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B & S INTERNATIONAL HOLDINGS LTD.

賓仕國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1705)

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS IN RELATION TO THE RENEWAL OF TENANCY AGREEMENTS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the prospectus of the Company dated 26 February 2018 in relation to the continuing connected transactions on leasing of properties entered into by the Group with certain connected persons.

As the Existing Tenancy Agreements will expire on 21 November 2020, the Board is pleased to announce that on 30 October 2020, Wise Fine (as tenant), an indirect wholly-owned subsidiary of the Company, Best Source and Ms. Janny Tin renewed the Existing Tenancy Agreements by entering into the Renewal Tenancy Agreements, pursuant to which (i) Best Source (as landlord) agrees to lease Properties 1 and (ii) Best Source and Ms. Janny Tin (as landlords) agree to lease Property 2 to Wise Fine.

In accordance with HKFRS 16 “Leases”, the Group is required to recognise an additional asset representing its right to use Properties 1 and Property 2, and as a result, the entering into the Renewal Tenancy Agreements and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules.

LISTING RULES IMPLICATIONS

Best Source and Ms. Janny Tin are connected persons of the Company since:

- (i) as at the date of this announcement, Best Source is owned as to 33.33% by each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau, being executive Directors and Substantial Shareholders, hence it is an associate of each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau; and
- (ii) Ms. Janny Tin, being the spouse of Mr. Andrew Chan, is also an executive Director.

The transactions contemplated under the Renewal Tenancy Agreements will constitute continuing connected transactions for the Company pursuant to the Listing Rules. The Directors (including independent non-executive Directors), after considering the independent valuation report prepared by the independent valuer of the Group, are of the view that the Renewal Tenancy Agreements were entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated under the Renewal Tenancy Agreements and the annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given that each of the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Renewal Tenancy Agreements in aggregate calculated by reference to Rule 14.07 of the Listing Rules is expected to be exceed 5% but are less than 25% and the aggregate rental is less than HK\$10,000,000 on an annual basis, the transactions contemplated under the Renewal Tenancy Agreements constitute continuing connected transactions and discloseable transactions and in aggregate are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

INTRODUCTION

Reference is made to the prospectus of the Company dated 26 February 2018 in relation to certain continuing connected transactions on leasing of properties entered into by the Group with certain connected persons.

RENEWAL TENANCY AGREEMENTS

A. Renewal Properties 1 Tenancy Agreements

Upon the expiration of the term of the Existing Properties 1 Tenancy Agreements, the Renewal Properties 1 Tenancy Agreements have been entered into between Wise Fine and Best Source with the following principal terms:

Date: 30 October 2020

Parties: (i) Best Source (as landlord)
(ii) Wise Fine (as tenant)

Leased properties: Unit No. 1, 2/F with flat roof; Unit No. 2, 2/F; Unit No. 1, 4/F; and Unit No. 1, 11/F of Block A, Ko Fai Industrial Building, 7 Ko Fai Road, Kowloon, Hong Kong

Term: Two years commencing from 22 November 2020 and expiring on 21 November 2022 (both days inclusive)

Monthly rental: HK\$488,000 (excluding service charges and other outgoings payable by Wise Fine)

Deposit: a deposit in the sum of HK\$976,000, being the sum of two month's rental shall be paid to the landlords upon signing of the Renewal Properties 1 Tenancy Agreements

Use of property: For industrial, warehouse and ancillary use in connection with the business operation of the Group

B. Renewal Property 2 Tenancy Agreement

Upon the expiration of the term of the Existing Property 2 Tenancy Agreement, the Renewal Property 2 Tenancy Agreement has been entered into between Wise Fine, Best Source and Ms. Janny Tin with the following principal terms:

Date: 30 October 2020

Parties: (i) Best Source and Ms. Janny Tin (as landlords)
(ii) Wise Fine (as tenant)

Leased property: Unit No. 3, 5/F of Block B, Ko Fai Industrial Building, 7 Ko Fai Road, Kowloon, Hong Kong

Term: Two years commencing from 22 November 2020 and expiring on 21 November 2022 (both days inclusive)

Monthly rental: HK\$96,000 (excluding service charges and other outgoings payable by Wise Fine)

Deposit: a deposit in the sum of HK\$192,000, being the sum of two month's rental shall be paid to the landlords upon signing of the Renewal Property 2 Tenancy Agreement

Use of property: For industrial, warehouse and ancillary use in connection with the business operation of the Group

HISTORICAL RENTAL

The aggregate annual rental (together with the aggregate service charges and other outgoings) paid for Properties 1 and Property 2 for each of the three years ended 31 March 2018, 2019 and 2020 were as follows:

	For the year ended 31 March		
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties 1	5,692	6,038	6,038
Property 2	1,140	1,569	1,569
Total:	6,832	7,607	7,607

AGGREGATED VALUE OF RIGHT-OF-USE ASSETS

In accordance with HKFRS 16 “Leases”, the Group is required to recognise an additional asset representing its right to use Properties 1 and Property 2, and as a result, the entering into the Renewal Properties 1 Tenancy Agreements and the Renewal Property 2 Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. Based on the present value of the aggregated Fixed Rental Payment for the entire term under the Renewal Tenancy Agreements as discounted using a discount rate which is equivalent to the Company’s incremental borrowing rate, the Aggregated Value of Right-of-Use Assets of the Renewal Tenancy Agreements recognised by the Company in accordance with HKFRS 16 amounted to approximately HK\$13.4 million (unaudited).

THE ANNUAL CAP

The aggregate annual rental (together with the aggregate service charges and other outgoings) payable by Wise Fine for the two years ending 31 March 2021 and 2022 will not exceed HK\$7.9 million and HK\$7.9 million, respectively. Such estimates are based on the fixed monthly rental (together with the monthly service charges and other outgoings) payable under the Renewal Tenancy Agreements, which were determined after arm’s length negotiations with reference to (i) the prevailing market rates of similar properties in the vicinity of Properties 1 and Property 2; and (ii) the anticipated amount of the service charges and other outgoings.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWAL TENANCY AGREEMENTS

The Board believes that, taking into account the historical uses and the strategic geographical locations of the Properties 1 and Property 2, the renewal of the leases for the Properties 1 and Property 2 will enable the Group to secure stable and continuous uses of these premises without incurring additional costs and expenses in identifying and renovating alternative premises and ensure that there will be no disruption to the businesses operated in the respective properties.

The terms of the Renewal Tenancy Agreements (including the Fixed Rental Payment) were determined after an arm's length negotiation between Wise Fine and each of Best Source and Ms. Janny Tin, with reference to the prevailing market rates of similar properties in the vicinity of Properties 1 and Property 2 and the independent valuation report prepared by the independent valuer of the Group.

Given that the terms of the Renewal Tenancy Agreements have been negotiated on an arm's length basis and the Renewal Tenancy Agreements are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Renewal Tenancy Agreements and the transactions contemplated thereunder and the annual cap are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau, being executive Directors and Substantial Shareholders, have equity interests in Best Source (as landlord of Properties 1 and Property 2) and Ms. Janny Tin, being the spouse of Mr. Andrew Chan and an executive Director, is one of the landlords of Property 2, each of them is regarded as having a material interest in the transactions contemplated under the Renewal Tenancy Agreements and had abstained from voting on the resolutions passed by the Board to approve the Renewal Tenancy Agreements and the transactions contemplated thereunder and the annual cap. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Renewal Tenancy Agreements or is required to abstain from voting on the Board resolutions in relation to the Renewal Tenancy Agreements and the transactions contemplated thereunder and the annual cap.

Implications under the Listing Rules

Best Source and Ms. Janny Tin are connected persons of the Company since:

- (i) as at the date of this announcement, Best Source is owned as to 33.33% by each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau, being executive Directors and Substantial Shareholders, hence it is an associate of each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau; and
- (ii) Ms. Janny Tin, being the spouse of Mr. Andrew Chan, is also an executive Director.

The transactions contemplated under the Renewal Tenancy Agreements will constitute continuing connected transactions for the Company pursuant to the Listing Rules. The Directors (including the independent non-executive Directors) after considering the independent valuation report prepared by the independent valuer of the Group are of the view that the Renewal Tenancy Agreements were entered into on an arm's length basis and in the ordinary and usual course of business, and that the transactions contemplated under the Renewal Tenancy Agreements and the annual caps are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given that each of the applicable percentage ratios (other than the profit ratio) for the transactions contemplated under the Renewal Tenancy Agreements in aggregate calculated by reference to Rule 14.07 of the Listing Rules is expected to be exceed 5% but are less than 25% and the aggregate rental is less than HK\$10,000,000 on an annual basis, the transactions contemplated under the Renewal Tenancy Agreements constitute continuing connected transactions and discloseable transactions and in aggregate are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) the distribution of food and beverage products and (ii) the provision of catering services in Hong Kong.

Wise Fine, an indirect wholly-owned subsidiary of the Company, is principally engaged in the distribution of food and beverage products to retailers in Hong Kong and the operation of some retail outlets in Hong Kong.

INFORMATION OF BEST SOURCE AND MS. JANNY TIN

To the best of the Directors' information and belief, having made all reasonable enquiries, as at the date of this announcement, (i) Best Source is owned as to 33.33% by each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau, who are Substantial Shareholders and executive Directors; and (ii) Ms. Janny Tin, being the spouse of Mr. Andrew Chan, is also an executive Director. Accordingly, each of Best Source and Ms. Janny Tin is a connected person of the Company under the Listing Rules.

DEFINITIONS

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

“Aggregated Value of Right-of-Use Assets”	being the unaudited present value of the aggregated Fixed Rental Payment for the entire term of the Renewal Tenancy Agreements as discounted and recognized by the Company in accordance with HKFRS 16 for the right to use Properties 1 and Property 2
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“associates”	has the meaning ascribed to it under the Listing Rules
“Best Source”	Best Source Enterprise Limited (良泉企業有限公司), a company incorporated in Hong Kong with limited liability on 12 December 1991 and is owned as to 33.33% by each of Mr. Andrew Chan, Mr. Stephen Chan and Mr. William Chau
“Board”	the board of Directors
“Company” or “our Company”	B & S International Holdings Ltd. (賓仕國際控股有限公司), a company incorporated in the Cayman Islands on 21 August 2017 as an exempted company with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1705)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Properties 1 Agreements”	the existing tenancy agreements entered into between Wise Fine and Best Source in relation to the Properties 1 for a term of three years commenced from 21 November 2017 and expiring on 22 November 2020 (both days inclusive)
“Existing Property 2 Agreement”	the existing tenancy agreement entered into between Wise Fine, Best Source and Ms. Janny Tin in relation to the Property 2 for a term of three years commenced from 21 November 2017 and expiring on 22 November 2020 (both days inclusive)
“Existing Tenancy Agreements”	the Existing Properties 1 Agreements and the Existing Property 2 Agreement
“Fixed Rental Payment”	the fixed monthly rental for Properties 1 and Property 2 under the Renewal Tenancy Agreements
“Group”	the Company and its Subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Andrew Chan”	Mr. Chan Kam Chuen Andrew (陳錦泉), an executive Director, the chairman of the Board, the chief executive officer, a Substantial Shareholder, the brother of Mr. Stephen Chan and the spouse of Ms. Janny Tin
“Mr. Stephen Chan”	Mr. Chan Siu Cheung Stephen (陳紹璋) (formerly known as Mr. Chan Siu Cheung (陳小璋)), an executive Director, a Substantial Shareholder, the brother of Mr. Andrew Chan and the brother-in-law of Ms. Janny Tin
“Mr. William Chau”	Mr. Chau Wing Kong William (周永江), an executive Director and a Substantial Shareholder
“Ms. Janny Tin”	Ms. Tin Hau Ling Janny (田巧玲), an executive Director, the spouse of Mr. Andrew Chan and the sister-in-law of Mr. Stephen Chan
“Properties 1”	the properties located at Unit No. 1, 2/F with flat roof; Unit No. 2, 2/F; Unit No. 1, 4/F; and Unit No. 1, 11/F of Block A, Ko Fai Industrial Building, 7 Ko Fai Road, Kowloon, Hong Kong
“Property 2”	the property located at Unit No. 3, 5/F of Block B, Ko Fai Industrial Building, 7 Ko Fai Road, Kowloon, Hong Kong
“Renewal Properties 1 Tenancy Agreements”	the tenancy agreements dated 30 October 2020 entered into between Wise Fine and Best Source in relation to Properties 1 for a term of two years commencing from 22 November 2020 and expiring on 21 November 2022 (both days inclusive)
“Renewal Property 2 Tenancy Agreement”	the tenancy agreement dated 30 October 2020 entered into between Wise Fine, Best Source and Ms. Janny Tin in relation to Property 2 for a term of two years commencing from 22 November 2020 and expiring on 21 November 2022 (both days inclusive)
“Renewal Tenancy Agreements”	the Renewal Properties 1 Tenancy Agreements and the Renewal Property 2 Tenancy Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Subsidiaries”	has the same meaning as in Section 15 of the Companies Ordinance (Cap 622) of the Laws of Hong Kong and if the context requires, for the purpose of the Listing Rules only, has the meaning ascribed to it under Rule 1.01 of the Listing Rules
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
"Wise Fine"	Wise Fine Enterprise Limited (智耀企業有限公司), a company incorporated in Hong Kong with limited liability on 1 March 2004 and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
B & S International Holdings Ltd.
Chan Kam Chuen Andrew
Chairman and Chief Executive Officer

Hong Kong, 30 October 2020

As at the date of this announcement, the Board comprises Mr. Chan Kam Chuen Andrew, Mr. Chan Siu Cheung Stephen, Mr. Chau Wing Kong William and Ms. Tin Hau Ling Janny as executive Directors; and Mr. Pang Koon Kwai, Mr. See Hung Yan Peter and Mr. Chung Kwok Mo John as independent non-executive Directors.