

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.



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: 0589)

ANNOUNCEMENT RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 30 December 2011 and 30 December 2014 respectively, where it was disclosed that the Company and PIRC entered into the Original Master Agreement and the First Renewed Master Agreement to govern the Sales Transactions respectively. The First Renewed Master Agreement will be expired on 31 December 2017 and is renewable if the parties so agree and subject to the relevant requirements of the Listing Rules. On 27 December 2017, the Company and PIRC entered into the Second Renewed Master Agreement under the same terms for a term of three years commencing from 1 January 2018 and expiring on 31 December 2020.

PIRC is a wholly owned subsidiary of CFS, the controlling shareholder (as defined in the Listing Rules) of the Company. PIRC is an associate (as defined in the Listing Rules) of a connected person of the Company and is therefore a connected person of the Company within the meaning of the Listing Rules. The Renewed Continuing Connected Transactions therefore constituted continuing connected transactions of the Company under the Listing Rules.

Given that the proposed annual caps of Renewed Continuing Connected Transactions represent less than 5% of the applicable percentage ratios, as defined in the Listing Rules, the Renewed Continuing Connected Transactions fall within Rule 14A.76 of the Listing Rules and are only subject to reporting, announcement and annual review requirements under the Listing Rules and are exempt from circular and shareholders' approval requirements under the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 30 December 2011 and 30 December 2014 respectively, where it was disclosed that the Company and PIRC entered into the Original Master Agreement and the First Renewed Master Agreement to govern the Sales Transactions on 29 December 2011 and 29 December 2014 respectively. The First Renewed Master Agreement will be expired on 31 December 2017 and is renewable if the parties so agree and subject to the relevant requirements of the Listing Rules. On 27 December 2017, the Company and PIRC entered into the Second Renewed Master Agreement under the same terms for a term of three years commencing from 1 January 2018 and expiring on 31 December 2020.

PIRC is a wholly owned subsidiary of CFS, the controlling shareholder (as defined in the Listing Rules) of the Company. PIRC is an associate (as defined in the Listing Rules) of a connected person of the Company and is therefore a connected person of the Company within the meaning of the Listing Rules. The Renewed Continuing Connected Transactions therefore constituted continuing connected transactions of the Company under the Listing Rules.

DETAILS OF THE EXISTING CONTINUING CONNECTED TRANSACTIONS

Original Master Agreement and First Renewed Master Agreement

On 29 December 2011, the Company and PIRC, a wholly owned subsidiary of CFS, the controlling shareholder of the Company, entered into the Original Master Agreement. Pursuant to the Original Master Agreement, the Company agreed to sell and procure members of the Group to sell the Ports Products to any member of the PIRC Group from time to time. The Original Master Agreement was expired on 31 December 2014.

On 29 December 2014, in consideration of the mutual covenants set forth therein, the Company and PIRC extended the term of the Original Master Agreement and entered into the First Renewed Master Agreement on the same terms and conditions for a further term of three years commencing from 1 January 2015 and expiring on 31 December 2017.

Term and termination

The Original Master Agreement and the First Renewed Master Agreement are renewable if the parties so agree subject to compliance with Chapter 14A of the Listing Rules by the Company.

Major terms of the Original Master Agreement and First Renewed Master Agreement

The Group supplies its products to PIRC on a contract basis, with each contract specifying the quantity to be sold, the price and the date of delivery. The Group charged PIRC gross profit margin between 10% to 15% on PORTS Products delivered to PIRC, depending on the market condition. The prices of the Ports Products to be offered to the PIRC Group under the Original Master Agreement and the First Renewed Master Agreement shall be competitive, on normal commercial terms and determined by the relevant contracting parties on arm's length negotiation based on market prices and having regard to the quantity, specifications and/or other conditions of the Ports Products to be offered. The Directors believe that the overall terms offered to PIRC are and will be no more favorable than the overall terms available to independent third parties.

Second Renewed Master Agreement

The Company and PIRC entered into the Second Renewed Master Agreement on 27 December 2017, pursuant to which both parties confirmed the renewal of the Original Master Agreement and the First Renewed Master Agreement to 31 December 2020 on the same terms and conditions.

Cap Amount

Historical figures

The aggregate annual amount of the Sales Transactions for the years ended 31 December 2015 and 2016, and the eleven-months ended 30 November 2017 are as follow:

	<i>Amount of Sales Transactions (RMB in million)</i>
Year ended 31 December 2015	6.0
Year ended 31 December 2016	9.5
Eleven months ended 30 November 2017	4.9

Proposed annual cap

The annual cap in respect of the aggregate amount of Sales Transactions under the Second Renewed Master Agreement for each of the three years ending 31 December 2020 is RMB10.0 million, RMB12.0 million and RMB14.0 million respectively. The proposed annual caps for the three years ending 31 December 2020 have been determined by reference to the previous transaction amounts and anticipated improvement and growth on the European operations, which expect to be benefited from the growing reputation of PORTS 1961 and the optimization of the business cycles of the Ports Products.

REASONS AND BENEFITS FOR THE RENEWED CONTINUING CONNECTED TRANSACTIONS

The Board is of the opinion that the entering into of the Second Renewed Master Agreement would allow the Company to continually take advantage of maximizing its economies of scale of production and to increase its total sales. In light of the above and taking into account the past performance and historical relationship between the counterparty in the Original Master Agreement and the First Renewed Master Agreement, the parties consider it appropriate to continue such continuing connected transactions by entering into the Second Renewed Master Agreement.

Mr. Alfred Chan Kai Tai, being the chairman and executive Director of the Company, is an indirect shareholder of PIRC, as well as Mr. Anthony P. Chan and Ms. Jenny Tan Ching Ching, both executive Directors of the Company, who is the son and niece of Mr. Alfred Chan Kai Tai respectively, are considered to have or deemed to have a material interest in the Renewed Continuing Connected Transactions 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 Renewed Continuing Connected Transactions, and hence no other Director has abstained from voting on such relevant Board resolutions.

The Board, including the independent non-executive Directors, is of the opinion that the Renewed Continuing Connected Transactions have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the shareholders as a whole, and that the annual caps of the Renewed Continuing Connected Transactions are fair and reasonable.

LISTING RULES IMPLICATION

Given that the proposed annual caps of Renewed Continuing Connected Transactions represent less than 5% of the applicable percentage ratios, as defined in the Listing Rules, the Renewed Continuing Connected Transactions fall within Rule 14A.76 of the Listing Rules and are only subject to reporting, announcement and annual review requirements under the Listing Rules and are exempt from circular and shareholders' approval requirements under the Listing Rules.

INFORMATION ON THE COMPANY AND PIRC

The Company is an investment holding company and the Group is principally engaged in the design, manufacture and retail distribution of ladies' and men's fashion garments and the sale of accessories such as shoes, handbags, scarves and fragrance mainly in the PRC.

PIRC is a wholly owned subsidiary of CFS, which is principally engaged in retail distribution of ladies' and men's fashion garments and the sale of accessories mainly in North America and Europe using PORTS INTERNATIONAL and PORTS 1961 brands.

DEFINITIONS

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

“Board”	the board of Directors
“CFS”	CFS International Inc., a company incorporated in Alberta, Canada, a controlling shareholder of the Company
“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: 0589)
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“First Renewed Master Agreement”	the first renewed master agreement dated 29 December 2014, on terms and conditions similar to the Original Master Agreement, entered into between the Company and PIRC
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Original Master Agreement”	the original master agreement dated 29 December 2011 entered into between the Company and PIRC
“PIRC”	Ports International Retail Corporation, a limited liability company incorporated in Ontario, Canada
“PIRC Group”	PIRC and its affiliated companies existing from time to time

“Ports Products”	Ladies’ and men’s garments and accessories and other merchandise or products branded with the trademarks and logos owned by and/or used by the Group, and other ancillary products in relation to the above, offered by the Group from time to time
“PRC”	the People’s Republic of China
“Renewed Continuing Connected Transactions”	transactions contemplated under the Second Renewed Master Agreement
“Second Renewed Master Agreement”	the second renewed master agreement dated 27 December 2017, on terms and conditions similar to the Original Master Agreement and First Renewed Master Agreement, entered into between the Company and PIRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Transactions”	the sales of the Ports Products from time to time by the Group to the PIRC Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Portico International Holdings Limited
Anthony P. Chan
*Chief Executive Officer and
Executive Director*

Hong Kong, 27 December 2017

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

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

Independent Non-executive Directors:

Mr. Zheng Wanhe
Mr. Antonio Delfin Gregorio
Mr. Kevin De-Kang Yin

**for identification purpose only*