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**HENDERSON INVESTMENT LIMITED**

**恒基兆業發展有限公司**

Incorporated in Hong Kong with limited liability

(Stock Code : 97)

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO JOINT PROMOTION AGREEMENT**

### **THE JOINT PROMOTION AGREEMENT**

The Company and HLD have decided to integrate their respective membership loyalty programmes, CU APP and H•COINS, and the Joint Promotion Agreement was entered into between the Company and HCIL (being a wholly-owned subsidiary of HLD) on 4 June 2024 to set out the framework terms and conditions for implementing such integration and conducting other Promotion Transactions between members of the Group and members of the HLD Group during the period from 4 June 2024 to 31 December 2026. The integration of the loyalty programmes will increase the member base for both CU APP and H•COINS, and also provide better motivation in terms of extended channels to earn points and wider choice of goods and services to be redeemed to those customers who shop and make patronage at the Group's stores. It is expected that the benefits brought about by such integration will have a positive impact on the business of the Group.

### **LISTING RULES IMPLICATIONS**

As HLD is the controlling shareholder of the Company interested in approximately 69.27% of the issued Shares, members of the HLD Group (including HCIL) are regarded as connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Joint Promotion Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

The highest applicable percentage ratios in respect of the highest annual cap for the amounts payable by the Group to the HLD Group and the highest annual cap for the amounts receivable by the Group from the HLD Group for the Promotion Transactions contemplated under the Joint Promotion Agreement (after taking into account the aggregation of the Post-announcement 2024 Caps with the amounts payable and receivable respectively for the Pre-announcement 2024 Amounts) each exceeds 0.1% but is less than 5%. Accordingly, as those transactions are conducted on normal commercial terms, they are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE JOINT PROMOTION AGREEMENT**

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out the framework terms and conditions for implementing such integration and conducting other Promotion Transactions.

The principal terms of the Joint Promotion Agreement are summarised below:

- Date** : 4 June 2024.
- Parties** : (1) The Company; and  
(2) HCIL, a wholly-owned subsidiary of HLD.
- Term** : From the date of the Joint Promotion Agreement to 31 December 2026, unless earlier terminated by either party giving not less than one month's written notice to the other party.
- Subject matter** : (a) HCIL shall, and if applicable, shall procure the relevant members of the HLD Group to, use reasonable endeavours to enter into the Promotion Transactions with relevant members of the Group as and when reasonably requested by members of the Group from time to time; and  
  
(b) the Company shall, and shall procure the relevant members of the Group to, use reasonable endeavours to enter into the Promotion Transactions with relevant members of the HLD Group as and when reasonably requested by members of the HLD Group from time to time,  
  
on a non-exclusive basis.
- Promotion Individual Agreements** : In relation to the Promotion Transactions, the relevant members of the Group and the relevant members of the HLD Group shall enter into Promotion Individual Agreements, which shall be in such forms and on such terms and conditions (including but not limited to the pricing and payment terms) to be agreed between the relevant parties from time to time using reasonable endeavours.
- Basis of determination of the terms of each Promotion Transaction (including the pricing basis)** : Each Promotion Transaction shall be (a) subject to the provisions of the Joint Promotion Agreement and the relevant Promotion Individual Agreement(s), and the provisions of the Joint Promotion Agreement shall prevail in case of inconsistencies; (b) on normal commercial terms or better to the relevant member of the Group; and (c) on terms no less favourable to the Group than those which the relevant members of the Group could obtain from or offer to independent third parties for similar transactions.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE JOINT PROMOTION AGREEMENT**

The proposed integration of the respective membership loyalty programmes of the Group and the HLD Group towards the end of 2024 (the "**Loyalty Programmes Integration**"), which allows CU APP members to convert all existing CU APP points into H•COINS points and earn H•COINS points instead of CU APP points in the future, and allows H•COINS members to redeem coupons and vouchers through CU APP, will increase the member base for both CU APP and H•COINS, and also provide better motivation in terms of extended channels to earn points and wider choice

of goods and services to be redeemed to those customers who shop and make patronage at the Group's stores. It is expected that the benefits brought about by such integration will have a positive impact on the business of the Group and will also reduce the administrative burden and costs in running the Group's membership loyalty programme. In addition, the Group may enter into other joint promotion arrangements with the HLD Group in the future. The Directors therefore consider that it is in the commercial interest of the Group to enter into the Joint Promotion Agreement to conduct such Promotion Transactions on a non-exclusive basis.

The Directors (including the independent non-executive Directors) consider that the Joint Promotion Agreement and the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group and on normal commercial terms and arrived at after negotiations on an arm's length basis, and their terms will be no less favourable to the Group than those available from or to independent third parties (where applicable) and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

### **HISTORICAL TRANSACTION AMOUNTS**

Prior to the entering into of the Joint Promotion Agreement, the transactions of a similar nature to Promotion Transactions between the Group and the HLD Group were conducted on normal commercial terms or better and were de minimis and fully exempt from the independent shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules.

For and during each of the three years ended 31 December 2023 and for the 5 months ended 31 May 2024, the amount for transactions of a similar nature to the Promotion Transactions (a) receivable by the Group from the HLD Group was less than HK\$3 million; and (b) payable by the Group to the HLD Group was nil.

### **ANNUAL CAPS**

The Company estimates that the aggregate amounts payable and receivable by the Group for the Promotion Transactions to be entered into during the term of the Joint Promotion Agreement will not exceed the following maximum aggregate amounts and are considered by the Directors (including the independent non-executive Directors) to be fair and reasonable and in the interests of the Company and its shareholders as a whole:

	<b>For the period from the date of the Joint Promotion Agreement to 31 December 2024</b>	<b>For the year ending 31 December 2025</b>	<b>For the year ending 31 December 2026</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount payable by the Group to the HLD Group	9,000	9,000	9,000
Amount receivable by the Group from the HLD Group	6,000	14,000	15,000

The annual caps for the aggregate amounts payable by the Group to the HLD Group were determined with reference to:

- (i) the estimated number of CU APP points to be converted into H•COINS points as at the effective date of the Loyalty Programmes Integration;
- (ii) the historical amounts of spendings by CU APP members which qualified for earning of CU APP points and the estimated growth of such spendings; and
- (iii) the conversion rates for CU APP points and H•COINS points to monetary value.

The annual caps for the aggregate amounts receivable by the Group from the HLD Group were determined with reference to:

- (i) the historical transaction amounts of coupons, vouchers, certificates, cards, codes, gifts, products and services issued, offered or provided by the Group as a result of redemption of CU APP points (which, after the Loyalty Programmes Integration, will become redemption of H•COINS points and therefore result in HCIL's liability to pay the Group for such items);
- (ii) the historical transaction amounts of acceptance by the Group's stores of coupons, vouchers, certificates, cards and codes issued or provided by the HLD Group and the estimated growth of such transaction amounts; and
- (iii) the estimated transaction amounts of coupons, vouchers, certificates, cards, codes, gifts, products or services issued, offered or provided by the Group as a result of redemption of H•COINS points by CU APP members after the Loyalty Programmes Integration, taking into account the historical transaction amounts for redemption of such items with CU APP points and H•COINS points.

## **PRICING POLICY AND INTERNAL CONTROL**

During the term of the Joint Promotion Agreement, the Group adopts the following pricing policy and internal control measures for the Promotion Transactions:

- (a) each Promotion Individual Agreement will be negotiated on an arm's length basis by reference to the terms of similar transactions entered into by independent third parties in the market (if available) to ensure that the pricing terms are fair and reasonable and on normal commercial terms;
- (b) for any amounts payable by the Group to HCIL or other relevant members of the HLD Group in relation to (i) conversion of points or credits under customer loyalty programmes of the Group to that under HLD Loyalty Programmes, (ii) earning of points or credits under HLD Loyalty Programmes by members of customer loyalty programmes of the Group, and (iii) discounts, promotions or special offers by the HLD Group to members of customer loyalty programmes of the Group, the points to monetary value of such conversion rates to be agreed between the parties shall be no less favourable than those made available to the Group from independent third parties (if any) or prevailing industry market rates and the monetary values of such discounts shall be based on the retail prices of the relevant items which the Group may obtain from independent third parties;
- (c) any amounts receivable by the Group from HCIL or other relevant members of the HLD Group in relation to (i) redemption of points or credits under HLD Loyalty Programmes through customer loyalty programmes of the Group for coupons, vouchers, certificates,

cards, codes, gifts, products or services issued, offered or provided by the Group, and (ii) acceptance by the Group of the coupons, vouchers, certificates, codes, points or credits issued, offered or provided by the HLD Group under HLD Loyalty Programmes for any purchases of goods or services of the Group shall be based on the retail prices of such items or the prices at which such items are made available by the Group to independent third parties under similar transactions; and

- (d) the relevant department of the Company will periodically review the Promotion Individual Agreements and the Promotion Transactions and monitor the utilisation of the annual caps to ensure compliance with the terms of the Joint Promotion Agreement and the pricing policy of the Group.

The Directors (including the independent non-executive Directors) consider that the above methods and procedures, which set the pricing terms of the proposed transactions under the Joint Promotion Agreement by reference to the terms made available by or to independent third parties (if any) and similar transactions in the market and have the transactions under regular review and monitoring, are sufficient to ensure that such transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

## **LISTING RULES IMPLICATIONS**

As HLD is the controlling shareholder of the Company interested in approximately 69.27% of the issued Shares, members of the HLD Group (including HCIL) are regarded as connected persons of the Company under the Listing Rules. Accordingly, the entering into of the Joint Promotion Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

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Since Dr. Lee Ka Shing, Dr. Lee Ka Kit and Mr. Li Ning are each regarded as having a material interest in the transactions contemplated under the Joint Promotion Agreement through their deemed interests in the shares of HLD by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), they have abstained from voting on the relevant board resolutions of the Company to approve the Joint Promotion Agreement, the transactions contemplated thereunder and the annual caps, pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, none of the Directors has a material interest in the transactions under the Joint Promotion Agreement.

## **INFORMATION ON THE PARTIES INVOLVED**

### ***The Group***

The Company is an investment holding company and the principal business activities of its subsidiaries are investment holding, and supermarket, department store and household specialty store operation.

## ***HCIL and the HLD Group***

The principal business activity of HCIL is or will be the operation of membership loyalty programmes.

HLD is a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 12). The HLD Group is principally engaged in property development and investment, construction, project management, property management, department store operation, hotel operation and investment holding. The shareholding information of HLD is available on the Stock Exchange's website (<https://www.hkexnews.hk/>).

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

<b>“Company”</b>	Henderson Investment Limited (恒基兆業發展有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 97);
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“CU APP”</b>	CU APP membership programme, being a retail customer loyalty programme operated by the Group;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Excluded Transactions”</b>	the transactions involving promotion and marketing of the business of any member of the Group under any tenancy or licensing transaction (including any sub-letting or sub-licensing transaction) for any real property between any member of the Group (as tenant or licensee) and any member of the HLD Group (as landlord or licensor);
<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>“H•COINS”</b>	H•COINS, being a membership loyalty programme managed by HCIL which currently covers a number of participating retail properties owned by the HLD Group;
<b>“HCIL”</b>	H COINS Intelligence Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HLD;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“HLD”</b>	Henderson Land Development Company Limited (恒基兆業地產有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 12);
<b>“HLD Group”</b>	HLD and its subsidiaries (but excluding the Group) from time to time;

<b>“HLD Loyalty Programmes”</b>	customer loyalty programmes (a) of the HLD Group; or (b) managed by HCIL from time to time;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Joint Promotion Agreement”</b>	the joint promotion agreement dated 4 June 2024 entered into between the Company and HCIL in relation to the Promotion Transactions;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Post-announcement 2024 Caps”</b>	the annual caps for the period from the date of the Joint Promotion Agreement to 31 December 2024;
<b>“Pre-announcement 2024 Amounts”</b>	the amounts payable and receivable respectively for transactions of a similar nature to the Promotion Transactions conducted from 1 January 2024 to the day immediately before the date of the Joint Promotion Agreement;
<b>“Promotion Individual Agreement”</b>	an individual written agreement in respect of a Promotion Transaction between any member of the Group and any member of the HLD Group that may be entered into from time to time;
<b>“Promotion Transaction(s)”</b>	<p>transaction(s) between member(s) of the Group and member(s) of the HLD Group from time to time for the promotion or marketing of the business of the Group or the HLD Group or the joint promotion or marketing of the businesses of the Group and the HLD Group, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) conversion of points or credits under customer loyalty programmes of the Group to that under HLD Loyalty Programmes;</li> <li>(b) earning of points or credits under HLD Loyalty Programmes by members of customer loyalty programmes of the Group;</li> <li>(c) redemption of points or credits under HLD Loyalty Programmes through customer loyalty programmes of the Group for coupons, vouchers, certificates, cards, codes, gifts, products or services issued, offered or provided by the Group;</li> <li>(d) acceptance by the Group of the coupons, vouchers, certificates, codes, points or credits issued, offered or provided by the HLD Group under HLD Loyalty Programmes for any purchases of goods or services of the Group; and</li> <li>(e) making available of discounts, promotions or special offers by the HLD Group to members of customer loyalty programmes of the Group,</li> </ul> <p>and in each case vice versa, but excluding the Excluded Transactions;</p>

“Share(s)” share(s) in the share capital of the Company;  
“Stock Exchange” The Stock Exchange of Hong Kong Limited; and  
“%” per cent.

By Order of the Board  
**Timon LIU Cheung Yuen**  
Company Secretary

Hong Kong, 4 June 2024

*As at the date of this announcement, the board of directors of the Company comprises: (1) executive directors: Lee Ka Shing (Chairman and Managing Director), Lee Ka Kit, Lam Ko Yin, Colin and Li Ning; and (2) independent non-executive directors: Kwong Che Keung, Gordon, Ko Ping Keung, Wu King Cheong and Au Siu Kee, Alexander.*