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Bluestone Global Holdings Limited

(incorporated in the British Virgin Islands with limited liability)



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)

JOINT ANNOUNCEMENT

**PROPOSED PRIVATISATION OF
PORTICO INTERNATIONAL HOLDINGS LIMITED
BY
BLUESTONE GLOBAL HOLDINGS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
AND
RESUMPTION OF TRADING IN SHARES OF
PORTICO INTERNATIONAL HOLDINGS LIMITED**

Financial Adviser to the Offeror



SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee



* For identification purpose only

1. INTRODUCTION

The Offeror and PIHL jointly announce that, on 27 May 2018, the Offeror requested the board of directors of PIHL to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of PIHL by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act.

2. TERMS OF THE PROPOSAL

The Scheme will provide that the Scheme Shares be cancelled in exchange for the payment to each Scheme Shareholder of HK\$4.10 in cash for each Scheme Share.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme. The PIHL Shares owned by the Offeror and persons acting in concert with the Offeror will not be voted at the Court Meeting on the resolution to approve the Scheme.

As at the Last Trading Date, the Independent Shareholders were interested in 138,696,603 PIHL Shares (representing approximately 25.0% of the issued share capital of PIHL as at the Last Trading Date), and the Offeror and persons acting in concert with the Offeror were interested in 415,756,889 PIHL Shares (representing approximately 75.0% of the issued share capital of PIHL as at the Last Trading Date).

The Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed “Conditions of the Proposal” below. All Conditions will have to be fulfilled or waived, as applicable, on or before the Longstop Date (or such later date as the Offeror and PIHL may agree and the Supreme Court of Bermuda may allow), otherwise the Proposal will lapse.

3. V-GRASS IRREVOCABLE UNDERTAKING

V-Grass is a Scheme Shareholder and has given the V-Grass Irrevocable Undertaking to the Offeror and PIHL, pursuant to which V-Grass has irrevocably undertaken to vote the Scheme Shares held by it in favour of the Scheme at the Court Meeting.

The V-Grass Irrevocable Undertaking was given in respect of V-Grass’s 43,869,000 Scheme Shares (representing approximately 7.9% of the issued share capital of PIHL as at the Last Trading Date and approximately 31.4% of the Scheme Shares in issue as at the Last Trading Date).

V-Grass has also undertaken to vote in favour of the resolution to be proposed at the SGM to reduce the issued share capital of PIHL (being the resolution referred to in Condition (b)).

The V-Grass Irrevocable Undertaking will remain valid until the Scheme lapses or becomes effective, but will lapse and cease to have effect if the Scheme lapses or is withdrawn in accordance with its terms or if the Scheme has not become effective by 6:00 p.m. on the Longstop Date (or such later time and/or date as the Offeror and PIHL may agree, with the approval of the Supreme Court of Bermuda and/or the Executive if required).

4. FINANCIAL RESOURCES

The maximum amount of cash consideration required to effect the Proposal will be approximately HK\$573,166,072.

Somerley Capital, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal.

5. WITHDRAWAL OF LISTING

Following the Effective Date, the listing of PIHL Shares on the Stock Exchange will be withdrawn. The listing of PIHL Shares on the Stock Exchange will not be withdrawn if the Proposal is not approved or lapses.

6. INDEPENDENT BOARD COMMITTEE

The IBC comprising the independent non-executive directors of PIHL has been formed to advise the Independent Shareholders on the Proposal. The recommendation of the IBC as to whether the Proposal is or is not fair and reasonable, and as to voting by the Independent Shareholders at the Court Meeting, will be set forth in the Scheme Document.

The board of directors of PIHL, with the approval of the IBC, has appointed Halcyon Capital Limited as the IFA to advise the IBC on the Proposal.

7. SCHEME DOCUMENT

PIHL will send the Scheme Document (containing, amongst other things, further details of the Proposal, the expected timetable, the recommendations of the IBC in respect of the Proposal and a letter of advice from the IFA) to PIHL Shareholders as soon as practicable.

8. SUSPENSION AND RESUMPTION OF TRADING

At the request of PIHL, trading of PIHL Shares on the Stock Exchange was suspended from 9:00 am on 28 May 2018, pending the issue of this joint announcement. An application has been made by PIHL to the Stock Exchange for the resumption of trading of PIHL Shares on the Stock Exchange with effect from 9:00 am on 8 June 2018.

PIHL Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus may or may not become effective. PIHL Shareholders and potential investors are advised to exercise caution when dealing in PIHL Shares.

INTRODUCTION

On 27 May 2018, the Offeror requested the board of directors of PIHL to put forward the Proposal to the Scheme Shareholders regarding a proposed privatisation of PIHL by way of the Scheme involving the cancellation of all the Scheme Shares, as a result of which it is intended that the Offeror and persons acting in concert with the Offeror will hold 100% of the issued share capital of PIHL.

Having reviewed the Proposal, the board of directors of PIHL has resolved to put the Proposal forward to the Scheme Shareholders. The directors of PIHL who have a conflict of interest (as a result of their being common directors of PIHL and the Offeror or being persons acting in concert with the Offeror), being Mr. Alfred Chan, Mr. Anthony Paul Chan, Ms. Jenny Tan and Mr. Kun He, abstained from voting in relation to that resolution.

TERMS OF THE PROPOSAL

Approval by Independent Shareholders

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme. The PIHL Shares owned by the Offeror and persons acting in concert with the Offeror will not be voted at the Court Meeting on the resolution to approve the Scheme.

As at the Last Trading Date, the Independent Shareholders were interested in 138,696,603 PIHL Shares (representing approximately 25.0% of the issued share capital of PIHL as at the Last Trading Date), and the Offeror and persons acting in concert with the Offeror were interested in 415,756,889 PIHL Shares (representing approximately 75.0% of the issued share capital of PIHL as at the Last Trading Date).

Consideration

The Scheme will provide that the Scheme Shares be cancelled in exchange for the payment to each Scheme Shareholder of HK\$4.10 in cash for each Scheme Share.

As at the Last Trading Date, there were no outstanding options, warrants, derivatives or convertible securities issued by PIHL.

No price increase statement

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

Comparisons of value

The Cancellation Price represents:

- a premium of approximately 50.2% over the closing price of HK\$2.73 per PIHL Share as quoted on the Stock Exchange on the Last Trading Date;

- a premium of approximately 51.6% over the average closing price of HK\$2.704 per PIHL Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days up to and including the Last Trading Date;
- a premium of approximately 49.2% over the average closing price of approximately HK\$2.748 per PIHL Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Date;
- a premium of approximately 49.9% over the average closing price of approximately HK\$2.736 per PIHL Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Date; and
- a discount of approximately 9.9% to the audited consolidated net asset value attributable to PIHL Shareholders per PIHL Share of approximately RMB3.79 (equivalent to approximately HK\$4.55) as at 31 December 2017.

Highest and lowest prices

During the six month period preceding the Last Trading Date, the highest closing price of the PIHL Shares as quoted on the Stock Exchange was HK\$3.20 each on 27 February 2018, and the lowest closing price of the PIHL Shares as quoted on the Stock Exchange was HK\$2.45 each on 22 December 2017.

Total consideration

As at the Last Trading Date, there were 554,453,492 PIHL Shares in issue and the Scheme Shareholders were interested in 139,796,603 PIHL Shares (representing approximately 25.2% of the issued share capital of PIHL as at the Last Trading Date).

At the Cancellation Price, the Proposal values the entire issued share capital of PIHL at approximately HK\$2,273,259,317.

The maximum amount of cash consideration required to effect the Proposal will be approximately HK\$573,166,072.

As at the Last Trading Date, there were no outstanding options, warrants, derivatives or convertible securities issued by PIHL.

Confirmation of financial resources

Somerley Capital has been appointed as the financial adviser to the Offeror in connection with the Proposal.

Somerley Capital, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum amount of cash consideration required to effect the Proposal.

The Offeror will fund the payment of the cash consideration under the Scheme by using its internal cash resources.

CONDITIONS OF THE PROPOSAL

The Proposal will become effective and binding on PIHL and all Scheme Shareholders subject to the fulfillment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders, present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved (by way of poll) by Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders;
- (b) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the PIHL Shareholders present and voting, in person or by proxy, at the SGM, to approve and give effect to the reduction of the issued share capital of PIHL by cancelling and extinguishing the Scheme Shares and, immediately thereafter, the application of the credit amount arising in the books of PIHL as a result of the aforesaid reduction of the issued share capital of PIHL to pay up in full at par such number of new PIHL Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Offeror;
- (c) the Supreme Court of Bermuda's sanction of the Scheme (with or without modifications) and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court of Bermuda for registration;
- (d) compliance with the procedural requirements of the Bermuda Companies Act in relation to the Scheme and the reduction of the issued share capital of PIHL respectively;
- (e) all Authorisations (if any) in connection with the Proposal from or with (as the case may be) the Relevant Authorities in the PRC, Hong Kong, Bermuda and/or any other relevant jurisdictions having been obtained and, if applicable, any waiting periods having expired or terminated (in each case where such Authorisation is material in the context of the PIHL Group as a whole and in the context of the Proposal);
- (f) all Authorisations (if any) remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for (or is in addition to requirements expressly provided for) in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things

relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective (in each case where such Authorisation is material in the context of the PIHL Group as a whole and in the context of the Proposal);

- (g) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme void, unenforceable or illegal (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme); and
- (h) no litigation, arbitration proceedings, prosecution or other legal proceedings being instituted against any member of the PIHL Group and no such proceedings being threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court in respect of any such member or the business carried on by any such member having been threatened in writing, announced or instituted), in each case which is material and adverse in the context of the PIHL Group taken as a whole and in the context of the Proposal.

The Offeror reserves the right to waive all or any of the above Conditions, either in whole or in respect of any particular matter, except for Conditions (a) to (d).

PIHL shall use its reasonable endeavours to ensure that Condition (h) is fulfilled.

The Offeror may not invoke Conditions (e) or (f) unless any of the Authorisations referred to in those Conditions are either not obtained or are obtained subject to conditions imposed by the Relevant Authorities and any of those conditions cannot reasonably be satisfied by the Offeror or is otherwise unduly burdensome or onerous to the Offeror or any person acting in concert with the Offeror. In respect of Conditions (e) and (f), the Offeror is not aware of any Authorisations or consents which are required, save for the Supreme Court of Bermuda's sanction of the Scheme already set out above as separate Condition (c).

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Longstop Date (or such other date as the Offeror and PIHL may agree and the Supreme Court of Bermuda may allow), otherwise the Proposal will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the PIHL Shares on the Stock Exchange will not be withdrawn.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective before 31 August 2018. An update of the expected timetable will be provided by a further announcement when the Scheme Document is despatched.

PIHL Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus may or may not become effective. PIHL Shareholders and potential investors are advised to exercise caution when dealing in the PIHL Shares.

V-GRASS IRREVOCABLE UNDERTAKING

V-Grass is a Scheme Shareholder and has given the V-Grass Irrevocable Undertaking to the Offeror and PIHL, pursuant to which V-Grass has irrevocably undertaken to vote the Scheme Shares held by it in favour of the Scheme at the Court Meeting.

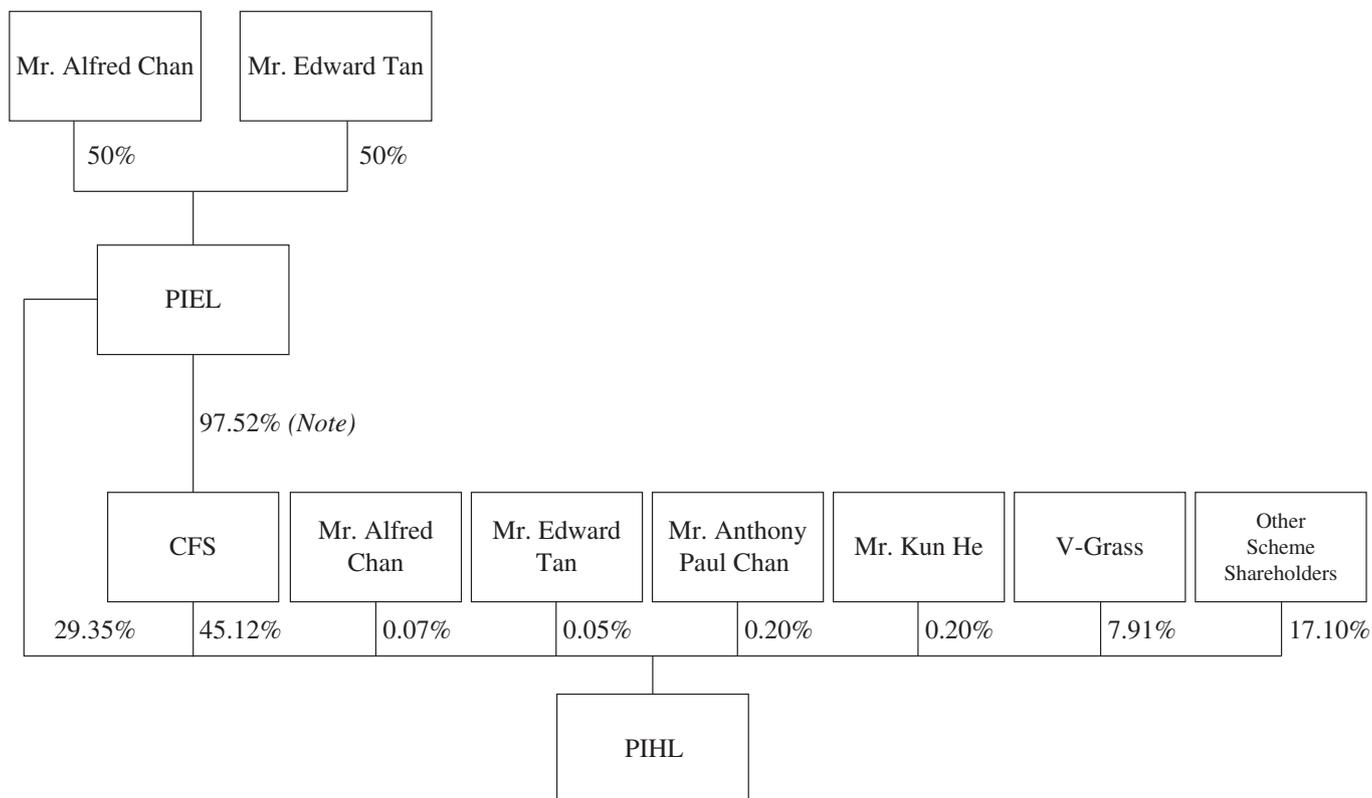
The V-Grass Irrevocable Undertaking was given in respect of V-Grass's 43,869,000 PIHL Shares (representing approximately 7.9% of the issued share capital of PIHL as at the Last Trading Date and approximately 31.6% of the PIHL Shares held by the Independent Shareholders as at the Last Trading Date). V-Grass has also undertaken to vote in favour of the resolution to be proposed at the SGM to reduce the issued share capital of PIHL (being the resolution referred to in Condition (b)).

The V-Grass Irrevocable Undertaking will remain valid until the Scheme lapses or becomes effective, but will lapse and cease to have effect if the Scheme lapses or is withdrawn in accordance with its terms or if the Scheme has not become effective by 6:00 p.m. on the Longstop Date (or such later time and/or date as the Offeror and PIHL may agree, with the approval of the Supreme Court of Bermuda and/or the Executive if required).

SHAREHOLDING STRUCTURE OF PIHL

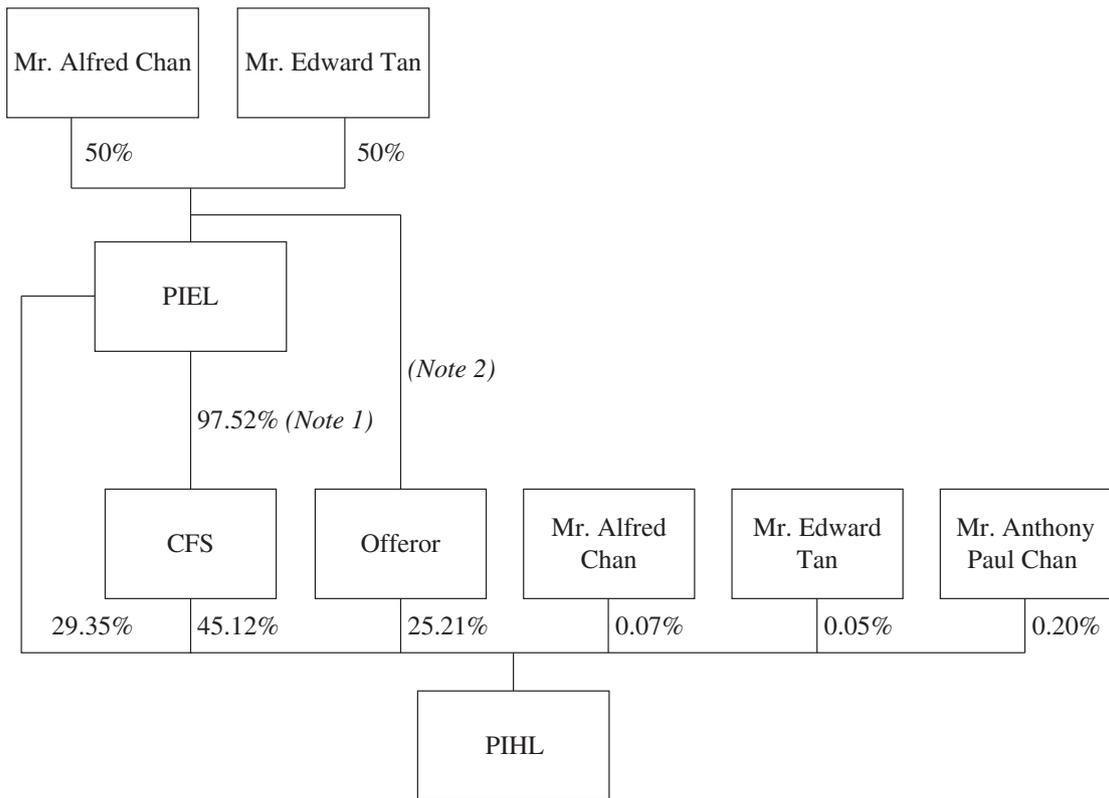
The charts below show a simplified shareholding structure of PIHL as at the Last Trading Date and immediately following implementation of the Proposal:

As at the Last Trading Date



Note: The remaining shareholding of CFS is held as to 1.70% by Mr. Alfred Chan and 0.78% by Mr. Edward Tan

Immediately following implementation of the Proposal



Notes:

- (1) *97.52% of the issued share capital of CFS is owned by PIEL. The remaining shareholding of CFS is held as to 1.70% by Mr. Alfred Chan and 0.78% by Mr. Edward Tan*
- (2) *Indirect interest as ultimate beneficial owners*

The table below sets out the shareholding structure of PIHL as at the Last Trading Date and immediately following implementation of the Proposal:

PIHL Shareholders	As at the Last Trading Date		Immediately following implementation of the Proposal	
	Number of PIHL Shares	%	Number of PIHL Shares	%
<i>Offeror and concert parties</i>				
Offeror	—	—	139,796,603	25.21
CFS (Note 1)	250,187,637	45.12	250,187,637	45.12
PIEL	162,705,752	29.35	162,705,752	29.35
Mr. Alfred Chan (Note 3)	400,000	0.07	400,000	0.07
Mr. Edward Tan (Note 3)	250,000	0.05	250,000	0.05
Mr. Anthony Paul Chan	1,113,500	0.20	1,113,500	0.20
Mr. Kun He (Note 4)	1,100,000	0.20	—	—
Sub-total	415,756,889	74.99	554,453,492	100.00
<i>Independent Shareholders</i>				
V-Grass	43,869,000	7.91	—	—
Other Independent Shareholders	94,827,603	17.10	—	—
Sub-total	138,696,603	25.01	—	—
Total number of PIHL Shares in issue	554,453,492	100.00	554,453,492	100.00
Total number of Scheme Shares	139,796,603	25.21	—	—

Notes:

- (1) 97.52% of the issued share capital of CFS is owned by PIEL. The remaining issued share capital of CFS is owned as to 1.70% by Mr. Alfred Chan and 0.78% by Mr. Edward Tan.
- (2) The issued share capital of PIEL is held as to 50% by Mr. Alfred Chan, the Chairman and an Executive Director of PIHL, and as to 50% by Mr. Edward Tan, the brother of Mr. Alfred Chan.
- (3) Showing the interests held as beneficial owner.
- (4) Mr. Kun He, an Executive Director, is also a Scheme Shareholder.

REASONS FOR AND BENEFITS OF THE PROPOSAL

The Offeror has long considered that there are advantages from a management point of view in privatising PIHL. In January 2015, the Offeror put forward an offer (the “**Previous Offer**”) to PIHL Shareholders at HK\$3.00 per PIHL Share. The Offeror believed, then as now, that PIHL needs to maintain its competitiveness with fellow fashion houses by devoting substantial resources to marketing/PR events to maintain the relevance of the brand in the market, upgrading the information technology capabilities and infrastructure of PIHL to be in-line with an increasingly “digital” consumer as well as to ensuring its merchandise is stylish and attractive to a wide range of customers. Because of the continuing costs of brand building, no dividends have been paid to PIHL Shareholders in respect of recent financial years and it is not possible to state when dividend payments may be resumed. The Offeror also considers that the cyclicity of the fashion industry, in particular the changing tastes and shopping habits of key demographic groups, means that the PIHL Group’s revenues and margins, as well as overall profitability, continue to be dependent on macro trends in the industry, both on a global scale and in the PRC.

The Previous Offer at HK\$3.00 per PIHL Share resulted in substantial acceptances but the listing of PIHL was maintained. As anticipated, PIHL’s 2015 results were poor, with PIHL experiencing its first net loss in its history as a listed company. During 2015, the PIHL Share price and trading volume were volatile but at the end of that year the PIHL Shares closed below HK\$3.00 and the volume of trading was low.

In 2016 and 2017, top line revenue of the PIHL Group has shown some improvement as the measures taken in 2015 bore fruit and luxury spending in the PRC has revived. However, PIHL has not shown a return to historical levels of profitability, with net income in 2016 and 2017 lower than any year since listing from 2003 to 2014. As such, the PIHL Share price and trading volume have not responded favourably. From the beginning of 2016 to the Last Trading Date, the PIHL Shares traded in a range of between HK\$3.35 (high) and HK\$2.28 (low). On the Last Trading Date, the PIHL Share price closed at HK\$2.73, below the price of the Previous Offer. Trading volume has also remained depressed, with average daily trading in 2018 up to the Last Trading Date being only approximately 43,244 PIHL Shares.

In these circumstances, the Offeror believes the market does not value PIHL fully nor is active trading in the PIHL Shares likely. As stated above, the Offeror continues to believe that certain problems endemic to the fast changing and fickle fashion industry are best addressed as a private company. Consequently, the Offeror is prepared to put forward a proposal to privatise PIHL at a cash price of HK\$4.10 per Scheme Share, which represents a premium of approximately 50% over recent market levels, as set out in the paragraph above headed “Comparisons of value”, and which the Offeror considers reflects a fair valuation for the PIHL Group. The Cancellation Price of HK\$4.10 per PIHL Share represents a price earnings multiple of approximately 34.2 times PIHL’s 2017 earnings per share of approximately RMB0.10, equivalent to approximately HK\$0.120. As noted above, PIHL has not paid dividends in recent years. The Proposal, if it becomes effective, gives the Independent Shareholders the means to realise their investment in a thinly traded share at a fixed-price cash consideration. V-Grass, an Independent Shareholder holding approximately 31.6% of the PIHL Shares held by the Independent Shareholders, has agreed to support the Proposal.

INTENTION OF THE OFFEROR WITH REGARD TO PIHL

It is the intention of the Offeror for the PIHL Group to maintain its existing business upon the successful privatisation of PIHL. The Offeror has no plan to introduce any material changes to the business and/or assets of the PIHL Group, to redeploy its fixed assets or to discontinue the employment of employees of the PIHL Group as a result of the Proposal.

FINANCIAL INFORMATION ON THE PIHL GROUP

A summary of the audited consolidated financial results of the PIHL Group for each of the two years ended 31 December 2017 and 31 December 2016, is set out below:

	For the year ended	
	31 December 2017	31 December 2016
	<i>RMB '000</i>	<i>RMB '000</i>
Revenue	2,243,045	1,846,179
Profit before taxation	166,659	126,183
Profit after taxation	61,160	44,109
Profit attributable to equity holders of PIHL	56,885	40,265

The audited consolidated net assets attributable to PIHL Shareholders as at 31 December 2017 and 31 December 2016 were approximately RMB2,099,455,000 and RMB2,038,356,000, respectively.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands and is an investment holding company. The Offeror is indirectly ultimately beneficially owned as to 50% by Mr. Alfred Chan, the Chairman and an Executive Director of PIHL, and as to 50% by Mr. Edward Tan, the brother of Mr. Alfred Chan.

INFORMATION ON PIEL AND CFS

PIEL is owned as to 50% by Mr. Alfred Chan and as to 50% by Mr. Edward Tan. PIEL directly holds 162,705,752 PIHL Shares, representing approximately 29.35% of the issued share capital of PIHL. PIEL also owns 97.52% of the issued share capital of CFS, which holds 250,187,637 PIHL Shares representing approximately 45.12% of the issued share capital of PIHL. The remaining issued share capital of CFS is held as to 1.70% by Mr. Alfred Chan and as to 0.78% by Mr. Edward Tan.

OVERSEAS PIHL SHAREHOLDERS

The making of the Proposal to persons not resident in Hong Kong may be subject to the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements. It is the responsibility of any overseas Scheme Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws

and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all the Scheme Shares will be cancelled. PIHL Share certificates for the PIHL Shares held by the Scheme Shareholders will thereafter cease to have effect as documents of, or evidence of, title. PIHL will apply to the Stock Exchange for the withdrawal of the listing of the PIHL Shares on the Stock Exchange, subject to the Scheme becoming effective.

The Independent Shareholders will be notified of the exact dates of the Court Meeting and the SGM to approve and give effect to the Scheme, and the dates on which the Scheme and the withdrawal of the listing of the PIHL Shares on the Stock Exchange will become effective.

The Scheme will lapse if it does not become effective on or before the Longstop Date (or such later date as the Offeror and PIHL may agree and the Supreme Court of Bermuda may allow), and the Independent Shareholders will be notified by way of announcement accordingly. A detailed timetable for the Proposal will be included in the Scheme Document to be despatched to PIHL Shareholders.

The listing of the PIHL Shares on the Stock Exchange will not be withdrawn if the Proposal is not approved or lapses.

INDEPENDENT BOARD COMMITTEE

The IBC comprising of Mr. Wanhe Zheng, Mr. Antonio Delfin Gregorio and Mr. Kevin De-Kang Yin (being the independent non-executive directors of PIHL) has been formed to advise the Independent Shareholders on the Proposal. The recommendation of the IBC as to whether the Proposal is or is not fair and reasonable, and as to voting by the Independent Shareholders at the Court Meeting, will be set out in the Scheme Document.

The board of directors of PIHL, with the approval of the IBC, has appointed Halcyon Capital Limited as the IFA to advise the IBC on the Proposal.

SCHEME DOCUMENT

The Scheme Document (containing further details of the Proposal and the Scheme, the expected timetable, an explanatory statement as required by the Bermuda Companies Act, information regarding PIHL and the Offeror, the recommendation of the IBC in respect of the Proposal, a letter of advice from the IFA, a notice of the Court Meeting and a notice of the SGM as well as the particulars required by the Takeovers Code) will be despatched to PIHL Shareholders as soon as practicable.

FURTHER AGREEMENTS OR ARRANGEMENTS

Save for the V-Grass Irrevocable Undertaking in respect of the Scheme Shares held by V-Grass, referred to above in this announcement under the heading “V-Grass Irrevocable Undertaking”, there are no voting rights in respect of PIHL Shares or rights over PIHL Shares in respect of which the

Offeror or any person acting in concert with it has received an irrevocable commitment to vote in favour of the Scheme or accept the Proposal, and there are no other arrangements (whether by way of option, indemnity or otherwise) in relation to PIHL Shares or shares of the Offeror which might be material to the Proposal or the Scheme.

None of the Offeror or any person acting in concert with the Offeror holds any convertible securities, options or warrants in respect of any PIHL Shares or any voting rights in respect of PIHL Shares or rights over PIHL Shares.

There are no outstanding derivatives in respect of PIHL Shares or any other securities of PIHL entered into by the Offeror or any person acting in concert with the Offeror.

The Offeror confirms that there are no agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a Condition.

The Offeror confirms that the Offeror and parties acting in concert with it have not borrowed or lent any PIHL Shares or any other securities of PIHL as at the Last Trading Date.

GENERAL

Associates of PIHL or the Offeror are reminded to disclose their dealings in any relevant securities of PIHL.

Stockbrokers, banks and others who deal in any relevant securities of PIHL on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to Associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw to their attention the relevant rules under the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant securities of PIHL undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, Associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive under the Takeovers Code in its dealings enquiries. Therefore, those who deal in any relevant securities of PIHL should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, PIHL, Somerley Capital, the IFA or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

SUSPENSION AND RESUMPTION OF TRADING

At the request of PIHL, trading of PIHL Shares on the Stock Exchange was suspended from 9:00 am on 28 May, 2018, pending the issue of this joint announcement. An application has been made by PIHL to the Stock Exchange for the resumption of trading of PIHL Shares on the Stock Exchange with effect from 9:00 am on 8 June 2018.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set forth below unless the context requires otherwise.

“acting in concert”	has the meaning given in the Takeovers Code
“Associates”	has the meaning given in the Takeovers Code
“Authorisations”	all necessary notifications, registrations, applications, filings, authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions, no-action relief, exemption relief orders and approvals, and all appropriate waiting periods (including extensions thereof), in connection with the Proposal
“Bermuda Companies Act”	the Companies Act 1981 of Bermuda, as amended
“Cancellation Price”	a price of HK\$4.10 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“CFS”	CFS International Inc, a company established under the laws of Canada which is owned as to 97.52% by PIEL, as to 1.70% by Mr. Alfred Chan and as to 0.78% by Mr. Edward Tan and holds 250,187,637 PIHL Shares, representing approximately 45.12% of the issued share capital of PIHL
“Condition(s)”	the condition(s) of the Proposal, as set out in the section of this announcement above headed “Conditions of the Proposal”
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Supreme Court of Bermuda, at which the Scheme will be voted upon
“Court Order”	the order of the Supreme Court of Bermuda confirming the sanction of the Scheme as required by Section 99 of the Bermuda Companies Act
“Effective Date”	the date on which the Court Order has been delivered to the Registrar of Companies in Bermuda for registration (as required by Section 99(3) of the Bermuda Companies Act)

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBC”	the independent board committee of PIHL formed to advise the Independent Shareholders on the Proposal
“IFA”	Halcyon Capital Limited, a licensed corporation registered under the SFO to conduct Type 6 (advising on corporate finance) regulated activity as defined in the SFO, which has been appointed as the independent financial adviser to advise the IBC on the Proposal
“Independent Shareholders”	PIHL Shareholders other than the Offeror, PIEL, CFS, Mr. Alfred Chan, Mr. Edward Tan, Mr. Anthony Paul Chan, Mr. Kun He and any other persons acting in concert with the Offeror
“Last Trading Date”	25 May 2018, being the last full trading day prior to the suspension of trading of PIHL Shares pending the issue of this joint announcement
“Long Stop Date”	21 December 2018
“Mr. Alfred Chan”	Mr. Alfred Chan Kai Tai, Chairman of the Board of Directors and Executive Director of PIHL and 50% ultimate beneficial owner of the Offeror
“Mr. Anthony Paul Chan”	Mr. Anthony Paul Chan, Chief Executive Officer and Executive Director of PIHL and the son of Mr. Alfred Chan
“Mr. Edward Tan”	Mr. Edward Tan Han Kiat, 50% ultimate beneficial owner of the Offeror and the brother of Mr. Alfred Chan
“Ms. Jenny Tan”	Ms. Jenny Ching Ching Tan, Executive Director of PIHL and the daughter of Mr. Edward Tan
“Offeror”	Bluestone Global Holdings Limited, a company established under the laws of the British Virgin Islands which is indirectly ultimately beneficially owned as to 50% by Mr. Alfred Chan and as to 50% by Mr. Edward Tan
“PIEL”	Ports International Enterprises Limited, a company established under the laws of the British Virgin Islands which is owned as to 50% by Mr. Alfred Chan and as to 50% by Mr. Edward Tan, which directly holds 162,705,752 PIHL Shares representing approximately 29.35% of the issued share capital of PIHL and also holds the entire issued share capital of CFS

“PIHL”	Portico International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange with Stock Code 0589
“PIHL Group”	PIHL and its subsidiaries
“PIHL Shares”	shares of par value HK\$0.0025 each in the share capital of PIHL
“PIHL Shareholders”	holders of PIHL Shares
“PRC”	the People’s Republic of China
“Previous Offer”	has the meaning given in the section of this joint announcement headed “Reasons for and Benefits of the Proposal”
“Proposal”	the proposal for the privatisation of PIHL by the Offeror by way of the Scheme as described in this joint announcement
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions (including the SFC and the Stock Exchange)
“Scheme”	a scheme of arrangement under Section 99 of the Bermuda Companies Act between PIHL and the Scheme Shareholders involving the cancellation of all the Scheme Shares
“Scheme Document”	the scheme document to be issued by PIHL to the Shareholders in relation to the Scheme
“Scheme Shareholders”	PIHL Shareholders other than PIEL, CFS, Mr. Alfred Chan, Mr. Edward Tan and Mr. Anthony Paul Chan
“Scheme Shares”	PIHL Shares held by the Scheme Shareholders
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of PIHL to be convened to be held immediately following the Court Meeting to consider the capital reduction in connection with the Scheme
“Sommerley Capital”	Sommerley Capital Limited, a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror in connection with the Proposal

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“V-Grass”	V-Grass Fashion Co. Ltd (維格娜絲時裝股份有限公司), a company established under the laws of the PRC and principally engaged in the design, manufacture and distribution of ladies apparel. The shares of V-Grass are listed on the Shanghai Stock Exchange
“V-Grass Irrevocable Undertaking”	the irrevocable undertaking to vote in favour of the Scheme given by V-Grass, as described in the section of this joint announcement above headed “V-Grass Irrevocable Undertaking”

This joint announcement contains translations of RMB into HK\$, for illustration only, at the rate of RMB\$1.00 to HK\$1.2007. The translations should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at all.

By order of the board of
Portico International Holdings Limited
Irene Fung Mei Wong
Company Secretary

By order of the board of
Bluestone Global Holdings Limited
Edward Tan Han Kiat
Director

Hong Kong, 7 June 2018

As at the date of this announcement, the directors of PIHL are:

Executive Directors:

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

Independent Non-Executive Directors:

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

The directors of PIHL jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror are:

Mr. Alfred Chan Kai Tai
Mr. Edward Tan Han Kiat

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the PIHL Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by PIHL) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.