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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 TRANSACTIONS 2018 LEASE AGREEMENTS

THE 2018 LEASE AGREEMENTS

The Board announces that, on May 14, 2018, the JNBY Finery, an indirectly wholly-owned subsidiary of the Company, entered into the 2018 Lease Agreements with the Lessors, pursuant to which the Lessors respectively agreed to lease 2 premises to the JNBY Finery for a term of 13 months for offices purpose.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14A of the Listing Rules, as the 2018 Lease Agreements are of similar nature as the Leases with Founders Entities and the New Lease Agreement, the Transactions will be aggregated and treated as if they were one transaction. On an aggregated basis, one of the applicable percentage ratios (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 description 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 |

| | Date of Agreement | Landlord | Tenant | Size (<i>sqm</i>) | Use | Payment Schedule | Rent per annum (<i>RMB</i>) |
|----|--|--------------------|-------------------|------------------------|--------|---------------------|-------------------------------------|
| 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.

Reference is also made to the announcement issued by the Company dated August 30, 2017, pursuant to which Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, entered into the New Lease Agreement with Mr. Li Ming (李明) and Ms. Tang Yu (唐彥) for leasing a premise of 138.74 square meters located at No. 67 Yile Road, Xihu District, Hangzhou, Zhejiang, China to Liancheng Huazhuo for a term of 22 months for offices purpose.

The Board announces that 2 new leases was entered into between the Company and Lessors respectively, particulars of which are set out below:

MAJOR TERMS OF THE 2018 LEASE AGREEMENTS

Lease agreement with Founders

| | |
|------------------------|---|
| Date | May 14, 2018 |
| Parties | (1) the JNBY Finery as lessee; and (2) the Founders as lessors. |
| Premise | No. 85 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路85號) |
| Term | 13 months commencing from June 1, 2018 and ending on June 30, 2019 |
| Rent and other charges | The rent payable is RMB33,300 per month |
| Purpose | To be used for offices purpose |

Lease agreement with Huikang Industrial

| | |
|------------------------|---|
| Date | May 14, 2018 |
| Parties | (1) the JNBY Finery as lessee; and (2) Huikang Industrial as lessors. |
| Premise | No. 87 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路87號) |
| Term | 13 months commencing from June 1, 2018 and ending on June 30, 2019 |
| Rent and other charges | The rent payable is RMB41,500 per month |
| Purpose | To be used for offices purpose |

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2018 LEASE AGREEMENTS

The Directors are of the view that the business development of the Group requires the entering into of the 2018 Lease Agreements 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 Premises are adjacent to the existing office complex therefore more conducive for administration. The rent and other charges payable under the 2018 Lease Agreements was determined on the basis of the prevailing market price.

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 seven brands – (i) JNBY, (ii) CROQUIS, (iii) jnby by JNBY, (iv) less, (v) Pomme de terre, (vi) JNBYHOME and (vii) SAMO, 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

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

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 wholly owned companies of our Founders (equity interest held through nominees) holding 70% and 30% of the shares of Huikang Industrial, respectively. Huikang Industrial is a connected person of the Company.

PROPOSED REVISION OF ANNUAL CAPS

Taking the 2018 Lease Agreements 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 and the New Lease Agreement for the years ending June 30, 2018 and June 30, 2019; and (ii) the pricing terms of the 2018 Lease Agreements.

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 |
| | <i>(RMB)</i> | <i>(RMB)</i> |
| Existing annual caps | 11,567,755.08 | 12,192,042.84 |
| Proposed annual caps for the 2018 Lease Agreements | 74,800.00 | 897,600.00 |
| Revised annual caps | <u>11,642,555.08</u> | <u>13,089,642.84</u> |

LISTING RULES IMPLICATIONS

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 and an executive Director. Ms. Li is a controlling shareholder, an executive Director and the Chief Creative Officer of the Company. Mr. Wu and Ms. Li are connected persons of the Company and the lease agreement entered into between the Company and the Founders constitutes a continuing connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

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 wholly owned companies of our Founders (equity interest held through nominees) holding 70% and 30% of the shares of Huikang Industrial, respectively. Huikang Industrial is a connected person of the Company and the lease agreement entered into between the Company and the Huikang Industrial 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 2018 Lease Agreements are of similar nature as the Leases with Founders Entities and the New Lease Agreement, the Transactions will be aggregated and treated as if they were one transaction. On an aggregated basis, one of the applicable percentage ratios (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 2018 Lease Agreements as they will facilitate the operation and growth of the Group's business; (b) the 2018 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) the revised annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

On May 14, 2018, the Board considered and approved the resolutions in relation to the entering into of the 2018 Lease Agreements and revised annual caps of the Transactions. As Mr. Wu Jian, the Chairman of the Board and an executive Director, and Ms. Li Lin, an executive Director, are also two of the Lessors to the 2018 Lease Agreements, Mr. Wu and Ms. Li are deemed to have material interests in the 2018 Lease Agreements. They have abstained from voting on the Board resolutions for approving the 2018 Lease Agreements and the revised annual caps of the Transactions. 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 2018 Lease Agreements and the revised annual caps of the Transactions.

DEFINITIONS

| | |
|------------------------------|--|
| “2018 Lease Agreements” | the 2 new lease agreements both dated May 14, 2018 entered into between the Company and Founders and between the Company and Huikang Industrial, 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 |
| “Founders Entities” | the Founders or entities controlled by the Founders |
| “Group” | the Company and its subsidiaries from time to time |
| “Huikang Huazhuo” | Hangzhou Huikang Huazhuo Import and Export Trade Co., Ltd. (杭州慧康華卓進出口貿易有限公司), a company incorporated in the PRC with limited liability on May 23, 2008 and an wholly-owned subsidiary of our Company |
| “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) |

| | |
|---------------------------------|--|
| “JNBY Finery” | JNBY Finery Co., Ltd. (江南布衣服飾有限公司), a limited liability company established under laws of the PRC on June 21, 2011 and an indirectly wholly-owned subsidiary of the Company |
| “Leases with Founders Entities” | various leases entered into between our Group and the Founders or entities controlled by the Founders, as defined in the section headed “Connected Transactions” in the Prospectus |
| “Lessors” | Founders and Huikang Industrial |
| “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 lease agreement dated August 30, 2017 entered into between Liancheng Huazhuo and Mr. Li Ming (李明) and Ms. Tang Yu (唐彥) |
| “PRC” | the People’s Republic of China |
| “Premises” | the two premises located at No. 85 Wen’er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路85號) jointly owned by Founders, and No. 87 Wen’er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路87號) owned by Huikang Industrial, respectively |
| “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 2018 Lease Agreements together with the Leases with Founders’ Entities and New Lease Agreement |
| “%” | per cent |

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

Hong Kong, May 14, 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.