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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)

(1) INSIDE INFORMATION IN RELATION TO TERMINATION OF THE UNCLE TETSU BUSINESS; AND (2) CHANGE IN USE OF PROCEEDS RAISED FROM THE COMPANY'S SHARE OFFER

(1) INSIDE INFORMATION IN RELATION TO TERMINATION OF THE UNCLE TETSU BUSINESS

This announcement is made by B & S International Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and under Rule 13.09 of the Listing Rules.

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group intends to terminate its retail business under the brand of “Uncle Tetsu” (the “**Uncle Tetsu Business**”) and close down its three existing retail outlets. For the year ended 31 March 2018, the Uncle Tetsu Business generated a revenue of approximately HK\$7.6 million, representing approximately 1.7% of the Group’s total revenue, and recorded an operating loss of approximately HK\$0.1 million for the same year due to its decreasing revenue and high operating costs. For the three months ended 30 June 2018, the Uncle Tetsu Business generated a revenue of approximately HK\$1.4 million (unaudited), representing approximately 1.1% of the Group’s total revenue for the same period and a decrease of approximately 12.5% as compared to approximately HK\$1.6 million for the corresponding period in the previous financial year. An operating loss for the three months ended 30 June 2018 was approximately HK\$0.4 million, which is a fourfold increase as compared to an operating loss of approximately HK\$0.1 million for the corresponding period in the previous financial year.

Taking into consideration the adverse impact of the financial performance of the Uncle Tetsu Business on the Group's overall financial performance and its prospects, the Directors consider that it is in the best interest of the Shareholders to terminate the Uncle Tetsu Business and close down the three existing retail outlets (the "**Proposed Termination**"). Such Proposed Termination is expected to take place in August 2018 and gradually complete in February 2019.

As a result of the Proposed Termination, in accordance with the terms of the respective tenancy agreements of the three existing Uncle Tetsu's retail outlets, the Group will utilise or terminate the leased properties (as the case may be) in the ways set out in the below table:

No.	Address	Way of utilisation or termination
1	Shop B, G/F, No. 3 Cannon Street, Causeway Bay, Hong Kong	To be closed on or around 22 August 2018 and utilise the leased property for the Group's other retail business
2	Unit 24B, G/F, Yan On Building, No. 1 Kwong Wah Street, Mongkok, Kowloon	To operate until the end of the lease term in February 2019
3	Counter TKO-10-005A, Shop No. 222, YATA Supermarket, Level 2, East Point City, 8 Chung Wa Road Tseung Kwan O, New Territories	To be closed by the end of August 2018 and utilise the leased property for the Group's other retail business

No additional compensation is expected to be made to landlords in respect of the change in usage of the leased properties. An impairment loss of approximately HK\$0.5 million is expected to be recognised in respect of the property, plant and equipment for the six months ending 30 September 2018.

Saved as disclosed above, the Directors do not expect that the Proposed Termination will have any material impact on the Group's business.

(2) CHANGE IN USE OF PROCEEDS RAISED FROM THE COMPANY'S SHARE OFFER

Reference is made to: (1) the prospectus of the Company dated 26 February 2018 (the "**Prospectus**"); and (2) the Company's announcement dated 13 March 2018 (the "**Allotment Results Announcement**") regarding, among others, the allocation of the use of net proceeds (the "**IPO Proceeds**") raised from the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited by way of share offer. In light of the Proposed Termination, the Board announces that the Company has decided to change the allocation of the IPO Proceeds.

Change in use of proceeds

The below table shows detailed information on the original allocation of the IPO Proceeds (as disclosed in the Allotment Results Announcement), an analysis of the utilisation of the IPO Proceeds as at the date of this announcement, and the proposed reallocation of any unutilised IPO Proceeds:

	Original allocation of the IPO Proceeds (as disclosed in the Allotment Results Announcement) <i>HK\$'000</i>	Utilised IPO Proceeds as at the date of this announcement <i>HK\$'000</i>	Unutilised IPO Proceeds as at the date of this announcement <i>HK\$'000</i>	Revised allocation of unutilised IPO Proceeds <i>HK\$'000</i>
Opening new shops				
— <i>TenRen</i>	26,200	(10,369)	15,831	15,831
— <i>Jiu Tang Wu</i>	18,000	(874)	17,126	17,126
— <i>Uncle Tetsu</i>	2,400	—	2,400	—
Introducing a new beverage brand	—	—	—	1,640
Upgrading the ERP system	3,600	(1,266)	2,334	2,334
Leasing of warehouse facilities	12,300	(1,822)	10,478	10,478
Expansion of sales and marketing team	2,500	(519)	1,981	1,981
General working capital	6,100	(1,270)	4,830	5,590
Total	<u>71,100</u>	<u>(16,120)</u>	<u>54,980</u>	<u>54,980</u>

Reasons for the change

The Company had originally planned to use approximately HK\$2.4 million of the IPO Proceeds to open two Uncle Tetsu's retail outlets as discussed in the Allotment Results Announcement, which are unutilised as at the date of this announcement. As the Group now intends to close down the Uncle Tetsu Business, the Board has decided to reallocate such unutilised IPO Proceeds as follows:

- approximately HK\$1.6 million to open a new retail outlet for the newly introduced beverage brand, which is a tea-based beverage brand featuring handmade tapioca pearl freshly prepared at the outlet. The Company has decided to utilise one of the leased properties currently used as an Uncle Tetsu's retail outlet for this new retail outlet; and
- approximately HK\$0.8 million for the Group's general working capital.

The Board considers that the above change in use of the IPO Proceeds is in line with the current business development of the Group, allows the Group to deploy its financial resources more efficiently and is hence in the interests of the Company and its Shareholders as a whole.

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

Hong Kong, 20 August 2018

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. Yu Ka Ho Bernard, Mr. See Hung Yan Peter and Mr. Chung Kwok Mo John as independent non-executive Directors.