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# JOYCE

## JOYCE BOUTIQUE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

Stock Code: 647

### CONTINUING CONNECTED TRANSACTIONS

A master agreement dated 1 April 2011 between the Company and LCHK, supplemented by a tripartite agreement dated 30 December 2011 between the Company, Wisdom Gateway and LCHK, for the purpose of, *inter alia*, regulating certain continuing connected transactions, namely, certain concession arrangements for the retail businesses of the Group operated inside various retail stores run by LCHK as well as certain tenancy arrangements for commercial spaces let by a subsidiary of Wisdom Gateway to the Company, will expire at the end of March 2014. On 28 March 2014, the Company and Wisdom Gateway entered into the Renewal Master Agreement substantially on the same terms and conditions as those of the Existing Agreements for a new fixed term of three years commencing on 1 April 2014.

As Wisdom Gateway is a substantial shareholder of the Company, the Renewal Master Agreement and the relevant arrangements covered thereunder constitute continuing connected transactions for the Company under the Listing Rules. The relevant transactions, given the size or value thereof, are exempt from the independent shareholders' approval requirement, but are subject to requirements regarding reporting and announcement etc. under Chapter 14A of the Listing Rules.

### INTRODUCTION

Reference is made to the continuing connected transactions as disclosed in two announcements issued by the Company dated 1 April 2011 and 30 December 2011 respectively relating to, *inter alia*, the entering into of the Existing Agreements for the purpose of, *inter alia*, regulating certain continuing connected transactions, namely, certain concession arrangements relating to retail businesses operated by the Group inside three Lane Crawford department stores in Hong Kong as well as certain tenancy arrangements for commercial spaces occupied by the Group.

At present, there are covered under the Existing Agreements six Individual Agreements, namely:

- (a) Five Individual Agreements in relation to various retail spaces in three different Lane Crawford department stores in Hong Kong at Times Square, Canton Road and

International Finance Centre respectively; and

- (b) An Individual Agreement, being a tenancy agreement entered into between the Company as tenant and OIS Realty as landlord in respect of certain commercial space in One Island South, Wong Chuk Hang, Hong Kong.

The Existing Agreements provide, *inter alia*, for the amount of rental and/or turnover commission payable by the Group to be subject to aggregate annual cap amount of HK\$20.0 million for the financial year ended 31 March 2012 and HK\$40.0 million for each of the financial years ended/ending 31 March 2013 and 2014. For the financial years ended 31 March 2012 and 2013, the aggregate amounts of rental and/or turnover commission paid by the Group were HK\$11.9 million and HK\$29.3 million respectively. For the year ending 31 March 2014, the aggregate rental and/or turnover commission paid or payable is estimated to be HK\$32.5 million.

The Existing Agreements will expire at the end of March 2014. Following recent negotiation between the Company and Wisdom Gateway, a Renewal Master Agreement was entered into on 28 March 2014 for a new fixed term of three years commencing on 1 April 2014.

## **RENEWAL MASTER AGREEMENT**

On 28 March 2014, the Renewal Master Agreement was entered into by the Company and Wisdom Gateway, the terms and conditions of which are substantially the same as those in the Existing Agreements, primarily for regulating all Individual Agreements, including the six Individual Agreements as mentioned above. The Renewal Master Agreement has a fixed term of three years commencing on 1 April 2014 and expiring at the end of March 2017, and provides that during the term of the Renewal Master Agreement, Wisdom Gateway may itself, or may procure any of its subsidiaries, including LCHK and OIS Realty, to enter into further Individual Agreement(s) with any members of the Group from time to time upon and subject to such terms and conditions as may be agreed between the relevant parties thereto, in each case to be negotiated on a case-by-case and an arm's length basis as well as on normal commercial terms, provided that:

- (a) the length of each Individual Agreement shall be for a fixed term of not more than three years;
- (b) the terms and conditions of each Individual Agreement must be no less favourable to the relevant Group member when compared with the terms and conditions of similar tenancy or concession arrangements for comparable premises available from other independent third parties; and
- (c) the annual aggregate amount of the rental and/or turnover commission for any one financial year during the three-year term payable by the Group under any and all Individual Agreements subsisting at any time shall not exceed the Aggregate Annual Cap Amount.

The Renewal Master Agreement will automatically be terminated and cease to have any effect in the event of and upon Wisdom Gateway ceasing to be a substantial shareholder (as defined in the Listing Rules) of the Company at any time during the term of the Renewal Master Agreement.

## **AGGREGATE ANNUAL CAP AMOUNT**

Under the Renewal Master Agreement, it is agreed, *inter alia*, that the annual aggregate amount of rental and/or turnover commission payable by the Group to Wisdom Gateway and/or any of its subsidiaries under all Individual Agreements, which include the six Individual Agreements mentioned above and any future Individual Agreement(s) to be entered into from time to time, shall be subject to an Aggregate Annual Cap Amount of HK\$46 million in respect of each of the three financial years ending 31 March 2015, 2016 and 2017.

The Aggregate Annual Cap Amount as agreed is determined with reference to (i) the historic trading records of the relevant concession businesses operated by the Group inside Lane Crawford department stores; (ii) the performance projections of the relevant concession businesses taking into consideration of the retail sentiment and environment in the next several years as estimated by the management of the Group; and (iii) the projections of rental amounts for the relevant tenancy arrangements in relation to the operation of the Group's businesses as estimated by the management of the Group; plus a suitable cushion.

In the event that for any financial year during the term of the Renewal Master Agreement, the aggregate amount of rental and/or turnover commission payable by the Group under all Individual Agreements would exceed the Aggregate Annual Cap Amount, Wisdom Gateway agrees to, or will procure any of its relevant subsidiaries to agree to, unconditionally waive any such rental and/or turnover commission to the extent and so that such aggregate amount shall remain within the Aggregate Annual Cap Amount. For the avoidance of doubt, in any such event, if so considered appropriate, the Company may take appropriate action to comply with the relevant requirements under the Listing Rules for the payment of the relevant excess amount in full or any part thereof by the Group to Wisdom Gateway or any of its relevant subsidiaries.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The reasons for and benefits to the Group for entering into the Transactions are that the relevant premises as mentioned above are needed by the Group for operation of its head office and its retail businesses, and are therefore considered to be commercially beneficial to the Group.

## **REGULATORY ASPECTS**

As Wisdom Gateway is a substantial shareholder of the Company, the Transactions constitute continuing connected transactions for the Company under the Listing Rules.

Since one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Aggregate Annual Cap Amount is/are greater than the 0.1% threshold under Rule 14A.33(3), while all such ratios are below the 5% threshold under Rule 14A.34 of the Listing Rules, the Transactions are exempt from the independent shareholders' approval requirement under Rule 14A.34, but are subject to requirements regarding announcement and reporting etc. under Chapter 14A of the Listing Rules.

## GENERAL

The directors, including independent non-executive directors, of the Company are of the view that the terms (including the Aggregate Annual Cap Amount) of the Renewal Master Agreement and the relevant transactions thereunder are on normal commercial terms with reference to the prevailing market conditions, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole. Furthermore, the Renewal Master Agreement was entered into in the ordinary and usual course of business of the Group after due negotiations on an arm's length basis with reference to the prevailing market conditions. None of the directors of the Company has any material interest in the Transactions.

The principal business activities of the Group are retail distribution of designer fashion garments, accessories, cosmetics products, etc. The principal business activity of Wisdom Gateway is investment holding.

As at the date of this announcement, the Board comprises Mr. Stephen T. H. Ng, Ms. Doreen Y. F. Lee and Mr. Paul Y. C. Tsui, together with three independent non-executive directors, namely, Mr. Antonio Chan, Mr. Eric F. C. Li and Mr. Eric K. K. Lo.

## DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:-

<b>“Aggregate Annual Cap Amount”</b>	shall have the same meaning as ascribed to it under the paragraph “Aggregate Annual Cap Amount” in this announcement
<b>“Board”</b>	board of directors of the Company
<b>“Company”</b>	Joyce Boutique Holdings Limited (stock code: 647), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
<b>“Existing Agreements”</b>	the existing master concession agreement dated 1 April 2011 between the Company and LCHK, as supplemented by a tripartite agreement dated 30 December 2011 between the Company, Wisdom Gateway and LCHK, which will expire on 31 March 2014
<b>“Group”</b>	the Company together with its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People's Republic of China

<b>“Individual Agreement(s)”</b>	the individual concession agreement(s) and/or tenancy agreement(s) governed by the Renewal Master Agreement, entered or to be entered into between any member of the Group and Wisdom Gateway and/or any of its subsidiaries in respect of the renting by member(s) of the Group of various commercial spaces, including office and retail spaces
<b>“LCHK”</b>	Lane Crawford (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Wisdom Gateway
<b>“OIS Realty”</b>	OIS Realty Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Wisdom Gateway
<b>“Renewal Master Agreement”</b>	the agreement dated 28 March 2014 entered into by the Company and Wisdom Gateway to regulate various Individual Agreements
<b>“Transactions”</b>	the transactions regarding the Renewal Master Agreement and various Individual Agreements
<b>“Wisdom Gateway”</b>	Wisdom Gateway Limited, a company incorporated in British Virgin Islands with limited liability

By Order of the Board  
**H. O. Hung**  
*Company Secretary*

Hong Kong, 28 March 2014