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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)

MAJOR TRANSACTION THE DISPOSAL AND LEASEBACK OF PROPERTY

THE DISPOSAL

The Board announces that on 1 September 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property for an aggregate consideration of HK\$126,000,000. The Vendor has also agreed to lease back the Property for the Group's use for a term of three (3) months at a monthly rent of HK\$416,000.

GENERAL

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Disposal and is required to abstain from voting for the resolution to approve the Disposal, should the Disposal be put forward to the shareholders to approve at a general meeting of the Company. The controlling shareholders of the Company have approved the Disposal by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

A circular containing, amongst others, details of the Disposal will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The Company will apply to the Stock Exchange for a waiver under Rule 14.41(a) of the Listing Rules to despatch the circular on or before 26 October 2021, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

INTRODUCTION

The Board announces that on 1 September 2021 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Provisional Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property for an aggregate consideration of HK\$126,000,000; in addition, the Vendor has also agreed to lease back the Property for the Group's use for a term of three (3) months at a monthly rent of HK\$416,000.

THE PROVISIONAL SALE AND PURCHASE AGREEMENT

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

Date

1 September 2021 (after trading hours)

Parties

Vendor: Bauhaus Property Limited, a wholly-owned subsidiary of the Company

Purchaser: Asian Land (Hong Kong) 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 to be disposed of

The Property to be disposed of is Workshop Nos. 1-40 (both inclusive) with Store Room No. 9 on 5th floor and Private Parking P39, Lorry Parking L9 on B/F, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon Bay, Hong Kong.

Consideration and basis of determining the Consideration

The consideration of the Property is HK\$126,000,000, which shall be paid by the Purchaser to the Vendor in the following manner:

- (a) HK\$6,300,000 shall be paid upon signing of the Provisional Sale and Purchase Agreement as initial deposit;
- (b) HK\$6,300,000 shall be paid on or before 15 September 2021 as further deposit; and
- (c) the balance in the sum of HK\$113,400,000 shall be paid in full upon Completion.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the preliminary valuation of the Property made by an independent qualified valuer as at 31 July 2021 of approximately HK\$139,300,000 in respect of the Property and the market value of comparable properties in Hong Kong.

Formal agreement

A formal agreement for sale and purchase of each of the Property will be signed by the Vendor and the Purchaser on or before 15 September 2021.

Completion

Completion shall take place on or before 1 November 2021.

Leaseback

Pursuant to the Provisional Sale and Purchase Agreement, upon Completion, the Vendor or a nominated member of the Group shall lease back the Property for the Group's use for a term of three (3) months commencing immediately from the date of Completion. The monthly rent (including the management fee, rate and government rent) payable by the Group will be HK\$416,000 during the term of the Leaseback. The Property will continue to be used by the Group as office, warehouse and car parking. The aggregate rental for the term of the Leaseback will be deducted from the Balance of Consideration at the time of Completion.

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 and the ultimate beneficial owner of the Purchaser is Mr. He Huoyou.

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 is not essential for the Group's 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 realize the value of the Property at a reasonable price and the proceeds from the Disposal will bring forth value to its Shareholders, and increase the general working capital of the Group.

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 as at 31 August 2021, the Group currently expects to record a gain on disposal of approximately HK\$118,200,000 upon Completion (before related expenses). As of 31 August 2021, the book value of the Property was approximately HK\$7,800,000.

The proceeds arising from the Disposal will be used for general working capital of the Group.

GENERAL

As one of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Disposal and is required to abstain from voting for the resolution to approve the Disposal, should the Disposal be put forward to the shareholders to approve at a general meeting of the Company. (i) Dr. Wong Yui Lam and his controlled corporation Wonder View Limited, (ii) Madam Tong She Man, Winnie through her controlled corporation Great Elite Corporation, and (iii) New Huge Treasure Investments Limited, being the controlling shareholders of the Company, are collectively interested in 246,168,000 Shares, representing approximately 67.01% of the issued share capital of the Company as at the date of this announcement. The said controlling shareholders have approved the Disposal by a written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company.

A circular containing, amongst others, details of the Disposal will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. The Company will apply to the Stock Exchange for a waiver under Rule 14.41(a) of the Listing Rules to despatch the circular on or before 26 October 2021, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

DEFINITIONS

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

“Balance of Consideration”	the balance in the sum of HK\$113,400,000 to be paid in full upon Completion
“Board”	the board of Directors
“Company”	Bauhaus International (Holdings) Limited, a company incorporated in the Cayman Islands
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$126,000,000 payable by the Purchaser for the Disposal
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) 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 dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Special Region of the PRC
“Leaseback”	the leaseback arrangement in respect of the Property between the Vendor or a nominated member of the Group (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 of Hong Kong Limited
“Property”	Workshop Nos. 1-40 (both inclusive) with Store Room No. 9 on 5th floor and Private Parking P39, Lorry Parking L9 on B/F, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon Bay, Hong Kong
“Provisional Sale and Purchase Agreement”	the provisional sale and purchase agreement dated 1 September 2021 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Property

“Purchaser”	Asian Land (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Bauhaus Property Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

By Order of the Board
Bauhaus International (Holdings) Limited
Dr. Wong Yui Lam
Chairman

Hong Kong, 1 September 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.