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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 IN RELATION TO LOAN AGREEMENT AND CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF INTEREST IN FUNDS

LOAN AGREEMENT

On 15 July 2021, JNBY Finery, an indirectly wholly-owned subsidiary of the Company, entered into the Loan Agreement with Huizhan Technology, pursuant to which JNBY Finery agreed to provide a loan to Huizhan Technology in the principal amount of RMB150 million with an interest rate of 4.90% per annum in three installments for a term of one year each after the Drawdown Dates.

SUBSCRIPTION AGREEMENT I

On 15 July 2021, Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, executed the Subscription Agreement I, pursuant to which Liancheng Huazhuo agreed to be a Limited Partner of the Fund I. Following the acceptance of the Subscription Agreement I by the General Partner I, Liancheng Huazhuo shall be admitted as a Limited Partner to the Fund I by entering into the Limited Partnership Agreement I.

SUBSCRIPTION AGREEMENT II

On 15 July 2021, Liancheng Huazhuo, an indirectly wholly-owned subsidiary of the Company, executed the Subscription Agreement II, pursuant to which Liancheng Huazhuo agreed to be a Limited Partner of the Fund II. Following the acceptance of the Subscription Agreement II by the General Partner II, Liancheng Huazhuo shall be admitted as a Limited Partner to the Fund II by entering into the Limited Partnership Agreement II.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Mr. Wu and Ms. Li are executive Directors and controlling shareholders of the Company. Huizhan Technology is indirectly held by Mr. Wu and Ms. Li as to 42.28% and 42.28%, respectively. As such, Huizhan Technology is an associate of Mr. Wu and Ms. Li under Rule 14A.07(4) of the Listing Rules and hence a connected person of the Company under the Listing Rules.

The Loan Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Loan Agreement is more than 0.1% but less than 5%, the transaction thereunder constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Wei is a non-executive Director and thus a connected person of the Company under Chapter 14A of the Listing Rules.

General Partner I is 60% held by an associate of Mr. Wei, the non-executive Director, and therefore General Partner I is a connected person of the Company under 14A.07(4) of the Listing Rules. Since General Partner I has full control over the conduct of the business, assets and affairs of the Fund I, the Fund I is therefore a connected person of the Company under the Listing Rules.

Suzhou Weitelixin is 60% held by Mr. Wei, the non-executive Director, and therefore Suzhou Weitelixin is a connected person of the Company under Rule 14A.12(c) of the Listing Rules. Since Suzhou Weitelixin provides investment management service to Fund I and Fund II, the Fund II is therefore deemed to be a connected person of the Company under the Listing Rules.

The Subscriptions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Subscriptions is more than 0.1% but less than 5%, the Subscriptions are subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

LOAN AGREEMENT

On 15 July 2021, JNBY Finery, an indirectly wholly-owned subsidiary of the Company, entered into the Loan Agreement with Huizhan Technology, pursuant to which JNBY Finery agreed to provide a loan to Huizhan Technology in the principal amount of RMB150 million with an interest rate of 4.90% per annum in three installments for a term of one year each after the Drawdown Dates. The major terms the Loan Agreement are set out as follows:

Parties	(1) JNBY Finery, as the lender; and (2) Huizhan Technology, as the borrower
Agreement Date	15 July 2021
Subject	JNBY Finery agreed to provide a loan to Huizhan Technology in the principal amount of RMB150 million with an interest rate of 4.90% per annum in three installments for a term of one year each after the Drawdown Dates.
Principal Loan Amount	RMB150 million
Drawdown	The principal loan amount will be drawdown in three installments on the following dates: (i) RMB50,000,000 on 16 July 2021; (ii) RMB50,000,000 on 16 September 2021; and (iii) RMB50,000,000 on 16 November 2021.
Interest Rate	4.90% per annum
Interest	RMB7,350,000 (RMB150 million × 4.90% × 1)
Purpose of the Loan	The Loan shall be applied and used by Huizhan Technology for its daily operation activities and decoration expenses for its art gallery.

Repayment Huizhan Technology shall repay the outstanding loan amount together with the interest by installment on the following dates:

- (i) RMB52,450,000 on 15 July 2022;
- (ii) RMB52,450,000 on 15 September 2022; and
- (iii) RMB52,450,000 on 15 November 2022.

Guarantees Mr. Wu and Ms. Li agreed to provide personal guarantee to JNBY Finery in favour of Huizhan Technology. Huizhan Technology further agreed that JNBY Finery shall be entitled to deduct the rental fees payable by JNBY Finery under the lease agreement between JNBY Finery and Huizhan Technology, should Huizhan Technology fails to repay any and/or all of the outstanding loan amount.

THE SUBSCRIPTION AGREEMENT I

On 15 July 2021, the Subscriber executed the Subscription Agreement I, pursuant to which the Subscriber agreed to be a Limited Partner of the Fund I and committed to invest RMB30 million in the Fund I. Following the acceptance of the Subscription Agreement I by the General Partner I, the Subscriber shall be admitted as a Limited Partner in the Fund I and a party to the Limited Partnership Agreement I.

Set out below are principal terms of the Subscription Agreement I:

Date : 15 July 2021

Subscriber : Liancheng Huazhuo

Subscriber's : The Subscriber agreed to become a Limited Partner in the Fund
Commitment I and invest RMB30 million in the Fund I

The Subscriber's Commitment was determined after arm's length negotiations between the parties with reference to, among other things, the prospects of the Fund I and the financial resources available to the Group. The Group intends to finance the Commitment by its internal resources.

LIMITED PARTNERSHIP AGREEMENT I

The principal terms of the Fund I as set out in the Limited Partnership Agreement I are as follows:

- Fund I : Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership)* (蘇州祥仲創業投資合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC.
- Investment objective : To achieve investment appreciation and ultimately realize the investment income through equity and equity-related investments in companies with investment value and development potential.
- General Partner I : Taicang Weizhong Investment Management Co., Ltd.* (太倉維仲投資管理有限公司), a company majority-controlled by an associate of Mr. Wei, the non-executive Director.
- Commitments : The Commitment of Fund I is expected to be RMB2,500 million. The final commitments of Fund I will be determined by the General Partner I based on the actual fund-raising situation.
- Closing : The initial closing of the Fund I will be announced at a time reasonably determined by General Partner I, with staged closings for subsequent Commitments to be held at the General Partner I's discretion; provided that, unless otherwise extended by the General Partner I with the approval of all Limited Partners, the final closing will occur no later than 18 months from the initial closing.
- Fund term : The term of the Fund I will terminate on the sixth anniversary of the initial closing date but may be extended a one-year period for two times with the consent of the investor advisory committee.

Distributions : The distributable cash of the Fund I shall be distributed according to the paid-in capital of each partner in the relevant project when the distributable cash is obtained, among which, the part calculated according to the distribution proportion of the General Partner I and special limited partner shall be distributed to the General Partner I and special limited partner, and the part calculated according to the distribution proportion of Limited Partners shall be further distributed in the following order:

- (a) Return of capital contributions: First, 100% to be distributed to the Limited Partners until the total cumulative amount of distribution is equal to the cumulative paid-in capital contribution of the Limited Partners in the partnership;
- (b) Priority return: Second, 100% to be distributed to the Limited Partners until the priority return is realized at a rate of 8% per annum compounded annually from the date of the payment to the capital contribution towards the partnership to the date of distribution for each period's capital contribution stated in the above item (a);
- (c) Catch-up: Third, 100% to be distributed to the special limited partner until the catch up amount obtained in accordance with this item (c) is equal to the priority return/80%x20% in item (b) obtained by the Limited Partners; and
- (d) 80/20 split: Thereafter, 80% is distributed to the Limited Partners and 20% is distributed to the special limited partner.

Fund manager and management fee : The Fund I will engage Suzhou Weitelixin, the manager designated by the General Partner I, to provide investment management service including (i) investigate, analyze, design transaction structure and negotiate on proposed investment objectives; (ii) supervise and manage invested companies; and (iii) submit proposal on existing investments.

Fund I will pay Suzhou Weitelixin an annual management fee of 2% of the capital contribution of each Limited Partner during the investment period or investment costs in unrealized projects of each Limited Partner after the expiration of the investment period.

THE SUBSCRIPTION AGREEMENT II

On 15 July 2021, the Subscriber executed the Subscription Agreement II, pursuant to which the Subscriber agreed to be a Limited Partner of the Fund II and committed to invest RMB30 million in the Fund II. Following the acceptance of the Subscription Agreement II by the General Partner II, the Subscriber shall be admitted as a Limited Partner in the Fund II and a party to the Limited Partnership Agreement II.

Set out below are principal terms of the Subscription Agreement II:

Date	:	15 July 2021
Subscriber	:	Liancheng Huazhuo
Subscriber's Commitment	:	The Subscriber agreed to become a Limited Partner in the Fund II and invest RMB30 million in the Fund II

The Subscriber's Commitment was determined after arm's length negotiations between the parties with reference to, among other things, the prospects of the Fund II and the financial resources available to the Group. The Group intends to finance the Commitment by its internal resources.

LIMITED PARTNERSHIP AGREEMENT II

The principal terms of the Fund II as set out in the Limited Partnership Agreement II are as follows:

Fund II	:	Suzhou Weixin Taike Venture Capital Partnership (Limited Partnership)* (蘇州維新鈦氬創業投資合夥企業(有限合夥)), a limited partnership enterprise to be established under the laws of the PRC.
Investment objective	:	To achieve investment appreciation and ultimately realize the investment income through equity and equity-related investments in companies with investment value and development potential.
General Partner II	:	Suzhou Shizhong Investment Management Partnership (Limited Partnership)* (蘇州拾仲投資管理合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC.
Commitments	:	The final commitments of Fund II will be determined by the General Partner II based on the actual fund-raising situation.

- Closing : The initial closing of the Fund II will be announced at a time reasonably determined by the General Partner II, with staged closings for subsequent Commitments to be held at the General Partner II's discretion; provided that, unless otherwise extended by the General Partner II with the approval of all Limited Partners, the final closing will occur no later than 18 months from the initial closing.
- Fund term : The term of the Fund II will terminate on the eighth anniversary of the initial closing date but may be extended a one-year period for two times with the consent of the investor advisory committee.
- Distributions : The distributable cash of the Fund II shall be distributed according to the paid-in capital of each partner in the relevant project when the distributable cash is obtained, among which, the part calculated according to the distribution proportion of the General Partner II and special limited partner shall be distributed to the General Partner II and special limited partner, and the part calculated according to the distribution proportion of Limited Partners shall be further distributed in the following order:
- (a) Return of capital contributions: First, 100% to be distributed to the Limited Partners until the total cumulative amount of distribution is equal to the cumulative paid-in capital contribution of the Limited Partners in the partnership;
 - (b) Priority return: Second, 100% to be distributed to the Limited Partners until the priority return is realized at a rate of 8% per annum compounded annually from the date of the payment to the capital contribution towards the partnership to the date of distribution for each period's capital contribution stated in the above item (a);
 - (c) Catch-up: Third, 100% to be distributed to the General Partner II until the catch up amount obtained in accordance with this item (c) is equal to the priority return/80%x20% in item (b) obtained by the Limited Partners; and
 - (d) 80/20 split: Thereafter, 80% to be distributed to the Limited Partners and 20% to be distributed to the General Partner II.

Fund Manager and management fee : The Fund II will engage Suzhou Weitelixin, the manager designated by the General Partner II, to provide investment management service including (i) investigate, analyze, design transaction structure and negotiate on proposed investment objectives; (ii) supervise and manage invested companies; and (iii) submit proposal on existing investments.

Fund II will pay Suzhou Weitelixin, the manager the annual management fee of 2% of the capital contribution of each Limited Partner during the investment period or investment costs in unrealized projects of each Limited Partner after the expiration of the investment period.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms and conditions of the Loan Agreement (including the interest rate) are negotiated on an arm's length basis between JNBY Finery and Huizhan Technology with reference to the normal prevailing commercial practice. The Directors (including the independent non-executive Directors) considered that the Loan Agreement is on normal commercial terms and was entered into based on the Group's credit assessment towards Huizhan Technology. Taking into account that (i) the assets backing and credit assessment results of Huizhan Technology are satisfactory to the Group, (ii) the Loan would be funded from the Group's temporarily idle funds, which would not affect the working capital or daily operation of the Group, (iii) the expected return to be generated from the Loan would increase the Group's earnings, (iv) Huizhan Technology, Mr. Wu and Ms. Li agreed to provide guarantee to JNBY Finery, which further minimizes the risks, and (v) the constructive and decorative development in Tianmuli would increase the flow of people in the community and hence increase the brand awareness, the Directors (including the independent non-executive Directors) considered the transaction under the Loan Agreement is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Since Mr. Wu, the chairman of the Board and an executive Director, and Ms. Li, an executive Director, are considered to have material interests in the Loan Agreement and the transactions contemplated thereunder, they have abstained from voting on the board resolution for approving the said matter.

To seize the opportunity from the national strategy of "One Belt One Road" and economic reform in the PRC, Fund I and Fund II intend to focus on investing in the field of industrial internet, retail and consumer brands, education and technology industries. Given (i) the growth potential of Fund I and Fund II in view of the respective investment objectives of focusing on enterprises in the PRC with attractive return; and (ii) the Subscriptions will broaden and diversify the investment portfolio of the Group, the Directors (including the independent non-executive Director) considered the Subscriptions are in line with the expansion plan of the Group's asset management

business and will help the Company capitalise on investment and business opportunities. The Directors (including the the independent non-executive Directors) considered that the Subscriptions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Since Mr. Wei, the non-executive Director, is considered to have material interest in the Subscription Agreement I, Limited Partnership Agreement I, Subscription Agreement II, Limited Partnership Agreement II and the transactions contemplated thereunder, Mr. Wei has abstained from voting on the board resolution for approving the said matter.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Mr. Wu and Ms. Li are executive Directors and controlling shareholders of the Company. Huizhan Technology is indirectly held by Mr. Wu and Ms. Li as to 42.28% and 42.28%, respectively. As such, Huizhan Technology is an associate of Mr. Wu and Ms. Li under Rule 14A.07(4) of the Listing Rules and hence a connected person of the Company under the Listing Rules.

The Loan Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Loan Agreement is more than 0.1% but less than 5%, the transaction thereunder constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, Mr. Wei is a non-executive Director and thus a connected person of the Company under Chapter 14A of the Listing Rules.

General Partner I is 60% held by an associate of Mr. Wei, the non-executive Director, and therefore General Partner I is a connected person of the Company under 14A.07(4) of the Listing Rules. Since General Partner I has full control over the conduct of the business, assets and affairs of the Fund I, the Fund I is therefore a connected person of the Company under the Listing Rules.

Suzhou Weitelixin is 60% held by Mr. Wei, the non-executive Director, and therefore Suzhou Weitelixin is a connected person of the Company under Rule 14A.12(c) of the Listing Rules. Since Suzhou Weitelixin provides investment management service to Fund I and Fund II, the Fund II is therefore deemed to be a connected person of the Company under the Listing Rules.

The Subscriptions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Subscriptions is more than 0.1% but less than 5%, the Subscriptions are subject to reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP, JNBY FINERY AND LIANCHENG HUAZHUO

The Company is an investment holding company and its subsidiaries are principally engaged in designing, promoting and selling contemporary apparel, footwear and accessories for women, men, children and teenagers. JNBY Finery and Liancheng Huazhuo are indirectly wholly-owned subsidiaries of the Company.

INFORMATION ON HUIZHAN TECHNOLOGY

Huizhan Technology is principally engaged in organizing high quality performance, performance venues rental, restaurants, cinemas and high-end and artistic buyer shop.

INFORMATION ON THE GENERAL PARTNER I

General Partner I is a limited liability company established under the laws of the PRC whose principal activity is investment holding. As at the date of this announcement, General Partner I is held as to 60% by an associate of Mr. Wei and hence a connected person of the Company.

INFORMATION ON THE MANAGER

Suzhou Weitelixin, the manager of the Fund I and Fund II, is a limited liability company incorporated in the PRC. It is principally engaged in the management of private equity funds and has been registered with the Asset Management Association of China as a private equity fund manager (registration number: P1032365). Suzhou Weitelixin is owned as to 60% by Mr. Wei. As at the date of this announcement, Mr. Wei is a non-executive Director and thus a connected person of the Company, and he also controls over 30% of interests in Suzhou Weitelixin. Therefore, Suzhou Weitelixin is deemed to be an associate of Mr. Wei and a connected person of the Company.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Closing”	the date of the closing of the issue and sale of the interests and the execution and delivery of the Limited Partnership Agreement
“Commitments”	the aggregate amount of cash agreed to be contributed as capital to the Fund I and Fund II by the Partner(s)

“Company”	JNBY Design Limited (江南布衣有限公司), a company incorporated with limited liability on 26 November 2012 under the laws of the Cayman Islands and the Shares of which are listed on the Stock Exchange (stock code: 3306)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Drawdown Dates”	the dates on which the Loan is drawdown (i.e. 16 July 2021, 16 September 2021 and 16 November 2021)
“Fund I”	Suzhou Xiangzhong Venture Capital Partnership (Limited Partnership)* (蘇州祥仲創業投資合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC
“Fund II”	Suzhou Weixin Taike Venture Capital Partnership (Limited Partnership)* (蘇州維新鈦氬創業投資合夥企業(有限合夥)), a limited partnership enterprise to be established under the laws of the PRC
“General Partner I”	Taicang Weizhong Investment Management Co., Ltd.* (太倉維仲投資管理有限公司), a limited liability company established under the laws of the PRC and majority-controlled by an associate of Mr. Wei, the non-executive Director, being a general partner of Fund I
“General Partner II”	Suzhou Shizhong Investment Management Partnership (Limited Partnership)* (蘇州拾仲投資管理合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC, being a general partner of Fund II
“Group”	the Company and its subsidiaries as at the date of this announcement
“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), a company established under the laws of the PRC and a connected person of the Company

“Independent Shareholders”	the Shareholders who are not interested in or involved in the Loan Agreement and the transactions contemplated thereunder
“JNBY Finery”	JNBY Finery Co., Ltd. (江南布衣服飾有限公司), a company established under the laws of the PRC and an indirectly wholly-owned subsidiary of the Company
“Limited Partner(s)”	entity(ies) admitted as limited partner(s) of Fund I and Fund II from time to time
“Limited Partnership Agreement I”	the partnership agreement dated 15 July 2021 in respect of the Fund I entered into among the General Partner I and the Limited Partners
“Limited Partnership Agreement II”	the partnership agreement dated 15 July 2021 in respect of the Fund II entered into among the General Partner II and the Limited Partners
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan of a principal amount of RMB150 million granted by JNBY Finery to Huizhan Technology pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 15 July 2021 entered into by and between JNBY Finery and Huizhan Technology, pursuant to which JNBY Finery agreed to provide a loan to Huizhan Technology in the principal amount of RMB150 million with an interest rate of 4.90% per annum in three installments for a term of one year each after the Drawdown Dates
“Mr. Wei”	Mr. Wei Zhe (衛哲), the non-executive Director
“Mr. Wu”	Mr. Wu Jian (吳健), the executive Director and controlling shareholder of the Company
“Ms. Li”	Ms. Li Lin (李琳), the executive Director and controlling shareholder of the Company
“Partner(s)”	each of the Limited Partner(s), the General Partner I, General Partner II or any combination of them (as the context requires)

“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”, “Liancheng Huazhuo”	Hangzhou Liancheng Huazhuo Industrial Co., Ltd. (杭州聯成華卓實業有限公司), an indirectly wholly-owned subsidiary of the Company
“Subscriber’s commitment”	the amount which the Subscriber committed to invest in the Fund I and Fund II pursuant to the Subscription Agreement I and Subscription Agreement II, respectively
“Subscription Agreement I”	an agreement dated 15 July 2021 executed by the Subscriber in relation to the subscription of interest in the Fund I
“Subscription Agreement II”	an agreement dated 15 July 2021 executed by the Subscriber in relation to the subscription of interest in the Fund II
“Subscriptions”	the subscription of interest in the Fund I and Fund II by the Subscriber pursuant to the Subscription Agreement I and Subscription Agreement II, respectively
“Suzhou Weitelixin”	Suzhou Weitelixin Venture Capital Management Co., Ltd.* (蘇州維特力新創業投資管理有限公司), a limited liability company established under the laws of the PRC and majority-controlled by Mr. Wei, the non-executive Director, being the manager of Fund I and Fund II
“Tianmuli”	Tianmuli (天目里), an area in Hangzhou, Zhejiang Province where the headquarter of the Company is located

“Transactions” the transactions contemplated under the Loan Agreement, Subscription Agreement I, Subscription Agreement II

“%” per cent

* *for identification purpose only*

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

Hong Kong, 15 July 2021

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.