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CHOW TAI FOOK JEWELLERY GROUP LIMITED

周大福珠寶集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1929

CONTINUING CONNECTED TRANSACTION

RENEWAL OF ANNUAL CAPS FOR THE MASTER CONCESSIONAIRE COUNTER AGREEMENT

Reference is made to the 2017 Announcement in respect of the Master Concessionaire Counter Agreement. Pursuant to the Master Agreement, Members of the NWDS Group have entered into concessionaire arrangements or rental agreements with members of the Group, from time to time, in relation to retailing counters for the sale of jewellery products and watches by the Group at properties in the PRC owned by, or leased to, the NWDS Group or at which the NWDS Group operates its business under the Master Agreement.

NWDS and the Company agreed to renew the Master Agreement upon the expiry of its renewal term on 30 June 2020 for a further term of three years up to and including 30 June 2023, subject to the then applicable provisions of the Listing Rules. New Annual Caps for each of the three years ending 31 March 2023 are set forth in this announcement.

CTF Capital is a substantial shareholder of the Company. NWDS is a subsidiary of NWD, which in turn is a 30%-controlled company (as defined in the Listing Rules) held indirectly by CTF Capital and CTFH. Accordingly, NWDS and its subsidiaries are connected persons of the Company. The relevant Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Transactions are more than 0.1% but less than 5%, the renewal of the Master Agreement and the New Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval and circular requirements under the Listing Rules.

THE MASTER CONCESSIONAIRE COUNTER AGREEMENT

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NWDS and the Company agreed to renew the Master Agreement upon the expiry of its renewal term on 30 June 2020 for a further term of three years up to and including 30 June 2023, subject to the then applicable provisions of the Listing Rules. There has been no change in the terms of the Master Agreement since it was entered into on 22 March 2012.

ANNUAL CAPS

The aggregate transaction amounts payable by the Group to the NWDS Group under the Master Agreement for each of the two years ended 31 March 2018 and 2019 and the nine months ended 31 December 2019 were approximately HK\$74.0 million, HK\$78.0 million and HK\$46.8 million, respectively.

The New Annual Caps for each of the three years ending 31 March 2021, 2022 and 2023 are HK\$101.0 million ^(Note), HK\$104.0 million and HK\$107.0 million, respectively.

The New Annual Caps have been determined based on the terms of the existing concessionaire counter agreements, the historical transaction amounts under the Master Agreement, the expected increase of sales of each of the concessionaire counters of the Group along with the additional floor space and the number of new concessionaire counters which members of the Group might enter into with members of the NWDS Group.

The consideration for each Definitive Agreement will be determined in the following manner: a quote will be provided by the relevant member of the NWDS Group; the relevant member of the Group may, through its operational and technical departments, either accept the quote and proceed with the concessionaire arrangement or reject the quote and decline to proceed further, based on the relevant policies and other quote(s) for similar arrangement(s) obtained from independent third parties in the market.

Note: This comprises transactions under the Master Agreement for the period from 1 April 2020 to the date immediately before the Renewal Date, and those under the Master Agreement for the period from the Renewal Date to 31 March 2021.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE MASTER AGREEMENT

NWDS has an extensive network of reputable department stores at prime shopping districts in the Greater China region. The Directors believe that concessionaire counters at the Stores enjoy high foot traffic and will be able to attract customers and enhance sales.

The Directors consider that the renewal of the Master Agreement, the terms of which had been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and are in the interests of the Group and the Shareholders as a whole and that the New Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE NWDS GROUP

The Group is one of the largest jewellers in the world with an extensive retail network in Greater China, Japan, Korea, Southeast Asia and the United States, in addition to its e-commerce business. The Group is principally engaged in the business of manufacturing and selling of high-end luxury, mass luxury and youth line jewellery products, including gem-set jewellery, gold products and platinum/karat gold products, and distribution of various watch brands.

To the best knowledge of the Directors, the NWDS Group is principally engaged in the business of operating department stores in the PRC.

LISTING RULES IMPLICATIONS

CTF Capital is a substantial shareholder of the Company. NWDS is a subsidiary of NWD, which in turn is a 30%-controlled company (as defined in the Listing Rules) held indirectly by CTF Capital and CTFH. Accordingly, NWDS and its subsidiaries are connected persons of the Company. The relevant Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Transactions are more than 0.1% but less than 5%, the renewal of the Master Agreement and the New Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval and circular requirements under the Listing Rules.

APPROVAL BY THE BOARD OF DIRECTORS

None of the Directors has a material interest in the renewal of the Master Agreement. Dr. Cheng Kar-Shun, Henry and Dr. Cheng Chi-Kong, Adrian are common directors of NWD, NWDS and the Company, and Mr. Cheng Chi-Heng, Conroy and Ms. Cheng Chi-Man, Sonia are common directors of NWD and the Company. The said Directors and their associate, Mr. Cheng Kam-Biu, Wilson, voluntarily abstained from voting on the relevant board resolutions. All other Directors (including the independent non-executive Directors) have reviewed and approved the renewal of the Master Agreement and the New Annual Caps.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“2017 Announcement”	the announcement of the Company dated 31 March 2017 in respect of the Master Concessionaire Counter Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Company”	Chow Tai Fook Jewellery Group 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“CTF Capital”	Chow Tai Fook Capital Limited, a company incorporated in the British Virgin Islands with limited liability, the holding company of CTFH and a substantial shareholder of the Company
“CTFH”	Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands, a subsidiary of CTF Capital
“Definitive Agreement(s)”	definitive agreement(s) which may be entered into between any member(s) of the NWDS Group and any member(s) of the Group from time to time in relation to any of the Transactions at any time during the term of the Master Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China

“Master Concessionaire Counter Agreement” or “Master Agreement”	the agreement in relation to the Transactions entered into between NWDS and the Company on 22 March 2012 which was subsequently automatically renewed for successive periods of three years in 2014 and 2017, respectively
“New Annual Caps”	the annual cap amounts payable by the Group to the NWDS Group in respect of the Transactions for each of the three years ending 31 March 2023
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and is the holding company of NWDS
“NWDS”	New World Department Store China 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, and is a subsidiary of NWD
“NWDS Group”	NWDS and its subsidiaries from time to time
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Renewal Date”	1 July 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores”	the department stores owned by the NWDS Group from time to time
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transactions”	all existing and future transactions between members of the NWDS Group and members of the Group arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the Group at properties in the PRC owned by, or leased to, the NWDS Group or at which the NWDS Group operates its business, as contemplated under the Master Agreement

“%”

per cent.

By order of the Board
Chow Tai Fook Jewellery Group Limited
Dr. Cheng Kar-Shun, Henry
Chairman

Hong Kong, 27 March 2020

As at the date of this announcement, the executive directors are Dr. Cheng Kar-Shun, Henry, Mr. Wong Siu-Kee, Kent, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy, Mr. Cheng Ping-Hei, Hamilton, Mr. Chan Sai-Cheong, Mr. Suen Chi-Keung, Peter, Mr. Chan Hiu-Sang, Albert, Mr. Liu Chun-Wai, Bobby and Mr. Cheng Kam-Biu, Wilson; the non-executive director is Ms. Cheng Chi-Man, Sonia; and the independent non-executive directors are Dr. Fung Kwok-King, Victor, Dr. Or Ching-Fai, Raymond, Mr. Kwong Che-Keung, Gordon, Mr. Cheng Ming-Fun, Paul, Mr. Lam Kin-Fung, Jeffrey and Ms. Cheng Ka-Lai, Lily.