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Bauhaus International (Holdings) Limited

包浩斯國際（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 483)

**DISCLOSEABLE TRANSACTION
DISPOSAL AND LEASEBACK OF PROPERTY**

The Board announces that on 3 June 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser in respect of the sale and leaseback of the Property.

Since one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that on 3 June 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser in respect of the sale and leaseback of the Property.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

The principal terms of the Provisional Sale and Purchase Agreement are as follows:

Date

3 June 2021

Parties

Vendor: Sky Top Investment (Group) Limited, a wholly-owned subsidiary of the Company

Purchaser: Wealthy Linker Trading Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Property

10th Floor of Wofoo Building, Nos. 204-210 Texaco Road, Tsuen Wan, New Territories, Hong Kong

The Property is being used as a warehouse by the Group immediately before the Disposal.

Consideration

The Consideration of the Property is HK\$48.0 million, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$2.4 million shall be paid upon signing of the Provisional Sale and Purchase Agreement as initial deposit;
- (b) HK\$2.4 million shall be paid on or before 18 June 2021 as further deposit; and
- (c) the Balance of the Consideration in the sum of HK\$43.2 million shall be paid in full upon Completion.

The Consideration of the Property was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the valuation of the Property made by an independent qualified valuer as at 31 March 2021 of approximately HK\$46.7 million and the market value of comparable properties in Hong Kong.

Formal agreement

A formal agreement for sale and purchase of the Property will be signed by the Vendor and the Purchaser on or before 18 June 2021.

Completion

Completion of the Disposal shall take place on or before 31 August 2021.

Prior to the Completion, the Vendor is responsible for the maintenance fee of the Property or any relevant fee incurred as a result of any statutory order issued against unauthorised building works of the Property. After Completion, such fees will be borne by the Purchaser.

Timing of certain key dates

In the event that either the Vendor or the Purchaser or their respective solicitors (or the business of either of their solicitors) becomes subject to mandatory isolation (or suspension) under the statutory quarantine measures of the Government of Hong Kong against the Novel Infectious Disease on any of the respective specified dates for payment of further deposit, payment of balance or purchase price, signing of formal sale and purchase agreement, upon production of the relevant certificates in writing as issued by the Government of Hong Kong, the relevant payment date and/or date of completion shall be deferred to the 5th working day after the mandatory quarantine is ended or business of the solicitors is resumed (whichever is later).

LEASEBACK

Pursuant to the Provisional Sale and Purchase Agreement, upon completion of the Disposal, the Vendor shall lease back the Property for the Group's use for a term of six (6) months commencing immediately from the date of completion of the Disposal. The monthly rent payable by the Group will be HK\$200,000 during the term of the Leaseback. The Property will continue to serve as the Group's warehouse premises. The aggregate rental for the term of the Leaseback will be deducted from the Balance of Consideration at the time of Completion. The Purchaser may give one month's written notice to the Vendor to terminate the lease and shall refund the unused Balance of Rent.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been assessing the property market in Hong Kong and reviewing the Group's options over the Property as held by the Group. Having considered that the Property are not essential for the Group's long term future operations, the Disposal will not have a material adverse effect on the Group's operations. The Directors therefore believe that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price and the proceeds from the Disposal will bring forth value to its Shareholders.

The Directors consider the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS ON THE GROUP

Based on, inter alia, the Consideration and the unaudited carrying value of the Property which as at 31 May 2021 was HK\$14.4 million, the Group currently expects to record a gain on disposal of approximately HK\$33.6 million upon Completion.

The proceeds arising from the Disposal is HK\$48.0 million and is expected to be used for the payment of a special dividend of approximately about HK\$46.0 million (after deducting expenses in relation to the Disposal) to the Shareholders as of the relevant record date (the "**Special Dividend**"). Further announcement will be made by the Company in respect of the Special Dividend.

INFORMATION OF THE PARTIES

The Group is principally engaged in design and retail of trendy apparel, bags and fashion accessories. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal business of the Purchaser is investment holding. The ultimate beneficial owners of the Purchaser are (i) Wu Wai Yee Dianne; (ii) Wu Sai Wah; (iii) Kwan Mei Ming; (iv) Poon Wing Fong.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

“Balance of Consideration”	the balance in the sum of HK\$43.2 million to be paid in full upon Completion
“Balance of Rent”	the balance of Rent for the remaining term of the Leaseback after the early termination of the Leaseback by the Purchaser
“Board”	the board of Directors
“Company”	Bauhaus International (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange with stock code 483
“Completion”	the completion of the Disposal, which shall take place on or before 31 August 2021
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	The amount of HK\$48.0 million, being the consideration to be paid by the Purchaser to the Vendor for the Property
“Directors”	directors of the Company
“Disposal”	the sale of the Property by the Vendor to the Purchaser pursuant to the terms of the Provisional Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China

“Leaseback”	the leaseback arrangement in respect of the Property between the Vendor (as tenant) and the Purchaser (as landlord) upon completion of the Provisional Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	10th Floor of Wofoo Building, Nos. 204-210 Texaco Road, Tsuen Wan, New Territories, Hong Kong
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 3 June 2021 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Property
“Purchaser”	Wealthy Linker Trading Limited
“Rent”	the monthly rent of HK\$200,000 for the Property pursuant to the Leaseback
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sky Top Investment (Group) Limited, a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board
Bauhaus International (Holdings) Limited
Wong Yui Lam
Chairman

Hong Kong, 3 June 2021

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Dr. Wong Yui Lam, Madam Tong She Man, Winnie and Mr. Yeung Yat Hang and three independent non-executive directors, namely Mr. Mak Wing Kit, Mr. Chu To Ki and Mr. Wong Man Tai.