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**江南布衣**  
JIANGNANBUYI

**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 2023 CONCESSION AGREEMENT**

Reference is made to the announcement of the Company dated May 24, 2022 in relation to, among other things, the 2022 Concession Agreement (the “**Previous Announcement**”). In hopes of relocating the Company’s “JNBY Group+” multi-brand collection store to a better and bigger location within the OōEli Complex, the Board is pleased to announce that on December 23, 2022, JNBY Finery has:

- a) entered into the 2022 Concession Partial Early Termination Agreement with Huizhan Technology to terminate the concession with respect to the Relocated Premises under the 2022 Concession Agreement by the parties’ mutual consent and effective on September 30, 2023; and
- b) entered into the 2023 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 starting from July 1, 2023 and ending on June 30, 2024 (with a rent-free renovation period from July 1, 2023 to September 30, 2023).

### **LISTING RULES IMPLICATIONS**

As Huizhan Technology is indirectly wholly-owned by the Founders and thus is a connected person of the Company, transactions contemplated with such party may constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the transactions contemplated under the 2023 Concession Agreement involve variable payments based on different factors (such as the sales generated from the premises), such fees and charges payable under the 2023 Concession 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 2023 Concession Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, given the transactions contemplated under the 2023 Concession Agreement are of similar nature and were entered into within the same year with the 2022 OōEli Multi-purpose Space Framework Agreement and the 2022 Concession Agreement as disclosed in the Previous Announcement, 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, the 2023 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.

## 2023 CONCESSION AGREEMENT

Reference is made to the announcement of the Company dated May 24, 2022 in relation to, among other things, the 2022 Concession Agreement. In hopes of relocating the Company's "JNBY Group+" multi-brand collection (which was referred to as "JNBY Membership Store" in the Previous Announcement) store to a better and bigger location within the OōEli Complex, the Board is pleased to announce that on December 23, 2022, JNBY Finery (a wholly-owned subsidiary of the Company) has:

- a) entered into a partial termination agreement with Huizhan Technology to terminate the concession with respect to the Relocated Premises the 2022 Concession Agreements by the parties' mutual consent (the "**2022 Concession Partial Early Termination Agreement**"); and
- b) entered into the 2023 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, 2023 and ending on June 30, 2024 (with a rent-free renovation period from July 1, 2023 to September 30, 2023).

Pursuant to the 2022 Concession Partial Early Termination Agreement, the concession with respect to approximately 484 sq m of retail space for the Group to operate the retail store of “JNBY Membership Store” (the “**Relocated Premises**”) under 2022 Concession Agreement will be early terminated on September 30, 2023 by mutual consent without any early termination penalty.

Set forth below is a summary of the principal terms of the 2023 Concession Agreement:

Date:	December 23, 2022
Parties:	JNBY Finery as concessioner; and Huizhan Technology as grantor
Premises:	Certain premises of approximately 607 sq m of retail space in total located on the first and second floors at Building 5 of the OōEli Complex, which JNBY Finery is granted the sole and exclusive right to operate its retail businesses thereat as the “JNBY Group +” multi-brand collection store.
Term:	Twelve months commencing from July 1, 2023 and ending on June 30, 2024 (which includes a rent-free renovation period from July 1, 2023 to September 30, 2023)
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:  a) for the period between October 1, 2023 to June 30, 2024, 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%; and  b) an aggregated monthly promotional service fees of RMB6,070 payable per month.
Historical transaction amount:	The historical transaction amounts for the fees and other charges paid by the Group to Huizhan Technology for the years ended June 30, 2021 and June 30, 2022 were respectively RMB1,677,187 and RMB1,973,635.
Usage:	To house the “JNBY Group +” multi-brand collection store of the Group in the OōEli Complex.

## **PROPOSED ANNUAL CAPS FOR THE 2023 CONCESSION AGREEMENT**

The annual cap for the year ending June 30, 2024 for the 2023 Concession Agreement is RMB3,750,000.

In determining the annual cap for the 2023 Concession Agreement, the Directors have considered the historical transaction amount with respect to the 2022 Concession Agreement and the sales amount with respect to the retail operation at such stores. On this basis, the Directors believe that such annual caps could reflect the Company's expectation of the fees payable in relation to the 2023 Concession Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS**

The Company has been operating at the OōEli Complex since the complex's opening in late 2020 and the Directors (including the independent non-executive Directors) are of the opinion that new retail space recently available on the first and second floors of the OōEli Complex is an improved and bigger location for the Company to operate its "JNBY Group+" multi-brand collection store.

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 and the relevant annual caps (to the extent applicable) under the 2023 Concession 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 2023 Concession Agreement and the 2022 Concession Partial Early Termination 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 Huizhan Technology is indirectly wholly-owned by the Founders and thus is a connected person of the Company, transactions contemplated with such party may constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given the transactions contemplated under the 2023 Concession Agreement involve variable payments based on different factors (such as the sales generated from the premises), such fees and charges payable under the 2023 Concession 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 2023 Concession Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In addition, given the transactions contemplated under the 2023 Concession Agreement are of similar nature and were entered into within the same year with the 2022 OōEli Multi-purpose Space Framework Agreement and the 2022 Concession Agreement as disclosed in the Previous Announcement, the Company considers that such transactions may be aggregated and be treated as if they were one transaction pursuant to Rules 14A.81 and 14A.83 of the Listing Rules.

On an aggregated basis, the aggregated annual cap under the 2022 Concession Agreement, the 2023 Concession Agreement and 2022 OōEli Multi-purpose Space Framework Agreement for the year ending June 30, 2024 is RMB20,750,000.

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 2023 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.

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 a centralized and integrated sales platform of the Group, including direct and online sales.

Huizhan Technology is a wholly foreign owned enterprise established under the laws of the PRC on July 16, 2008 by United Citi Investment Limited and Eminent Health (Hong Kong) Limited, which hold 84.6% and 15.4% of the shares of Huizhan Technology, respectively. United Citi Investment Limited is indirectly wholly-owned by the Founders, who thus are controlling shareholders of Huizhan Technology. Eminent Health (Hong Kong) Limited is wholly owned by an individual named Lian Zheng (連嶢). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Lian is a third party independent of the Company and its connected persons. Huizhan Technology is principally engaged in property holding, including office complexes as well as other venues.

On December 23, 2022, the Board considered and approved the resolutions in relation to the entering into of the 2023 Concession Agreement (including the annual caps of such contemplated transactions) and the 2022 Concession Partial Early Termination Agreement.

As Mr. Wu Jian (the Chairman of the Board and an executive Director) and Ms. Li Lin (an executive Director) are deemed to have material interests in the 2023 Concession Agreement and the 2022 Concession Partial Early Termination 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 Concession Partial Early Termination Agreement”	has the meaning ascribed to it in the section headed “2023 CONCESSION AGREEMENT” of this announcement
“2023 Concession Agreement”	has the meaning ascribed to it in the section headed “2023 CONCESSION AGREEMENT” of this announcement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“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
“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 executive Directors
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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”
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Announcement”	the announcement of the Company as published on May 24, 2022 in relation to, among other things, the 2022 Concession Agreement
“Relocated Premises”	has the meaning ascribed to it in the section headed “2023 CONCESSION AGREEMENT” of this announcement
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“sq m”	square meters

“subsidiary” has the meaning ascribed to it in the Listing Rules

“%” 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, December 23, 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.*