	Use	Payment Schedule	Rent per annum (RMB)
a)	December 25, 2015, as amended on June 29, 2016	Hangzhou JNBY	JNBY Finery	383.01	retail store	annually in advance	1,680,000.00
b)	December 25, 2015, as amended on June 29, 2016	Founders	JNBY Finery	415.55	retail store	annually in advance	315,000.00
c)	December 25, 2015, as amended on June 29, 2016	Founders	JNBY Finery	478.13	office	annually in advance	344,431.50
d)	July 1, 2016	Founders	JNBY Finery	275.63	retail store	annually in advance	367,500.00
e)	December 25, 2015, as amended on June 29, 2016	Huikang Industrial	JNBY Finery	8,883.97	office	annually in advance	5,179,115.00
f)	December 1, 2012, as amended on June 29, 2016	Huikang Industrial	JNBY Finery	1,067.62	office	annually in advance	1,422,043.91
g)	December 25, 2015, as amended on June 29, 2016	Huikang Industrial	JNBY Finery	505.49	office	annually in advance	505,419.60
h)	December 25, 2015, as amended on June 29, 2016	Huikang Industrial	JNBY Finery	590.96	office	annually in advance	588,862.00
i)	December 25, 2015, as amended on June 29, 2016	Huikang Industrial	Liancheng Huazhuo	347.00	office	annually in advance	39,340.00
j)	December 25, 2015, as amended on June 29, 2016	Huikang Industrial	Huikang Huazhuo	1,388.89	office	annually in advance	157,500.00

Note:

- (1) Pursuant to the Leases with Founders Entities, the Founders Entities, as landlord, agreed to lease to the Company the premises in Hangzhou for offices or retail stores purpose. In relation to the Leases with Founders Entities (except (d) above), the parties thereto have amended the term of the leases on June 29, 2016 for a term of less than three years commencing from October 31, 2016 and ending on June 30, 2019. The term of (d) above is for three years commencing from July 1, 2016 and ending on June 30, 2019.

The Board announces that a new lease was entered into between Liancheng Huazhuo and the Lessors, particulars of which are set out below:

MAJOR TERMS OF THE NEW LEASE AGREEMENT

Date	August 30, 2017
Parties	(1) Liancheng Huazhuo as lessee; and (2) Mr. Li Ming and Ms. Tang Yu as lessors.
Premise	a premise of 138.74 square meters located at No. 67 Yile Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區益樂路67號)
Term	22 months commencing from September 1, 2017 and ending on June 30, 2019
Rent and other charges	The rent payable is RMB170,000 for the ten months from September 1, 2017 to June 30, 2018 which is due 30 days upon the execution of the New Lease Agreement, and RMB224,400 for the twelve months from July 1, 2018 to June 30, 2019 which is due in June 2018
Purpose	To be used for offices purpose

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENT

The Directors are of the view that the business development of the Group requires the entering into of the New Lease Agreement for the following reasons: (i) the Group's existing office complex may not be able to afford the Group's current and future operations; and (ii) the Premise is adjacent to the existing office complex therefore more conducive for administration. The rent and other charges payable under the New Lease Agreement was determined on the basis of the prevailing market price.

INFORMATION ABOUT THE PARTIES

The Lessee

Liancheng Huazhuo, as the lessee, is 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 six brands – (i) JNBY, (ii) CROQUIS, (iii) jnby by JNBY, (iv) less, (v) Pomme de terre and (vi) 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”.

The Lessors

Both of Mr. Li Ming and Ms. Tang Yu are the Lessors to the New Lease Agreement as they jointly own the Premise. Mr. Li Ming is an executive Director and a brother of Ms. Li Lin, an executive Director and one of the Controlling Shareholders. Ms. Tang Yu is the spouse of Mr. Li Ming. Both of Mr. Li Ming and Ms. Tang Yu are connected persons of the Company.

PROPOSED REVISION OF ANNUAL CAPS

Taking the New Lease Agreement into account, it is expected that the existing annual caps of the 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, 2018 and June 30, 2019. 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 Leases with Founder Entities for the years ending June 30, 2018 and June 30, 2019; and (ii) the rent under of the New 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,	
	2018	2019
	(RMB)	(RMB)
Existing annual caps	11,397,755.08	11,967,642.84
Proposed annual caps for the New Lease Agreement	170,000.00	224,400.00
Revised annual caps	11,567,755.08	12,192,042.84

LISTING RULES IMPLICATIONS

Mr. Li Ming, one of the Lessors, is an executive Director and a brother of Ms. Li Lin, an executive Director and one of the Controlling Shareholders, and hence a connected person of the Company. Ms. Tang Yu, the other one of the Lessors, is the spouse of Mr. Li Ming, an executive Director, and hence an associate of Mr. Li Ming and a connected person of the Company. Accordingly, the New Lease Agreement entered into between Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, and the Lessors constitutes 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 the New Lease Agreement is of similar nature as the Leases with Founders Entities, the transactions will be aggregated and treated as if they were one transaction. On an aggregated basis, one of the applicable percentage ratio (as defined in the Listing Rules) of the Transactions exceeds 0.1% but all the applicable percentage ratios are less than 5%. As such, the Transactions 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 New Lease Agreement as it will facilitate the operation and growth of the Group's business; (b) the New Lease Agreement was entered into in the ordinary and usual course of business of the Group and will be conducted on normal commercial terms or better, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (c) the revised annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

On August 30, 2017, the Board considered and approved the resolutions in relation to the entering into of the New Lease Agreement and revised annual caps of the Transactions. As Mr. Li Ming, an executive Director, is also one of the Lessors to the New Lease Agreement, he is deemed to have material interests in the New Lease Agreement. He has abstained from voting on the Board resolutions for approving the New Lease Agreement and the revised annual caps of the Transactions. As Ms. Li Lin is the sister of Mr. Li Ming and hence a close associate of Mr. Li Ming, Ms. Li Lin has also abstained from voting on the Board resolutions for approving the New Lease Agreement and the revised annual caps of the Transactions.

DEFINITIONS

“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”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	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
“Founders Entities”	the Founders or entities controlled by the Founders
“Group”	the Company and its subsidiaries from time to time
“Leases with Founders Entities”	various leases entered into between the Group and the Founders or entities controlled by the Founders, as defined in the Prospectus
“Lessors”	Mr. Li Ming (李明) and Ms. Tang Yu (唐彧)
“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
“New Lease Agreement”	the new lease agreement dated August 30, 2017 entered into between Liancheng Huazhuo and the Lessors
“PRC”	the People’s Republic of China
“Premise”	the premise located at No. 67 Yile Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區益樂路67號), jointly owned by the Lessors

“Prospectus”	the prospectus of the Company dated October 19, 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the New Lease Agreement together with the Leases with Founders’ Entities
“%”	per cent

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

Hong Kong, August 30, 2017

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.

* *for identification purposes only*