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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 4 March 2015 between the Company and WGL, for the purpose of regulating certain continuing connected transactions, namely various concession agreements between JBHL Group Members as head tenants and WGL Group's Concessionaires as concessionaires in respect of various retail spaces inside various JOYCE shops, will expire on 31 March 2018. On 22 March 2018, 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 2018 and expiring on 31 March 2021.

As WGL is a substantial shareholder of the Company, the Renewal Master Concession Agreement and the relevant transactions contemplated and/or governed thereunder constitute continuing connected transactions for the Company under the Listing Rules. The relevant transactions, given the size or value thereof, are subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 6 March 2015 in respect of the Existing Master Concession Agreement entered into between the Company and WGL for the purpose of, *inter alia*, regulating various concession agreements between JBHL Group Members as head tenants and WGL Group's Concessionaires as concessionaires relating to various retail spaces inside various JOYCE shops. The Existing Master Concession Agreement has a fixed term of three years commencing on 1 April 2015.

At present, under the Existing Master Concession Agreement, there are four Individual 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.

For the two financial years ended 31 March 2016 and 31 March 2017, the aggregate annual amounts of rents and/or revenue commission received by JBHL Group were HK\$33.2 million and HK\$30.3 million respectively. For the financial year ending 31 March 2018, the projected aggregate annual amounts of rents and/or revenue commission received or receivable by JBHL Group under the Existing Master Concession Agreement amount to HK\$30.8 million.

The Existing Master Concession Agreement will expire on 31 March 2018. Following recent negotiations between the Company and WGL, the Renewal Master Concession Agreement was entered into on 22 March 2018 for the purpose of, *inter alia*, regulating various concession agreements to be entered into between WGL Group's Concessionaires and JBHL Group Members from time to time during the three financial years ending 31 March 2021.

DETAILS OF THE RENEWAL MASTER CONCESSION AGREEMENT

- Signing Date : 22 March 2018
- Parties : The Company and WGL
- Term : A fixed term of three years commencing on 1 April 2018 and expiring on 31 March 2021
- Leasing of Eligible Premises : The Company and WGL will procure JBHL Group Member(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 Annual Cap Amounts not being exceeded.
- Annual Cap Amount(s) : For each of the three financial years of the Company ending 31 March 2019, 2020 and 2021, the aggregate annual amounts of rents and/or revenue commission payable by WGL Group's Concessionaires to JBHL Group Members in relation to concession arrangements in Eligible Premises will be capped at HK\$26.5 million.

Such Annual Cap Amounts are arrived at on the basis of and by reference to, *inter alia*:

- (a) the historic rents records in respect of the Individual Concession Agreements under the Existing Master Concession Agreement, projected on the basis of the current economic sentiment; and
- (b) taking into account a suitable and adequate buffer on the estimated aggregate annual amounts receivable by JBHL Group as prudent contingency in case of events such as adjustments to business plans, cost overruns and inflation.

In the event that for any particular year during the term of the Renewal Master Concession Agreement, the aggregate amounts of rents and/or revenue commission receivable by JBHL Group under all Individual Concession Agreements would exceed the relevant Annual Cap Amount of the Renewal Master Concession Agreement, the Company and WGL may take appropriate action to comply with the relevant requirements under the Listing Rules regarding the payment of any and all amounts in excess of the relevant cap amount by WGL Group to JBHL Group.

Payment Terms : Under the relevant terms of the concession agreements governed by the Existing Master 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 21% 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 JBHL Group Member(s) and WGL Group's Concessionaire(s).

Individual Concession Agreements : During the term of the Renewal Master Concession Agreement, JBHL Group Member(s) may from time to time enter into such further Individual Concession Agreement(s) with WGL Group's Concessionaire(s), upon and subject to such terms and conditions as may be agreed, provided:

- (a) the term of each Individual Concession Agreement must be fixed and not exceed three years;
- (b) the rents and/or revenue commission for each Individual Concession Agreement will on each occasion be negotiated and determined on an arm's length basis for ensuring that the relevant pricing term is fair and reasonable in accordance with prevailing market conditions;
- (c) 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

- (d) the aggregate annual amounts of the rents and/or revenue commission for any one financial year during the term of the Renewal Master Concession Agreement received or receivable under any and all Individual Concession Agreement(s) (if any) subsisting at any time shall not exceed the Aggregate Annual Cap Amount as defined above.

Termination : The Renewal Master Concession Agreement:

- (a) may be terminated by either party giving not less than two-month prior written notice to the other party;
- (b) will be automatically terminated upon the Company ceasing to be a connected person of WGL and WGL ceasing to be a connected person of the Company;
- (c) may be terminated by either party if the other party fails to rectify any breach of provisions of the Renewal Master Concession Agreement which can be rectified within 30 days;
- (d) may be terminated by either party if the other party commits a material breach of non-rectifiable provisions of the Renewal Master Concession Agreement; or
- (e) may be terminated by either party immediately without notice in case the other party has become subject to any liquidation or insolvency.

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 entering into of the Renewal Master Concession Agreement and the transactions contemplated and/or governed thereunder 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 Annual Cap Amounts of the Renewal Master Concession Agreement are greater than 0.1% while all such ratios are below 5%, the Renewal Master Concession Agreement and the transactions contemplated and/or governed thereunder are subject to the announcement, reporting and annual review requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Going forward, no further announcement will be issued by the Company during the term on each occasion any JBHL Group Member(s) enter(s) into or renew(s) any Individual Concession Agreement(s) with any WGL Group's Concessionaire(s), subject to fulfillment of the terms and/or conditions stipulated in the Renewal Master Concession Agreement and as mentioned above, particularly the 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 transactions contemplated and/or governed thereunder are fair and reasonable, are on normal commercial terms with reference to the prevailing market conditions and in the ordinary and usual course of business of the Group, and 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 K. K. Lo and Mr. T. Y. Ng.

DEFINITIONS

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

“Annual Cap Amount(s)”	has the meaning as defined in the paragraph “Details of the 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
“Eligible Premises”	all JOYCE shops operated and to be operated by the JBHL Group Member(s) or any one of them
“Existing Master Concession Agreement”	the existing master concession agreement dated 4 March 2015 between the Company and WGL which will expire on 31 March 2018
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Individual Concession Agreement(s)”	individual concession agreement(s) entered into between any WGL Group’s Concessionaire(s) and JBHL Group Member(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
“JBHL Group Member(s)”	The Company and its subsidiaries from time to time or any one of them
“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 22 March 2018 entered into by the Company and WGL to regulate various Individual Concession Agreement(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 Individual 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
Joyce Boutique Holdings Limited
Kevin C. Y. Hui
Company Secretary

Hong Kong, 22 March 2018