

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.

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

THE MASTER CONCESSIONAIRE COUNTER AGREEMENT

Reference is made to the joint announcements of NWDS, NWD and the Company dated 22 March 2012 and 11 April 2014 and the announcements of the Company dated 31 March 2017 and 27 March 2020 in respect of the Master Concessionaire Counter Agreement. Pursuant to the Master Concessionaire Counter Agreement, members of the NWDS Group and members of the Group have entered and will, from time to time, enter into concessionaire counter arrangements or rental agreements 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.

The Master Concessionaire Counter Agreement between the Company and NWDS would be renewed upon the expiry of its renewal term (the last date of such renewal term being 30 June 2023) for a further term of three years from the Renewal Date to 30 June 2026 (both days inclusive), subject to compliance with the relevant requirements of the Listing Rules and either party's right to terminate the Master Concessionaire Counter Agreement during its term in accordance with its provisions. On such basis, the New Annual Caps for the three financial years ending 31 March 2024, 31 March 2025 and 31 March 2026 respectively are set forth in this announcement.

LISTING RULES IMPLICATIONS

As at the date of 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. Accordingly, NWDS and its subsidiaries are connected persons of the Company. The Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the New Annual Caps is, on an annual basis, more than 0.1% but less than 5%, the renewal of the Master Concessionaire Counter 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

Reference is made to the joint announcements of NWDS, NWD and the Company dated 22 March 2012 and 11 April 2014 and the announcements of the Company dated 31 March 2017 and 27 March 2020 in respect of the Master Concessionaire Counter Agreement. Pursuant to the Master Concessionaire Counter Agreement, members of the NWDS Group and members of the Group have entered and will, from time to time, enter into concessionaire counter arrangements or rental agreements 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.

The Master Concessionaire Counter Agreement between the Company and NWDS would be renewed upon the expiry of its renewal term (the last date of such renewal term being 30 June 2023) for a further term of three years from the Renewal Date to 30 June 2026 (both dates inclusive), subject to compliance with the relevant requirements of the Listing Rules and either party's right to terminate the Master Concessionaire Counter Agreement during its term in accordance with its provisions. There has been no change in the terms of the Master Concessionaire Counter Agreement since it was entered into on 22 March 2012.

ANNUAL CAPS

The Previous Annual Caps and the actual transaction amounts paid by the Group to the NWDS Group for transactions under the Master Concessionaire Counter Agreement for the three financial years ended/ending 31 March 2021, 31 March 2022 and 31 March 2023 respectively are set out below:

For the financial year ended/ending 31 March

	2021	2022	2023
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Previous Annual Caps	101.0	104.0	107.0
Actual transaction amount	56.0	65.0	24.0

The New Annual Caps for the Transactions for the three financial years ending 31 March 2024, 31 March 2025 and 31 March 2026 respectively are set out below:

For the financial year ending 31 March

	2024	2025	2026
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
New Annual Caps	85.0 ^(Note)	98.0	108.0

Note: This amount comprises transactions under the Master Concessionaire Counter Agreement for the period from 1 April 2023 to the date immediately before the Renewal Date and those for the period from the Renewal Date to 31 March 2024.

The New Annual Caps have been determined based on the terms of the existing concessionaire counter agreements, the historical transaction amounts under the Master Concessionaire Counter 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.

PRICING POLICIES

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

As a general principle, rentals of concessionaire counters to be renewed or leased will follow the prevailing market rates around the time of entering into or renewing the respective Definitive Agreements. The Group will obtain relevant market comparable from available sources and make comparison with the rental rates of concessionaire counters in similar locations leased by the Group, where appropriate.

Subject to the general principle disclosed above, the Group will take into account the following factors when determining the rentals to be paid by the Group contemplated under the Master Concessionaire Counter Agreement: (i) attributes of the concessionaire counters; (ii) location of the concessionaire counters; (iii) size of the concessionaire counters; and (iv) rental rate of surrounding concessionaire counters with similar attributes, including those offered to the Group by independent third parties in the market (if any).

INTERNAL CONTROL MEASURES

In order to ensure that the terms of each Definitive Agreement are not less favourable to the Group than those available from independent third parties, the Company has adopted the following measures:

1. the consideration for each Definitive Agreement will be negotiated on arm's length basis and with reference to the rentals of the surrounding concessionaire counters with similar attributes when negotiating the rentals of concessionaire counters to be leased or renewed;
2. the Company will monitor industry practices and market trends on a regular basis to ensure that the terms of each Definitive Agreement are either equivalent to or better than the prevailing market rates;
3. the independent non-executive Directors will conduct an annual review of the implementation and enforcement of the continuing connected transactions under the Master Concessionaire Counter Agreement;

4. the Company's external auditors will conduct an annual review on the pricing and the annual caps of the continuing connected transactions under the Master Concessionaire Counter Agreement; and
5. the Company's audit committee will review at least once a year the analysis reports and the improvement measures prepared by the Company's management based on the implementation of the continuing connected transactions by the Company.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE MASTER CONCESSIONAIRE COUNTER AGREEMENT

The Group and NWDS Group may maintain the current concessionaire counter agreements and may from time to time consider entering into new concessionaire counter agreements. In order to systematically organise all Definitive Agreements between the Group and NWDS Group for the purpose of Chapter 14A of the Listing Rules, the Company and NWDS decided to enter into the Master Concessionaire Counter Agreement. The Directors believe that it is in the interest of the Group to renew the Master Concessionaire Counter Agreement so that the Group may regulate the current and future Definitive Agreements with NWDS Group under a common framework agreement.

The Directors (including the independent non-executive Directors) consider that the renewal of the Master Concessionaire Counter 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 of the Company as a whole, and that the New Annual Caps are fair and reasonable and in the interests of the Group and the shareholders of the Company 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 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 jewellery products, including gem-set, platinum and k-gold jewellery, and gold jewellery and products, as well as the 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 and property investment in the PRC.

LISTING RULES IMPLICATIONS

As at the date of 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. Accordingly, NWDS and its subsidiaries are connected persons of the Company. The Transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the New Annual Caps is, on an annual basis, more than 0.1% but less than 5%, the renewal of the Master Concessionaire Counter 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 Concessionaire Counter Agreement and the transactions contemplated thereunder. Dr. Cheng Chi-Kong, Adrian is common directors of NWD, NWDS and the Company, and Dr. Cheng Kar-Shun, Henry, 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 board resolutions approving the renewal of the Master Concessionaire Counter Agreement and the New Annual Caps. All other Directors (including the independent non-executive Directors) have reviewed and approved the renewal of the Master Concessionaire Counter Agreement and the New Annual Caps.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“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 (Stock Code: 1929)
“connected person(s)”	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 and a substantial shareholder of the Company
“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 and contemplated under the Master Concessionaire Counter Agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Concessionaire Counter Agreement”	the agreement in relation to the Transactions entered into between NWDS and the Company on 22 March 2012 which was subsequently renewed in 2014, 2017 and 2020
“New Annual Caps”	the annual cap amounts payable by the Group to the NWDS Group in respect of the Transactions for the three financial years ending 31 March 2024, 31 March 2025 and 31 March 2026 respectively
“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 (Stock Code: 0017)
“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 (Stock Code: 825)
“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
“Previous Annual Caps”	the annual cap amounts payable by the Group to the NWDS Group in respect of the transactions under the Master Concessionaire Counter Agreement for the three financial years ended/ending 31 March 2021, 31 March 2022 and 31 March 2023 respectively
“Renewal Date”	1 July 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Transactions”	all existing and future transactions under the Master Concessionaire Counter Agreement between any member(s) of the NWDS Group and any member(s) of the Group arising from the concessionaire counter 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

“0%”

Percentages

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

Hong Kong, 30 March 2023

As at the date of this announcement, the executive directors are Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Heng, Conroy, Ms. Cheng Chi-Man, Sonia, Mr. Wong Siu-Kee, Kent, Mr. Chan Sai-Cheong, Dr. Cheng Chi-Kong, Adrian, Mr. Cheng Kam-Biu, Wilson, Mr. Cheng Ping-Hei, Hamilton, Mr. Suen Chi-Keung, Peter and Mr. Liu Chun-Wai, Bobby; and the independent non-executive directors are Mr. Kwong Che-Keung, Gordon, Mr. Lam Kin-Fung, Jeffrey, Dr. Or Ching-Fai, Raymond, Ms. Cheng Ka-Lai, Lily, Mr. Chia Pun-Kok, Herbert and Ms. Fung Wing-Yee, Sabrina.