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# JOYCE

## **JOYCE BOUTIQUE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

Stock Code: 647

### **CONTINUING CONNECTED TRANSACTIONS**

The Existing Master Concession Agreement dated 27 March 2012 between the Company and WGL, for the purpose of regulating certain continuing connected transactions, namely, various concession agreements between JBHL Group members as the head tenants and WGL Group's Concessionaires as the concessionaires in respect of various retail spaces inside various JOYCE shops, will expire on 31 March 2015. On 4 March 2015, the Company and WGL entered into the Renewal Master Concession Agreement on substantially the same terms and conditions as those of the Existing Master Concession Agreement for a new fixed term of three years commencing on 1 April 2015.

As WGL is a substantial shareholder of the Company, the Renewal Master Concession 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 requirement for independent shareholders' approval, but are subject to requirements regarding announcement, annual reporting and annual review under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

Reference is made to the continuing connected transactions disclosed in the announcement issued by the Company dated 27 March 2012 relating to, *inter alia*, the Existing Master Concession Agreement entered into between the Company and WGL, for the purpose of regulating various concession agreements between JBHL Group members, as Eligible Head Tenants, and WGL Group's Concessionaires, as concessionaires, in respect of various retail spaces inside various JOYCE shops.

At present, there are covered under the Existing Master Concession Agreement four Existing Concession Agreements in respect of JOYCE shops in four different locations, namely, (i) JOYCE at New World Tower, Hong Kong; (ii) JOYCE at Canton Road, Kowloon, Hong Kong; (iii) JOYCE at Plaza 66, Shanghai, PRC; and (iv) JOYCE at China World Mall, Beijing, PRC.

The Existing Master Concession Agreement provides, *inter alia*, for the amount of rental and/or turnover commission received or receivable by JBHL Group to be subject to aggregate annual cap amount of HK\$45.0 million for each of the financial years ended/ending 31 March 2013, 2014 and 2015. For the financial years ended 31 March 2013 and 2014, the aggregate amounts of rental and/or turnover commission received by JBHL Group were HK\$38.8 million and HK\$44.0 million respectively. For the financial year ending 31 March 2015, the aggregate rental and/or turnover commission received or receivable by JBHL Group is estimated to be HK\$42.5 million.

The Existing Master Concession Agreement will expire on 31 March 2015. Following recent negotiations between the Company and WGL, the Renewal Master Concession Agreement was entered into on 4 March 2015 for the purpose of regulating various concession agreements between WGL Group's Concessionaires, as concessionaires, and JBHL Group members, as Eligible Head Tenants, in respect of various retail spaces inside various JOYCE shops for a new fixed term of three years commencing on 1 April 2015.

## **RENEWAL MASTER CONCESSION AGREEMENT**

Details of the Renewal Master Concession Agreement are set out below:-

### *Major terms of the Renewal Master Concession Agreement*

Signing Date	:	4 March 2015
Parties	:	The Company and WGL
Term	:	Fixed term of three years commencing on 1 April 2015 and expiring on 31 March 2018
Leasing of Eligible Premises	:	The Company and WGL will procure the Eligible Head Tenant(s) and WGL Group's Concessionaire(s) respectively to enter into Individual Concession Agreement(s) during the Term on terms acceptable to the relevant parties and in line with the terms of the Renewal Master Concession Agreement, subject in particular to the Aggregate Annual Cap Amount not being exceeded.
Aggregate Annual Cap Amount	:	For each of the three financial years of the Company ending 31 March 2016, 2017 and 2018, the aggregate annual amount payable by the WGL Group's Concessionaires to the Eligible Head Tenants in relation to concession arrangements in Eligible Premises will be capped at HK\$36.0 million.

The Aggregate Annual Cap Amount represents the estimated maximum possible aggregate annual rental and/or turnover commission amounts payable by the

WGL Group's Concessionaires to the Eligible Head Tenants, with reference to (i) the historic rental records in respect of the concession arrangements under the Existing Master Concession Agreement, projected on the basis of the current economic sentiment; and (ii) anticipated economic conditions in the next several years; plus a suitable cushion.

Payment Term : Under the relevant terms of the Existing Concession Agreements, the rents comprise basic fixed rents which are payable in advance in cash on a monthly basis and where applicable, excess turnover rents calculated based on certain percentage of gross sales ranging from nil to 22% which are payable in arrears in cash on monthly or yearly basis. For future concession arrangement(s), payment terms will be subject to terms and conditions of the Individual Concession Agreement(s) to be agreed between the Eligible Head Tenant(s) and WGL Group's Concessionaire(s).

*Other terms of the Renewal Master Concession Agreement*

Individual Concession Agreement : At any time during the Term of the Renewal Master Concession Agreement, the Eligible Head Tenant(s) and the WGL Group's Concessionaire(s) may from time to time enter into Individual Concession Agreement(s) on agreed terms for concession arrangements at the relevant Eligible Premises provided that the following conditions are met:

- (1) the length of each Individual Concession Agreement shall be for a fixed term of not more than three years;
- (2) the terms and conditions of each Individual Concession Agreement must be no less favourable to the JBHL Group member(s) when compared with the terms and conditions of similar concession agreements for comparable premises available from other independent third parties; and
- (3) the annual aggregate amount of the rental and/or turnover commission for any one financial year during the Term payable under any and all Concession Agreement(s) subsisting at any time shall not, unless otherwise agreed to by the Company, exceed the Aggregate Annual Cap Amount.

Termination : The Renewal Master Concession Agreement will automatically be terminated and cease to have any effect in the event of and upon WGL ceasing to be a connected person (as defined under the Listing Rules) of the Company at any time during the Term.

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

The concession counters inside JOYCE shops leased to WGL Group's Concessionaires are for the retailing of their upmarket shoes, bags and accessories products which have complemented JBHL Group's own fashion products well, and the arrangements have created synergetic value benefiting both JBHL Group and WGL Group. The Company believes that such concession arrangements with WGL Group's Concessionaire(s) will continue to benefit JOYCE in further strengthening those existing vendor relationships, providing an extension of the product offer to better serve the customers. The directors of the Company believe that the entering into of the Renewal Master Concession Agreement is necessary for the continuous growth and operation of, will generate recurrent retail income for, and is therefore beneficial to, JBHL Group. In addition, for the purpose of administrative convenience, the Renewal Master Concession Agreement offers flexibility for further expansion of the synergetic partnership with WGL Group.

## **REGULATORY ASPECTS**

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

Since certain of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Aggregate Annual Cap Amount are greater than the 0.1% threshold under Rule 14A.76(1)(a) of the Listing Rules, while all such ratios are below the 5% threshold under Rule 14A.76(2)(a) of the Listing Rules, the Transactions are exempt from, *inter alia*, independent shareholders' approval requirement, but are subject to requirements regarding announcement and reporting etc. under Chapter 14A of the Listing Rules. Going forward, during the renewal term as set out in the Renewal Master Concession Agreement, no further announcement will be issued by the Company during the Term on each occasion any Eligible Head Tenant(s) and any WGL Group's Concessionaire(s) enter into any Individual Concession Agreement(s), subject to fulfillment of the terms and/or conditions stipulated in the Renewal Master Concession Agreement and as mentioned above, particularly the relevant Aggregate Annual Cap Amount not being exceeded.

## **GENERAL**

The directors, including independent non-executive directors, of the Company are of the view that the Renewal Master Concession Agreement and the relevant transactions contemplated and/or governed thereunder are on normal commercial terms with reference to the prevailing market conditions and entered into in the ordinary and usual course of business of JBHL Group, and believe that the terms (including the Aggregate Annual Cap Amount) of the Renewal Master Concession Agreement are fair and reasonable, and the relevant transactions are in the interests of the Company and its shareholders as a whole. None of the directors of the Company has any material interest in the Transactions.

The principal business activities of JBHL Group are retail distribution of designer fashion garments, accessories, cosmetics products, etc. The principal business activity of WGL 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, capitalised terms used in this announcement shall have the following meanings:-

“Aggregate Annual Cap Amount”	shall have the same meaning as ascribed to it under the paragraph “Renewal Master Concession Agreement” in this announcement
“Board”	board of directors of the Company
“Company”	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
“Concession Agreement(s)”	the Individual Concession Agreement(s), inclusive of the Existing Concession Agreements
“Eligible Head Tenant(s)”	the head tenant(s) which is/are subsidiary(ies) of the Company and which is/are or will become party(ies) to any Concession Agreement(s)
“Eligible Premises”	all JOYCE shops operated and to be operated by the Eligible Head Tenant(s) or any one of them
“Existing Concession Agreements”	the existing concession agreements entered into prior to the commencement of the Renewal Master Concession Agreement between any Eligible Head Tenant(s), as head tenant(s) and any WGL Group’s Concessionaire(s), as concessionaire(s), in respect of any Eligible Premises
“Existing Master Concession Agreement”	the existing master concession agreement dated 27 March 2012 between the Company and WGL which will expire on 31 March 2015
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Individual Concession Agreement(s)”	individual concession agreement(s) between WGL Group’s Concessionaire(s), as concessionaire(s), and Eligible Head Tenant(s), as head tenant(s), from time to time in respect of concession arrangements for various retail spaces inside the Eligible Premises during the Term
“JBHL Group”	the Company together with its subsidiaries from time to time
“JOYCE”	the trade name of the retailing businesses operated by JBHL Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Renewal Master Concession Agreement”	the agreement dated 4 March 2015 entered into by the Company and WGL to regulate various Individual Concession Agreement(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	has the meaning as mentioned in the section headed “Renewal Master Concession Agreement” in this announcement
“Transactions”	the entering into of the Renewal Master Concession Agreement and the relevant transactions contemplated and/or governed thereunder
“WGL”	Wisdom Gateway Limited, a company incorporated in the British Virgin Islands with limited liability
“WGL Group”	WGL together with its subsidiaries from time to time
“WGL Group’s Concessionaire(s)”	the concessionaires (being concessionaires under any Concession Agreement(s)) which are members of WGL Group or those associated companies of WGL regarded as connected persons (as defined in the Listing Rules) of the Company, or any one of such concessionaires

By Order of the Board  
**Kevin C. Y. Hui**  
*Company Secretary*

Hong Kong, 6 March 2015