

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# JOYCE

## **JOYCE BOUTIQUE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

Stock Code: 647

### **CONTINUING CONNECTED TRANSACTIONS**

The Existing Master Agreement dated 28 March 2014 between the Company and WGL, 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 WGL to a subsidiary of the Company, will expire at the end of March 2017. On 9 February 2017, the Company and WGL entered into the Renewal Master Agreement for a new fixed term of three years commencing on 1 April 2017.

As WGL 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 circular and independent shareholders' approval requirements, but are subject to requirements regarding reporting, announcement and annual review under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

Reference is made to the continuing connected transactions as disclosed in the announcement issued by the Company dated 28 March 2014 relating to, *inter alia*, the Existing Master Agreement entered into between the Company and WGL for the purpose of regulating 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 Master Agreement five Individual Agreements, namely:

- (a) Four 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 a

subsidiary of 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 Master Agreement provides, *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\$46.0 million for each of the financial years ended/ending 31 March 2015, 2016 and 2017. For the financial years ended 31 March 2015 and 2016, the aggregate amounts of rental and/or turnover commission paid by the Group were HK\$37.8 million and HK\$36.0 million respectively. For the year ending 31 March 2017, the aggregate rental and/or turnover commission paid or payable is estimated to be HK\$29.8 million.

The Existing Master Agreement will expire on 31 March 2017. Following recent negotiation between the Company and WGL, a Renewal Master Agreement was entered into on 9 February 2017 for a new fixed term of three years commencing on 1 April 2017.

## **RENEWAL MASTER AGREEMENT**

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

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

Signing Date	:	9 February 2017
Parties	:	The Company and WGL
Term	:	Fixed term of three years commencing on 1 April 2017 and expiring on 31 March 2020
Concession, Consignment and Tenancy Arrangements	:	Each of the Company and WGL may itself, or may procure any of its subsidiaries to enter into the Individual Agreements for the following arrangements during the Term 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 and, furthermore, in line with the terms of the Renewal Master Agreement, subject in particular to the Aggregate Annual Cap Amount not being exceeded:-  (i) concession arrangements of the Group's retail businesses in designated areas within stores operated/to be operated by WGL Group Member(s);

- (ii) possible new arrangement of sale of merchandise of the Group in other areas of the stores operated/to be operated by WGL Group Member(s) on a consignment basis; and
- (iii) tenancy arrangements for commercial spaces occupied/to be occupied by the Group.

Aggregate Annual Cap Amount : For each of the three financial years of the Company ending 31 March 2018, 2019 and 2020, the annual aggregate amount of rental and/or revenue commission payable by the Group to WGL Group Member(s) under all Individual Agreements, which include the five 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\$24.0 million in respect of each of the three financial years ending 31 March 2018, 2019 and 2020.

The Aggregate Annual Cap Amount represents the estimated maximum possible aggregate annual rental and/or revenue commission amounts payable by the Group and is determined with reference to (i) the historic trading records of the Group's relevant concession businesses inside stores operated by WGL Group Member(s); (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; (iii) the estimated sale value of the merchandise of the Group which may be sold on a consignment basis; (iv) 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; and (v) anticipated economic conditions in the next several years; 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 revenue commission payable by the Group under all Individual Agreements would exceed the Aggregate Annual Cap Amount, WGL agrees to, or will procure any of its relevant subsidiaries to agree to, unconditionally waive any such rental and/or revenue 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 WGL Group Member(s).

Payment Term : Under the relevant terms of the existing Individual Agreements, (i) the rents for concession businesses comprise basic fixed rents which are payable in arrears in cash on a monthly basis and where applicable, excess revenue rents calculated based on certain percentage of gross sales ranging from nil to 32% which are payable in arrears in cash on monthly basis; and (ii) fixed monthly rent is payable in advance in cash for the commercial spaces currently occupied by the Group. For future arrangement(s), payment terms will be subject to terms and conditions of the Individual Agreement(s) to be agreed by the Group with WGL Group Member(s).

#### *Other terms of the Renewal Master Agreement*

Individual Agreement : At any time during the Term of the Renewal Master Agreement, WGL may itself, or may procure any of its subsidiaries, including LCHK and OIS Realty, to enter into further Individual Agreement(s) with any member 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 the following conditions are met:

- (1) the length of each Individual Agreement shall be for a fixed term of not more than three years;
- (2) the terms and conditions of each Individual Agreement must be no less favourable to the relevant Group member(s) when compared with the terms and conditions of similar tenancy or concession arrangements for comparable premises available from independent third parties or of similar consignment arrangements with independent third parties; and
- (3) the annual aggregate amount of the rental and/or revenue commission for any one financial year during the Term payable under any and all Individual 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 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 arrangements and possible consignment arrangements inside the stores operated by WGL Group Member(s) are for the retailing of the Group's upmarket fashion and beauty products which enable the Group to leverage on WGL Group Member(s)'s own retail space and complement WGL Group Member(s)'s own product well, thereby creating synergetic value benefitting both the Group and WGL Group Member(s). The relevant commercial premises under the tenancy arrangements are needed by the Group for operation of its head office. The directors of the Company believe that the entering into of the Renewal Master Agreement is necessary for the continuous growth and operation of, and is therefore beneficial to, the Group. In addition, for the purpose of administrative convenience, the Renewal Master Agreement offers flexibility for further synergetic cooperation with WGL Group Member(s).

## **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 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.76(1)(a), while all such ratios are below the 5% threshold under Rule 14A.76(2)(a) of the Listing Rules, the Transactions are exempt from the circular and independent shareholders' approval requirement but are subject to requirements regarding announcement, reporting and annual review under Chapter 14A of the Listing Rules. Going

forward, during the renewal term as set out in the Renewal Master Agreement, no further announcement will be issued by the Company during the Term on each occasion any member of the Group and WGL (or any of its subsidiaries) enter into any Individual Agreement(s), subject to fulfillment of the terms and/or conditions stipulated in the Renewal Master 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 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 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 K. K. Lo and Mr. T. Y. Ng.

## **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 Master Agreement”</b>	the existing master agreement dated 28 March 2014 entered into by the Company and WGL to regulate various Individual Agreements
<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), consignment 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 WGL Group Member(s) in respect of the renting by member(s) of the Group of various spaces, including office and retail spaces, and sale of merchandise on a consignment basis
<b>“LCHK”</b>	Lane Crawford (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of WGL
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“OIS Realty”</b>	OIS Realty Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of WGL
<b>“Renewal Master Agreement”</b>	the agreement dated 9 February 2017 entered into by the Company and WGL to regulate various Individual Agreements
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Term”</b>	shall have the meaning as mentioned in the section headed “Renewal Master Agreement” in this announcement
<b>“Transactions”</b>	the transactions regarding the Renewal Master Agreement and various Individual Agreements
<b>“WGL”</b>	Wisdom Gateway Limited, a company incorporated in British Virgin Islands with limited liability
<b>“WGL Group Member(s)”</b>	WGL and its subsidiaries from time to time or any one of them

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

Hong Kong, 9 February 2017