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PORTICO INTERNATIONAL HOLDINGS LTD

## **Portico International Holdings Limited**

**寶國國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 589)*

### **CONTINUING CONNECTED TRANSACTIONS**

#### **LEASE AGREEMENTS**

##### **LEASE AGREEMENTS**

The Board announces that, on 27 January 2017, Ports Beijing as the landlord entered into the 2017 First Lease Agreement and 2017 Second Lease Agreement, respectively, with Beijing Scitech Pharmaceuticals and Beijing Northern Anitech as the tenants in relation to the leasing of certain buildings at Premises A and Premises B, respectively, for a term of three years commencing from 1 February 2017 to 31 January 2020.

Prior to the entering into of the 2017 First Lease Agreement and 2017 Second Lease Agreement, on 1 September 2015, Ports Beijing as the landlord had entered into the 2015 Lease Agreement with Beijing Scitech Pharmaceuticals as the tenant in relation to the leasing of certain buildings at Premises C for a term of three years commencing from 1 September 2015 to 31 August 2018. The rent receivable under the 2015 Lease Agreement fell within the de-minimis threshold under Rule 14A.76 of the Listing Rules at the relevant time and hence, the transaction was fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements.

##### **LISTING RULES IMPLICATIONS**

Beijing Scitech Pharmaceuticals and Beijing Northern Anitech are direct wholly owned subsidiary of Beijing Scitech Holdings and are ultimately owned by Mr. Alfred Chan, who is an executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company, and Mr. Edward Tan, who is a substantial shareholder (as defined in the Listing Rules) of the Company.

*\*for identification purpose only*

As such, as at the date of this announcement, Beijing Scitech Pharmaceuticals and Beijing Northern Anitech are associates (as defined in the Listing Rules) of the connected persons of the Company and are therefore connected persons of the Company within the meaning of the Listing Rules. Accordingly, the transactions contemplated under the 2017 First Lease Agreement and 2017 Second Lease Agreement constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the annual caps of the continuing connected transactions under the Lease Agreements will be aggregated for the purpose of calculating the percentage ratios (as defined under Rule 14.07 of the Listing Rules). As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Transactions are more than 0.1% but less than 5%, the Transactions contemplated under the Lease Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

On 27 January 2017, Ports Beijing as the landlord entered into the 2017 First Lease Agreement and 2017 Second Lease Agreement, respectively, with Beijing Scitech Pharmaceuticals and Beijing Northern Anitech as the tenants in relation to the leasing of certain buildings at Premises A and Premises B, respectively, for a term of three years commencing from 1 February 2017 to 31 January 2020.

Prior to the entering into of the 2017 First Lease Agreement and 2017 Second Lease Agreement, on 1 September 2015, Ports Beijing as the landlord had entered into the 2015 Lease Agreement with Beijing Scitech Pharmaceuticals as the tenant in relation to the leasing of certain buildings at Premises C for a term of three years commencing from 1 September 2015 to 31 August 2018. The rent receivable under the 2015 Lease Agreement fell within the de-minimis threshold under Rule 14A.76 of the Listing Rules at the relevant time and hence, the transaction was fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements.

Beijing Scitech Pharmaceuticals and Beijing Northern Anitech are direct wholly owned subsidiary of Beijing Scitech Holdings and are ultimately owned by Mr. Alfred Chan, who is an executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company, and Mr. Edward Tan, who is a substantial shareholder (as defined in the Listing Rules) of the Company.

As such, as at the date of this announcement, Beijing Scitech Pharmaceuticals and Beijing Northern Anitech are associates (as defined in the Listing Rules) of the connected persons of the Company and are therefore connected persons of the Company within the meaning of the Listing Rules. Accordingly, the transactions contemplated under the 2017 First Lease Agreement and 2017 Second Lease Agreement constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules.

**2017 FIRST LEASE AGREEMENT**

The principal terms of the 2017 First Lease Agreement are as follows:-

- Date:** 1 February 2017
  
- Parties:** (1) Ports Beijing, as landlord  
(2) Beijing Scitech Pharmaceuticals, as tenant
  
- Subject Property:** Premises A, with a total gross area of approximately 1,780 sq. m.
  
- Lease Term:** Three years commencing from 1 February 2017
  
- Annual Rental:** RMB 779,640.00 per annum, calculated at the rate of RMB 1.2 per sq. m. per day
  
- Right of termination:** Ports Beijing will have the right to terminate the lease if Beijing Scitech Pharmaceuticals fails to comply with the terms and conditions of the 2017 First Lease Agreement
  
- Utility fees:** Beijing Scitech Pharmaceuticals shall be responsible for the payment of the utility fees, including water, electricity and telephone network, as well as carpark usage fee and property management fee

**2017 SECOND LEASE AGREEMENT**

The principal terms of the 2017 Second Lease Agreement are as follows:-

- Date:** 1 February 2017
  
- Parties:** (1) Ports Beijing, as landlord  
(2) Beijing Northern Anitech, as tenant
  
- Subject Property:** Premises B, with a total gross area of approximately 9,830.91 sq.m.

<b>Lease Term:</b>	Three years commencing from 1 February 2017
<b>Annual Rental:</b>	RMB 4,305,938.58 per annum, calculated at the rate of RMB 1.2 per sq. m. per day
<b>Right of termination:</b>	Ports Beijing will have the right to terminate the lease if Beijing Northern Anitech fails to comply with the terms and conditions of the 2017 Second Lease Agreement
<b>Utility fees:</b>	Beijing Northern Anitech shall be responsible for the payment of the utility fees, including water, electricity and telephone network, as well as carpark usage fee and property management fee

The rent under the 2017 First Lease Agreement and 2017 Second Lease Agreement are determined after arm's length negotiations between Ports Beijing, Beijing Scitech Pharmaceuticals and Beijing Northern Anitech, respectively, with references to the prevailing available market rate of comparable properties.

## **HISTORICAL FIGURES AND ANNUAL CAPS**

The aggregate historical rentals paid by Beijing Scitech Pharmaceuticals to Ports Beijing under the 2015 Lease Agreement for the financial years ended 31<sup>st</sup> December 2015 and 31<sup>st</sup> December 2016 are RMB 205,500 and RMB 616,500 respectively.

In accordance with Rule 14A.53 of the Listing Rules, the aggregate annual caps for the maximum aggregate rental payable under the Transactions, for the three financial years ending 31 December 2019 and one month ending 31 January 2020 are set out below: -

	Financial year ending 31st December, 2017 RMB	Financial year ending 31st December, 2018 RMB (up to 31 <sup>st</sup> August 2018)	Financial year ending 31st December, 2019 RMB	One month ending 31st January, 2020 RMB
2015 Lease Agreement	616,500	411,000	-	-
2017 First Lease Agreement	714,670	779,640	779,640	64,970
2017 Second Lease Agreement	3,947,111	4,305,939	4,305,939	358,828
<b>Total</b>	<b>5,278,281</b>	<b>5,496,579</b>	<b>5,085,579</b>	<b>423,798</b>

The annual caps are determined by reference to the aggregate rentals to be received by Ports Beijing under the Transactions.

## **REASONS AND BENEFITS FOR THE LEASE AGREEMENTS**

The entire complex comprising Premises A, B and C were developed, constructed and owned by Ports Beijing. Given that the Group does not have any immediate plan of utilizing the premises, the leasing of the premises would be a commercially effective arrangement to the Group, pending any affirmative decision over its long-term use. The Company will review the position from time to time, taking into consideration various factors including the business development objective of the Group with regard to the entire complex.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the 2017 First Lease Agreement and 2017 Second Lease Agreement were (i) negotiated on arm length's basis; (ii) entered into on normal commercial terms; (iii) in the ordinary and usual course of business; (iv) fair and reasonable; and (v) in the interests of the Company and its shareholders as a whole.

Mr. Alfred Chan, an executive Director, is also an indirect shareholder of Beijing Scitech Pharmaceuticals and Beijing Northern Anitech, as well as Mr. Anthony Paul Chan and Ms. Jenny Ching Ching Tan, both executive Directors, who is the son and niece of Mr. Alfred Chan respectively, are considered to have or deemed to have a material interest in the transactions contemplated under the 2017 First Lease Agreement and 2017 Second Lease Agreement, and therefore abstained from voting on the board resolutions in respect thereof. Save as disclosed above, to the best of the Directors' knowledge, no other Director is regarded as having or deemed to have a material interest in the 2017 First Lease Agreement and 2017 Second Lease Agreement, and hence no other Director has abstained from voting on such relevant board resolutions.

## **LISTING RULES IMPLICATIONS**

Since Beijing Scitech Pharmaceuticals and Beijing Northern Anitech are both ultimately owned by Mr. Alfred Chan, who is an executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company and Mr. Edward Tan, who is a substantial shareholder (as defined in the Listing Rules) of the Company, thus Beijing Scitech Pharmaceuticals and Beijing Northern Anitech and its associates (as defined in the Listing Rules) are connected persons of the Company. Accordingly, the Transactions contemplated under the Lease Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the annual caps of the continuing connected transactions under the Lease Agreements will be aggregated for the purpose of calculating the percentage ratios (as defined under Rule 14.07 of the Listing Rules). As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Transactions are more than 0.1% but less than 5%, the Transactions contemplated under the Lease Agreements are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INFORMATION OF THE PARTIES**

Ports Beijing is an indirect wholly owned subsidiary of the Company. The Group is principally engaged in the wholesale and retail distribution of ladies' and men's fashion apparel and accessories such as shoes, handbags, eyewear, scarves and fragrances in China, the U.S., Canada and Europe. Following the change of the name of the Company in 2015, the Group has been developing as a conglomerate intending to engage in multiple areas of business with the aim of maximizing return to its shareholders.

Each of Beijing Scitech Pharmaceuticals and Beijing Northern Anitech is a direct wholly owned subsidiary of Beijing Scitech Holdings and is ultimately owned by Mr. Alfred Chan, who is an executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company, and Mr. Edward Tan who is a substantial shareholder (as defined in the Listing Rules) of the Company.

Beijing Scitech Pharmaceuticals is principally engaged in research and development in designing new and innovative drugs, as well as other pharmaceuticals products.

Beijing Northern Anitech is principally engaged in creating high quality supply platform for scientific research and experiments in various areas.

## **DEFINITIONS**

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

“2015 Lease Agreement”	the lease agreement dated 1 September 2015 entered into between Ports Beijing and Beijing Scitech Pharmaceuticals in relation to the leasing of certain buildings of the Premises C
“2017 First Lease Agreement”	the lease agreement dated 1 February 2017 entered into between Ports Beijing and Beijing Scitech Pharmaceuticals in relation to the leasing of certain buildings of the Premises A
“2017 Second Lease Agreement”	the lease agreement dated 1 February 2017 entered into between Ports Beijing and Beijing Northern Anitech in relation to the leasing of certain buildings of the Premises B

“Beijing Northern Anitech”	Beijing Northern Anitech Limited (北京北方艾特生物科技有限公司*), a company incorporated in the PRC with limited liability, and a direct wholly owned subsidiary of Beijing Scitech Holdings
“Beijing Scitech Holdings”	Beijing Scitech Holdings Limited (北京賽特控股有限公司*), a company incorporated in the PRC with limited liability, which is ultimately owned by Mr. Alfred Chan and Mr. Edward Tan
“Beijing Scitech Pharmaceuticals”	Beijing Scitech-MQ Pharmaceuticals Limited (北京賽特明強醫藥科技有限公司*), a company incorporated in the PRC with limited liability, and a direct wholly owned subsidiary of Beijing Scitech Holdings
“Board”	the board of Directors
“Company”	Portico International Holdings Limited, a limited liability company incorporated in Bermuda, with its shares listed on the Main Board of the Stock Exchange (stock code: 589)
“connected person(s)”	has the meaning given to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Lease Agreements”	comprising the 2015 Lease Agreement, 2017 First Lease Agreement and 2017 Second Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Ports Beijing”	Ports International (Beijing) Company, Limited (寶姿時裝(北京)有限公司*), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Premises A”	second floor of Building A and third floor of Building D located at No. 10 Linhe North Street, Shunyi District, Beijing, PRC
“Premises B”	third floor of Building A and Building C located at No. 10 Linhe North Street, Shunyi District, Beijing, PRC
“Premises C”	1 <sup>st</sup> Floor of Building A and 1 <sup>st</sup> and 2 <sup>nd</sup> Floor of Building D located at No. 10 Linhe North Street, Shunyi District, Beijing, PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“sq. m.”	square meters
“Transactions”	the transactions contemplated under the Lease Agreements
“%”	per cent

By Order of the Board  
**Portico International Holdings Limited**  
**Alfred Chan**  
Chairman

Hong Kong, 27 January 2017

**Executive Directors:**

Mr. Alfred Chan Kai Tai  
Mr. Anthony Paul Chan  
Ms. Jenny Ching Ching Tan  
Mr. He Kun

**Independent Non-executive Directors:**

Mr. Lin Tao  
Mr. Zheng Wanhe  
Mr. Antonio Gregorio