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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)

SUPPLEMENTAL ANNOUNCEMENT CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTIONS OF INTEREST IN FUNDS

Reference is made to the announcement of JNBY Design Limited (the “**Company**”) dated July 15, 2021 (the “**Announcement**”) in relation to, among other things, the subscription of interests in Fund I and Fund II, respectively. Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Subscriptions and the underlying documents as follows:

INFORMATION OF FUND I

Date of establishment November 11, 2020

Date of completion of filing February 9, 2021 (filing number: SNX284)

Size of Fund I As at the date of the Subscription Agreement I, the total capital commitment to Fund I amounted to approximately RMB0.98 billion

Number of investors/ limited partners 24 (including Liancheng Huazhuo)

Choice of investment Equity, convertible bonds, exchangeable bonds and other equity related investment methods

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| Investment strategy | Focusing on investment in the field of industrial internet, retail and consumer brands, education and technology industries |
| Nature of investments | Mainly focusing on emerging retail and consumer brands and cross-border e-commerce |
| Details of investments | 4.33% of OCAK (Tianjin) Food Co., Ltd.* (歐蔡克(天津)食品有限公司), 4.17% of Nanjing Kapeixi Network Technology Co., Ltd.* (南京卡佩希網路科技有限公司) and approximately 2.66% of Beijing Aqrose Technology Co., Ltd.* (北京阿丘科技有限公司), etc. These investee companies are not related to any ultimate beneficial owners of Fund I |
| Basic rights and obligations of General Partner I | General Partner I shall have the power of management, control, operation and decision-making on Fund I and its investments. General Partner I may fully or partially assign its rights to relevant manager |
| The investment committee | General Partner I established the investment committee which is responsible for reviewing and making decisions on the investment projects (and their exit) submitted by the manager |
| Partners meeting | General Partner I shall convene a meeting of all partners each year to report the investment performance of Fund I |
| Restrictions of Fund I | <p>Fund I shall make relevant investments within the scope of applicable laws and regulations. Fund I shall not engage in the following activities unless General Partner I makes adjustments based on specific circumstances:</p> <ul style="list-style-type: none"> (i) direct investment and holding real estate or other fixed assets; (ii) directly or indirectly invest in listed stocks, corporate bonds, futures or other financial derivatives (excludes the NEEQ listed stocks), but once the target company is listed, such investment is not restricted; (iii) external borrowing or providing guarantees; (iv) provide sponsorship or donation; |

- (v) invest in other domestic RMB collective investment vehicles, except in the case of alternative investment vehicles, joint investment vehicles or special funds established in accordance with the Limited Partnership Agreement I. The establishment of such alternative investment vehicles, joint investment vehicles or special funds shall not increase the management fee and commission payable by the limited partners; and
- (vi) to make an investment that states in its investment documents that Fund I shall bear unlimited liability.

Risk profile

General Partner I, Suzhou Weitelixin and their affiliates have a professional post-investment management team. The investment team and the post-investment management team work closely to enhance the operational capabilities of the invested companies of Fund I, providing investment management and value-added services.

Once Fund I has settled the commitment in the investment project, the General Partner I and Suzhou Weitelixin shall monitor the invested company continuously until the completion of the exit. In order to enhance the value of the invested company, the General Partner I and Suzhou Weitelixin shall collect information and special report, analyze on the operational and financial performance and participate in the strategic planning and major decision-making of the invested company when it is commercially reasonable and feasible.

General Partner I and Suzhou Weitelixin shall establish a risk management and internal control system to oversee investment decision-making, due diligence, investment risk and financial risk. The risk management and internal control system shall be implemented effectively on investment management. General Partner I and Suzhou Weitelixin shall adopt reasonable measures and response to the related risk of Fund I according to different stages of investment including but not limited to the above mentioned post-investment management.

Historical return

As of the date of Subscription Agreement I, the historical return of Fund I is not available as Fund I has completed filing for less than six months only and has not exited any investment projects.

INFORMATION OF FUND II

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| Date of establishment | July 22, 2021 |
| Date of completion of filing | Fund II will submit the relevant documents as required to the Asset Management Association of China upon the completion of initial closing in accordance with the applicable laws. |
| Size of Fund II | As at the date of the Subscription Agreement II, the total capital commitment to Fund II amounted to RMB110 million. |
| Number of investor(s)/limited partner(s) | Three (including Liancheng Huazhuo) |
| Choice of investment | Equity, convertible bonds, exchangeable bonds and other equity related investment methods |
| Investment strategy | Focusing on early start-up companies in the information technology industries, including but not limited to the industries of semi-conductors, 5G communications, basic software, cloud computing related, AI-related data application, green energy, robots which could be widely used in the high-end equipment manufacturing industry |
| Nature of investments | Mainly focusing on 5G cloud computing and industrial internet industries |
| Details of investments | As of the date of this announcement, Fund II has not committed to any investment |
| Basic rights and obligations of General Partner II | General Partner II shall have the power of management, control, operation and decision-making on Fund II and its investments. General Partner II may fully or partially assign its rights to the manager |
| The investment committee | General Partner II will establish an investment committee which will be responsible for reviewing and making decisions on the investment projects (and their exit) submitted by the manager |
| Partners meeting | General Partner II shall convene a meeting of all partners each year to report the investment performance of Fund II |

Restrictions of
Fund II

Fund II shall make relevant investments within the scope of applicable laws and regulations. Fund II shall not engage in the following activities:

- (i) engage in businesses such as guarantees, mortgages, and entrusted loans other than financing guarantees;
- (ii) invest in secondary market stocks (once the target company is listed, such security is not restricted), futures, real estate, security investment funds, corporate bonds, trust products insurance plans and other financial derivatives;
- (iii) provide sponsorship and donation to any third party;
- (iv) receive deposits or disguised deposits, or provide loan and fund lending to third parties (except for convertible bonds for the purpose of equity investment but shall not engage in real debts of public stocks);
- (v) make external investments with unlimited joint and several liabilities;
- (vi) issue trust or collect wealth management products to raise fund; and
- (vii) businesses prohibited by laws and regulations of other counties.

Risk profile

General Partner II, Suzhou Weitelixin and their affiliates have a professional post-investment management team. The investment team and the post-investment management team work closely to enhance the operational capabilities of the invested companies of Fund II, providing investment management and value-added services.

Once Fund II has settled the commitment in the investment project, the General Partner II and Suzhou Weitelixin shall monitor the invested company continuously until the completion of the exit. In order to enhance the value of the invested company, the General Partner II and Suzhou Weitelixin shall collect information and special report, analyze on the operational and financial performance and participate in the strategic planning and major decision-making of the invested company when it is commercially reasonable and feasible.

General Partner II and Suzhou Weitelixin shall establish a risk management and internal control system to oversee investment decision-making, due diligence, investment risk and financial risk. The risk management and internal control system shall be implemented effectively on investment management. General Partner II and Suzhou Weitelixin shall adopt reasonable measures and response to the related risk of Fund II according to different stages of investment including but not limited to the above mentioned post-investment management.

Historical return As of the date of Subscription Agreement II, the historical return of Fund II is not available as Fund II has not committed to any investment.

ULTIMATE BENEFICIAL OWNERS

General Partner I

General Partner I is owned as to 60% by Ms. Chen Meilin, who is the mother of Mr. Wei, and 40% by Mr. Zhu Hailong (“**Mr. Zhu**”), who is a third party independent of the Company and its connected persons.

General Partner II

General Partner II is owned as to 50% by Mr. Fang Wenjun (“**Mr. Fang**”), 29.994% by Mr. Wei Yijun and approximately 20% by Mr. Zhu. Mr. Wei Yijun is the son of Mr. Wei and the grandson of Ms. Chen Meilin. Since General Partner II is not majority-controlled by Mr. Wei Yijun, General Partner II is not an associate of Mr. Wei and thus not constitutes a connected person of the Company under Chapter 14A of the Listing Rules. To the best knowledge, information and belief of the Directors (including the independent non-executive Directors) after having made all reasonable enquiries, General Partner II and its ultimate beneficial owners (except Mr. Wei Yijun as stated above) are third parties independent of the Company and its connected persons.

Fund Manager

Suzhou Weitelixin, as the Fund Manager, is owned as to 60% by Mr. Wei and 40% by Mr. Zhu.

RELEVANT EXPERIENCE OF FUND MANAGER

As of the date of the Announcement, Suzhou Weitelixin was engaged in the management of four funds (including Fund I) with a total asset value of approximately RMB7.8 billion and made investments in a total of 44 projects with the aggregated amount of approximately RMB2.6 billion in several emerging retail and consumer brands, cross-border e-commerce and industrial internet industries including Anker

Innovations Technology Co. Ltd (stock code: 300866.SZ), OCAK (Tianjin) Food Co., Ltd.* (歐蔡克(天津)食品有限公司), Beijing Aqrose Technology Co., Ltd.* (北京阿丘科技有限公司), Nanjing Kapeixi Network Technology Co., Ltd.* (南京卡佩希網路科技有限公司), Guoquan Supply Chain Shanghai Co., Ltd.* (鍋圈供應鏈(上海)有限公司) and Hebei Yinong Technology Co, Ltd.* (河北宜農科技股份有限公司), etc.

Given that (i) Suzhou Weitelixin has more than five years of experience in fund management with a large number of investments and (ii) the partners of Suzhou Weitelixin, namely Mr. Wei and Mr. Zhu, have extensive experience in investment management, the Directors (including the independent non-executive Directors) considered that Suzhou Weitelixin is competent in acting as the fund managers of Fund I and Fund II.

RELEVANT EXPERIENCE OF GENERAL PARTNER I

General Partner I established the investment committee, which consists of four members. The biographical details of the members of the investment committee are set out as follows:

Mr. Wei joined Suzhou Weitelixin in 2016, whose biography was disclosed in the 2020 annual report of the Company dated August 27, 2020. Mr. Wei has more than 20 years of profound experience and expertise in investment management and has invested in many companies including Smoore International Holdings Limited (stock code: 6969.HK), Pop Mart International Group Limited (stock code: 9992.HK) and Anker Innovations Technology Co. Ltd (stock code: 300866.SZ).

Mr. Zhu joined Suzhou Weitelixin in 2016. Before joining Suzhou Weitelixin, Mr. Zhu worked as a managing partner of Vision Knight Capital General Partners Ltd, a private equity investment firm since March 2013. From October 2000 to November 2011, Mr. Zhu worked in Shanghai Allyes Advertisement Co., Ltd.* (上海好耶廣告有限公司), an online advertising agency. Mr. Zhu has profound experience and expertise in investment management and has invested in many companies including Shenzhen Zhongnong Net Company Limited* (深圳市中農網有限公司) and Guoquan Supply Chain Shanghai Co., Ltd.* (鍋圈供應鏈(上海)有限公司).

Ms. Sun Linlan (“**Ms. Sun**”) joined Suzhou Weitelixin in 2016. Before joining Suzhou Weitelixin, Ms. Sun worked in Rockwell Collins Inc., a company principally engaged in aerospace parts manufacturing, whose shares are listed on the New York Stock Exchange (stock code: COL). Since June 2011, Ms. Sun has served as the chief financial officer of Vision Knight Capital General Partners Ltd, a private equity investment firm. Ms. Sun has profound experience and expertise in investment management.

Mr. Fang joined Suzhou Weitelixin in 2016. Before joining Suzhou Weitelixin, Mr. Fang worked in Vision Knight Capital General Partners Ltd, a private equity investment firm since 2014. From January 2010 to September 2014, Mr. Fang worked in Shanghai Derun Investment Co., Ltd.* (上海德潤投資有限公司), which principally engaged in investment

management in private equity. Mr. Fang has profound experience and expertise in investment management and has invested in many companies including Hangzhou Fengyu Hechuang Technology Co., Ltd.* (杭州峰宇合創科技有限公司), VirtAI Holding Limited and InnoGrit Technologies (Shanghai) Co., Ltd.* (英韜科技(上海)有限公司).

RELEVANT EXPERIENCE OF GENERAL PARTNER II

General Partner II is a limited liability company established under the laws of the PRC whose principal activity is investment and investment management.

General Partner II will establish an investment committee, which will consist of four members including Mr. Wei, Mr. Zhu, Ms. Sun and Mr. Fang. For the biographical details of the members of the investment committee, please refer to the section headed “Relevant Experience of General Partner I” above.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The primary objectives of the Subscriptions are to gain long term financial return and to diversify investment portfolios of the Group. In addition, Fund I and Fund II have professional investment expertise and experience in relation to investing and managing relevant investment portfolios. Through insight research and performance analysis on the relevant industries, the professional team in Fund I and Fund II will then select and focus on certain potential target companies. Further analysis and evaluations will be conducted on these potential target companies before any suggestions are made to the investment committee. Given that the Group is principally engaged in designing, promoting and selling contemporary apparel, footwear and accessories and the Group would like to focus on its principal business, the Directors (including the independent non-executive Directors) believe that it is more cost efficient for the Group to subscribe in Fund I and Fund II rather than invest in the underlying investments/projects directly, which will occupy a lot of resources of the Group on selection, analysis and evaluation on the potential target companies mentioned above and the Group’s principal business may be deconcentrated.

The Directors (including the independent non-executive Directors) believe that Fund I and Fund II provide business opportunities to the Company. Through subscriptions in Fund I and Fund II, the Company is able to understand the business sectors of emerging retail and consumer brands, cross-border e-commerce and industrial internet which Fund I and Fund II focus on. During the meetings convened by general partners, the investment performance of the fund and relevant target companies are reported to all partners. In addition, any related market information in the relevant industries are also reported during the meetings. Through obtaining such information, the Company is able to gain insight on similar or related industries and other comparable companies.

The Subscriptions will enable the Company to build a closer relationship with the investment targets which operate in similar or related industries. In addition to the meetings mentioned above, Fund I and Fund II will also organize online and/or offline

investors' forums focusing on various topics, including but not limited to, latest development of relevant industries, new and upcoming technologies, and regulatory and legal environment update for certain industries. Such opportunities of networking with the investment targets and/or comparable companies in similar or related industries may foster collaboration in the future.

IMPLICATION UNDER THE LISTING RULES

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the Subscriptions were entered into with parties who are connected with one another and within a 12-month period, the Subscriptions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions.

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.

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

Hong Kong, August 11, 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 For, Ms. Han Min and Mr. Hu Huanxin are independent non-executive Directors.

* *For identification purpose only*