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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

(1) LOGISTICS EQUIPMENT PURCHASE AGREEMENT

CONTINUING CONNECTED TRANSACTIONS

(2) FEBRUARY 2019 LEASE AGREEMENTS

(3) NEW FRAMEWORK APPAREL MANUFACTURING AGREEMENT

(4) NEW FRAMEWORK SAMPLE APPAREL AGREEMENT

(1) LOGISTICS EQUIPMENT PURCHASE AGREEMENT

The Board announces that, on February 27, 2019, Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, entered into the Logistics Equipment Purchase Agreement with Huikang Industrial, to which the Founders are controlling shareholders. Pursuant to the Logistics Equipment Purchase Agreement, Huikang Industrial agreed to sell and Liancheng Huazhuo agreed to purchase the Logistics Equipment at the consideration of RMB6,563,609.35.

(2) FEBRUARY 2019 LEASE AGREEMENTS

The Board announces that, on February 27, 2019, the Group entered into February 2019 Lease Agreements with each of the Lessors. Pursuant to the February 2019 Lease Agreements, the Group and the Lessors agreed to renew certain of the Leases with Founders Entities, the New Lease Agreement and the 2018 Lease Agreements, all of which will expire on June 30, 2019, and the Lessors agreed to lease to the Group various premises in Hangzhou for offices purpose for a term of five months commencing from July 1, 2019 and for retail stores purpose for a term of three years commencing from July 1, 2019. In addition, the Lessors agreed to lease to the Group a premise in Hangzhou for employee dormitory purpose for a term of three years commencing from July 1, 2019.

(3) NEW FRAMEWORK APPAREL MANUFACTURING AGREEMENT

The Board announces that, on February 27, 2019, Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, entered into New Framework Apparel Manufacturing Agreement with Shangwei Group, to which the Founders are controlling shareholders. Pursuant to the New Framework Apparel Manufacturing Agreement, Liancheng Huazhuo and Shangwei Group agreed to renew the Framework Apparel Manufacturing Agreement, which will expire on June 30, 2019, and Shangwei Group agreed to manufacture apparel products for us for a term of three years commencing from July 1, 2019.

(4) NEW FRAMEWORK SAMPLE APPAREL AGREEMENT

The Board announces that, on February 27, 2019, Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, entered into New Framework Sample Apparel Agreement with Hangzhou JNBY, to which the Founders are controlling shareholders. Pursuant to the New Framework Sample Apparel Agreement, Liancheng Huazhuo and Hangzhou JNBY agreed to renew the Framework Sample Apparel, which will expire on June 30, 2019, and Hangzhou JNBY agreed to manufacture and provide sample apparel for our designs for a term of three years commencing from July 1, 2019.

LISTING RULES IMPLICATIONS

Connected Transaction

Pursuant to Chapter 14A of the Listing Rules, as one or more of the applicable percentage ratios (as defined in the Listing Rules) set for the transaction contemplated under the Logistics Equipment Purchase Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transaction contemplated under the Logistics Equipment Purchase Agreement is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, as the February 2019 Lease Agreements are of similar nature as the 2019 Lease Agreements, the 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 (as defined in the Listing Rules) of the Lease Transactions exceeds 0.1% but all the applicable percentage ratios are less than 5%. As such, the Lease Transactions are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under 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) of the transactions contemplated under the New Framework Apparel Manufacturing Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the New Framework Apparel Manufacturing Agreement are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under 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) of the transactions contemplated under the New Framework Sample Apparel Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the New Framework Apparel Manufacturing Agreement are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(1) LOGISTICS EQUIPMENT PURCHASE AGREEMENT

Reference is made to the Prospectus in relation to the Continuing Connected Transactions — Provision of Logistics and Warehousing Services by Huikang Industrial.

Set forth below is a summary of the principal terms of the Logistics Equipment Purchase Agreement:

Date	February 27, 2019
Parties	(1) Huikang Industrial as seller; and (2) Liancheng Huazhuo as buyer
Subject matter	Pursuant to the Logistics Equipment Purchase Agreement, Huikang Industrial agreed to sell the Logistics Equipment to the Group. The Logistics Equipment includes but is not limited to logistics assembly line, logistics sorting equipment, goods shelf, forklift, hydraulic platform, logistics transporting vehicle and associated devices with the logistics platform, such as laptop, printing machine, barcode handheld terminal, etc. The Logistics and Warehousing Services Provision Agreement will be terminated as agreed by Huikang Industrial and Liancheng Huazhuo after the closing of purchase of Logistic Equipment, which is expected to take place before March 31, 2019

Consideration	The consideration for the acquisition of the Logistics Equipment is RMB6,563,609.35, which is the fair value of the Logistics Equipment plus applicable VAT in accordance with a valuation report dated on February 22, 2019 provided by an independent valuation firm
Payment schedule	Liancheng Huazhuo is required to pay the consideration to Huikang Industrial within 15 working days after delivery of Logistics Equipment and receiving the VAT special invoice
Purpose	To be used in the logistics center of the Group

(2) FEBRUARY 2019 LEASE AGREEMENTS

Pursuant to the February 2019 Lease Agreement, the Group and the Lessors agreed to renew certain of the Leases with Founders Entities, the New Lease Agreement and the 2018 Lease Agreements, all of which will expire on June 30, 2019, and the Lessors agreed to lease to the Group various premises in Hangzhou for offices purpose for a term of five months commencing from July 1, 2019 and for retail stores purpose for a term of three years commencing from July 1, 2019. In addition, the Lessors agreed to lease to the Group a premise in Hangzhou for employee dormitory purpose for a term of three years commencing from July 1, 2019. Set forth below is a summary of the principal terms of the February 2019 Lease Agreements:

Reference is made to the announcement of the Company dated November 23, 2018 in relation to the Continuing Connected Transactions — 2019 Lease Agreements. Pursuant to the office building lease agreement under 2019 Lease Agreements, Huizhan Technology agreed to lease an office building to the Group for office purpose with a term of three years commencing from December 1, 2019 and ending on November 30, 2022. The Group intends to use the underlying office building as headquarter, to open it in December 2019 and to discontinue to use all the other existing office buildings that span across Hangzhou. As the existing office building leases under the Leases with Founders Entities, the New Lease Agreement and the 2018 Lease Agreements will expire on June 30, 2019, the Group need to renew certain office building leases under the Leases with Founders Entities, the New Lease Agreement and the 2018 Lease Agreements for a period from July 1, 2019 to November 30, 2019 in order to satisfy the needs for offices of the Group.

Office Building Lease Agreement I

Date	February 27, 2019
Parties	(1) JNBY Finery as lessee; and (2) Huikang Industrial as lessor

Premise	A premise of 8,883.97 square meters located at Blue Sea Times International Building, 39 Yile Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區益樂路39號藍海時代國際大廈)
Term	5 months commencing from July 1, 2019 and ending on November 30, 2019
Rent and other charges	The rent payable is RMB2,498,114 for 5 months in total
Payment schedule	In advance before June 30, 2019
Purpose	To be used for office purpose

Office Building Lease Agreement II

Date	February 27, 2019
Parties	(1) JNBY Finery as lessee; and (2) Huikang Industrial as lessor
Premise	A premise of 1,067.62 square meters located at 18/F, Yuanmao Building, 1 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路1號元茂大廈18層)
Term	5 months commencing from July 1, 2019 and ending on November 30, 2019
Rent and other charges	The rent payable for is RMB685,914 for 5 months in total
Payment schedule	In advance before June 30, 2019
Purpose	To be used for office purpose

Office Building Lease Agreement III

Date	February 27, 2019
Parties	(1) JNBY Finery as lessee; and (2) Huikang Industrial as lessor

Premise	A premise of 505.49 square meters located at 89 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路89號)
Term	5 months commencing from July 1, 2019 and ending on November 30, 2019
Rent and other charges	The rent payable is RMB243,786 for 5 months in total
Payment schedule	In advance before June 30, 2019
Purpose	To be used for office purpose

Office Building Lease Agreement IV

Date	February 27, 2019
Parties	(1) JNBY Finery as lessee; and (2) Huikang Industrial as lessor
Premise	A premise of 297.98 square meters located at 93 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路93號)
Term	5 months commencing from July 1, 2019 and ending on November 30, 2019
Rent and other charges	The rent payable is RMB143,219 for 5 months in total
Payment schedule	In advance before June 30, 2019
Purpose	To be used for office purpose

Office Building Lease Agreement V

Date	February 27, 2019
Parties	(1) JNBY Finery as lessee; and (2) Huikang Industrial as lessor
Premise	A premise of 292.98 square meters located at 95 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路95號)

Term	5 months commencing from July 1, 2019 and ending on November 30, 2019
Rent and other charges	The rent payable is RMB140,815 for 5 months in total
Payment schedule	In advance before June 30, 2019
Purpose	To be used for office purpose

Office Building Lease Agreement VI

Date	February 27, 2019
Parties	(1) Liancheng Huazhuo as lessee; and (2) Mr. Li Ming and Ms. Tang Yu as lessor
Premise	A premise of 138.75 square meters located at 67 Yile Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區益樂西路67號)
Term	5 months commencing from July 1, 2019 and ending on November 30, 2019
Rent and other charges	The rent payable is RMB98,175 for 5 months in total
Payment schedule	In advance before June 30, 2019
Purpose	To be used for office purpose

Office Building Lease Agreement VII

Date	February 27, 2019
Parties	(1) JNBY Finery as lessee; and (2) the Founders as lessor
Premise	A premise of 478.13 square meters located at 83 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路83號)
Term	5 months commencing from July 1, 2019 and ending on November 30, 2019

Rent and other charges The rent payable is RMB166,134 for 5 months in total

Payment schedule In advance before June 30, 2019

Purpose To be used for office purpose

Office Building Lease Agreement VIII

Date February 27, 2019

Parties (1) JNBY Finery as lessee; and
(2) the Founders as lessor

Premise A premise of 482.15 square meters located at 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 5 months commencing from July 1, 2019 and ending on November 30, 2019

Rent and other charges The rent payable is RMB175,000 for 5 months in total

Payment schedule In advance before June 30, 2019

Purpose To be used for office purpose

Office Building Lease Agreement IX

Date February 27, 2019

Parties (1) JNBY Finery as lessee; and
(2) Huikang Industrial as lessor

Premise A premise of 601.57 square meters located at 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 5 months commencing from July 1, 2019 and ending on November 30, 2019

Rent and other charges The rent payable is RMB217,875 for 5 months in total

Payment schedule In advance before June 30, 2019
Purpose To be used for office purpose

Retail Store Lease Agreement I

Date February 27, 2019
Parties (1) JNBY Finery as lessee; and
(2) Huikang Industrial as lessor
Premise A premise of 383.01 square meters located at 403 Wulin Road, Xiacheng District, Hangzhou, Zhejiang, China (中國浙江省杭州市下城區武林路403號)
Term 3 years commencing from July 1, 2019 and ending on June 30, 2022
Rent and other charges The rent payable is RMB1,993,430, RMB2,093,101 and RMB2,197,756 for the years ending June 30, 2020, 2021 and 2022, respectively
Payment schedule Annually in advance
Purpose To be used for retail store purpose

Retail Store Lease Agreement II

Date February 27, 2019
Parties (1) JNBY Finery as lessee; and
(2) the Founders as lessor
Premise A premise of 415.55 square meters located at 79 Wen'er West Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文二西路79號)
Term 3 years commencing from July 1, 2019 and ending on June 30, 2022
Rent and other charges The rent payable is RMB373,766, RMB392,454 and RMB412,076 for the years ending June 30, 2020, 2021 and 2022, respectively
Payment schedule Annually in advance

Purpose To be used for retail store purpose

Retail Store Lease Agreement III

Date February 27, 2019

Parties (1) JNBY Finery as lessee; and
(2) the Founders as lessor

Premise A premise of 275.63 square meters located at 234 Wenyi Road, Xihu District, Hangzhou, Zhejiang, China (中國浙江省杭州市西湖區文一路234號)

Term 3 years commencing from July 1, 2019 and ending on June 30, 2022

Rent and other charges The rent payable is RMB425,427, RMB446,698 and RMB469,033 for the years ending June 30, 2020, 2021 and 2022, respectively

Payment schedule Annually in advance

Purpose To be used for retail store purpose

Dormitory Lease Agreement

Date February 27, 2019

Parties (1) Liancheng Huazhuo as lessee; and
(2) Huikang Industrial as lessor

Premise A premise of 6,700 square meters 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)

Term 3 years commencing from July 1, 2019 and ending on June 30, 2022

Rent and other charges The annual rent payable is RMB840,000

Payment schedule Annually in advance

Purpose To be used for employee dormitory purpose

(3) NEW FRAMEWORK APPAREL MANUFACTURING AGREEMENT

Reference is made to the Prospectus in relation to the Continuing Connected Transactions — Framework Apparel Manufacturing Agreement with Shangwei Apparel.

Pursuant to the New Framework Apparel Manufacturing Agreement, Liancheng Huazhuo and Shangwei Group agreed to renew the Framework Apparel Manufacturing Agreement, which will expire on June 30, 2019, and Shangwei Group agreed to manufacture apparel products for us for a term of three years commencing from July 1, 2019.

Set forth below is a summary of the principal terms of the New Framework Apparel Manufacturing Agreement:

Date	February 27, 2019
Parties	(1) JNBY Finery as customer; and (2) Shangwei Group as supplier
Principal terms	Pursuant to the New Framework Apparel Manufacturing Agreement, Shangwei Group agreed to manufacture apparel products for us for a term of three years commencing from July 1, 2019
Pricing policy	Under the New Framework Apparel Manufacturing Agreement, the manufacturing prices for each item manufactured are determined with reference to the cost of material and production cost negotiated between us and the suppliers (including independent third-party suppliers and Shangwei Group)

Our Directors are of the view that the transactions will be conducted on normal commercial terms and not less favorable than those offered by independent third-party suppliers.

(4) NEW FRAMEWORK SAMPLE APPAREL AGREEMENT

Reference is made to the Prospectus in relation to the Continuing Connected Transactions — Framework Sample Apparel Agreement

Pursuant to the New Framework Sample Apparel Agreement, Liancheng Huazhuo and Hangzhou JNBY agreed to renew the Framework Sample Apparel Agreement, which will expire on June 30, 2019, and Hangzhou JNBY agreed to manufacture and provide sample apparel for our designs for a term of three years commencing from July 1, 2019.

Set forth below is a summary of the principal terms of the New Framework Sample Apparel Agreement:

Date	February 27, 2019
Parties	(1) Liancheng Huazhuo as customer; and (2) Hangzhou JNBY as supplier
Principal terms	Pursuant to the New Framework Sample Apparel Agreement, Hangzhou JNBY agreed to manufacture and provide sample apparel for our designs for a term of three years commencing from July 1, 2019
Pricing policy	Under the New Framework Sample Apparel Agreement, the manufacturing prices shall be determined with reference to the cost-plus basis of plus a mark up of not more than 5%. The parties will sign individual contract orders for each order with the relevant prices negotiated individually for each contract order

Our Directors are of the view that the transactions will be conducted on normal commercial terms and not less favourable than those offered by independent third-party suppliers.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOGISTICS EQUIPMENT PURCHASE AGREEMENT, THE FEBRUARY 2019 LEASE AGREEMENTS, THE NEW FRAMEWORK APPAREL MANUFACTURING AGREEMENT AND THE NEW FRAMEWORK SAMPLE APPAREL AGREEMENT

(1) Logistics Equipment Purchase Agreement

The Directors are of the view that the business operation and development of the Group requires the entering into of the Logistics Equipment Purchase Agreement for the following reasons: (i) as the Group intends to use its new logistics center built and owned by it, the Logistics and Warehousing Services Provision Agreement will be terminated as agreed by Huikang Industrial and Liancheng Huazhuo after the closing of purchase of Logistic Equipment, which is expected to take place before March 31, 2019; (ii) the launch of new logistics center of the Group will enhance the productivity efficiency of the Group as a whole, and creates the needs for the Logistics Equipment, which the Group is familiar with; and (iii) the purchase of the Logistics Equipment will enhance integrated automatic logistics capabilities and optimize control over more comprehensive and accurate logistics data of the Group.

The Directors are of the view that consideration under the Logistics Equipment Purchase Agreement was determined with reference to the fair value of the Logistics Equipment in accordance with a valuation report dated on February 22, 2019 provided by an independent valuation firm. The Directors took into consideration a range of relevant factors (such as pricing obtained for similar products from other independent third-party suppliers and the original prices of the Logistics Equipment taking depreciation into account) to determine whether the Logistics Equipment was suitable for the Group and its business. The Directors are of the view that Logistics Equipment Purchase Agreement is entered into in the ordinary and usual course of our business, and the Company considers that the Logistics Equipment Purchase Agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

(2) February 2019 Lease Agreements

The Directors are of the view that the business operation and development of the Group requires the entering into of the February 2019 Lease Agreements for the following reasons: (i) pursuant to the office building lease agreement under 2019 Lease Agreements, Huizhan Technology agreed to lease an office building to the Group for office purpose with a term of three years commencing from December 1, 2019 and ending on November 30, 2022. The Group intends to use the underlying office building as headquarter, to open it in December 2019 and to discontinue to use all the other existing office buildings that span across Hangzhou. As the existing office building leases under the Leases with Founders Entities, the New Lease Agreement and the 2018 Lease Agreements will expire on June 30, 2019, the Group need to renew certain office building leases under the Leases with Founders Entities, the New Lease Agreement and the 2018 Lease Agreements for a period from July 1, 2019 to November 30, 2019 in order to satisfy the needs for offices of the Group; (ii) the renewal of the leases for retail stores under the Leases with Founders Entities will enable the Group to continue to take advantage of the location and reputation of existing retail stores; and (iii) the entering into of the lease for the purpose of employee dormitory will enable the Group to provide a dormitory nearby to our employees working at our new logistics center, which will promote welfare to our employees.

The Directors are of the view that rent and other charges payable under the February 2019 Lease Agreements were 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 properties were suitable for the Group and its business. The Directors are of the view that the February 2019 Lease Agreements are entered into in the ordinary and usual course of our business, and the Company considers that the February 2019 Lease Agreements are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

(3) New Framework Apparel Manufacturing Agreement

The Directors are of the view that the business operation and development of the Group requires the renewal of Framework Apparel Manufacturing Agreement because Shangwei Group has been a long term and reliable supplier of the Group. The Directors are of the view that the New Framework Apparel Manufacturing Agreement is entered into in the ordinary and usual course of our business, and the Company considers that the New Framework Apparel Manufacturing Agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

(4) New Framework Sample Apparel Agreement

The Directors are of the view that the business operation and development of the Group requires the renewal of Framework Sample Apparel Agreement because Hangzhou JNBY has been a long term and reliable supplier of the Group. The Directors are of the view that the New Framework Sample Apparel Agreement is entered into in the ordinary and usual course of our business, and the Company considers that the New Framework Sample Apparel Agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

HISTORICAL TRANSACTION AMOUNTS AND PROPOSED (REVISION OF) ANNUAL CAPS

(2) February 2019 Lease Agreements

The historical transaction amounts of the rent and other charges paid by the Group to the Lessors for the years ended June 30, 2017, 2018 and for six months ended December 31, 2018 are set out below:

	For the year ended June 30, 2017 (RMB)	For the year ended June 30, 2018 (RMB)	For 6 months ended December 31, 2018 (RMB)
Transaction Amounts	9,819,620	11,088,148	6,098,872

Taking the February 2019 Lease Agreements into account, it is expected that the existing annual caps of the Lease Transactions will be unable to cover the Group's demands, and the Board therefore proposes that the existing annual caps be revised for the years ending June 30, 2020, 2021 and 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 2019 Lease Agreements for the 7 months ending June 30, 2020 and the years ending June 30, 2021 and June 30, 2022; and (ii) the rent payable under the February 2019 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, 2020 (RMB)	For the year ending June 30, 2021 (RMB)	For the year ending June 30, 2022 (RMB)
Estimated annual rent of the February 2019 Lease Agreements	8,001,655	3,772,253	3,918,865
Proposed annual caps for the February 2019 Lease Agreements	8,010,000	3,900,000	3,920,000
Existing annual caps	24,500,000	42,100,000	42,100,000
Estimated annual rent and other charges under Lease Transactions	32,447,084	45,850,131	45,996,743
Revised annual caps	32,510,000	46,000,000	46,020,000

In determining the above revised annual caps for the Lease Transactions, our Directors have considered the historical figures for the transactions contemplated in relation to the renewal of lease agreements, adjustments for expected inflation and the pricing terms of the underlying lease agreements. The increase of the revised annual caps in comparison with the historical transaction amounts of the rent and other charges paid by the Group to the Lessors is primarily attributable to the entering into of the 2019 Lease Agreements. For more information, please refer to the announcement of the Company dated November 23, 2018 in relation to the Continuing Connected Transactions — 2019 Lease Agreements. Our Directors confirm that the annual rent and other charges payable and the revised annual caps for the Lease Transactions are determined on normal commercial terms and with reference to market price and previous transactions and figures when applicable.

(3) New Framework Apparel Manufacturing Agreement

The historical figures of the supply by Shangwei Group for the years ended June 30, 2017, 2018 and for six months ended December 31, 2018 are set out below:

	For the year ended June 30, 2017 (RMB)	For the year ended June 30, 2018 (RMB)	For 6 months ended December 31, 2018 (RMB)
Transaction Amounts	35,965,651	32,334,518	14,622,887

The fluctuations in the historical amounts incurred in relation to the supply by Shangwei Group were primarily a result of our adjustments to the production amount assigned to Shangwei Group after taking into consideration of the customers' orders for products that normally require the specialized production capabilities of Shangwei Group for woven fabrics, its capacity, production schedule and quoted unit price

The maximum aggregate annual supply amount by Shangwei Group for the years ending June 30, 2020, 2021 and 2022 respectively shall not exceed the caps set out below:

	For the year ending June 30, 2020 (RMB)	For the year ending June 30, 2021 (RMB)	For the year ending June 30, 2022 (RMB)
Annual caps	40,000,000	40,000,000	40,000,000

In determining the above annual caps, our Directors have considered the historical figures and the potential increase in procurement volume due to our business expansion plan as well as potential increase in labor costs. As our intention is to diversify our supplier base, we do not expect to have any increase in percentage of purchase of products supplied from Shangwei Group as a portion of our total purchase amount.

(4) New Framework Sample Apparel Agreement

The historical figures of the supply by Hangzhou JNBY are set out below:

	For the year ended June 30, 2017 (RMB)	For the year ended June 30, 2018 (RMB)	For 6 months ended December 31, 2018 (RMB)
Transaction Amounts	22,546,323	26,263,750	16,354,320

The maximum aggregate annual supply amount by Hangzhou JNBY for the years ending June 30, 2020, 2021 and 2022 respectively shall not exceed the caps set out below:

	For the year ending June 30, 2020 (RMB)	For the year ending June 30, 2021 (RMB)	For the year ending June 30, 2022 (RMB)
Annual caps	36,000,000	36,000,000	36,000,000

In determining the above annual caps, our Directors have considered the historical figures and the potential increase in procurement volume due to our business expansion plan.

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 ten brands — (i) JNBY, (ii) CROQUIS, (iii) jnby by JNBY, (iv) less, (v) Pomme de terre, (vi) JNBYHOME, (vii) SAMO, (viii) REVERB, (ix) LASU MIN SOLA and (x) A PERSONAL NOTE 73 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”.

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.

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.

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

Mr. Li Ming is an executive Director and a brother of Ms. Li Lin, an executive Director and one of the controlling shareholders of the Company. 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.

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 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.

Shangwei Apparel is a wholly foreign owned enterprise established under the laws of the PRC on March 15, 2007 by Noble International (HK) Limited (上華國際(香港)有限公司). Mr. Wu Jian was at that time the 100% beneficial owner of Noble International (HK) Limited with his shares held on trust by an independent third party. New Shangwei Finery is a company incorporated in the PRC with limited liability on June 24, 2015 and a wholly-owned subsidiary of Shangwei Apparel. Shangwei Group is a connected person of the Company.

Hangzhou JNBY is a limited liability company established under the laws of the PRC on September 4, 1997, with Mr. Wu Jian, Ms. Li Lin each holding 47.8%, 51.7% of its shares, respectively. Hangzhou JNBY is a connected person of the Company.

LISTING RULES IMPLICATIONS

Connected Transaction

Pursuant to Chapter 14A of the Listing Rules, as one or more of the applicable percentage ratios (as defined in the Listing Rules) set for the transaction contemplated under the Logistics Equipment Purchase Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transaction contemplated under the Logistics Equipment Purchase Agreement is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, as the February 2019 Lease Agreements are of similar nature as the 2019 Lease Agreements, the 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 (as defined in the Listing Rules) of the Lease Transactions exceeds 0.1% but all the applicable percentage ratios are less than 5%. As such, the Lease Transactions are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under 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) of the transactions contemplated under the New Framework Apparel Manufacturing Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the New Framework Apparel Manufacturing Agreement are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under 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) of the transactions contemplated under the New Framework Sample Apparel Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the New Framework Apparel Manufacturing Agreement 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 each of the Logistics Equipment Purchase Agreement, the February 2019 Lease Agreements, the New Framework Apparel Manufacturing Agreement and the New Framework Sample Apparel Agreement, as they will facilitate the operation and growth of the Group's business; (b) each of the Logistics Equipment Purchase Agreement, the February 2019 Lease Agreements, the New Framework Apparel Manufacturing Agreement and the New Framework Sample Apparel Agreement was entered into in the ordinary and usual course of business of the Group and will be conducted on normal commercial terms, and is fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (c) that the consideration for the acquisition of the Logistics Equipment under Logistics Equipment Purchase Agreement and the annual caps set for the transactions contemplated under the each of the February 2019 Lease Agreements, the New Framework Apparel Manufacturing Agreement and the New Framework Sample Apparel Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

On February 27, 2019, the Board considered and approved the resolutions in relation to (i) the entering into of each of the Logistics Equipment Purchase Agreement, the February 2019 Lease Agreements, the New Framework Apparel Manufacturing Agreement and the New Framework Sample Apparel Agreement; (ii) the revised annual caps set for the Lease Transactions contemplated under the 2019 Lease Agreements and the February 2019 Lease Agreements; and (iii) the annual caps set for the transactions contemplated under the New Framework Apparel Manufacturing Agreement and the New Framework Sample Apparel 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 each of the Logistics Equipment Purchase Agreement, the February 2019 Lease Agreements, the New Framework Apparel Manufacturing Agreement and the New Framework Sample Apparel Agreement, they have abstained from voting on the Board resolutions for approving the said agreements. As Mr. Li Ming is also deemed to have material interests in the February 2019 Lease Agreements and 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 relevant Board resolutions.

DEFINITIONS

“2018 Lease Agreements”	the 2 new lease agreements both dated May 14, 2018 and for a term of 13 months commencing from June 1, 2018 and ending on June 30, 2019, entered into between the Group and Founders and between the Group and Huikang Industrial, respectively
“2019 Lease Agreements”	the 2 lease agreements both dated November 23, 2018 and for a term of 3 years commencing from December 1, 2019 and ending on November 30, 2022, entered into between the JNBY Finery 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
“February 2019 Lease Agreements”	13 lease agreements all dated February 27, 2019 entered into between the Group as lessee and each of the Lessors as lessor

“Founders”	Mr. Wu Jian (吳健) and Ms. Li Lin (李琳), executive Directors
“Framework Apparel Manufacturing Agreement”	the framework apparel manufacturing agreement entered into between JNBY Finery (as customer) and Shangwei Apparel (as supplier) for a term commencing from the Listing Date to June 30, 2019, as disclosed in the Prospectus
“Framework Sample Apparel Agreement”	the framework sample apparel agreement entered into between Liancheng Huazhuo (as customer), and Hangzhou JNBY (as supplier) for a term commencing from the Listing Date to June 30, 2019, as disclosed in the Prospectus
“Group”	the Company and its subsidiaries from time to time
“Hangzhou JNBY”	Hangzhou JNBY Finery Co., Ltd. (杭州江南布衣服飾有限公司), a limited liability company established under the laws of the PRC on September 4, 1997, with Mr. Wu Jian, Ms. Li Lin and Mr. Wei Zhe, each holding 47.8%, 51.7% and 0.5% of its shares, respectively
“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), a wholly foreign owned enterprise established under the laws of the PRC on August 22, 2002, with 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 our Founders (equity interest held through nominees) holding 70% and 30% of its shares, respectively
“Huizhan Technology”	Huizhan Technology (Hangzhou) Co., Ltd. (慧展科技(杭州)有限公司), which is controlled by the Founders
“Lease Transactions”	the lease transactions completed under the 2019 Lease Agreements and February 2019 Lease Agreements
“Leases with Founders Entities”	various leases with the Founders or entities controlled by our Founders, as disclosed in the Prospectus
“Lessors”	Founders, entities controlled by the Founders and 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 our Company

“Listing Date”	the date on which the Company was listed on the Main Board of Stock Exchange (i.e. October 31, 2016)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics and Warehousing Services Provision Agreement”	the agreement dated December 25, 2015 and amended on October 13, 2016, between Huikang Industrial (as supplier) and Liancheng Huazhuo and JNBY Finery (as customer) in relation to the provision of the logistics and warehousing services by Huikang Industrial
“Logistics Equipment”	the logistics equipment and its support equipment subjected to the Logistics Equipment Purchase Agreement, which includes but is not limited to logistics assembly line, logistics sorting equipment, goods shelf, forklift, hydraulic platform, logistics transporting vehicle and associated devices with the logistics platform, such as laptop, printing machine, barcode handheld terminal, etc.
“Logistics Equipment Purchase Agreement”	the logistics equipment purchase agreement dated February 27, 2019, between Huikang Industrial and Liancheng Huazhuo
“New Framework Apparel Manufacturing Agreement”	the apparel manufacturing agreement dated February 27, 2019, between Liancheng Huazhuo and Shangwei Group
“New Framework Sample Apparel Agreement”	the processing agreement dated February 27, 2019, between Liancheng Huazhuo and Hangzhou JNBY
“New Lease Agreement”	the lease agreement dated August 30, 2017 for a term of 22 months commencing from September 1, 2017 and ending on June 30, 2019, entered into between Liancheng Huazhuo and Mr. Li Ming (李明) and Ms. Tang Yu (唐彧)
“New Shangwei Finery”	Hangzhou New Shangwei Finery Co., Ltd. (杭州新尚維服飾有限公司), a company incorporated in the PRC with limited liability on June 24, 2015 and a wholly-owned subsidiary of Shangwei Apparel
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated October 19, 2016
“RMB”	Renminbi, the lawful currency of the PRC

“Shangwei Apparel”	Hangzhou Shangwei Apparel Co., Ltd. (杭州尚維服裝有限公司), a wholly foreign owned enterprise established under the laws of the PRC on March 15, 2007
“Shangwei Group”	Shangwei Apparel and New Shangwei Finery, collectively
“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, February 27, 2019

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