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**Bonjour Holdings Limited**

**卓悦控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 653)

**CONTINUING CONNECTED TRANSACTIONS:**

**(A) LICENSING AGREEMENTS;**

**(B) SUPPLY OF BEAUTY PRODUCTS AND GIFTS COUPONS  
BY THE GROUP; AND**

**(C) FINANCIAL ASSISTANCE TO THE GROUP**

**CONTINUING CONNECTED TRANSACTIONS**

On 13 April 2017, completion of the BJB Acquisition by Profit Castle, a company owned by Dr. Ip and his spouse (i.e. Ms. Chung), took place. As a result of such completion, members of the BJB Group have become associates of Dr. Ip and Ms. Chung who are (among other capacities) controlling shareholders of the Company and executive Directors.

Prior to the BJB Acquisition, there were transactions made between the Group and the BJB Group, which included (i) leasing or licensing by the Group to the BJB Group for use of certain premises as offices or beauty and health salons, (ii) supply of beauty and health-care products and gift coupons for beauty and health-care products for retail customers by the Group to the BJB Group, and (iii) financial assistance (in the principal amount of HK\$138 million) provided to the Group by the BJB Group.

## **LISTING RULES IMPLICATIONS**

These transactions will continue following completion of the BJB Acquisition.

As members of the BJB Group have become associates of Dr. Ip and Ms. Chung following completion of the BJB Acquisition, such continuing transactions will become connected transactions on the part of the Company. Having regard to the expected aggregate transaction amounts during the period commencing 1 April 2017 and ending 31 December 2017 (or 31 December 2018, as the case may be), the Company considers that:

- (a) the continuing connected transactions under items (i) and (ii) respectively, will only be subject to the announcement and reporting requirements under Rule 14A.76(2) of the Listing Rules, as the highest applicable percentage ratio (excluding the profits ratio) calculated in accordance with the Listing Rules in relation of these transactions is less than 5%, and
- (b) the financial assistance received by the Group from the BJB Group as mentioned in item (iii) above falls under the fully exempted category under Rule 14A.90 of the Listing Rules.

On 13 April 2017, completion of the BJB Acquisition by Profit Castle, a company owned by Dr. Ip and his spouse (i.e. Ms. Chung), took place. As a result of such completion, members of the BJB Group have become associates of Dr. Ip and Ms. Chung who are (among other capacities) controlling shareholders of the Company and executive Directors.

Prior to the BJB Acquisition, there were transactions made between the Group and the BJB Group. These transactions will continue following completion of the BJB Acquisition. As members of the BJB Group have become associates of Dr. Ip and Ms. Chung following completion of the BJB Acquisition, such continuing transactions will become connected transactions on the part of the Company. Brief details of these continuing connected transactions are set out below in this announcement.

## **BACKGROUND OF THE BJB GROUP**

Members of the BJB Group are former subsidiaries of the Company. BJBIL is a member of the BJB Group, and is the holding company of the other members of the BJB Group.

As disclosed in the Company's dated 20 August 2014, the then holding company of BJBIL (a then subsidiary of the Company) entered into the 2014 SP Agreement with THIM for the sale and purchase of the entire issued share capital in BJBIL (which was then the holding company of the other members of the BJB Group). Completion of such sale and purchase took place on 1 January 2015. The BJB Group then became subsidiaries of THIM. At such time, the principal business of the BJB Group was beauty and health salons operations and provision of beauty and health-care related consultancy services in Hong Kong and Macau.

THIM made an announcement dated 30 December 2016, disclosing its entering into a conditional agreement for disposal of the BJB Group to Profit Castle (a company owned by Dr. Ip and Ms. Chung in equal share). A further circular was issued by THIM on 23 February 2017. Following the approval of such disposal agreement (and the transactions contemplated by such agreement) by the independent shareholders of THIM at a special general meeting held on 17 March 2017, completion of the BJB Acquisition took place on 13 April 2017. Following that, the BJB Group has become subsidiaries of Profit Castle. At the time of such completion, the principal business of the BJB Group was the operation of beauty and health salons and provision of beauty and health-care related consultancy services in Hong Kong and Macau.

## CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO REPORTING AND ANNOUNCEMENT REQUIREMENTS

### (A) Licensing of premises by the Group to the BJB Group

#### *Principal terms of the Licensing Agreements*

Some of the premises owned or leased by the Group were licensed to the BJB Group as early as from 1 January 2015. Such premises have been used as office or beauty and health salons of the BJB Group. The following is a summary of such licensing agreements (all dated 1 January 2015) (“**Licensing Agreement(s)**”) regulating the licences (“**Licensing Arrangement(s)**”) for the premises concerned, which are still in force:

	Licensor ( <i>Note a</i> )	Premises ( <i>Note b</i> )	Term of licence	Monthly licence fee ( <i>Note c</i> )
1.	Bonjour Cosmetic Wholesale Center Limited (“ <b>BCWCL</b> ”)	Shop B on the Ground Floor and Offices on the First and Second Floors of Anho House, Nos. 22, 24, 26 and 28 Nullah Road, Kowloon, Hong Kong	From 1 January 2015 to 31 December 2017	From 21 March 2015 to 31 December 2017: HK\$598,385 (inclusive of government rent, rates and management fees)
2.	BCWCL	First Floor, Nos. 50 and 50A Tung Choi Street, Mongkok, Kowloon, Hong Kong	From 1 January 2015 to 31 December 2017	From 1 April 2015 to 31 December 2017: HK\$38,620 (inclusive of government rent, rates and management fees)
3.	BCWCL	Part of Ground Floors of Nos. 40, 42, 44, 46, 48 & 50, Tung Choi Street, Mongkok, Kowloon, Hong Kong	From 1 January 2015 to 31 December 2017	From 1 April 2015 to 31 December 2017: HK\$759,967.50 (inclusive of government rent, rates and management fees)
4.	BCWCL	Portions on Basement of Mirador Mansion, No. 58, Nathan Road, Tsimshatsui, Kowloon, Hong Kong	From 1 January 2015 to 31 July 2017	HK\$558,140 (inclusive of government rent, rates and management fees)
5.	Apex Frame Limited	11th Floor, Harrington Building, Nos. 36-50 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong	From 1 July 2015 to 30 June 2017	HK\$193,474.40 (inclusive of government rent, rates and management fees)
6.	Full Gain Developments Limited	The First Floor, the Second Floor and part of the Fifth Floor of the building erected on 7 Domingos Road, Macau	From 1 January 2015 to 30 September 2017	HK\$414,300 (inclusive of government rent, rates and management fees)

#### *Notes:*

- a. All licensors are members of the Group.
- b. For the above premises located in Hong Kong, all the licences have been granted to BJB Limited (as licensee); and for the above premises located in Macau, the licensee is Speedwell Group Limited. Both licensees are members of the BJB Group.

- c. The monthly licence fees under the Licensing Agreements were determined by the parties with reference to (i) the rents (which were determined by the then prevailing market rents on the premises comparable in location, area and permitted use) and other outgoings (such as government rents, rates and management fees) (if any) payable by the licensors under the head leases as tenant to the landlord in relation to the premises; and (ii) the area of the premises licensed under the relevant licensing agreements. In addition, the monthly licence fee for premises no. 5 was determined by the parties to the relevant Licensing Agreement with reference to the prevailing market rents on the premises comparable in location, area and permitted use.

Under the Licensing Agreements, all the above licensing fees are payable in advance on a monthly basis. Deposits of about three months' rentals in respect of the above premises are held by the Group.

The term of some of the above licences will expire in the next few months. Other than that for premises no. 4, the Group plans to renew the term of these licenses up to 31 December 2017 (and the licence term of premises no. 5 will be renewed in accordance with the term of the head lease). The Group will in due course discuss with the BJB Group about possible renewal arrangements. If any such renewal entails any disclosure or other compliance obligations on the part of the Company, further announcement(s) and relevant compliance steps will be made and taken by the Company.

#### *Reasons for the Licensing Arrangements*

The above premises have been used by the BJB Group prior to 1 January 2015 and up to 13 April 2017 (i.e. the date of completion of the BJB Acquisition). As the Licensing Agreements regulating the Licensing Arrangements are legally binding and the Directors (including independent non-executive Directors) consider that the agreements were entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, on terms that are fair and reasonable, the continuation of the Licensing Arrangements is in the interests of the Company and the Shareholders as a whole, and the licensed premises have been used by the BJB Group in line with the permitted usage under the Licensing Agreements, the Licensing Agreements have not been discontinued following completion of the BJB Acquisition.

### *Listing Rules implications*

The aggregate licence fees receivable by the Group from the BJB Group as from 1 April 2017 to 31 December 2017 (except for premises no. 4 the licence for which will expire on 31 July 2017) are estimated to be about HK\$20.3 million. The continuing connected transactions in respect of the Licensing Arrangements will only be subject to the announcement and reporting requirements under Rule 14A.76(2) of the Listing Rules, as the highest applicable percentage ratio (excluding the profits ratio) calculated in accordance with the Listing Rules in relation of these transactions is less than 5%.

At the Board meeting of the Company held on 21 April 2017 for (i) considering and approving the above licensing arrangements, and (ii) considering as to whether to discontinue the above licensing arrangements (following completion of the BJB Acquisition), both Dr. Ip and Ms. Chung (who have interest in the Licensing Arrangements) abstained from voting on the relevant resolutions.

### **(B) Supply of beauty and health-care products and gift coupons for beauty and health-care products for retail customers by the Group from the BJB Group**

#### *Background of the supply relationship*

The principal business of the BJB Group is the operation of beauty and health salons and provision of beauty and health-care related consultancy services in Hong Kong and Macau. The BJB Group will source beauty and health-care products from time to time in its ordinary course of business. The Group's principal business is wholesaling and retailing of beauty and health-care products. The BJB Group will procure beauty and health-care products ("**Beauty Products**") from the Group.

Furthermore, the BJB Group has been operating promotion programme by (among other means) providing its customers with gift or discount coupons ("**Gift Coupons**") for beauty and health-care products for retail customers. The BJB Group's customers may use such coupons to buy beauty and health-care products in the retail stores of the Group for free or at a discount in accordance with the terms set out in the coupons. The BJB Group purchased these Gift Coupons from the Group in 2014 and has been distributing the Gift Coupons to its customers in its ordinary course of business. The Group will continue to supply Beauty Products and Gift Coupons to the BJB Group in its ordinary and usual course of business following the BJB Acquisition.

Following the BJB Acquisition, the Group and the BJB Group entered into a master supply agreement (“**Master Supply Agreement**”) to regulate the supply of the Beauty Products and the Gift Coupons by the Group to the BJB Group. The principal terms of the Master Supply Agreement are summarised below:

*Principal terms of the Master Supply Agreement*

*Date:* 21 April 2017

*Parties:* (a) BCWCL, for itself and on behalf of the other members of the Group  
(b) BJBIL, for itself and on behalf of the other members of the BJB Group

*Subject matter:* Under the Master Supply Agreement, the Group will supply and the BJB Group will procure (a) Beauty Products and (b) Gift Coupons during the term of the Master Supply Agreement.

The actual amount, specification and price of the Beauty Products and the Gift Coupons to be supplied by the Group under the Master Supply Agreement will be subject to individual orders placed by the BJB Group with the Group.

*Other principal terms:* The Group and the BJB Group have acknowledged under the Master Supply Agreement that:

(a) the supply of Beauty Products by the Group and Gift Coupons under the Master Supply Agreement will be on normal commercial terms and the prices payable by the BJB Group for the Beauty Products and Gift Coupons will be agreed between the parties by reference to the prevailing market prices of Beauty Products and Gift Coupons at the relevant time;

- (b) the Group is not obliged to accept any order from the BJB Group for any Beauty Products or Gift Coupons; and
- (c) any order agreed shall be on terms and conditions that are no less favourable to the Group than those agreed between the Group and its other customers for the Beauty Products and Gift Coupons.

*Term:* From 1 April 2017 to 31 December 2018

*Historical amounts of the Group's supply of Beauty Products and Gift Coupons to the BJB Group*

The following table sets out the aggregate historical amounts of the Group's supply of Beauty Products and Gift Coupons to the BJB Group:

	<b>Year ended 31 December</b>		
	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
<b>Aggregate amounts of the Group's supply of Beauty Products and Gift Coupons to the BJB Group</b>	10.4	2.1	1.1

The following table sets out the expected capped amounts ("**Capped Amounts**") of the Group's supply of Beauty Products and Gift Coupons to the BJB Group during (i) the period commencing 1 April 2017 and ending 31 December 2017, and (ii) the financial year ending 31 December 2018:

	<b>Period commencing</b>	<b>Year ending</b>
	<b>1 April 2017</b>	
	<b>and ending</b>	<b>31 December 2018</b>
	<b>31 December 2017</b>	<b>31 December 2018</b>
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
<b>Expected Capped Amounts</b>	4	5



The above caps are determined by reference to the historical transaction amounts.

*Reasons for entering into the Master Supply Agreement*

As explained in sub-paragraph headed “Background of the supply relationship” above, the BJB Group has been sourcing Beauty Products from time to time in its ordinary course of business, and has also been providing Gift Coupons purchased from the Group in 2014 to its customers in its ordinary course of business. Following completion of the BJB Acquisition, the Group’s supply of Beauty Products and Gift Coupons to the BJB Group will not be discontinued. Such transactions will constitute continuing connected transactions on the part of the Company after completion of the BJB Acquisition, but will continue to be conducted in the ordinary and usual course of business of the Group.

The Directors (including the independent non-executive Directors) consider that:

- (a) the terms and conditions of Master Supply Agreement were negotiated between the parties to it on an arm’s length basis and are normal commercial terms or better to the Group;
- (b) the terms of the Master Supply Agreement, including the expected Capped Amounts, are fair and reasonable; and
- (c) the continuing connected transactions contemplated under the Master Supply Agreement are in the interest of the Company and the Shareholders as a whole.

At the Board meeting of the Company held on 21 April 2017 for considering and approving the Master Supply Agreement, both Dr. Ip and Ms. Chung (who have interest in the Licensing Arrangements) abstained from voting on the relevant resolutions.

*Listing Rules implications*

Having regard to the expected Capped Amounts, the continuing connected transactions in respect of the Master Supply Agreement will only be subject to the announcement and reporting requirements under Rule 14A.76(2) of the Listing Rules, as the highest applicable percentage ratio (excluding the profits ratio) calculated in accordance with the Listing Rules in relation of these transactions is less than 5%.

## **FINANCIAL ASSISTANCE RECEIVED BY THE GROUP WHICH IS FULLY EXEMPT**

### *Background of the financial assistance received by the Group from the BJB Group*

Reference is made to the Company's announcement dated 20 August 2014 and THIM's announcement dated 23 December 2016 respectively.

Prior to the 2014 SP Agreement, a loan in the aggregate principal amount of HK\$138 million was owing by certain members of the Group to the BJB Group. In connection with the 2014 SP agreement, a loan agreement ("**2015 Loan Agreement**") was made by Bonjour Group Limited (as borrower, the then holding company of BJB Limited and a subsidiary of the Company) and BJB Limited (as lender) on 1 January 2015. The principal terms of the 2015 Loan Agreement are summarised as follows:

<b>Principal amount:</b>	HK\$138 million (" <b>Loan</b> ")
<b>Interest rate:</b>	3% per annum, calculated on the basis of the actual number of days elapsed and 365-day year
<b>Interest payment:</b>	To be paid semi-annually in arrears from 1 January 2015 onward
<b>Term:</b>	2 years from 1 January 2015 (i.e. completion date of the 2014 SP Agreement) (" <b>Original Maturity Date</b> ")
<b>Early repayment:</b>	Bonjour Group Limited may at any time during the term of the Loan early repay the Loan in full together with the accrued interest up to and including the early repayment date by giving not less than 10 Business Days' prior written notice to BJB Limited before the repayment date

On 23 December 2016, Bonjour Group Limited and BJB Limited entered into a supplement loan agreement to extend the maturity date under the 2015 Loan Agreement for one additional year and in such connection, certain terms of the 2015 Loan Agreement are revised, which are summarised as follows:

- (i) the maturity date ("**Extended Maturity Date**") of the Loan shall be extended to one year from the Original Maturity Date;

- (ii) the original interest accruing on the Loan up to the Original Maturity Date shall remain to be repayable by Bonjour Group Limited to BJB Limited on the Original Maturity Date;
- (iii) interest shall be charged on the Loan (or any outstanding amount thereof) from the next day of the Original Maturity Date up to the due date for payment of such interest or, as appropriate, the date of early repayment at the interest rate of 5% per annum (“**Renewed Interest Rate**”); and
- (iv) interest shall accrue daily and be calculated on the basis of the actual number of days elapsed and a 365-day year and shall be payable semi-annually in arrears since the next day of the Original Maturity Date and if such date is not a normal bank business day in Hong Kong, the immediately following normal bank business day.

Save for the extension of the maturity date of the Loan at the Renewed Interest Rate, no other amendment has been made to the terms of the Loan pursuant to such supplemental loan agreement.

As the Group suffered loss for FY2016, the Directors (including the independent non-executive Directors) consider that (i) after completion of the BJB Acquisition which results in the Loan becoming a financial assistance received by the Group from a connected person (i.e. BJB Limited which is an associate of both Dr. Ip and Ms Chung), it is in the interest of the Group for not making early repayment of the Loan, and (ii) the current interest rate of 5% per annum is on normal commercial terms or better on the part of the Group.

#### *Listing Rules implications*

The Loan constitutes a financial assistance received by the Group from a connected person, which is conducted on normal commercial terms or better, and it is not secured by the assets of the Group. Under Rule 14A.90 of the Listing Rules, the Loan is fully exempt from the requirements under Chapter 14A of the Listing Rules.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the business of wholesaling and retailing of beauty and health-care products.

## DEFINITIONS

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

“BJB Acquisition”	the acquisition of the BJB Group from THIM by Profit Castle (details of which are set out in the paragraph head “Background of the BJB Group” in this announcement)
“BJB Group”	BJBIL and its subsidiaries
“BJBIL”	Bonjour Beauty International Limited, a company incorporated in BVI with limited liability, which is a member of the BJB Group and is the holding company of the other members of the BJB Group
“BJB Limited”	Bonjour Beauty Limited, a company incorporated in Hong Kong with limited liability, which is a subsidiary of BJBIL
“Board”	board of Directors
“Bonjour Group Limited”	Bonjour Group Limited, a company incorporated in BVI with limited liability, which is a subsidiary of the Company
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	British Virgin Islands
“Company”	Bonjour Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules.
“Director(s)”	the director(s) of the Company
“Dr. Ip”	Dr. Ip Chun Heng, Wilson, an executive director and the Chairman of the Company
“FY2016”	the financial year ended 31 December 2016
“Group”	the Company and its subsidiaries
“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
“Ms. Chung”	Ms. Chung Pui Wan, an executive Director and the spouse of Dr. Ip
“PRC”	the People’s Republic of China
“Profit Castle”	Profit Castle Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which was owned by Dr. Ip and his spouse in equal share, and which as at the date of this announcement owned the entire issued share capital in BJBIL
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THIM”	Town Health International Medical Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 3886)

“2014 SP Agreement” the sale and purchase agreement dated 20 August 2014 and made by Bonjour Group Limited (as vendor, the then holding company of BJBIL) and THIM (as purchaser) for (among other matters) the sale and purchase of the entire issued share capital in BJBIL

“%” per cent.

By order of the Board  
**Bonjour Holdings Limited**  
**Ip Chun Heng, Wilson**  
*Chairman & executive Director*

Hong Kong, 21 April 2017

*As at the date of this announcement, the executive Directors are Dr. Ip Chun Heng, Wilson, Ms. Chung Pui Wan, Mr. Chen Jianwen, Mr. Yip Kwok Li and Mr. Wan Yim Keung, Daniel; and the independent non-executive Directors are Mr. Wong Chi Wai, Dr. Chow Ho Ming and Mr. Lo Hang Fong.*