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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)

(the “Company”)

(Stock code: 1705)

CONNECTED TRANSACTIONS IN RELATION TO THE RENEWAL OF TENANCY AGREEMENTS

RENEWAL TENANCY AGREEMENTS

Reference is made to the announcement of the Company dated 18 November 2022 in relation to the connected transactions on leasing of properties entered into by the Group with certain connected persons.

As the Existing Tenancy Agreements have expired on 20 November 2023, the Board is pleased to announce that on 27 November 2023, Wise Fine (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the Renewal Tenancy Agreements with Best Source and Ms. Janny Tin, 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.

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.

In accordance with HKFRS 16 “Leases”, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. However, as allowed under HKFRS 16, the Group has elected not to recognize right-of-use assets and lease liabilities for leases that at the commencement date, have a fixed lease term of 12 months or less. Instead, the Group recognizes the fixed lease payments associated with those leases as expenses on a straight-line basis over the fixed lease term.

The transactions contemplated under the Renewal Tenancy Agreements will constitute 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 are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given that one or more 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 more than 5% and less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the Renewal Tenancy Agreements in aggregate constitute connected transactions which 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 announcement of the Company dated 18 November 2022 in relation to certain connected transactions on leasing of properties entered into by the Group with certain connected persons.

RENEWAL TENANCY AGREEMENTS

A. Renewal 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: 27 November 2023
- Parties: (i) Best Source (as landlord)
- (ii) Wise Fine (as tenant)

Leased properties: Unit No. 1, 2/F; 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: One year commencing from 21 November 2023 and expiring on 20 November 2024 (both days inclusive)

Monthly rental: HK\$506,000 (excluding service charges and other outgoings payable by Wise Fine)

Deposit: A deposit in the sum of HK\$1,012,000, being the sum of two month's rental shall be paid to the landlord 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

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: 27 November 2023

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: One year commencing from 21 November 2023 and expiring on 20 November 2024 (both days inclusive)

Monthly rental: HK\$100,000 (excluding service charges and other outgoings payable by Wise Fine)

Deposit: A deposit in the sum of HK\$200,000, 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 2021, 2022 and 2023 were as follows:

	For the year ended 31 March		
	2021	2022	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties 1	6,306	6,306	6,503
Property 2	1,301	1,301	1,317
Total:	7,607	7,607	7,820

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 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. 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.

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.

In accordance with HKFRS 16 “Leases”, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. However, as allowed under HKFRS 16, the Group has elected not to recognize right-of-use assets and lease liabilities for leases that at the commencement date, have a fixed lease term of 12 months or less. Instead, the Group recognizes the fixed lease payments associated with those leases as expenses on a straight-line basis over the fixed lease term.

The transactions contemplated under the Renewal Tenancy Agreements will constitute 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 are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given that one or more 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 more than 5% and less than 25% and the total consideration is less than HK\$10,000,000, the transactions contemplated under the Renewal Tenancy Agreements in aggregate constitute connected transactions which 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:

“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 one year commenced from 21 November 2022 and expired on 20 November 2023 (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 one year commenced from 21 November 2022 and expired on 20 November 2023 (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; 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 27 November 2023 entered into between Wise Fine and Best Source in relation to Properties 1 for a term of one year commencing from 21 November 2023 and expiring on 20 November 2024 (both days inclusive)
“Renewal Property 2 Tenancy Agreement”	the tenancy agreement dated 27 November 2023 entered into between Wise Fine, Best Source and Ms. Janny Tin in relation to Property 2 for a term of one year commencing from 21 November 2023 and expiring on 20 November 2024 (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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

“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, 27 November 2023

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.