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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

- ➢ Turnover of the Group declined by about 31.8% to approximately HK$887.3 million (2019: HK$1,300.6 million).

- ➢ Sales by major operating segment are as follows:

	Year ended 31 March 2020 *HK$ million*	Year ended 31 March 2019 *HK$ million*	Changes
Hong Kong, Macau and Elsewhere	**632.6**	868.6	-27.2%
Taiwan	**159.2**	289.8	-45.1%
Mainland China	**95.5**	142.2	-32.8%
Total	**887.3**	1,300.6	-31.8%

- ➢ Gross profit reduced by about 26.3% to approximately HK$534.3 million (2019: HK$725.4 million), while gross margin increased to about 60.2% (2019: 55.8%).

- ➢ The Group recorded a net loss for the year ended 31 March 2020 of about HK$172.6 million (2019: HK$62.1 million) and net margin was about -19.5% (2019: -4.8%).

- ➢ Basic loss per share was about 47.0 HK cents (2019: 16.9 HK cents).

- ➢ A final dividend and a special dividend of 6.0 HK cents (2019: 6.0 HK cents) and 28.0 HK cents (2019: Nil) per ordinary share were proposed.

The Board of Directors (the "**Directors**" or "**Board**") of Bauhaus International (Holdings) Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020, prepared on the basis set out in Note 2 below, together with comparative figures of the previous year, as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
REVENUE	*4*	**887,317**	1,300,583
Cost of sales		**(352,999)**	(575,231)
GROSS PROFIT		**534,318**	725,352
Other income and gains	*4*	**10,825**	5,675
Selling and distribution expenses		**(511,450)**	(660,467)
Administrative expenses		**(92,459)**	(118,986)
Other expenses		**(84,454)**	(6,922)
Finance costs	*6*	**(18,453)**	(614)
LOSS BEFORE TAX	*5*	**(161,673)**	(55,962)
Income tax expense	*7*	**(10,928)**	(6,141)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(172,601)**	(62,103)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(5,142)**	(3,516)
Item that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive income		**(6,000)**	3,030
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(11,142)**	(486)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(183,743)**	(62,589)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**47.0 HK cents**	16.9 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**61,613**	197,152
Investment property		**17,900**	19,400
Right-of-use assets		**286,972**	–
Intangible assets		**307**	431
Equity investments at fair value through other comprehensive income		**–**	6,000
Rental, utility and other non-current deposits		**51,341**	80,846
Deferred tax assets		**650**	15,212
Total non-current assets		**418,783**	319,041
CURRENT ASSETS			
Inventories		**113,592**	258,397
Trade receivables	*10*	**11,631**	42,828
Prepayments, deposits and other receivables		**19,711**	39,630
Tax recoverable		**2,846**	3,517
Cash and cash equivalents		**322,159**	198,744
Total current assets		**469,939**	543,116
CURRENT LIABILITIES			
Trade payables	*11*	**4,051**	36,611
Other payables and accruals		**33,408**	74,312
Lease liabilities		**166,885**	–
Tax payable		**991**	3,089
Total current liabilities		**205,335**	114,012
NET CURRENT ASSETS		**264,604**	429,104
TOTAL ASSETS LESS CURRENT LIABILITIES		**683,387**	748,145
NON-CURRENT LIABILITIES			
Lease liabilities		**145,108**	–
Deferred tax liabilities		**2,320**	6,400
Total non-current liabilities		**147,428**	6,400
NET ASSETS		**535,959**	741,745
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		**36,738**	36,738
Reserves		**499,221**	705,007
TOTAL EQUITY		**535,959**	741,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020

1. CORPORATE AND GROUP INFORMATION

Bauhaus International (Holdings) Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Room 501, Sino Industrial Plaza, 9 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong. During the year, the Group was principally engaged in the design and retail of trendy apparel, bags and fashion accessories. It operates various retail channels (both online and offline) in Hong Kong, Macau, Taiwan and Mainland China. The Group's turnover is mostly contributed by its major in-house labels like "SALAD", "TOUGH" and "80/20" as well as some reputable licensed brands including "SUPERDRY".

The Company is a subsidiary of New Huge Treasure Investments Limited, a company incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company of the Company is Yate Enterprises Limited, which was incorporated in the British Virgin Islands and is beneficially and wholly-owned by a discretionary trust.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 April 2019, and the comparative information for 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

New definition of a lease

Under HKFRS 16, 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. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property and other equipment. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 April 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019 and included in lease liabilities. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 April 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

Financial impact at 1 April 2019

The impact arising from the adoption of HKFRS 16 at 1 April 2019 was as follows:

	Increase/ (decrease) *HK$'000*
Assets	
Increase in right-of-use assets	**473,806**
Decrease in property, plant and equipment	**(86,605)**
Decrease in prepayments, other receivables and other assets	**(3,283)**
Increase in total assets	**383,918**
Liabilities	
Increase in lease liabilities	**391,209**
Decrease in other payables and accruals	**(7,291)**
Increase in total liabilities	**383,918**

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK$'000
Operating lease commitments as at 31 March 2019	**440,324**
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 March 2020	**(20,799)**
	419,525
Weighted average incremental borrowing rate as at 1 April 2019	**4.93%**
Lease liabilities as at 1 April 2019	**391,209**

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for the Group for annual periods beginning on or after 1 April 2020
2 Effective for the Group for annual periods beginning on or after 1 June 2020
3 Effective for the Group for annual periods beginning on or after 1 April 2021
4 No mandatory effective date yet determined but available for adoption

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the design and retail of trendy apparel, bags and fashion accessories. For management purposes, the Group is organised into business units that offer products to customers located in different geographical areas. In determining the Group's reportable operating segments, revenues, results, assets and liabilities attributable to the segments are based on the locations of the customers.

The Group has three reporting segments as follows:

(a) Hong Kong, Macau and Elsewhere
(b) Taiwan
(c) Mainland China

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, non-lease-related finance costs, a fair value gain/loss on an investment property and unallocated expenses are excluded from this measurement.

Segment assets exclude an investment property, equity investments at fair value through other comprehensive income, deferred tax assets, tax recoverable and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax payable and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Segment non-current assets exclude an investment property, equity investments at fair value through other comprehensive income, deferred tax assets and other unallocated corporate non-current assets as these assets are managed on a group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information about major customers

Since there was no customer to which the Group's sales amounted to 10% or more of the Group's revenue during the year, no major customer information is presented.

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

	Hong Kong, Macau and Elsewhere *HK$'000*	Taiwan *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Year ended 31 March 2020				
Segment revenue:				
Sales to external customers	**632,607**	**159,236**	**95,474**	**887,317**
Intersegment sales	**33,308**	**15,430**	**2,733**	**51,471**
	665,915	**174,666**	**98,207**	**938,788**
Reconciliation:				
Elimination of intersegment sales				**(51,471)**
Revenue				**887,317**
Segment results:	**(74,189)**	**(7,465)**	**(61,161)**	**(142,815)**
Reconciliation:				
Interest income				**496**
Write-back of provision				**1,680**
Finance costs (other than interest on lease liabilities)				**(480)**
Fair value loss on an investment property				**(1,500)**
Unallocated expenses, net				**(19,054)**
Loss before tax				**(161,673)**
Segment assets:	**600,223**	**80,718**	**23,393**	**704,334**
Reconciliation:				
Investment property				**17,900**
Deferred tax assets				**650**
Tax recoverable				**2,846**
Unallocated assets				**162,992**
Total assets				**888,722**
Segment liabilities:	**322,625**	**6,574**	**12,713**	**341,912**
Reconciliation:				
Deferred tax liabilities				**2,320**
Tax payable				**991**
Unallocated liabilities				**7,540**
Total liabilities				**352,763**

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Hong Kong, Macau and Elsewhere *HK$'000*	Taiwan *HK$'000*	Mainland China *HK$'000*	Total *HK$'000*
Other segment information:				
Capital expenditure*	**14,198**	**1,387**	**3,023**	**18,608**
Unallocated capital expenditure*				**5,921**
				24,529
Depreciation of property, plant and equipment	**18,343**	**9,018**	**7,378**	**34,739**
Unallocated depreciation				**4,392**
				39,131
Depreciation of right-of-use assets	**176,764**	**5,972**	**24,598**	**207,334**
Unallocated depreciation				**2,330**
				209,664
Amortisation of intangible assets	**80**	**13**	**31**	**124**
Loss on disposal of items of property, plant and equipment, net	**5,752**	**2,753**	**12,074**	**20,579**
Unallocated gains on disposal of items of property, plant and equipment and a right-of-use asset, net				**(27,516)**
				(6,937)
Write-off/(write-back) of right-of-use assets	**15,853**	**(566)**	**5,699**	**20,986**
Impairment of items of property, plant and equipment	**5,094**	**26**	**707**	**5,827**
Impairment of right-of-use assets	**30,040**	**2,360**	**2,438**	**34,838**
Unallocated impairment				**1,718**
				36,556
Segment non-current assets:	**292,756**	**406**	**252**	**293,414**
Reconciliation:				
Investment property				**17,900**
Deferred tax assets				**650**
Unallocated non-current assets				**106,819**
Total non-current assets				**418,783**

* *Capital expenditure consists of additions to property, plant and equipment.*

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Hong Kong, Macau and Elsewhere HK$'000	Taiwan HK$'000	Mainland China HK$'000	Total HK$'000
Year ended 31 March 2019				
Segment revenue:				
Sales to external customers	868,552	289,813	142,218	1,300,583
Intersegment sales	6,723	95,832	12,517	115,072
	875,275	385,645	154,735	1,415,655
Reconciliation:				
Elimination of intersegment sales				(115,072)
Revenue				1,300,583
Segment results:	81,201	(46,624)	(31,815)	2,762
Reconciliation:				
Interest income				96
Finance costs				(614)
Fair value gain on an investment property				400
Unallocated expenses, net				(58,606)
Loss before tax				(55,962)
Segment assets:	334,215	123,931	143,536	601,682
Reconciliation:				
Investment property				19,400
Equity investments at fair value through other comprehensive income				6,000
Deferred tax assets				15,212
Tax recoverable				3,517
Unallocated assets				216,346
Total assets				862,157
Segment liabilities:	61,298	6,843	32,246	100,387
Reconciliation:				
Deferred tax liabilities				6,400
Tax payable				3,089
Unallocated liabilities				10,536
Total liabilities				120,412

3. **OPERATING SEGMENT INFORMATION** *(Continued)*

	Hong Kong, Macau and Elsewhere HK$'000	Taiwan HK$'000	Mainland China HK$'000	Total HK$'000
Other segment information:				
Capital expenditure*	28,917	9,945	20,339	59,201
Unallocated capital expenditure*				2,171
				61,372
Depreciation of property, plant and equipment	21,836	13,035	7,025	41,896
Unallocated depreciation				5,990
				47,886
Amortisation of intangible assets	83	21	33	137
Loss on disposal of items of property, plant and equipment, net	1,566	148	451	2,165
Unallocated loss on disposal of items of property, plant and equipment, net				690
				2,855
Impairment of items of property, plant and equipment	1,314	2,161	393	3,868
Segment non-current assets:	106,873	12,242	30,936	150,051
Reconciliation:				
Investment property				19,400
Equity investments at fair value through other comprehensive income				6,000
Deferred tax assets				15,212
Unallocated non-current assets				128,378
Total non-current assets				319,041

* *Capital expenditure consists of additions to property, plant and equipment and intangible assets.*

The Group has subsequently terminated the Mainland China operation after the end of the reporting period. Accordingly, the geographical segment is not expected to generate further revenue after April 2020.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Sale of garment products and accessories transferred at a point in time	**887,317**	1,300,583
Disaggregated revenue information		
Segments		
Geographical markets		
Hong Kong, Macau and Elsewhere	**632,607**	868,552
Taiwan	**159,236**	289,813
Mainland China	**95,474**	142,218
Total revenue from contracts with customers	**887,317**	1,300,583

The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of the years:

	2020	2019
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at 1 April – Sale of garment products and accessories	**10,620**	–

Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of garment products and accessories

The Group sells garment products and accessories directly to retail customers via retail stores, department stores and internet. The performance obligation is satisfied when the product is transferred to the customers upon delivery of goods. Payment of the transaction price is due immediately when the customers purchase the goods. The payment is usually settled in cash or using credit cards.

The Group also sells goods to wholesalers. The performance obligation is satisfied when control of the products has been transferred, being when the products are delivered to the wholesalers and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. The payment is generally due within one to two months from delivery, except for certain wholesalers, where payment in advance is normally required.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2020 were not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of garment products and accessories were a part of contracts that have an original expected duration of one year or less.

	2020	2019
	HK$'000	*HK$'000*
Other income		
Bank interest income	**496**	96
Rental income	**674**	596
Others	**1,038**	2,575
	2,208	3,267
Gains		
Foreign exchange differences, net	**–**	2,008
Gain on disposal of items of property, plant and equipment and a right-of-use asset, net	**6,937**	–
Write-back of provision	**1,680**	–
Fair value gain on an investment property	**–**	400
	8,617	2,408
	10,825	5,675

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2020 HK$'000	2019 HK$'000
Cost of inventories sold*	**410,100**	554,821
Depreciation of property, plant and equipment	**39,131**	47,886
Depreciation of right-of-use assets	**209,664**	–
Provision/(reversal of provision) for inventories, net*	**(57,101)**	20,410
Minimum lease payments under operating leases	**–**	244,506
Lease payments for short term leases and contingent rents not included in the measurement of lease liabilities	**40,622**	61,582
Auditor's remuneration	**2,213**	2,263
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	**175,492**	225,180
Pension scheme contributions**	**8,842**	12,427
	184,334	237,607
Loss/(gain) on disposal of items of property, plant and equipment and a right-of-use asset, net	**(6,937)**	2,855
Write-back of provision	**(1,680)**	–
Amortisation of intangible assets	**124**	137
Write-off of rental deposits	**17,920**	–
Write-off of right-of-use assets, net	**20,986**	–
Loss on disposal of trademarks	**–**	1
Fair value loss/(gain) on an investment property	**1,500**	(400)
Impairment of items of property, plant and equipment	**5,827**	3,868
Impairment of right-of-use assets	**36,556**	–
Foreign exchange losses/(gains), net	**1,531**	(2,008)
Direct operating expenses (including repairs and maintenance) arising from a rental-earning investment property	**141**	129

* Included in "cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

** At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2019: Nil).

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	HK$'000	*HK$'000*
Interest on bank loans	**480**	614
Interest on lease liabilities	**17,973**	–
	18,453	614

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates. The PRC corporate income tax ("**CIT**") is applicable to subsidiaries located in Mainland China. All of these subsidiaries were subject to the applicable CIT rate of 25% (2019: 25%) during the year ended 31 March 2020. The Taiwan subsidiary was subject to the applicable tax rate of 20% (2019: 20%) during the year ended 31 March 2020. For the subsidiaries in Macau, none of them (2019: one) was incorporated under the Macau Offshore Business Law and exempted from the Macau complementary tax pursuant to the Macau Special Administrative Region's offshore law.

	2020	2019
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Provision for the year	**560**	1,703
Overprovision in prior years	**(39)**	(123)
Current tax – PRC		
Provision for the year	**82**	102
Overprovision in prior years	**(300)**	(134)
Current tax – Elsewhere		
Provision for the year	**1,010**	1,634
Overprovision in prior years	**(607)**	–
Deferred tax charge	**10,222**	2,959
Total tax charge for the year	**10,928**	6,141

8. DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Proposed final – 6.0 HK cents (2019: 6.0 HK cents) per ordinary share	**22,043**	22,043
Proposed special – 28.0 HK cents (2019: Nil) per ordinary share	**102,866**	–
	124,909	22,043

The proposed final and special dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the loss for the year attributable to equity holders of the parent of HK$172,601,000 (2019: HK$62,103,000) and the weighted average number of ordinary shares of 367,380,000 (2019: 367,380,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2020 and 2019.

The calculation of the basic loss per share is based on:

	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation	**172,601**	62,103
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**367,380,000**	367,380,000

10. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**11,631**	42,849
Impairment	**–**	(21)
	11,631	42,828

Sales (both online and offline) are made on cash terms or with short credit terms, except for certain well-established customers with a long business relationship with the Group, where the general credit terms are ranging from 30 days to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

The ageing analysis of the trade receivables as at the end of the reporting period based on the invoice date and net of loss allowance, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**11,171**	42,298
91 to 180 days	**414**	6
181 to 365 days	**46**	3
Over 365 days	**–**	521
	11,631	42,828

11. TRADE PAYABLES

The ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 90 days	**3,846**	26,915
91 to 180 days	**178**	9,017
181 to 365 days	**–**	374
Over 365 days	**27**	305
	4,051	36,611

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

BUSINESS REVIEW

The Group is principally engaged in the design and retail of trendy apparel, bags and fashion accessories. It operates various retail channels (both online and offline) in Hong Kong, Macau, Taiwan and Mainland China. The Group's turnover is mostly contributed by its major in-house labels like "SALAD", "TOUGH" and "80/20" as well as some reputable licensed brands including "SUPERDRY".

As at 31 March 2020, the Group had a total of 102 self-managed retail shops/counters in operation (2019: 196).

	As at 31 March 2020	As at 31 March 2019	Change
Number of self-managed shops/counters			
Hong Kong and Macau	**65**	77	-12
Taiwan	**35**	73	-38
Mainland China	**2**	46	-44
TOTAL	**102**	196	-94

The financial year ended 31 March 2020 was truly unprecedented time for the Group's operations in Hong Kong and its other operating regions. The intensifying China-US trade tensions, the civil unrest in Hong Kong since June 2019 and more unfortunately, followed by the coronavirus outbreak since January 2020 (the "**COVID-19**") have severely hit not only local retail sectors, but also depressed many economic activities worldwide. As a regional retailer, the Group was unavoidably and adversely affected. The Group recorded a same-store-sales growth rate of about -28% (2019: -10%) for the year ended 31 March 2020. The overall turnover of the Group slumped by about 31.8% to approximately HK$887.3 million (2019: HK$1,300.6 million).

In view of the highly unfavourable business conditions, the Group has adopted a defensive business strategy and acted early in the year under review to focus on strengthening its cash and liquidity position and to reduce its inventory level, in particular the slow-moving items. Besides, the Group implemented a number of stringent cost-cutting measures since August 2019. In November 2019, the Group entered into a provisional sales and purchase agreement with an independent third party to sell a property situated in Hong Kong for an aggregate cash consideration of about HK$45.0 million. The transaction has been completed in January 2020 and the Group recorded a gain on disposal of the property of about HK$29.2 million during the year ended 31 March 2020.

In January 2020, the Group has decided to progressively terminate its offline retail business in Mainland China and downsize its operations in Taiwan in view of the prolonged unsatisfactory sales performance and results in recent years as well as highly difficult and uncertain operating prospects under the pandemic of COVID-19. The Group also scaled down its retail network in Hong Kong and determinedly closed lots of loss-making stores. As a result of the closure and downsizing measures and weak sales performance after the pandemic of COVID-19, the Group incurred a substantial non-cash write-off, loss on disposal and impairment loss provisions on its right-of-use assets and property, plant and equipment of aggregately about HK$85.7 million. Eventually, the Group's net loss substantially increased to about HK$172.6 million (2019: HK$62.1 million). If the gain on disposal of a property and the non-cash write-off, loss on disposal and impairment loss provisions were excluded, the net loss of the Group was about HK$116.1 million.

Hong Kong, Macau and Elsewhere

The combined geographical unit, contributed almost all from Hong Kong and Macau retail operations, makes up the largest operating segment of the Group. For the year ended 31 March 2020, the segment accounted for about 71.3% (2019: 66.8%) of the Group's turnover. However, the Group recorded a negative same-store-sales growth of about 25% (2019: -6%). The turnover of the segment declined by about 27.2% to about HK$632.6 million for the year under review (2019: HK$868.6 million).

The social instability since June 2019 has heavily eroded the retail sentiment in Hong Kong and caused certain extent of interruption in Hong Kong's retail operations. Unfortunately, the outbreak of COVID-19 since January 2020 has brought about even worse situations for entire retail sector. The global health emergency followed by worldwide travel restrictions led to plummet in customer traffic and nearly froze the consumption demand for the Group's apparel and fashion accessories in February and March 2020. Further, owing to hygiene measures taken by the Macau's government and some major shopping malls in Macau, the Group had to temporarily suspend certain Macau stores' operation in February 2020. As a result, the operating segment turned loss for the year ended 31 March 2020 to about HK$74.2 million (2019: profit of HK$81.2 million).

In view of the adverse retail environment during the year under review, the Group not only suspended new development projects, but also took cost-cutting measures in the highest priority. The Group has proactively been negotiating rental concessions and restructuring lease arrangements with landlords for more flexible terms. In addition, the Group determinedly closed certain loss-making stores in Hong Kong to stop unproductive cash outflows and to preserve its financial resources. As at 31 March 2020, the Group operated 65 (2019: 77) self-managed retail shops in Hong Kong and Macau. Under the very sluggish sentiment during the year under review, the Group, instead, established many short-term, but large-scale bargain outlets in key shopping areas in Hong Kong like Mongkok, Tsimshatsui, Causeway Bay, etc. The mega outlets effectively helped to stimulate customer traffic, accelerate stock clearance and contribute positive cashflows.

Taiwan

The Group regrets that the business performance in Taiwan continued disappointing during the year under review. The Group recorded a substantial negative year-on-year growth of about 43% (2019: -18%) in same-store-sales during the year under review. The prolonged weak retail climate in Taiwan has eroded the region's results for years and led to unhealthily high inventory level (as compared to its sales performance) in the region. Given the higher priority for stock clearance, in particular the aged and off-season products, the Group heavily cut the supply of new season products to Taiwan since the second quarter of 2019 and let the region can gradually digest its aged and slow-moving stocks and to restore its healthy liquidity position. A series of promotional activities and larger number of short-term bargain outlets had launched as well to speed up stock clearance rate during the year under review. In January 2020, the Group further decided to substantially downsize more than half of its retail network in Taiwan and had rapidly eliminated significant loss-making stores to restore the region's profitability. At the end of the reporting period, there was a total of 35 stores/counters/outlets (2019: 73) in operation, present mainly in reputable department stores in major Taiwan cities.

Although the sales contribution from Taiwan segment dropped significantly by about 45.1% to about HK$159.2 million (2019: HK$289.8 million), the segmental loss was reduced to about HK$7.5 million (2019: HK$46.6 million) for the year ended 31 March 2020.

Mainland China

The Group's business performance in Mainland China was unsatisfactory and volatile in recent years. The Group recorded a same-store-sales growth of about -14% (2019: -12%) in its offline retail business during the year ended 31 March 2020. With intensifying Sino-US trade tensions and the pandemic of COVID-19 worldwide, the adverse impact on the China's economy as well as domestic consumption became unavoidable and also imposed unacceptable risks and challenges to the Group's retail business in the region. In January 2020, the Group has decided to gradually terminate its offline retail business in Mainland China and to re-focus the Group's resources on other core markets. By the year ended 31 March 2020, the Group has closed almost all of its offline retail stores. As at 31 March 2020, the Group operated only 2 (2019: 46) self-managed retail shops in Mainland China, which has also been terminated in April 2020.

As a result of the closure, the turnover from Mainland China segment declined drastically to about HK$95.5 million (2019: HK$142.2 million). Together with certain one-off write-off, loss on disposal and impairment loss provisions of about HK$20.9 million in aggregate, the segment recorded a loss of about HK$61.2 million (2019: HK$31.8 million).

FINANCIAL REVIEW

Turnover and Segment Information

Turnover of the Group declined by about 31.8% to approximately HK$887.3 million (2019: HK$1,300.6 million) for the year ended 31 March 2020. The Group's same-store-sales growth also deteriorated to about -28% (2019: -10%) for the year under review. Hong Kong, Macau and Elsewhere remains the key operating segment of the Group's retail business, accounting for approximately 71.3% (2019: 66.8%) of the Group's turnover, while resulting from the adverse impact from the social events as well as the outbreak of coronavirus, performed poorly with a negative growth in same-store-sales of about 25% (2019: -6%). Details of the Group's segmental turnover and results are shown in Note 3 to the financial statements above.

Gross Profit and Gross Margin

The Group's gross profit reduced by about 26.3% to approximately HK$534.3 million (2019: HK$725.4 million) for the year ended 31 March 2020 while the gross margin increased to about 60.2% (2019: 55.8%). Because of substantial reduction in inventory level and effective clearance of many aged and slow-moving inventories during the year under review, the Group recorded a net reversal of provision for inventories of about HK$57.1 million (2019: net provision of HK$20.4 million).

Operating Expenses and Cost Control

The Group was cautiously on managing expenses during the year ended 31 March 2020 and its overall operating expenses decreased to approximately HK$706.3 million (2019: HK$786.4 million) during the year under review.

Reducing rental costs, a major component of its operating expenses, is the top priority. The Group has proactively been negotiating rental concessions and restructuring lease arrangements with landlords for more flexible terms during the year under review. Also, the Group regularly reviewed the performance on each retail store and promptly eliminated loss-making or under-performing shops. At the same time, the Group was cautious in identifying appropriate locations for new stores and re-allocated certain shops to less costly locations to strike a balance between prospective sales opportunities and cost efficiency. Lease expenses (including rental expenses, depreciation of right-of-use assets and related interest on lease liabilities) for the year ended 31 March 2020 were reduced by about 12.3% to about HK$268.3 million (2019: HK$306.1 million), which accounted for about 38.0% (2019: 38.9%) of the Group's total operating expenses. To attain a lower cost structure, the Group has adopted an on-going practice of strategically relocating, consolidating and converting its retail portfolio.

Efforts to control costs in other areas are also important. Regular review on work procedures and performance is in place to raise effectiveness and to enhance efficiency. Resulting from the closure and downsizing of the Group's retail networks in many operating regions and a series of cost-saving schemes implemented since August 2019, the total number of staff has been reduced substantially by 57.1% to 543 (2019: 1,268) and the staff cost was then slimmed to approximately HK$184.3 million (2019: HK$237.6 million) during the year under review.

Depreciation charges of property, plant and equipment declined to approximately HK$39.1 million (2019: HK$47.9 million) for the year under review. Marketing and advertising expenses were cut substantially by about 41.3% to about HK$20.5 million (2019: HK$34.9 million), representing about 2.3% (2019: 2.7%) of the Group's turnover. The Group spent wisely on key brands and products to capture optimum promotional benefits.

The Group's finance costs for the year ended 31 March 2020 mainly consisted of (1) interest on lease liabilities of about HK$18.0 million (2019: Nil); and (2) interest expenses paid for short-term bank borrowings to support seasonal liquidity shortfall of about HK$0.5 million (2019: HK$0.6 million).

Gain on disposal of a property situated in Hong Kong

In November 2019, the Group entered into a provisional sales and purchase agreement with an independent third party to sell a property situated in Hong Kong for an aggregate cash consideration of about HK$45.0 million. The transaction has been completed in January 2020 and the Group recorded a gain on disposal of the property of about HK$29.2 million during the year ended 31 March 2020.

Non-cash write-off, loss on disposal and impairment loss provisions

As a result of the closure and downsizing measures during the year ended 31 March 2020 and weak sales performance following the pandemic of COVID-19, the Group incurred the following significant non-cash accounting losses:

	HK$ million
Write-off of right-of-use assets, net	21.0
Loss on disposal of property, plant and equipment (excluding the gain on disposal of a property as mentioned above)	22.3
Impairment of items of property, plant and equipment	5.8
Impairment of right-of-use assets	36.6
	85.7

Net Loss

The Group recorded a net loss for the year ended 31 March 2020 of about HK$172.6 million (2019: HK$62.1 million). The unfavourable results were primarily caused by adverse impact attributable to the social unrest in Hong Kong and the pandemic of COVID-19 as well as the closure and downsizing of the Group's Mainland China, Taiwan and Hong Kong retail business during the year under review.

SEASONALITY

Seasonality has heavy bearing on the sales and results of the Group as its track record shows. The first half of each financial year has historically been less important than the second half. In general, more than 50% of the Group's annual sales and most of its net profit are derived in the second half of the financial year, within which the holiday seasons of Christmas, New Year and the Lunar New Year fall.

CAPITAL STRUCTURE

As at 31 March 2020, the Group had net assets of approximately HK$536.0 million (2019: HK$741.7 million), comprising non-current assets of approximately HK$418.8 million (2019: HK$319.0 million), net current assets of approximately HK$264.6 million (2019: HK$429.1 million) and non-current liabilities of approximately HK$147.4 million (2019: HK$6.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had cash and cash equivalents of about HK$322.2 million (2019: HK$198.7 million). At the end of the reporting period, the Group had aggregate banking facilities of about HK$54.0 million (2019: HK$174.7 million) comprising interest-bearing bank overdraft, revolving loans, rental and utility guarantees as well as import facilities, of which about HK$49.3 million had not been utilised (2019: HK$170.4 million). The Group had no borrowings as at 31 March 2019 and 31 March 2020. The Group's gearing ratio at the end of the reporting period, representing a percentage of total interest-bearing bank borrowing to total assets, was zero (2019: zero).

CASH FLOWS

For the year ended 31 March 2020, net cash flows from operating activities increased significantly by about 306.8% to approximately HK$293.7 million (2019: HK$72.2 million), which was mainly attributable to a substantial reduction in inventories, in particular, the slow-moving items. Net cash flows from investing activities was about HK$20.9 million (2019: net cash flows used in investing activities of HK$61.4 million). The positive cash inflows during the year under review was mainly resulted from the proceed of about HK$45.0 million received from disposal of a property situated in Hong Kong. Net cash flows used in financing activities drastically increased to about HK$187.1 million (2019: HK$27.6 million) was mainly due to the inclusion of principal portion of lease payments of about HK$165.0 million in financing activities upon adoption of HKFRS 16.

SECURITY

As at 31 March 2020, the Group's general banking facilities were secured by certain of its property, plant and equipment, right-of-use assets and an investment property (2019: Land and buildings) situated in Hong Kong, which had aggregate carrying values of approximately HK$3.4 million, HK$1.6 million and HK$17.9 million (2019: Nil), respectively (2019: HK$42.6 million).

CAPITAL COMMITMENT

The Group had no material capital commitment contracted, but not provided for as at 31 March 2020 (2019: Nil).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had contingent liabilities in respect of guarantees given in lieu of utility and property rental deposits amounting to approximately HK$3.9 million (2019: HK$5.0 million).

In addition, the Group early terminated certain leases for properties in current and prior years. Pursuant to the respective lease agreements, the Group might be required to compensate for losses or damages to the respective landlords subject to various conditions. As at the end of the reporting period, it was not practicable to estimate the related losses or damages as the outcome which could determine the compensation is not wholly within the control of the Group. In the opinion of the Directors, the likelihood of an outflow of resources embodying economic benefits by the Group is uncertain.

HUMAN RESOURCES

Including the Directors, the Group had 543 (2019: 1,268) employees as at 31 March 2020. To attract and retain high quality staff, the Group provided competitive remuneration packages with performance bonuses, mandatory provident fund, insurance and medical coverage as well as entitlements to share options to be granted under a share option scheme based on employees' performance, experience and the prevailing market rate. Remuneration packages were reviewed regularly. Regarding staff development, the Group provided regular in-house training to retail staff and subsidised external training programmes for their professional development.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's sales and purchases during the year have been mostly denominated in Hong Kong dollars, New Taiwan dollars, Renminbi and Pounds Sterling. The Group has been exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing apparel from overseas suppliers.

PROSPECTS

The Group and also for most of the retailers in Hong Kong experienced an unprecedented difficulties in their operations, mainly resulting from the social instability in Hong Kong and the outbreak of COVID-19. The Group still expects to encounter strong headwinds in short-term while the retail sentiment in Hong Kong and Macau is gradually recovering, though in slow pace, upon stabilised local epidemic situations.

Looking forwards in Hong Kong and Macau, the Group will remain cautiously in controlling operating expenses, in particular the rental in Hong Kong. The Group will continue to facilitate negotiation with landlords to strive for reasonable rental concessions and more flexible lease arrangement. Many constructive responses have been received from landlords and are expected to gradually be reflected in the Group's cost structure.

In addition, as a part of cost-cutting measures, all the executive directors of the Company have agreed to take a pay cut by 25% from April to June 2020 or to commit comparable amount of unpaid leave. Salaries for almost all of the other staff will be frozen for the year ending 31 March 2021, except for promotions. The Group has also applied subsidies under HKSAR Government's Retail Sector Subsidy Scheme and Employment Support Scheme. The Group has committed that all these subsidies to be received, including the subsidies granted from the Retail Sector Subsidy Scheme, will be solely used on paying wages to the Group's employees. The Group will continue rationalise and streamline its workflows to improve efficiency and competitiveness and to introduce revenue-raising measures to weather the possible challenges in coming year.

In view of great risks on global economic growth after the pandemic of COVID-19, the Group intends to scale down its retail operations and re-focus resources on its familiar markets, including Hong Kong and Macau. The Group will continue to streamline the under-performing retail stores and operations in Mainland China and Taiwan. As at the date of this announcement, the Group has sufficient cash on hand to meet current business needs.

DIVIDENDS

The directors recommend the payment of a final dividend and a special dividend of 6.0 HK cents (2019: 6.0 HK cents) and 28.0 HK cents (2019: Nil) per ordinary share, respectively, for the year ended 31 March 2020. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company (the "**AGM**"), the proposed final dividend and the proposed special dividend will be payable on or before **Friday, 4 September 2020** to shareholders whose names appear on the register of members on **Tuesday, 25 August 2020**.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM is scheduled on **Tuesday, 18 August 2020**. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from **Friday, 14 August 2020** to **Tuesday, 18 August 2020**, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on **Thursday, 13 August 2020**.

The proposed final dividend and the proposed special dividend are subject to the passing of respective ordinary resolution by the shareholders at the AGM. The record date for entitlement to the proposed final dividend is scheduled on **Tuesday, 25 August 2020**. For determining the entitlement to the proposed final dividend and the proposed special dividend, the register of members of the Company will be closed from **Monday, 24 August 2020** to **Tuesday, 25 August 2020**, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and the proposed special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on **Friday, 21 August 2020**.

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 March 2020 except for not having a separate chairman (the "**Chairman**") and chief executive officer (the "**CEO**") of the Company. Both positions were held by Mr. Wong Yui Lam ("**Mr. Wong**") during the year ended 31 March 2020.

CG Code Provision A.2.1 stipulates that the roles of Chairman and CEO should be separate and should not be performed by the same individual. As the founder of the Group, Mr. Wong has substantial experience in the fashion industry and retail operations. The Board considers that the structure provided the Group with strong and consistent leadership which facilitated the development of the Group's business strategies and execution of its business plans in the most efficient and effective manner. The Board believes that it was in the best interest of the Company and its shareholders as a whole.

In order to further enhance the corporate governance standard of the Group and fully comply with code provision A.2.1 of the CG Code, Mr. Wong has ceased the position of the CEO with effect from 7 May 2020. After that, Mr. Wong continues to be the Chairman and an executive director of the Company. Meanwhile, Mr. Yeung Yat Hang, a current executive director of the Company, has been appointed as the CEO with effect from 7 May 2020.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "**Model Code**") to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Based on specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2020.

REVIEW OF FINANCIAL INFORMATION

An audit committee of the Company (the "**Audit Committee**") with written terms of reference comprises three independent non-executive directors. The Audit Committee has reviewed with management and external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements for the year ended 31 March 2020.

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2020 have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year under review. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

CHANGES IN DIRECTORSHIP AND OTHER CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directorship and other changes in the information of the Directors since the publication of the interim report of the Company for the six months ended 30 September 2019 up to the date of this announcement are set out below:

Name of Director	Details of changes
Mr. Wong Yui Lam	Resigned as the CEO with effect from 7 May 2020
Mr. Yeung Yat Hang	Appointed as the CEO with effect from 7 May 2020

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement for the year ended 31 March 2020 is published on the website of the Company (www.bauhaus.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The Company's 2020 annual report will be dispatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my deep gratitude to our shareholders, business partners and customers for their unstinting support. I would also like to extend our sincere appreciation to all the Group's employees for their dedication, especially during the tough time in the past financial year.

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

Hong Kong, 30 June 2020

BOARD OF DIRECTORS

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