bauhaus

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 2021

- ➢ Turnover of the Group declined by about 58.1% to approximately HK$371.9 million (2020: HK$887.3 million).

- ➢ Sales by operating segment are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020	Changes
	HK$ million	*HK$ million*	
Hong Kong & Macau	**343.9**	632.5	-45.6%
Non-Hong Kong & Macau	**28.0**	254.8	-89.0%

- ➢ Gross profit reduced by about 55.0% to approximately HK$240.6 million (2020: HK$534.3 million), while gross margin improved to about 64.7% (2020: 60.2%).

- ➢ The Group recorded a net profit for the year ended 31 March 2021 of about HK$99.7 million (2020: net loss of HK$172.6 million).

- ➢ Basic and diluted earnings per share were about +27.1 HK cents (2020: -47.0 HK cents).

- ➢ A final dividend and a second special dividend of 6.0 HK cents (2020: 6.0 HK cents) and 40.5 HK cents (2020: 28.0 HK cents) per ordinary share respectively 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 2021, 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 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
REVENUE	*4*	**371,898**	887,317
Cost of sales		**(131,313)**	(352,999)
GROSS PROFIT		**240,585**	534,318
Other income and gains	*4*	**139,381**	10,825
Selling and distribution expenses		**(189,204)**	(511,450)
Administrative expenses		**(48,491)**	(92,459)
Other expenses		**(35,015)**	(84,454)
Finance costs	*5*	**(9,401)**	(18,453)
PROFIT/(LOSS) BEFORE TAX	*6*	**97,855**	(161,673)
Income tax credit/(expense)	*7*	**1,882**	(10,928)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**99,737**	(172,601)
Other comprehensive loss			
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(9,565)**	(5,142)
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)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(9,565)**	(11,142)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**90,172**	(183,743)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted		**27.1 HK cents**	(47.0) HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**39,581**	61,613
Investment property		**–**	17,900
Right-of-use assets		**163,912**	286,972
Intangible assets		**194**	307
Equity investment at fair value through other comprehensive income		**–**	–
Rental, utility and other non-current deposits		**32,423**	51,341
Deferred tax assets		**970**	650
NON-CURRENT ASSETS		**237,080**	418,783
CURRENT ASSETS			
Inventories		**69,934**	113,592
Trade receivables	*10*	**2,900**	11,631
Prepayments, deposits and other receivables		**6,498**	19,711
Tax recoverable		**596**	2,846
Pledged time deposit		**15,600**	–
Cash and cash equivalents		**266,695**	322,159
Total current assets		**362,223**	469,939
CURRENT LIABILITIES			
Trade payables	*11*	**1,504**	4,051
Other payables and accruals		**21,705**	33,408
Lease liabilities		**74,247**	166,885
Tax payable		**1,179**	991
Total current liabilities		**98,635**	205,335
NET CURRENT ASSETS		**263,588**	264,604
TOTAL ASSETS LESS CURRENT LIABILITIES		**500,668**	683,387
NON-CURRENT LIABILITIES			
Lease liabilities		**52,616**	145,108
Deferred tax liabilities		**100**	2,320
NON-CURRENT LIABILITIES		**52,716**	147,428
NET ASSETS		**447,952**	535,959
EQUITY			
Equity attributable to equity holders of the parent			
Share capital		**36,738**	36,738
Reserves		**411,214**	499,221
TOTAL EQUITY		**447,952**	535,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021

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) primarily in Hong Kong and Macau. The Group's turnover is mostly contributed by its major in-house labels like "SALAD", "TOUGH", "80/20" and some seasonal in-house design brands as well as certain 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 consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all applicable individual 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 applicable disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). 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 consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

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 2021. 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.

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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.

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 revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

In additions, on 1 April 2020, the Group has early applied the Amendment to HKFRS 16 "*COVID-19-Related Rent Concessions*" and *"COVID-19-Related Concessions beyond 30 June 2021"* which will be effective for the Group for financial year beginning on or after 1 June 2020 and 1 April 2021, respectively.

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

Amendment to HKFRS 16 "COVID-19-Related Rent Concessions"

Amendment to HKFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 ("**COVID-19-Related Rent Concessions**") are lease modification and, instead, account for those rent concessions as if they were not lease modifications.

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

Amendment to HKFRS 16 "COVID-19-Related Rent Concessions" *(Continued)*

The practical expedient is only applicable to COVID-19-Related Rent Concessions and only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) there is no substantive change to other terms and conditions of the lease.

Amendment to HKFRS 16 *"Covid-19-Related Rent Concessions beyond 30 June 2021"* ("2021 Amendment to HKFRS 16")

The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions as stated in paragraph 46B of HKFRS 16 for applying the practical expedient are met (please also refer to the conditions stated in Amendment to HKFRS 16 *"Covid-19-Related Rent Concessions"* ("**2020 Amendment to HKFRS 16**") above).

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying this amendment or 2020 Amendment to HKFRS 16. Additional disclosures are required if this practical expedient is used.

2021 Amendment to HKFRS 16 is effective for annual reporting period beginning on or after 1 April 2021. A lessee shall apply the amendment retrospectively, recognising the cumulative effect of initial applying the amendment as an adjustment to the opening balance of retained profits (or other component of equity, as appropriate) at the beginning of the annual period in which the lessee first applies the amendment. Earlier application is permitted.

The Group has elected to early adopt the above two amendments and applies the practical expedient to all qualifying COVID-19-Related Rent Concessions granted to the Group during the year.

Consequently, rent concessions received have been recognised HK$49,219,000 as negative variable lease payments in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

HKFRS 17	*Insurance Contracts and related amendments*[3]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[5]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[3]
Amendments to HKAS 8	*Definition of Accounting Estimates*[3]
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRS Standards 2018-2020*[2]
Accounting Guideline 5 (Revised)	*Merger Accounting for Common Control Combinations*[5]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 April 2022
3 Effective for annual periods beginning on or after 1 April 2023
4 Effective date not yet determined
5 Effective for business combinations/common control combination for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 April 2022

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.

In the prior year, the Group presented its segmental information in three separate reporting segments, namely "Hong Kong, Macau & Elsewhere", "Taiwan" and "Mainland China". In line with the Group's strategy to streamline its administrative layers and to maintain a lean operating structure, the Group has terminated its offline retail operations in Taiwan and Mainland China during the year under review. Instead, the Group is revamping its business model and fostering new online channels to capture opportunities in overseas markets. Therefore, the Group has combined and restructured its existing reporting segments into two distinctive segments with effective from 1 April 2020 and the comparative figures are also restated.

The Group's new reporting segments are as follows:

1. Hong Kong & Macau
2. Non-Hong Kong & Macau

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, fair value gain/loss on an investment property and unallocated income/expenses, net 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 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 years ended 31 March 2021 and 2020, no major customer information is presented.

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Hong Kong & Macau *HK$'000*	Non-Hong Kong & Macau *HK$'000*	Total *HK$'000*
Year ended 31 March 2021			
Segment revenue:			
Sales to external customers	**343,918**	**27,980**	**371,898**
Segment results:	**74,481**	**11,464**	**85,945**
Reconciliation:			
Interest income			**493**
Finance costs (other than interest on lease liabilities)			**(87)**
Fair value loss on an investment property			**(2,200)**
Unallocated income, net			**13,704**
Profit before tax			**97,855**
Segment assets:	**343,182**	**67,529**	**410,711**
Reconciliation:			
Deferred tax assets			**970**
Tax recoverable			**596**
Unallocated assets			**187,026**
Total assets			**599,303**
Segment liabilities:	**141,436**	**5,847**	**147,283**
Reconciliation:			
Deferred tax liabilities			**100**
Tax payable			**1,179**
Unallocated liabilities			**2,789**
Total liabilities			**151,351**

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

	Hong Kong & Macau *HK$'000*	Non-Hong Kong & Macau *HK$'000*	Total *HK$'000*
Other segment information:			
Capital expenditure*	3,125	–	3,125
Unallocated capital expenditure*			397
			3,522
Depreciation of property, plant and equipment	11,031	444	11,475
Unallocated depreciation			2,873
			14,348
Depreciation of right-of-use assets	101,854	–	101,854
Unallocated depreciation			1,645
			103,499
Amortisation of intangible assets	32	77	109
Loss on disposal of items of property, plant and equipment, net	4,235	928	5,163
Unallocated gains on disposal of items of property, plant and equipment and right-of-use assets, net			(48,913)
			(43,750)
Unallocated loss on disposal of an investment property			1,900
Write-back of lease liabilities, net	(49,012)	(9,085)	(58,097)
Unallocated write-back of lease liabilities, net			(745)
			(58,842)
Impairment/(reversal of impairment) of items of property, plant and equipment	2,479	(488)	1,991
Impairment of right-of-use assets	18,382	–	18,382
Segment non-current assets:	139,134	164	139,298
Reconciliation:			
Deferred tax assets			970
Unallocated non-current assets			96,812
Total non-current assets			237,080

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

3. OPERATING SEGMENT INFORMATION *(Continued)*

	Hong Kong & Macau (Restated) *HK$'000*	Non-Hong Kong & Macau (Restated) *HK$'000*	Total *HK$'000*
Year ended 31 March 2020			
Segment revenue:			
Sales to external customers	632,472	254,845	887,317
Intersegment sales	33,308	18,163	51,471
	665,780	273,008	938,788
Reconciliation:			
Elimination of intersegment sales			(51,471)
Revenue			887,317
Segment results:	(74,082)	(68,733)	(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:	600,061	104,273	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	19,287	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 (Restated) *HK$'000*	Non-Hong Kong & Macau (Restated) *HK$'000*	Total *HK$'000*
Other segment information:			
Capital expenditure*	14,198	4,410	18,608
Unallocated capital expenditure*			5,921
			24,529
Depreciation of property, plant and equipment	18,343	16,396	34,739
Unallocated depreciation			4,392
			39,131
Depreciation of right-of-use assets	176,764	30,570	207,334
Unallocated depreciation			2,330
			209,664
Amortisation of intangible assets	27	97	124
Loss on disposal of items of property, plant and equipment, net	5,752	14,827	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 of right-of-use assets, net	15,853	5,133	20,986
Impairment of items of property, plant and equipment	5,094	733	5,827
Impairment of right-of-use assets	30,040	4,798	34,838
Unallocated impairment			1,718
			36,556
Segment non-current assets:	292,594	820	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.*

4. REVENUE, OTHER INCOME AND GAINS

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

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Sale of garment products and accessories transferred at a point in time	**371,898**	887,317
Disaggregated revenue information		
Segments		
Geographical markets		(Restated)
Hong Kong & Macau	**343,918**	632,472
Non-Hong Kong & Macau	**27,980**	254,845
Total revenue from contracts with customers	**371,898**	887,317

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

	2021	2020
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at 1 April – Sale of garment products and accessories	**60**	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 30 to 60 days from delivery, except for certain wholesalers, where payment in advance is normally required.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2021 and 31 March 2020 were not disclosed in the notes to the consolidated 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.

4. REVENUE, OTHER INCOME AND GAINS *(Continued)*

	2021	2020
	HK$'000	*HK$'000*
Other income		
Bank interest income	**493**	496
Rental income	**398**	674
Government grants*	**20,630**	–
Others	**197**	1,038
	21,718	2,208
Gains		
Write-back of lease liabilities, net	**58,842**	–
Write-back of provision	**–**	1,680
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	**43,750**	6,937
Gain on liquidation of subsidiaries	**503**	–
Foreign exchange differences, net	**14,568**	–
	117,663	8,617
	139,381	10,825

* *During the year ended 31 March 2021, the Group recognised subsidies of approximately HK$20,630,000 from certain anti-epidemic funds provided by the Hong Kong and Macau governments as part of the relief measures on COVID-19 pandemic.*

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	HK$'000	*HK$'000*
Interest on lease liabilities	**9,314**	17,973
Interest on bank loans	**–**	480
Other interest expenses	**87**	–
	9,401	18,453

6. PROFIT/(LOSS) BEFORE TAX

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

	2021 HK$'000	2020 HK$'000
Cost of inventories sold*	**141,234**	410,100
Reversal of provision for inventories, net*	**(9,921)**	(57,101)
Depreciation of property, plant and equipment	**14,348**	39,131
Depreciation of right-of-use assets	**103,499**	209,664
Lease payments for short term leases and contingent rents not included in the measurement of lease liabilities	**25,752**	40,622
COVID-19-Related rent concessions***	**(49,219)**	–
Auditor's remuneration	**1,323**	2,213
Employee benefit expenses (including directors' remuneration):		
Wages, salaries and other benefits	**81,221**	175,492
Pension scheme contributions**	**3,387**	8,842
	84,608	184,334
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	**(43,750)**	(6,937)
Loss on disposal of an investment property	**1,900**	–
Write-back of provision	**–**	(1,680)
Amortisation of intangible assets	**109**	124
Write-off of rental deposits	**10,411**	17,920
(Write-back of lease liabilities)/write-off of right-of-use assets, net	**(58,842)**	20,986
Loss on disposal of trademarks	**4**	–
Fair value loss on an investment property	**2,200**	1,500
Impairment of items of property, plant and equipment	**1,991**	5,827
Impairment of right-of-use assets	**18,382**	36,556
Expected credit loss on trade receivables	**3**	–
Foreign exchange (gains)/losses, net	**(14,568)**	1,531
Direct operating expenses (including repairs and maintenance) arising from a rental-earning investment property	**81**	141

* *Included in "cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income. The reversal of provision for inventory arose from sale of obsolete inventory.*

** *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 (2020: Nil).*

*** *Included in "selling and distribution expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.*

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2,000,000 are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020. 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% (2020: 25%) during the year ended 31 March 2021. The Taiwan subsidiary was subject to the applicable tax rate of 20% (2020: 20%) during the year ended 31 March 2021.

	2021 ***HK$'000***	2020 (Restated) *HK$'000*
Current tax – Hong Kong		
Provision for the year	**1,057**	560
Overprovision in prior years	**(626)**	(39)
Current tax – Elsewhere		
Provision for the year	**688**	1,092
Overprovision in prior years	**(461)**	(907)
Deferred tax (credit)/charge	**(2,540)**	10,222
Total tax (credit)/expense for the year	**(1,882)**	10,928

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share is based on the profit for the year attributable to equity holders of the parent of HK$99,737,000 (2020: loss of HK$172,601,000) and the weighted average number of ordinary shares of 367,380,000 (2020: 367,380,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2021 and 2020.

The calculation of the basic earnings/(loss) per share is based on:

	2021 ***HK$'000***	2020 *HK$'000*
Profit/(Loss)		
Profit/(Loss) attributable to equity holders of the parent, used in the basic earnings/(loss) per share calculation	**99,737**	(172,601)
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**367,380,000**	367,380,000

9. DIVIDENDS

	2021 ***HK$'000***	2020 *HK$'000*
Interim – **2.5 HK cents** (2020: Nil) per ordinary share	**9,184**	–
Special – **12.0 HK cents** (2020: Nil) per ordinary share	**44,086**	–
Proposed final – **6.0 HK cents** (2020: 6.0 HK cents) per ordinary share	**22,043**	22,043
Proposed second special – **40.5 HK cents** (2020: 28.0 HK cents) per ordinary share	**148,789**	102,866
	224,102	124,909

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

10. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**2,903**	11,631
Expected credit loss	**(3)**	–
	2,900	11,631

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 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:

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**2,862**	11,171
91 to 180 days	**38**	414
181 to 365 days	**–**	46
	2,900	11,631

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:

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**1,504**	3,846
91 to 180 days	**–**	178
181 to 365 days	**–**	–
Over 365 days	**–**	27
	1,504	4,051

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

12. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

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) primarily in Hong Kong and Macau. The Group's turnover is mostly contributed by its major in-house labels like "SALAD", "TOUGH", "80/20"and some seasonal in-house design brands as well as certain reputable licensed brands including "SUPERDRY".

As at 31 March 2021, the Group had a total of 49 (2020: 102) self-managed offline retail shops/counters/outlets in operation.

	As at 31 March 2021	As at 31 March 2020	Change
Number of self-managed shops/ counters/outlets			
Hong Kong & Macau	**49**	65	-16
Non-Hong Kong & Macau	**–**	37	-37
TOTAL	**49**	102	-53

The novel coronavirus outbreak in 2020 (the "**COVID-19**") has severely hit not only local retail sectors, but also depressed many economic activities worldwide. The Group continuously experienced severe impact on its sales during the year ended 31 March 2021. The same-store-sales growth rate of the Group plummeted to about -40% (2020: -28%) for the year under review. In addition, to confront with ongoing challenges brought by COVID-19, the Group made essential strategic moves to re-focus resources on its familiar markets, including Hong Kong and Macau, and to re-build a lean and flexible operating cost structure. In line with the strategies, the Group proactively and thoroughly restructured its retail portfolio in each of the operating regions. A lot of loss-making and inefficient physical stores were trimmed during the year under review. As a result, the Group's turnover declined significantly by about 58.1% to approximately HK$371.9 million (2020: HK$887.3 million).

Although the financial year ended 31 March 2021 was tough for the Group's retail operations elsewhere, the Group has successfully lightened its operating leverage and substantially reduced its core operating costs (excluding non-cash write-off, loss on disposal and impairment loss) by about 59.3% to about HK$261.7 million (2020: HK$643.4 million). The Group then becomes more competitive and able to operate in a more cost-efficient way. Together with positive effects from (i) the net gain on disposal of properties of about HK$47.4 million (2020: HK$29.2 million); and (ii) the receipt of pandemic relief and subsidies from The Government of Hong Kong Special Administrative Region and The Government of Macau Special Administrative Region aggregately of about HK$20.6 million (2020: Nil), the Group recorded a net profit of about HK$99.7 million (2020: net loss of HK$172.6 million) for the year ended 31 March 2021.

Hong Kong & Macau

The Hong Kong and Macau retail operations make up the largest operating segment of the Group. For the year ended 31 March 2021, the segment accounted for about 92.5% (2020: 71.3%) of the Group's turnover. Resulting from the adverse impact of the COVID-19 pandemic, the Group recorded a substantial negative same-store-sales growth of about -39% (2020: -25%). Also, because of the closure of loss-making stores and consolidated retail network in the regions, the turnover of the segment shrank by about 45.6% to about HK$343.9 million (2020: HK$632.5 million) for the year under review. As at 31 March 2021, the Group operated 49 (2020: 65) self-managed offline retail shops in Hong Kong and Macau.

The pandemic of COVID-19 has seriously eroded the retail sentiment in Hong Kong and Macau. In Hong Kong, the health emergency triggered the government to impose a series of social-distancing measures and travel restrictions, which unavoidably stifled customer traffic and dampened retail spending. Even though the local economic outlook was clouded by the ongoing pandemic, every cloud has a silver lining. The launch of vaccination and improving outbreak controls gradually minimised local COVID-19 confirmed cases and equipped the city with a better foundation for economic recovery. The Group recorded a same-store-sales growth of about -43% in Hong Kong for the first-half of the financial year while the decline was stabilising slowly since the third-quarter of the financial year of about -34% to about -29% in the fourth-quarter.

In Macau, the sales performance of the Group was also gradually improved upon re-open of this tourist city in the second-half of the financial year. The coronavirus pandemic was less severe in Macau as compared to many regions. However, the strict travel restrictions, border controls and quarantine arrangement among countries and regions had seriously affected the city and in turn, resulted in negligible inbound travels to the city and plummet in customer traffic for shopping and leisure in the first-half of the financial year. The Group recorded a drastic drop of about 57% in Macau's same-store-sales for the six months ended 30 September 2020. Upon progressively relaxing the restrictions for Mainland China travelers to Macau, the Group's same-store-sales growth gradually improved from about -41% in the third-quarter of the financial year to about -20% in the fourth-quarter.

In addition to the stabilising of the Group's sales performance, the Group continued to take cost-cutting measures in the top priority and streamlined its administrative layers to keep a lean management and operating team. The Group proactively negotiated rental concessions and restructured lease arrangements with landlords for more flexible terms. During the year ended 31 March 2021, the Group was granted with rent concessions related to COVID-19 of about HK$49.2 million (2020: Nil) and as a result of the lease modification and the liquidation of certain subsidiaries, the Group recorded a net write-back of lease liabilities of about HK$49.0 million (2020: net write-off of right-of-use assets of HK$15.9 million) for the operating segment. In view of the sluggish retail atmospheres, the Group greatly cut seasonal merchandise procurement and continued to operate short-term mega outlets in key shopping areas in Hong Kong to accelerate stock clearance and to maintain strong operating cash inflows. As a result, the segment resumed its profitability and recorded a segmental profit of about HK$74.5 million (2020: segmental loss of HK$74.1 million) despite the plummet in sales.

Non-Hong Kong & Macau

The combined geographical unit was mostly contributed by the Group's retail operations in Taiwan and Mainland China during the year under review. The Group regrets that the business performance by the traditional offline retail network under the pandemic environment was disappointing in the year under review. The Group recorded a substantial negative year-on-year growth of about -42% (2020: -36%) in same-store-sales during the year under review. The segmental sales dropped significantly by about 89.0% to about HK$28.0 million (2020: HK$254.8 million). In line with the Group's re-focus strategies on Hong Kong and Macau markets and leveraging risks for overseas markets under the ongoing pandemic, the Group progressively closed all of the offline retail stores in the regions during the year under review. Instead, the Group is revamping its business model and fostering new online channels to capture opportunities in overseas markets. Primarily resulting from the reduction in operating loss from offline retail business and significant exchange gains arisen from the appreciation of New Taiwan Dollar, the segment recorded a segmental profit of about HK$11.5 million (2020: segmental loss of HK$68.7 million).

FINANCIAL REVIEW

Turnover and Segment Information

Turnover of the Group slumped by about 58.1% to approximately HK$371.9 million (2020: HK$887.3 million) for the year ended 31 March 2021. The Group's same-store-sales growth also deteriorated to about -40% (2020: -28%) for the year under review. The unfavourable performance in sales was mainly attributable to the adverse impact from the COVID-19 and strategically consolidation of retail network in various operating regions to eliminate substantial loss-making stores. Details of the Group's segmental turnover and results are shown in Note 3 to the consolidated financial statements.

Gross Profit and Gross Margin

The Group's gross profit reduced by about 55.0% to approximately HK$240.6 million (2020: HK$534.3 million) for the year ended 31 March 2021 while the gross margin improved to about 64.7% (2020: 60.2%). In view of lesser inventory pressure, the Group refined its marketing strategies by adopting more non-price promotions and bundle sales instead of offering deep discounts, which helped to improve the gross margin generally during the year under review. In addition, with progressive clearance of aged and slow-moving inventories, the Group recorded a net reversal of provision for inventories of about HK$9.9 million (2020: HK$57.1 million).

Operating Expenses and Cost Control

The Group managed operating expenses very cautiously during the year ended 31 March 2021 and its core operating expenses (excluding non-cash write-off, loss on disposal and impairment loss) were slimmed by about 59.3% to approximately HK$261.7 million (2020: HK$643.4 million) for the year under review.

Rental cost reduction is the top priority. The Group has proactively striven for rent concessions and restructured certain lease arrangements with landlords for more flexible terms. Also, the Group regularly reviewed the performance on each retail store and promptly revamped or eliminated any loss-making stores. At the same time, the Group was cautious in identifying appropriate locations to relocate certain shops to less costly locations to strike a balance between prospective sales opportunities and cost efficiency. Lease expenses (including depreciation of right-of-use assets, lease payments for short term leases and contingent rents, COVID-19-Related rent concessions, as well as interest on lease liabilities) for the year ended 31 March 2021 were sacked by about 66.7% to about HK$89.3 million (2020: HK$268.3 million), which accounted for about 34.1% (2020: 41.7%) of the Group's core operating expenses. To maintain competitive, the Group adopts an on-going practice of strategically relocating, consolidating and converting its retail portfolio.

Efforts to control costs in other areas are also essential. Regular review on work procedures and performance is in place to enhance efficiency. Resulting from the closure of the Group's loss-making retail stores and a series of cost-saving measures, the total number of staff reduced to 262 (2020: 543). The staff cost was trimmed by about 54.1% to approximately HK$84.6 million (2020: HK$184.3 million) during the year under review.

Depreciation of property, plant and equipment declined to approximately HK$14.3 million (2020: HK$39.1 million) for the year under review. As the Group spent wisely on key brands and products to capture optimum promotional benefits, marketing and advertising expenses were further reduced by about 74.6% to about HK$5.2 million (2020: HK$20.5 million), representing about 1.4% (2020: 2.3%) of the Group's turnover.

The Group's finance costs for the year ended 31 March 2021 mostly consisted of interest on lease liabilities of about HK$9.3 million (2020: HK$18.0 million).

Government subsidies

The Group received certain pandemic relief and subsidies from The Government of Hong Kong Special Administrative Region and The Government of Macau Special Administrative Region and aggregately recognised about HK$20.6 million (2020: Nil) during the year ended 31 March 2021.

Gain on disposal of properties situated in Hong Kong

To confront with uncertain business environments, the Group regularly reviews its asset portfolio with aims to improve its asset returns in general and to realise certain idle or under-utilised properties.

On 18 September 2020, the Group entered into provisional sales and purchase agreements with an independent third party to sell certain properties situated in Hong Kong for an aggregate cash consideration of about HK$68.5 million. The transactions had been completed on 20 November 2020 and the Group recorded a net gain on disposal of the properties (including a gain on disposal of items of property, plant and equipment and right-of-use assets and a loss on disposal an investment property) of about HK$47.4 million during the year ended 31 March 2021.

Event after the reporting period

Subsequent to year ended 31 March 2021, the Group entered into a provisional sales and purchase agreement with another independent third party on 3 June 2021 to sell and lease back a property situated in Hong Kong, which was being used as a warehouse by the Group previously, for an aggregate cash consideration of about HK$48.0 million. The sale of property transaction is expected to be completed on or before 31 August 2021 and the Group is expected to record a net gain on disposal of the property of about HK$33.6 million (before any related expenses).

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

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

	2021	2020
	HK$ million	*HK$ million*
Loss on disposal of property, plant and equipment (excluding the net gain on disposal of properties as mentioned above)	**5.5**	22.3
Impairment of items of property, plant and equipment	**2.0**	5.8
Write-off of right-of-use assets, net	**–**	21.0
Impairment of right-of-use assets	**18.4**	36.6
	25.9	85.7

Net Profit

The Group recorded a net profit for the year ended 31 March 2021 of about HK$99.7 million (2020: net loss of HK$172.6 million). The favourable result was primarily attributable to the combined effect of (i) the net gain on disposal of properties of about HK$47.4 million (2020: HK$29.2 million); (ii) the receipt of pandemic relief and subsidies from the Hong Kong and Macau governments aggregately of about HK$20.6 million (2020: Nil); (iii) the temporary rental concessions granted from landlords, restructured or early surrendered certain leases with landlords as well as the liquidation of certain subsidiaries of the Group; and (iv) the effective cost control measures adopted by the Group since 2020.

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 2021, the Group had net assets of approximately HK$448.0 million (2020: HK$536.0 million), comprising non-current assets of approximately HK$237.1 million (2020: HK$418.8 million), net current assets of approximately HK$263.6 million (2020: HK$264.6 million) and non-current liabilities of approximately HK$52.7 million (2020: HK$147.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had a pledged time deposit and cash and cash equivalents of about HK$15.6 million (2020: Nil) and HK$266.7 million (2020: HK$322.2 million), respectively. At the end of the reporting period, the Group had aggregate banking facilities of about HK$10.0 million (2020: HK$54.0 million) comprising interest-bearing bank overdraft, revolving loans, rental and utility guarantees as well as import facilities, of which had not been utilised (2020: HK$49.3 million). The Group had no borrowings as at 31 March 2020 and 31 March 2021. 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 (2020: zero).

CASH FLOWS

During the year ended 31 March 2021, net cash flows from operating activities reduced significantly by about 45.9% to approximately HK$158.9 million (2020: HK$293.7 million), which was mainly attributable to weak sales performance and the streamlined retail operations. Net cash flows from investing activities increased substantially to about HK$49.4 million (2020: HK$20.9 million). The strong cash inflows during the year under review was mainly resulted from the proceed of about HK$68.5 million received from the disposal of properties situated in Hong Kong and the reduction in capital expenditure. Net cash flows used in financing activities climbed up to about HK$255.3 million (2020: HK$187.1 million) was mainly due to the increase in dividend payments to return surplus cash to the Group's shareholders.

SECURITY

As at 31 March 2021, the Group's general banking facilities were secured by a time deposit (2020: property, plant and equipment, right-of-use assets and an investment property situated in Hong Kong), which had aggregate carrying values at the end of the reporting period of approximately HK$15.6 million (2020: approximately HK$3.4 million, HK$1.6 million and HK$17.9 million, respectively).

CAPITAL COMMITMENT

The Group had no material capital commitment contracted, but not provided for as at 31 March 2021 (2020: Nil).

CONTINGENT LIABILITIES

As at 31 March 2021, the Group had contingent liabilities in respect of guarantees given in lieu of utility and property rental deposits amounting to approximately HK$2.5 million (2020: HK$3.9 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 262 (2020: 543) employees as at 31 March 2021. To attract and retain high quality staff, the Group provided competitive remuneration packages with performance bonuses, mandatory provident fund, insurance 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, United States dollars, New Taiwan dollars 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

Retailers across Hong Kong and other regions globally have experienced unprecedented difficulties in their operations in 2020, mainly resulting from the challenges brought by the COVID-19 pandemic. Either as a citizen or as a retailer, we all have to adapt to the "new normal" and to overcome the challenges. Even through the past year was very tough for the Group's retail operations, the Group has made certain important strategic moves, structurally enhanced its operating cost structure and eventually managed to resume profitability of the Group. During the year under review, the Group re-focused its resources on Hong Kong and Macau markets and determinedly closed all the offline stores elsewhere in non-Hong Kong & Macau regions. Instead of penetrating overseas markets through traditional offline retail network, the Group is revamping its business model and intends to use online channels to explore opportunities in overseas markets, which can offer a wider geographical coverage across target customers at a relatively lower cost.

Looking forward, the Group still expects to encounter strong headwinds in the short-term and might require a prolonged path to thorough recovery. The Group will maintain a manageable scale of operations at a reasonable profitability level and does not intend to aggressively do fast and quantitative expansion in near future until having strong signs of sustainable economic recovery. Indeed, the Group will put more emphasis to foster qualitative growth of its retail business. Besides, with aims to improve the Group's asset returns and to realise the true value of its assets in general, the Group will do regularly review on its asset portfolio and seek opportunities to realise them where appropriate, in particular for certain idle or under-utilised properties.

DIVIDENDS

The Directors recommended the payment of a final dividend and a second special dividend of 6.0 HK cents (2020: 6.0 HK cents) and 40.5 HK cents (2020: 28.0 HK cents) per ordinary share respectively for the year ended 31 March 2021. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company (the "**AGM**"), the proposed final and the second special dividends will be payable on or before **Friday, 3 September 2021** to shareholders whose names appear on the register of members on **Thursday, 26 August 2021**.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming AGM is scheduled on **Wednesday, 18 August 2021**. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from **Friday, 13 August 2021** to **Wednesday, 18 August 2021**, 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, 12 August 2021**.

The proposed final and the second special dividends are subject to the passing of respective ordinary resolution by the shareholders at the AGM. The record date for entitlement to the proposed final and the second special dividends is scheduled on **Thursday, 26 August 2021**. For determining the entitlement to the proposed final and the second special dividends, the register of members of the Company will be closed from **Tuesday, 24 August 2021** to **Thursday, 26 August 2021**, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final and the second special dividends, 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 **Monday, 23 August 2021**.

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 2021 except for not having a separate chairman (the "**Chairman**") and chief executive officer (the "**CEO**") of the Company.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the roles of the Chairman and the CEO were not separated and were performed by the same person. Dr. Wong Yui Lam ("**Dr. Wong**") held both positions during the year ended 31 March 2020 and until 7 May 2020. As the founder of the Group, Dr. Wong has substantial experience in fashion industry and retail operations. The Board considered 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, Dr. Wong has ceased the position of the CEO with effect from 7 May 2020. After that, Dr. Wong continues to be the Chairman and an executive Director. Meanwhile, Mr. Yeung Yat Hang, a current executive Director, 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 2021.

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 2021.

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 2021.

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 March 2021 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year under review. The work performed by Grant Thornton Hong Kong Limited 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 Grant Thornton Hong Kong Limited 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 2020 up to the date of this announcement are set out below:

Name of Director	Details of changes
Dr. Wong Yui Lam	Awarded the degree of Doctor of Business Administration from the City University of Hong Kong in February 2021
Mr. Mak Siu Yan	Resigned as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Board with effect from 29 December 2020
Mr. Wong Man Tai	Appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Board with effect from 29 December 2020

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement for the year ended 31 March 2021 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 2021 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.

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

Hong Kong, 28 June 2021

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors 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. Chu To Ki, Mr. Mak Wing Kit and Mr. Wong Man Tai.