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# 江南布衣<sup>+</sup> JNBY GROUP

**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**

### **(1) 2022 FRAMEWORK SAMPLE APPAREL RENEWAL AGREEMENT**

### **(2) 2022 FRAMEWORK APPAREL MANUFACTURING RENEWAL AGREEMENT**

Reference is made to the Previous Announcement of the Company dated February 27, 2019 in relation to New Framework Apparel Manufacturing Agreement and New Framework Sample Apparel Agreement.

#### **(1) 2022 Framework Sample Apparel Renewal Agreement**

The Board announces that, on May 24, 2022, Liancheng Huazhuo (an indirectly wholly-owned subsidiary of the Company) and Hangzhou JNBY (indirectly controlled by the Founders) agreed to renew the New Framework Sample Apparel Agreement dated February 27, 2019, which is expiring on June 30, 2022 by entering into the 2022 Framework Sample Apparel Renewal Agreement. Pursuant to the 2022 Framework Sample Apparel Renewal Agreement, Hangzhou JNBY agreed to manufacture and provide sample apparel for the Group's designs for a term of two years commencing from July 1, 2022.

#### **(2) 2022 Framework Apparel Manufacturing Renewal Agreement**

The Board announces that, on May 24, 2022, Liancheng Huazhuo (an indirectly wholly-owned subsidiary of the Company) and Shangwei Apparel (indirectly controlled by the Founders) agreed to renew the New Framework Apparel Manufacturing Agreement dated February 27, 2019, which is expiring on June 30, 2022 by entering into the 2022 Framework Apparel Manufacturing Renewal Agreement. Pursuant to the 2022 Framework Apparel Manufacturing Renewal Agreement, Shangwei Apparel agreed to manufacture apparel products for the Group for a term of two years commencing from July 1, 2022.

## **LISTING RULES IMPLICATIONS**

As each of Hangzhou JNBY and Shangwei Apparel is indirectly controlled by the Founders and thus is a connected person of the Company, transactions contemplated with such parties may constitute continuing connected transactions of the Company 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 2022 Framework Sample Apparel Renewal Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the 2022 Framework Sample Apparel Renewal 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 2022 Framework Apparel Manufacturing Renewal Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the 2022 Framework Apparel Manufacturing Renewal Agreement are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Unless the context otherwise requires, capitalized terms in this announcement shall have the same meanings as defined in the Previous Announcement.

## **BACKGROUND**

Reference is made to the Previous Announcement where both of the New Framework Sample Apparel Agreement and New Framework Apparel Manufacturing Agreement are expiring on June 30, 2022.

### **(1) 2022 FRAMEWORK SAMPLE APPAREL RENEWAL AGREEMENT**

On May 24, 2022, Liancheng Huazhuo (an indirectly wholly-owned subsidiary of the Company) and Hangzhou JNBY (indirectly controlled by the Founders) entered into the 2022 Framework Sample Apparel Renewal Agreement. Pursuant to the 2022 Framework Sample Apparel Renewal Agreement, Hangzhou JNBY agreed to manufacture and provide sample apparel for the Group's designs for a term of two years commencing from July 1, 2022.

Set forth below is a summary of the principal terms of the 2022 Framework Sample Apparel Renewal Agreement:

Date:	May 24, 2022
Parties:	Liancheng Huazhuo as customer; and Hangzhou JNBY as supplier
Principal terms:	Hangzhou JNBY agreed to manufacture and provide sample apparel for the Group's designs for a term of two years commencing from July 1, 2022 and ending on June 30, 2024
Pricing policy:	The manufacturing prices charged by Hangzhou JNBY shall be determined with reference to the cost-plus basis, and such mark up shall not be more than 5%  The parties will sign individual contract orders for each order with the relevant prices negotiated individually for each contract order

#### **Historical Transaction Amounts**

The historical figures of the supply by Hangzhou JNBY for the years ended June 30, 2020, 2021 and for the six months ended December 31, 2021 are set out below:

	<b>For the year ended June 30, 2020 (RMB)</b>	<b>For the year ended June 30, 2021 (RMB)</b>	<b>For the six months ended December 31, 2021 (RMB)</b>
Transaction amount of the supply of sample apparel by Hangzhou JNBY	32,587,779	32,491,070	19,832,209

## Proposed Annual Caps

The maximum aggregate annual supply amount by Hangzhou JNBY for the years ending June 30, 2023 and 2024 respectively shall not exceed the caps set out below:

	<b>For the year ending June 30, 2023 (RMB)</b>	<b>For the year ending June 30, 2024 (RMB)</b>
Annual caps	40,000,000	40,000,000

In determining the above proposed annual caps, the Directors (including the independent non-executive Directors) have considered the historical transaction amounts under the New Framework Sample Apparel Agreement, the potential increase in procurement volume due to our business expansion plan as well as potential increase in labor costs.

The Directors (including the independent non-executive Directors) confirm that the transactions and the annual caps are determined on normal commercial terms and with reference to market price and previous transactions and figures when applicable and not less favourable than those offered by independent third party suppliers.

## (2) 2022 FRAMEWORK APPAREL MANUFACTURING RENEWAL AGREEMENT

On May 24, 2022, Liancheng Huazhuo (an indirectly wholly-owned subsidiary of the Company) and Shangwei Apparel (indirectly controlled by the Founders) entered into the 2022 Framework Apparel Manufacturing Renewal Agreement. Pursuant to the 2022 Framework Apparel Manufacturing Renewal Agreement, Shangwei Apparel agreed to manufacture apparel products for the Group for a term of two years commencing from July 1, 2022.

Set forth below is a summary of the principal terms of the 2022 Framework Apparel Manufacturing Renewal Agreement

Date:	May 24, 2022
Parties:	Liancheng Huazhuo as customer; and Shangwei Apparel as supplier

Principal terms: Shangwei Apparel agreed to manufacture apparel products for the Group for a term of two years commencing from July 1, 2022 and ending on June 30, 2024

Pricing policy: The manufacturing prices for each item manufactured shall be determined with reference to the cost of material and production cost negotiated between us and the suppliers (including independent third-party suppliers and Shangwei Apparel)

### Historical Transaction Amounts

The historical figures of the supply by Shangwei Apparel for the years ended June 30, 2020, 2021 and for the six months ended December 31, 2021 are set out below:

	<b>For the year ended June 30, 2020 (RMB)</b>	<b>For the year ended June 30, 2021 (RMB)</b>	<b>For the six months ended December 31, 2021 (RMB)</b>
Transaction amount of the supply of apparel by Shangwei Apparel	23,215,941	21,930,799	15,724,460

### Proposed Annual Caps

The maximum aggregate annual supply amount by Shangwei Group for the years ending June 30, 2023 and 2024 respectively shall not exceed the caps set out below:

	<b>For the year ending June 30, 2023 (RMB)</b>	<b>For the year ending June 30, 2024 (RMB)</b>
Annual Caps	40,000,000	40,000,000

In determining the above proposed annual caps, the Directors (including the independent non-executive Directors) have considered the historical transaction amounts under the New Framework Apparel Manufacturing Agreement, the potential increase in procurement volume due to our business expansion plan as well as potential increase in labor costs.

The Directors (including the independent non-executive Directors) confirm that the transactions and the annual caps are determined on normal commercial terms and with reference to market price and previous transactions and figures when applicable and not less favourable than those offered by independent third party suppliers.

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

### **(1) 2022 Framework Sample Apparel Renewal Agreement**

The Directors (including the independent non-executive Directors) are of the view that the business operation and development of the Group requires the renewal of the New 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 2022 Framework Sample Apparel Renewal Agreement is entered into in the ordinary and usual course of our business, and the Company considers that the 2022 Framework Sample Apparel Renewal Agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

### **(2) 2022 Framework Apparel Manufacturing Renewal Agreement**

The Directors (including the independent non-executive Directors) are of the view that the business operation and development of the Group requires the renewal of the New Framework Apparel Manufacturing Agreement because Shangwei Apparel has been a long term and reliable supplier of the Group. The Directors are of the view that the 2022 Framework Apparel Manufacturing Renewal Agreement is entered into in the ordinary and usual course of our business, and the Company considers that the 2022 Framework Apparel Manufacturing Renewal Agreement is on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As each of Hangzhou JNBY and Shangwei Apparel is indirectly controlled by the Founders and thus is a connected person of the Company, transactions contemplated with such parties may constitute continuing connected transactions of the Company 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 2022 Framework Sample Apparel Renewal Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the 2022 Framework Sample Apparel Renewal 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 2022 Framework Apparel Manufacturing Renewal Agreement exceeds 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the 2022 Framework Apparel Manufacturing Renewal Agreement are subject to the reporting and announcement requirements but are exempt from Shareholders' approval requirement under Chapter 14A of the Listing Rules.

On May 24, 2022, the Board considered and approved the resolutions in relation to the entering into 2022 Framework Sample Apparel Renewal Agreement and 2022 Framework Apparel Manufacturing Renewal Agreement, as well as the proposed annual caps of the respective agreements.

As Mr. Wu Jian, the Chairman of the Board and an executive Director, Ms. Li Lin, an executive Director, are deemed to have material interests in the 2022 Framework Sample Apparel Renewal Agreement and 2022 Framework Apparel Manufacturing Renewal Agreement, they have abstained from voting on the Board resolutions for approving the said matters.

## **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.

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. Liancheng Huazhuo is principally engaged in apparel manufacturing, wholesaling and distribution business in the PRC as part of the Group's operation.

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). The Company understands that Mr. Wu Jian is the 100% beneficial owner of Noble International (HK) Limited with his shares held on trust by an independent third party. On this basis, Shangwei Apparel is a connected person of the Company. Shangwei Apparel is principally engaged in the apparel manufacturing business.

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 48.3%, 51.7% of its shares, respectively. Hangzhou JNBY is a connected person of the Company. Hangzhou JNBY is principally engaged in the sample apparel processing business.

## **DEFINITIONS**

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

“2022 Framework Apparel Manufacturing Renewal Agreement”	the agreement entered into by Liancheng Huazhuo and Shangwei Apparel on May 24, 2022 to renew the New Framework Apparel Manufacturing Agreement
“2022 Framework Sample Apparel Renewal Agreement”	the agreement entered into by Liancheng Huazhuo and Hangzhou JNBY on May 24, 2022 to renew the New Framework Sample Apparel Agreement
“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 are executive Directors
“Group”	the Company and its subsidiaries from time to time



“Hangzhou JNBY”	Hangzhou JNBY Apparels Co., Ltd.* (杭州江南布衣服飾有限公司) is a limited liability company established under the laws of the PRC and is indirectly controlled by the Founders
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liancheng Huazhuo”	Hangzhou Liancheng Huazhuo Industrial Co., Ltd.* (杭州聯成華卓實業有限公司), a limited liability company established under the laws of the PRC on October 19, 2012 and an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Framework Apparel Manufacturing Agreement”	the agreement entered into by Liancheng Huazhuo and Shangwei Apparel on February 27, 2019, pursuant to which Shangwei Apparel agrees to manufacture apparel for the Group
“New Framework Sample Apparel Agreement”	the agreement entered into by Liancheng Huazhuo and Hangzhou JNBY on February 27, 2019, pursuant to which Hangzhou JNBY agrees to provide the Group sample apparel
“PRC”	the People’s Republic of China
“Previous Announcement”	the announcement of the Company dated February 27, 2019 in relation to, among other things, various continuing connected transactions
“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) is a wholly foreign owned enterprise established under the laws of the PRC on March 15, 2007 and is indirectly controlled by the Founders
“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
“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, May 24, 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.*