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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 CTFE TENANCY FRAMEWORK AGREEMENT

Reference is made to the 2014 Announcement in respect of the CTFE Tenancy Framework Agreement. Pursuant to the Framework Agreement, the Group has entered into various tenancy arrangements with members of CTF Enterprises Group in respect of the lease of certain premises owned by CTF Enterprises Group to the Group for retail shops, residential, industrial and office uses.

The Framework Agreement will expire on 31 March 2017 and be automatically renewed for a further term of three years up to 31 March 2020, subject to compliance with the then applicable provisions of the Listing Rules. The Original Annual Caps will expire on 31 March 2017 and the New Annual Caps for each of the three years ending 31 March 2020 are set forth in this announcement.

CTF Holding, being the Company's substantial shareholder, is also the holding company of CTF Enterprises. CTF Enterprises therefore is a connected person of the Company and the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios of the New Annual Caps are, on an annual basis, more than 0.1% but less than 5%, the New Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

THE CTFE TENANCY FRAMEWORK AGREEMENT

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The Framework Agreement will expire on 31 March 2017 and be automatically renewed for a further term of three years up to 31 March 2020, subject to compliance with the then applicable provisions of the Listing Rules.

ANNUAL CAPS

For the purpose of the Listing Rules, the New Annual Caps are set for each of the three financial years ending 31 March 2020. Details of the Original Annual Caps and New Annual Caps are set out below.

	For financial year ended/ending 31 March		
	2015	2016	2017
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Original Annual Caps	106.0	108.0	108.0
Actual aggregate rental amount paid	78.4	76.2	57.8
			(for 9 months ended 31 December 2016)
	2018	2019	2020
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
New Annual Caps	122.0	122.0	122.0

The New Annual Caps have been estimated with reference to the historical figures, the expected market rentals at the time of renewing existing leases, and the estimated rentals of new leases in the future. Rentals of premises 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 or independent valuers and make comparison with the rental rates of premises in similar locations leased by the Group, where appropriate.

REASONS AND BENEFITS OF THE AUTOMATIC RENEWAL OF THE FRAMEWORK AGREEMENT

The Directors believe that the automatic renewal of the Framework Agreement can ensure the smooth operation of the leases and renewal of leases in respect of certain premises owned by CTF Enterprises Group to the Group for retail shops, residential, industrial and office uses. The Directors believe that it is in the interest of the Group to renew the Framework Agreement so that the Group may regulate the definitive tenancy agreements with CTF Enterprises Group under a common framework agreement.

APPROVAL BY THE BOARD

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the renewed Framework Agreement and the New Annual Caps are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

None of the Directors have a material interest in the Framework Agreement, but certain Directors, namely Dr. Cheng Kar-Shun, Henry, Mr. Cheng Chi-Kong, Adrian, Mr. Cheng Chi-Heng, Conroy and 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 automatic renewal of the Framework Agreement and the New Annual Caps.

INFORMATION OF THE GROUP AND CTF ENTERPRISES

The Group is one of the largest jewellers in Hong Kong, Macau and the Mainland China by market share with an extensive retail network of over 2,300 points of sale spanning more than 500 cities in Greater China, Singapore, Malaysia, South Korea and the United States. The Group is principally engaged in the business of manufacturing and selling mass luxury and high-end luxury jewellery products, including gem-set products, gold products and platinum/karat gold products, and distributing watches of various brands.

To the best knowledge of the Directors, CTF Enterprises is principally engaged in investment holding.

LISTING RULES IMPLICATIONS

CTF Holding, being the Company's substantial shareholder, is also the holding company of CTF Enterprises. CTF Enterprises therefore is a connected person of the Company and the transactions contemplated under the CTFE Tenancy Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios of the New Annual Caps are, on an annual basis, more than 0.1% but less than 5%, the New Annual Caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

“2014 Announcement”	the announcement of the Company dated 6 March 2014 in respect of the CTFE Tenancy Framework Agreement
“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 Enterprises”	Chow Tai Fook Enterprises Limited, a company incorporated in Hong Kong with limited liability, being a fellow subsidiary of the Company
“CTF Enterprises Group”	CTF Enterprises and its subsidiaries
“CTF Holding”	Chow Tai Fook (Holding) Limited, a company incorporated in the British Virgin Islands with limited liability, the holding company of CTF Enterprises and a substantial shareholder of the Company
“CTFE Tenancy Framework Agreement” or “Framework Agreement”	the framework agreement entered into between the Company and CTF Enterprises on 28 November 2011 in respect of the tenancy arrangements between the Group and the CTF Enterprises Group, as disclosed in the Prospectus and the 2014 Announcement
“Directors”	directors 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Annual Caps”	the annual caps in respect of the rental amounts payable by the Group under the renewed CTFE Tenancy Framework Agreement for the three financial years ending 31 March 2018, 31 March 2019 and 31 March 2020 respectively
“Original Annual Caps”	the annual caps in respect of the rental amounts paid or payable by the Group under the CTFE Tenancy Framework Agreement for the three financial years ended/ending 31 March 2015, 31 March 2016 and 31 March 2017 respectively
“Prospectus”	the Company’s prospectus dated 5 December 2011 in relation to the initial public offering of its shares, which is available from the Company’s website at www.chowtaifook.com
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Chow Tai Fook Jewellery Group Limited
Cheng Ping-Hei, Hamilton
Company Secretary

Hong Kong, 22 March 2017

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