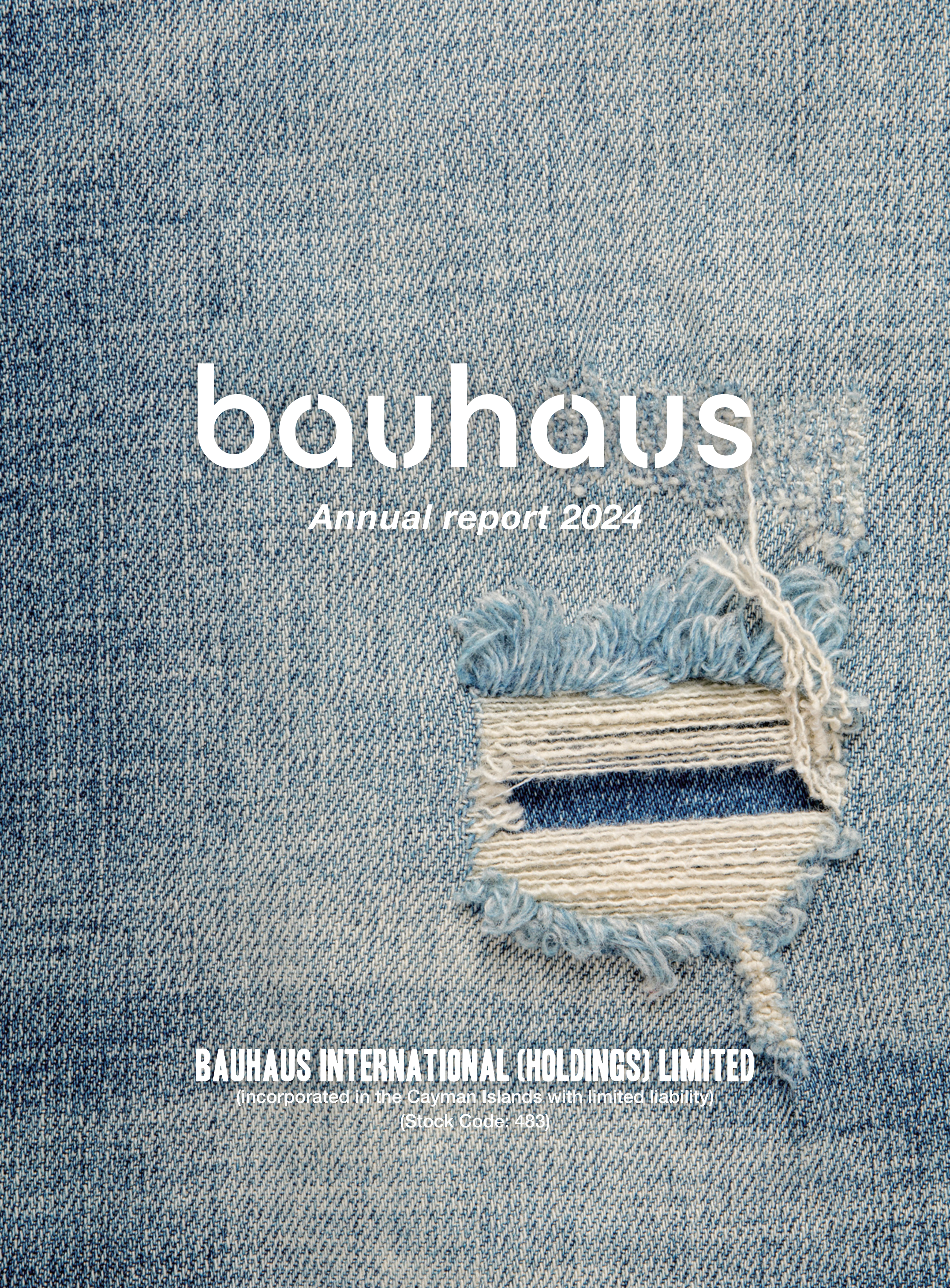


bauhaus

Annual report 2024

BAUHAUS INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 483)

Contents

On behalf of the Board of Directors (the "**Board**"), I am pleased to present Bauhaus International (Holdings) Limited (the "**Company**") and its subsidiaries' (collectively the "**Group**") annual results for the year ended 31 March 2024.

The Group's turnover for the year ended 31 March 2024 declined by 1.8% to HK$193.0 million, mainly due to subdued consumer sentiment and subtle changes in the consumption habits of local customers, despite recovery primarily driven by a resurgence in tourism after the boundary re-opening between Hong Kong, Macau, and the Chinese mainland. Hong Kong's retail sector faced continued challenges due to lowered equity and real estate market valuations, dampening consumer spending, and shifting consumption patterns, where local consumers increased spending in Mainland China and overseas due to the strong Hong Kong dollar.

Since 2022, the Group has improved its gross margin by selling more in-house brand products. The Group is committed to strengthening the recognition, reputation, and customer loyalty of the brand names established by the Group, namely TOUGH and SALAD, which offer designs with distinctive and creative styles. With our management team's extensive experience and expertise in the retail fashion industry, the Group continued to respond quickly to changing fashion trends, cautiously managed inventory levels, and ensured adequate clearance of slow-moving items.

We continued to optimise the retail operations in Hong Kong and Macau with stringent cost controls. We strengthened sales training in product styling aimed at increasing conversion rates and spending per customer. The Group seeks to maintain an optimum scale of offline operations in Hong Kong and Macau and is considering expansion to other new markets. The strategic focus will still be on achieving a balanced and profitable retail portfolio with sustainable online and offline sales growth. We are increasingly more selective when choosing locations for new stores and for renovations to upgrade our brand image. We will continue to leverage social media platforms for online marketing and sales.

As at 31 March 2024, the Group had cash and cash equivalents and time deposits of HK$87.1 million (2023: HK$87.5 million, and as at the date of this report, it has sufficient cash on hand to meet its current business needs.

The Group is cautiously optimistic about the retail market in Hong Kong and Macau for the year ahead. Retail sales, particularly in Hong Kong, are expected to recover more noticeably when global interest rates gradually ease, benefiting equity and real estate market valuations.

In the coming years, we shall drive our in-house brand development with renewed vigour, aiming to strengthen our brand equity, especially in our distinctively and creatively designed leather jackets, handbags, and ripped jeans with premium quality materials that offer exceptional values. We will focus on deepening our understanding of customer preferences, identifying emerging trends, and designing products that drive sustainable growth in the long term and meet customers' preferences. We are offering products with lower price points to cater to consumers' changing spending patterns.

The impact of e-commerce on the apparel retail industry has been significant. Consumers now compare prices, read reviews, and make informed decisions online. They seek convenience, personalised recommendations, and a seamless shopping experience. To remain competitive, our Group aims to balance physical and digital channels. We plan to achieve this by gradually promoting Omni channel retailing, enabling customers to confidently and efficiently shop in-store, online, and through social media platforms. We are also focused on enhancing operational efficiency and cost controls.

On behalf of the Board, I would like to express our heartfelt gratitude to our shareholders, directors, business partners, and customers for their unwavering trust in the Group. We deeply appreciate your recognition of our efforts. I sincerely thank our dedicated staff for their continued contribution to the Group and for demonstrating competency and resilience in the face of the challenging retail environments.

Madam Tong She Man, Winnie
Chairlady
Hong Kong, 25 June 2024

BOARD STATEMENT

The Group believes that protecting the environment, fostering social care and responsibility while maintaining sound corporate governance are key goals to our long-term success. The Board has overall responsibility for the Group's environmental, social and governance ("**ESG**") strategy and reporting. The Group formed a working group reporting to the Board, to discuss environmental, social and company issues of importance to investors and stakeholders. The Board also reviews the annual ESG report to ensure it meets the Board's requirements and the Group's strategies.

ABOUT THIS ESG REPORT

This ESG Report discloses the ESG performance of Bauhaus International (Holdings) Limited and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2024.

Scope of this ESG Report

The content of disclosure covers the environmental and social responsibility performance of its business in Hong Kong and Macau.

Reporting Standard

This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Main Board of The Stock Exchange of Hong Kong Limited.

Reporting Principles

The content of this ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. This ESG Report covers all key issues that are of interest to various stakeholders. Information of the standards, methodologies, references and source of key emission of these KPIs are stated wherever appropriate. To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable.

STAKEHOLDER ENGAGEMENT

The views of various stakeholders of the Group were collected by way of a questionnaire on the prioritisation of ESG issues for the preparation of the ESG report of next year. The survey results gave insight to the Group on the formulation of ESG policies and feasible remedial measures in the future that would help minimise the potential adversary effects on ESG aspects.

- Environmental aspects: most stakeholders regarded the use of plastics and packaging material, Greenhouse Gas emission and hazardous waste produced as being a particular concern to the environment.

- Employment aspects: most stakeholders cared about workplace safety while employee turnover rates were also a priority.

- Social aspects: product safety, consumer data protection and privacy and complaint handling were regarded as relevant issues.

ENVIRONMENTAL PROTECTION

The reduction of gas emission, inter alias, has become a priority global environmental protection issue. The Group strictly follows and complies with applicable laws and regulations relating to environmental protection. We strive to minimise emissions and our overall carbon footprint. The air pollutants were mainly generated from the fleet of vehicles hired to transport goods between our warehouse and stores. The Group closely monitors and keeps record of the use of fuel by the fleet. We keep track of the gas emissions and maintain them well within the limits permitted under laws and regulations. The Group constantly reviews and realigns the routes of transportation to maximise the cost effectiveness while minimizing fuel consumption and gas emissions. Contractors are reminded to keep regular maintenance of their vehicles.

Emissions from Vehicles

KPI Description (Measured in Kilogram)	**2023/24**	2022/23
Nitrogen oxides (NO_x)	**64.87**	46.59
Sulphur oxides (SO_x)	**0.07**	0.05
Particulate matter (PM)	**6.43**	4.62

Notes: Emissions data are computed with reference to:

(i) the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)" issued by the Electrical and Mechanical Services Department and the Environmental Protection Department in Hong Kong.

(ii) the "Carbon Audit Toolkit for Small and Medium Enterprises in Hong Kong (2010 Edition)" published by The University of Hong Kong.

(iii) NO_x, SO_x and PM emissions calculated in accordance with the Appendix 2: Reporting Guidance in Environmental KPIs issued by HKEX.

As the world moved forward into the post-Covid 19 era and the borders reopened in Hong Kong and Macau, economic activity picked up and the Group proactively reshuffled its retail store portfolio leading to an increase of overall emissions by around 4%. The increase is primarily due to increased vehicle emissions resulting from transportation of goods and replenishing packing material inventory. We will continue to streamline our logistics arrangements. Business air travel resumed but we will continue to utilise virtual conferences to conduct meetings as appropriate. The GHG emissions due to electricity use were reduced by 7% as a result of the reduce retail footprint. The intensity per square foot of floor area was 0.00795 tonnes of GHG emission which is similar to levels in the two preceding financial years.

Greenhouse Gas Emissions (Total Carbon Dioxide Emission in Tonnes)

KPI	**Description**	**2023/24**	2022/23
Scope 1	GHG emissions from vehicles	**10.68**	7.87
Scope 2	GHG emissions from purchase electricity	**575.50**	622.10
Scope 3	Amount of paper waste generated	**28.80**	5.00
	Plastic/plastic-coated bags	**66.00**	19.60
	Business air travel	**0.33**	0.00
Scopes 1 & 2 & 3 combined		**681.31**	654.57
Intensity of GHG emissions (tonnes/sq. ft./year)		**0.00795**	0.00671

Note: Total weighted-average floor area used for computation of GHG emission is 97,578 sq. ft. (2022: 143,048 sq. ft.).

With 33 directly managed retail stores in Hong Kong and Macau, a collective saving in electricity consumption will help our initiative to reduce gas emissions. The Group strives to make continuous improvement in enhancing energy efficiency. Our stores and offices use energy-saving LED lighting. We use temperature controllers and timers for air-conditioners, pre- set timers to turn off external lightings and billboards after the opening hours of stores.

We continued to participate in the "Energy Saving Charter" scheme in some of shopping malls to keep the air conditioning temperature between 24 and 26 degrees Celsius at our stores. We encouraged our staff to adopt the energy saving practices such as always switching off computers and electrical appliances when not in use. We utilise energy- saving office equipment and electrical appliances.

With continued effort of the above measures, the Group's energy consumption was reduced by about 12%.

Energy Consumption and Intensity

KPI Description	**2023/24**	2022/23
Diesel for vehicles (Litres/year)	**4,080**	2,934
Electricity purchased (kWh/year)		
Stores	**712,577**	810,892
Office and warehouse	**234,030**	259,337
Total (kWh/year)	**946,607**	1,070,229
Intensity of electricity consumption for stores (kWh/sq. ft./year)	**13.45**	12.51
Intensity of electricity consumption for office & warehouse (kWh/sq. ft./year)	**7.14**	7.91

Note: Total weighted-average floor area of stores: about 52,968 sq. ft. (2023: 64,808 sq. ft.) & total weighted-average floor area of office & warehouse: about 32,770 sq. ft. (2023: 32,770 sq. ft.).

The Group's operations are not water intensive. The water consumption is insignificant because we do not manufacture products, but we keep the data and review its consumption in due course. However, we constantly remind our staff of the importance of saving water. Sensor type taps to save water are installed in washrooms.

Use of Paper

The Group supports a "paperless" environment and we continue to reduce printing and copying by digitalisation of documents into image records for keeping. We increasingly use cloud storage for digital data to save physical storage spaces.

We encourage the staff to use recycled papers for printing, double-side printing and minimise colour printing. We set the default mode of the printers and computers to black and white printing. Our Marketing Department makes use of social media platforms and mobile apps for marketing promotion, using less and less paper leaflets, product catalogues and posters. Our stores use tablets and TV panels to reduce paper posters, POPs, and one-off signage. We reduced or re-used festive/promotional decorations.

Packaging

Since we are retailers, we are not involved in manufacturing. We do not directly consume packaging material for finished goods. The packaging materials were mainly paper and plastic shopping bags and cardboard boxes.

KPI (Measured in Tonnes)	2023/24	2022/23
Plastic/plastic-coated bags	**6.00**	3.14
Paper	**10.57**	1.05

Disposal of Hazardous and Non-hazardous Wastes

The Group promotes "reduce, reuse and recycle" to minimise waste. The Group strives to continually improve the image of its retail portfolio through store renovations and relocations and in doing so seeks to minimize the environmental impact but opting to reuse and recycle fittings as appropriate and to reduce the scale of the renovation works as appropriate. Accordingly, associated non-hazardous wastes were reduced by 18% while other non-hazardous commercial waste such as paper, plastics and metal, were reduced by 14%.

Waste Type	Treatment	Unit	2023/24	2022/23
Plastics, paper, metal, glass	Separated and sent to the nearest collection points	Tonnes	**7.13**	8.28
Store closure and relocation waste	Recycle store furniture and lighting for reuse in our existing and new stores	Tonnes	**321.50**	390.40

EMPLOYMENT AND LABOUR PRACTICES

Employment

The nature of retail business relies heavily on people. Our success hinges on talented people and a devoted work force.

The Group adopts a fair recruitment policy to offer open and equal opportunities, free of gender, race, family status and age discrimination, with a view to recruiting the best talents. We offer competitive remuneration and fringe benefits.

We implemented a flexible working hours scheme for employees. We limited the opening hours of the head office to encourage employees to go home on time. A transparent performance evaluation system has been established to ensure equal chance of promotion. We monitor effectively our recruitment procedures to ensure proper compliance.

We believe that through these human resources practices, our employees could achieve a desirable work-life balance which would enhance their job satisfaction and performance.

As at 31 March 2024, we have 165 (2023: 183) employees in Hong Kong and Macau, with most of them being customer facing retail sales staff. It is a young and energetic workforce with over 70% of our staff at the age of 40 or younger.

Indicators	**Number of Employees**		**Turnover Rate**	
	2023/24	2022/23	**2023/24**	2022/23
	165	183	**82%**	75%
By gender				
Female	**135**	143	**75%**	62%
Male	**30**	40	**109%**	78%
By age group				
≤20 years old	**6**	3	**200%**	200%
21–40 years old	**110**	135	**76%**	63%
41–60 years old	**44**	39	**92%**	99%
≥61 years old	**5**	6	**36%**	156%
By geographical region				
Hong Kong	**143**	161	**77%**	79%
Macau	**22**	22	**114%**	48%
By employment type				
Full-time	**150**	171		
Part-time	**15**	12		

Health and Safety

Providing a safe working environment for our employees is a top priority. Regular inspections for safety facilities are conducted onsite at stores and warehouses. For frontline staff at stores, we regularly remind them of the safety hazards when working in the storerooms.

In the year under review, no new cases of work injury was reported, compared with one case in the previous year. The total number of accumulated lost days due to work injury is 39 days, compared with 362 last year. In the event any injuries or illnesses are reported, the Group undertakes a prompt investigation under internal guidelines and reports findings to avoid reoccurrence.

Staff Development and Training

The Group values regular development and training for our employees to enable them to develop their strengths and skills and provide them with long-term career prospects. Department heads and management regularly evaluate our employees and promotions and salary review are merits based. In the year under review, our employees attended a total of 1,593 hours (2023: 1,824 hours) of training and courses.

Indicators

Average training hours (hr) and percentage of employees trained (%)

By gender		
Female	**10.67**	**88.1%**
Male	**13.18**	**86.7%**
By employee category		
Senior Management	**15.00**	**100%**
Middle Management	**5.57**	**37.5%**
Other employees	**11.23**	**92.7%**

Labour Standards

The Group is dedicated to safeguarding the rights and interests of employees by building a fair working environment. Employees are provided with handbooks detailing Group employment policies and benefits. The Group complies with all relevant legislations in Hong Kong and Macau concerning employment and labour practices.

Preventative measures against child and forced labour

As part of the Group's recruitment process, all applicants are required to complete personal information and have their identification documentation verified to ensure they are above the legal minimum working age and have. In accordance with the job descriptions and the appropriate conditions for task arrangement, the Group would not adopt threatening or violent practices for coercing employees to take on incapable or unreasonable jobs. If there was any occurrence of any child labour or forced labour, the Group will immediately launch a thorough investigation and terminate any violations.

During the year under review, there were no material non-compliance cases reported in relation to applicable laws and regulations on employment, health and safety as well as labour standards.

OPERATING PRACTICES

Supply Chain Management

The Group is committed to managing the environmental performance of its supply chain. During the year in review, the Group utilised 22 existing manufacturers, all of which are based in Mainland China.

The Group has an established supplier assessment process which requires evaluation during the engagement process followed by regular reviews in relation to their quality assurance, product safety, compliance with laws and environment and social responsibility. The Group gives priority to suppliers that are more environmentally friendly. In addition, payments to suppliers are in strict accordance with the procurement management.

We have established systematic inspection procedures to monitor product quality. We require the suppliers to conduct fabric inspections, and quality assurances in the production. We continue to communicate with the suppliers of international brands to ensure the quality and safety and environmental standards.

Product Responsibility

During the year under review, no product was recalled for safety and health reasons and the Group was not aware of any significant non-compliance cases in its operations in relation to applicable laws and regulations on product responsibilities.

Customer Service

Retail business is customer-oriented in nature. The Group keeps improving its services with an aim to provide a favourable and happy shopping environment for our customers. We provide constant training to our new staff, senior sales staff and supervisors to make them aware of the ever-changing customer needs and to do our best to meet their expectations.

In the year under review, we received a total of 14 cases (2023: 16 cases) of product and service-related complaints. We will continue to improve our customer service training to minimise the number of complaints and improve customer experience.

Intellectual Property Protection

During the year in review, we maintained our trademark portfolio, monitored the market for infringing uses of trademarks used by the Group, conducted trademark searches, and filed trademark applications for new branding and product lines.

Data Protection

The Group attaches great importance to the protection of data privacy of our employees and our customers and strictly observe compliance with applicable laws and regulations. The Group does not sell, transfer or disclose any personal data to third parties unless with the consent from the data owner. Sound security protection of the personal data is in place. The Group has implemented appropriate electronic and managerial measures in order to safeguard, protect and secure the personal data against unauthorised access and use.

Anti-Corruption

Free and fair competition are the core values of Hong Kong and also the keys to success in business. It has always been the Group's goal to achieve the highest business ethics and integrity. It requests all its business partners to adhere to the same as well.

In the selection of suppliers, we require them to respect the key values and principles of our code of practice. We seek business partners, including suppliers, contractors, franchisees, and wholesale partners that coincide with our business philosophy. The Group disapproves of any corruptive practices, denounces and declines any monetary offers, gift and favours from suppliers in any business transactions.

To our existing and new suppliers and vendors, we require them to sign a letter of commitment confirming that they have no conflict of interest with our staff, and will not offer or attempt to offer or accept bribes or any form of facilitation payments to or from staff.

To improve our governance, we regularly remind our staff of the Group's policies, code of practices and anti-graft guidelines in festive seasons. We conduct regular trainings in high-risk departments.

Meanwhile we maintain an independent feedback channel through which our staff are able to file their reports or complaints of any or suspected malpractices. The complaints, if any, will be handled in accordance with the Group's Anti- Corruption Policy and Whistleblowing Policy with oversight by independent non-executive directors. No report was received in the year under review.

During the year under review, the Group was not aware of any significant non-compliance cases in its Hong Kong operations in relation to applicable laws and regulations on corruption, fraud and money laundering.

Social Responsibility and Community Involvement

The Group is committed to contributing back to the community including our youth, the education sector and underprivileged groups. The Group provides work experience opportunities to students through internships. We encourage our staff to participate in community activities and seek out community needs for the Group to contribute.

Listing information

Listing exchange	:	Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")
Listing date	:	12 May 2005
Stock code	:	483

Share information

Shares		**As at 31 March 2024 No. of shares**	As at 31 March 2023 No. of shares
Authorised shares	:	**2,000,000,000**	2,000,000,000
Issued shares	:	**367,380,000**	367,380,000

Board lot size	:	2,000 shares
Par value	:	HK$0.10

Key dates

2022/23 Annual Results Announcement	:	26 June 2023
Closure of Register of Members for 2022/23 Annual General Meeting	:	15 August 2023 to 18 August 2023 (both days inclusive)
2022/23 Annual General Meeting	:	18 August 2023
2023/24 Interim Results Announcement	:	29 November 2023
2023/24 Annual Results Announcement	:	25 June 2024
Closure of Register of Members for 2023/24 Annual General Meeting	:	14 August 2024 to 19 August 2024 (both days inclusive)
2023/24 Annual General Meeting	:	19 August 2024
Official website	:	corporate.bauhaus.com.hk
Investor relation	:	ir@bauhaus.com.hk
Financial year end	:	31 March
Interim period end	:	30 September

NAME OF THE COMPANY
Bauhaus International (Holdings) Limited
包浩斯國際(控股)有限公司
(the "**Company**" and its subsidiaries, collectively the "**Group**")

DIRECTORS OF THE COMPANY (THE "DIRECTORS")

Executive Directors:
Madam Tong She Man, Winnie *(Chairlady)*
Mr. Yeung Yat Hang *(Chief Executive Officer)*

Independent Non-Executive Directors:
Mr. Wong Man Tai
Ms. Choi Sze Man, Mandy
Mr. Ong Benjamin Peng Liong

AUTHORISED REPRESENTATIVES
Madam Tong She Man, Winnie
Mr. Yeung Yat Hang

COMPANY SECRETARY
Ms. Cheng Chak Yu

AUDIT COMMITTEE
Mr. Ong Benjamin Peng Liong *(Chairman)*
Mr. Wong Man Tai
Ms. Choi Sze Man, Mandy

REMUNERATION COMMITTEE
Ms. Choi Sze Man, Mandy *(Chairlady)*
Mr. Ong Benjamin Peng Liong
Mr. Wong Man Tai

NOMINATION COMMITTEE
Mr. Wong Man Tai *(Chairman)*
Mr. Ong Benjamin Peng Liong
Ms. Choi Sze Man, Mandy

PRINCIPAL AUDITOR
Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay, Hong Kong

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Bank of China (Hong Kong) Limited
Bank of China Tower,
1 Garden Road,
Hong Kong

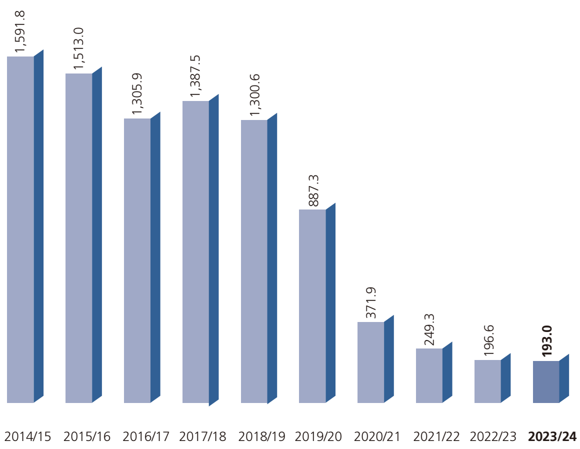
REGISTERED OFFICE
Third Floor,
Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
1/F, 163 Hoi Bun Road,
Kwun Tong, Kowloon
Hong Kong

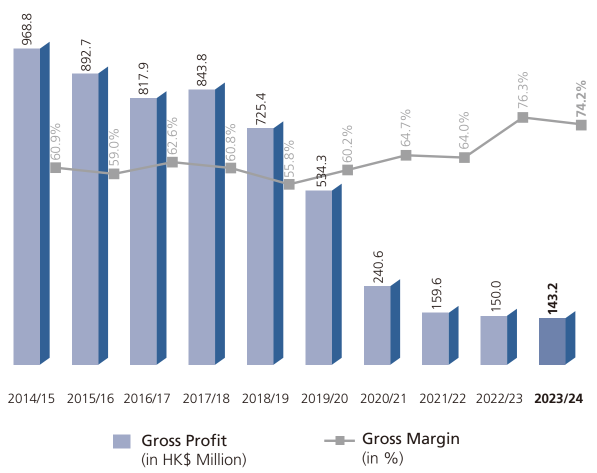
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Services (Cayman Islands) Limited
Third Floor,
Century Yard,
Cricket Square, P.O. Box 902,
Grand Cayman, KY1-1103,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

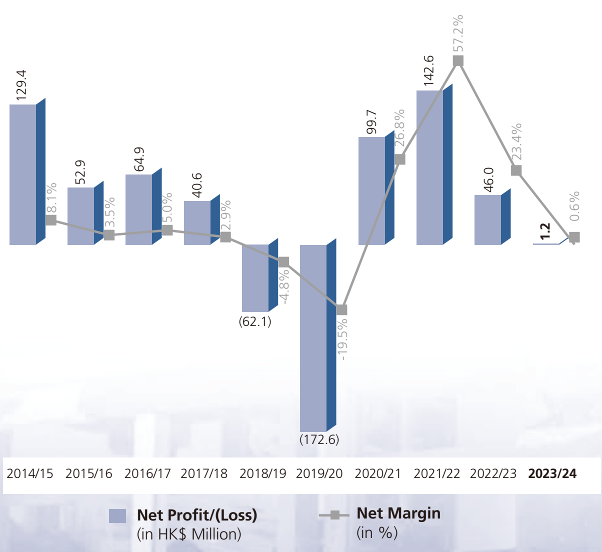
Sales (in HK$ Million)



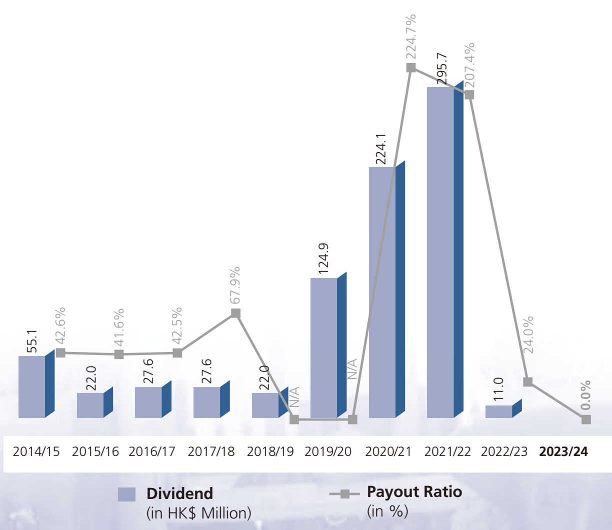
Gross Profit & Gross Margin



Net Profit/(Loss) & Net Margin



Dividend & Payout Ratio



SEGMENT TURNOVER

	Turnover			Turnover Composition		
	FY 2023/24 HK$ million	FY 2022/23 HK$ million	Change %	**FY 2023/24 %**	FY 2022/23 %	Change % pts.
By Business						
Offline	**189.8**	192.1	(1.2%)	**98.3%**	97.7	+0.6
Online	**3.2**	4.5	(28.9%)	**1.7%**	2.3	-0.6
	193.0	196.6	(1.8%)	**100.0**	100.0	

SELF-MANAGED RETAIL NETWORK – OFFLINE

		No. of shops/counters/outlets		
		Hong Kong	**Macau**	**TOTAL**
As at 31 March 2024				
In-House Brand	BAUHAUS	**12**	**4**	**16**
	SALAD	**13**	**2**	**15**
	Others	**2**	**–**	**2**
TOTAL		**27**	**6**	**33**
Aggregate sales footage (in sq. feet)		**34,541**	**9,840**	**44,381**
As at 31 March 2023				
In-House Brand	BAUHAUS	14	5	19
	SALAD	13	2	15
	TOUGH	–	2	2
	Others	2	–	2
Licensed Brand	SUPERDRY	1	–	1
TOTAL		30	9	39
Aggregate sales footage (in sq. feet)		45,999	15,555	61,554

		Notes	**FY 2023/24**	FY 2022/23	Change
KEY FINANCIAL RATIOS					
Performance					
Gross Margin	(%)	1	**74.2**	76.3	-2.1% pts.
Net Profit Margin	(%)	2	**0.6**	23.4	-22.8% pts.
Return on Average Equity	(%)	3	**0.7**	26.2	-25.5% pts.
Return on Average Assets	(%)	4	**0.6**	20.1	-19.5% pts.
Operating					
Inventory Turnover Days		5	**261**	289	-28 days
Debtors' Turnover Days		6	**6**	4	+2 day
Creditors' Turnover Days		7	**5**	12	-7 days
Liquidity and Gearing					
Current Ratio		8	**3.0**	4.0	-25.0%
Quick Ratio		9	**2.1**	3.1	-32.3%
Gearing Ratio	(%)	10	**–**	–	n/a
PER SHARE DATA					
Book Value Per Share	(HK cents)	11	**44.7**	44.2	+1.1%
Basic Earnings Per Share	(HK cents)	12	**0.3**	12.5	-97.6%
Diluted Earnings Per Share	(HK cents)	13	**0.3**	12.5	-97.6%
Dividend Per Share					
Interim	(HK cents)		**–**	3.0	
			–	3.0	-100%
Dividend Payout Ratio	(%)	14	**–**	24.0	-24% pts.

Notes:

1. "Gross Margin" is based on gross profit divided by turnover for the year.

2. "Net Profit Margin" is calculated as the profit for the year attributable to equity holders of the parent divided by turnover for the year.

3. "Return on Average Equity" represents the profit for the year attributable to equity holders of the parent divided by the average of the opening and closing balances of shareholders' equity.

4. "Return on Average Assets" represents the profit for the year attributable to equity holders of the parent divided by the average of the opening and closing balances of total assets.

5. "Inventory Turnover Days" is based on the average of the opening and closing balances of inventories (before provision for inventories) divided by the cost of sales (before reversal of provision for inventories) and then multiplied by the number of days during the year.

6. "Debtors' Turnover Days" is based on the average opening and closing balances of trade receivables divided by turnover and then multiplied by the number of days during the year.

7. "Creditors' Turnover Days" is based on the average opening and closing balances of trade payables divided by purchases and then multiplied by the number of days during the year.

8. "Current Ratio" represents current assets divided by current liabilities.

9. "Quick Ratio" represents current assets minus inventories, divided by current liabilities.

10. "Gearing Ratio" represents total interest-bearing bank borrowings divided by total assets.

11. "Book Value Per Share" represents shareholders' equity divided by the total number of issued shares at the end of the reporting period, which was 367,380,000 (2023: 367,380,000).

12. "Basic Earnings Per Share" is calculated as the profit for the year attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the year under review, which was 367,380,000 (2023: 367,380,000).

13. "Diluted Earnings Per Share" is calculated as the profit for the year attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the year under review and all dilutive potential ordinary shares of 367,380,000 (2023: 367,380,000) in aggregate.

14. "Dividend Payout Ratio" represents the aggregate dividends declared and proposed for the year under review divided by the profit for the year attributable to equity holders of the parent.

DIRECTORS

Executive Directors

Madam Tong She Man, Winnie, aged 65, is the Co-founder, the Chairlady and the Authorised Representative of the Group. She was a former Executive Director from October 2004 to March 2009. Madam Tong is responsible for strategic retail portfolio management, merchandising strategies, and the Group's cost-control objectives. Madam Tong has extensive experience in the fashion industry. She conceived the concept and brand name "SALAD", the critical in-house brand of the Group. Madam Tong was awarded the diploma by Hong Kong Shue Yan College (Department of Journalism) in 1983. Madam Tong is one of the directors of New Huge Treasure Investments Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Yeung Yat Hang, aged 46, is the Chief Executive Officer of the Group. He also succeeded Dr. Wong as the Authorised Representative of the Group on 26 June 2023. Mr. Yeung is responsible for implementing corporate strategies and managing the Group's business operations. He is also responsible for the Group's leasing affairs and executing various development projects. He monitors the performance of the retail operations and enforces the Group's cost-cutting measures. Mr. Yeung has over 25 years of experience in business negotiation, project management, shop decoration and retail operation. He joined the Group in May 1994.

Independent Non-Executive Directors

Mr. Wong Man Tai, aged 50, is a qualified accountant with over 20 years of experience in the financial service industry, including experience in mergers and acquisition transactions and business management. He has over ten years of management experience in financial and investment groups in Hong Kong SAR and Mainland China. He has held senior executive positions in several financial institution groups and has taken key roles in managing investment transactions, business strategy and corporate restructuring. He holds a finance degree from The City University of Hong Kong and an Executive MBA from The Chinese University of Hong Kong. He also holds professional certifications, including Fellow Certified Public Accountant (FCPA) from The Hong Kong Institute of Certified Public Accountants. He joined the Group in December 2020.

Ms. Choi Sze Man, Mandy, aged 40, graduated from the University of Sydney in 2005 with a Bachelor's degree in Economic & Social Sciences. Ms. Choi was also awarded an Executive Diploma in Corporate Governance and Innovation Leadership by the Hong Kong Institute of Directors ("**HKIoD**") in association with IVEY Business School at the University of Western Ontario in 2021 and is currently a member of HKIoD. Ms. Choi has more than nine years of experience in business operations, business management, and strategic planning. She is a director of a seafood trading company based in Hong Kong SAR. She is responsible for cost management, factory and product quality control, business-to-business client relations and logistic control. She joined the Group in June 2023.

Mr. Ong Benjamin Peng Liong, aged 50, is a qualified accountant with 28 years of experience in mergers and acquisitions, corporate development and various finance roles in Hong Kong SAR, the United States and Canada. He held a senior executive position with a global communications and advertising group for the past 12 years. He is a non-executive director of a media and communications company in Vietnam. Previously, he held multiple positions in the transaction advisory and audit divisions of two Big 4 accounting firms and a corporate finance role for a Canadian stock exchange platform. He graduated from the University of British Columbia in Canada in 1995 and holds professional certifications, including Chartered Professional Accountant, Chartered Accountant in Canada and Chartered Financial Analyst. He joined the Group in November 2023.

COMPANY SECRETARY

Ms. Cheng Chak Yu, aged 54, is the Chief Financial Officer and the Company Secretary of the Group. She oversees the Group's financial management, accounting and company secretarial affairs. Ms. Cheng has over 25 years of experience in auditing, accounting, financial management, and corporate governance. Ms. Cheng is a member of the Hong Kong Institute of Certified Public Accountants and Chartered Professional Accountants (CPA) of Canada and is a Chartered Financial Analyst (CFA) charterholder. Ms. Cheng holds a Master of Business Administration degree from Ivey Business School at the University of Western Ontario and a Bachelor of Business Administration degree from Simon Fraser University of Canada. Before joining the Group, Ms. Cheng was the Internal Audit Director of an established group that builds and invests in premium consumer brands in Greater China.

BUSINESS REVIEW

For over twenty years, the Group has principally designed and retailed trendy apparel, bags, and fashion accessories. Its turnover is mainly contributed by its major in-house labels, such as "SALAD" and "TOUGH," some trendy design brands, and certain international labels.

The Group recorded a net profit of HK$1.2 million (2023: HK$46.0 million) for the year ended 31 March 2024.

Offline

Offline retail operations are the key operating segment of the Group accounting for almost all of the Group's turnover. As at 31 March 2024, the Group had 33 (2023: 39) physical stores across Hong Kong and Macau. Turnover of the segment declined by 1.2% to HK$189.8 million (2023: HK$192.1 million), which mainly resulted from the reduction in total number of physical shops, despite the positive growth in the overall same-store-sales of +11% for the year ended 31 March 2024 (2023: −6%).

Despite re-opening borders and relaxing travel restrictions in Hong Kong and Macau since early 2023, the local retail atmosphere remained sluggish, particularly in Hong Kong, suppressing the overall sales performance.

In Hong Kong, the Group performed relatively stable during the year ended 31 March 2024 and recorded +3% growth in same-store-sales (2023: 0%).

The Group's offline retail business in Macau rebounded strongly during the year ended 31 March 2024. After easing the anti-epidemic measures, same-store-sales growth swung to positive growth of +49% (2023: −28%) in this financial year. Macau is a travel and entertainment city with highly correlated economic performance to tourism. Strict disease control over COVID-19 pandemic by governments in Macau and surrounding Mainland cities like Guangzhou and Zhuhai during the first three quarters of last year significantly stifled the tourist traffic. Macau's government launched a citywide lockdown in July 2022. The Group temporarily suspended its operations in the city for nearly a month last year.

The Group continued to control its operating costs and successfully recalibrated its high operating costs, including rentals and staff costs, to link them more elastically with its sales performance. It promptly reacted with appropriate contingent plans for unfavourable incidents.

Online

The online business is considered to have tremendous growth prospects. The Group has established separate management and operation teams to foster the development of this business segment.

The segment incurred a loss of HK$0.6 million (2023: loss of HK$0.2 million). Sales declined by 29% to HK$3.2 million during the year ended 31 March 2024 (2023: HK$4.5 million).

FINANCIAL REVIEW

Turnover and Segment Information

Turnover of the Group declined by 1.8% to HK$193.0 million (2023: HK$196.6 million) for the year ended 31 March 2024. The Group's same-store-sales growth improved to +11% (2023: −6%) for the year under review. The decline in sales was mainly attributable to the reduction in business scale and sluggish retail sentiment, particularly in Hong Kong during the financial year under review. Details of the Group's segmental turnover and results are shown in Note 4 to the consolidated financial statements.

Gross Profit and Gross Margin

The Group's gross profit slipped by 4.5% to HK$143.2 million (2023: HK$150.0 million) for the year ended 31 March 2024. Gross margin declined slightly to 74.2% (2023: 76.3%). Due to the enhanced salability of inventories and the reduced level of slow-moving items, a net reversal of stock provision of HK$2.2 million was recognised in the year under review (2023: HK$16.0 million). Given lesser pressure on redundant inventories, the Group also reduced the scale of bargain sales activities, offered lesser price discounts, and adjusted retail prices upward for certain in-house brand products during the year under review.

Operating Expenses and Cost Control

Although the Group continued to manage operating expenses very cautiously during the year ended 31 March 2024, its core operating expenses (excluding non-cash write-off, loss on disposal, and impairment loss) increased by 9.4% to HK$136.0 million (2023: HK$124.3 million) for the year under review.

Rental is one of the Group's key operating expenses. The Group has proactively restructured lease arrangements with landlords for more flexible terms and strove for reasonable rent concessions. Also, the Group regularly reviewed the performance of each retail store and promptly revamped or eliminated any loss-making stores. At the same time, the Group cautiously relocated certain offline shops to less costly locations with appropriate sales exposure. Lease expenses (including depreciation of right-of-use assets, lease payment 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 2024 were HK$53.2 million (2023: HK$42.9 million). To maintain competitiveness, the Group adopts an on going practice of strategically relocating, consolidating and converting its retail portfolio.

Staff cost increased by 6.2% to HK$47.7 million (2023: HK$44.9 million) during the year under review due to an increasingly competitive labour market. The total number of staff reduced to 165 at the end of the reporting period (2023: 183). The above two major expenditures have already accounted for 74.2% (2023: 70.6%) of the Group's core operating expenses.

Depreciation of property, plant, and equipment increased to HK$3.8 million (2023: HK$3.6 million) for the year under review. The Group's finance costs for the year ended 31 March 2024 mostly consisted of the interest on lease liabilities of HK$4.1 million (2023: HK$1.0 million). Efforts to control costs in other areas are also in place. Regular review of work procedures is crucial to improving efficiency and effectively managing costs.

Gain on disposal of properties

On 12 December 2023, a wholly-owned subsidiary of the Group entered a provisional sale and purchase agreement with an independent third party to sell a car parking space at a total consideration of HK$2.9 million (before any related expenses). The transaction was completed on 31 January 2024 and the Group recorded a gain on disposal of the property of HK$2.6 million (before any related expenses) during the year ended 31 March 2024 (2023: HK$1.5 million).

FINANCIAL REVIEW *(Continued)*

Government grants

The Group recognised no government grants during the year under review (2023: HK$4.2 million).

Write-back of lease liabilities and reversal of impairment of right-of-use assets

The Group recorded a net write-back of lease liabilities and a reversal of impairment of right-of-use assets of HK$94,000 (2023: HK$6.5 million) and Nil (2023: HK$0.6 million), respectively in the year ended 31 March 2024.

Net Profit

The Group recorded a net profit for the year ended 31 March 2024 of HK$1.2 million (2023: HK$46.0 million). The plummet in net profit was primarily attributable to the combined effect of (i) reversal provision of inventories decreased from HK$16 million in 2023 to HK$2.2 million; (ii) write back of lease liabilities decreased from HK$6.5 million in 2023 to HK$94,000; (iii) government grants for COVID-19 pandemic relief decreased from HK$4.2 million in 2023 to Nil; (iv) lease expenses increased from HK$42.9 million in 2023 to HK$53.2 million; (v) impairment provision on the Group's right-of-use assets increased from Nil in 2023 to HK$7.9 million; and (vi) impairment provision on the Group's property, plant and equipment increased from Nil in 2023 to HK$1.2 million.

SEASONALITY

As its track record shows, seasonality heavily affects the Group's sales and results. 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 operating 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 2024, the Group had net assets of HK$164.0 million (2023: HK$162.5 million), comprising non-current assets of HK$90.6 million (2023: HK$76.2 million), net current assets of HK$94.6 million (2023: HK$97.6 million) and non-current liabilities of HK$21.2 million (2023: HK$11.3 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2024, the Group had cash and cash equivalents and time deposits of HK$57.7 million (2023: HK$67.8 million) and HK$29.4 million (2023: HK$19.7 million), respectively. At the end of the reporting period, the Group had aggregate banking facilities of HK$30.0 million (2023: HK$10.0 million), comprised of interest-bearing bank overdraft, revolving loans, rental and utility guarantees as well as import facilities, of which HK$27.1 million had not been utilised (2023: HK$8.5 million). The Group had no borrowings as at 31 March 2023 and 31 March 2024. The Group's gearing ratio at the end of the reporting period, representing a percentage of total interest-bearing bank borrowings to total assets, was zero (2023: zero).

CASH FLOWS

During the year ended 31 March 2024, net cash flows from operating activities decreased by 37.6% to HK$44.7 million (2023: HK$71.6 million), mainly due to the increase in operating costs. Net cash flows used in investing activities was HK$18.6 million (2023: HK$9.4 million), mainly due to increase in purchase of items of property, plant and equipment to HK$11.8 million (2023: HK$3.1 million). Net cash flows used in financing activities slumped to HK$36.2 million (2023: HK$102.8 million), mainly due to the cut in surplus cash from the proceeds of disposal of properties for dividend payments.

SECURITY

As at 31 March 2024, the Group's general banking facilities were secured by its property, plant and equipment, and right-of-use assets in Hong Kong. At the end of the reporting period, these assets had aggregate carrying values of HK$4.9 million and HK$12.5 million, respectively (2023: HK$5.0 million and HK$12.8 million).

CAPITAL COMMITMENT

The Group had no material capital commitment contracted but not provided for as at 31 March 2024 (2023: Nil).

CONTINGENT LIABILITIES

As at 31 March 2024, the Group had contingent liabilities regarding bank guarantees given in lieu of utility and property rental deposits amounting to HK$2.9 million (2023: HK$1.5 million).

HUMAN RESOURCES

As at 31 March 2024, the Group had 165 (2023: 183) employees, including the directors. To attract and retain high-quality staff, the Group provided competitive remuneration packages with performance bonuses, a mandatory provident fund, insurance coverage, and 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 primarily denominated in Hong Kong dollars and United States dollars. The Group has been exposed to certain foreign currency exchange risks, but it does not anticipate future currency fluctuations causing 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.

The Company's board of directors (the "**Board**") is committed to maintaining a solid and transparent framework of corporate governance for the Company and its subsidiaries (the "**Group**") and will continue to review its effectiveness.

The Board has adopted the Code Provisions as stated in the Corporate Governance Code ("**CG Code**") contained in Appendix C1 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") as the corporate governance code of the Company. The Board is committed to complying with the Code Provisions as stated in the CG Code to the extent that the directors of the Company ("**Directors**") consider it applicable and practical to the Company.

During the year under review, the Company has complied with the Code Provisions in the CG Code.

BOARD OF DIRECTORS

The Company is governed by the Board, which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising its affairs. The Board is responsible for setting goals and objectives, formulating corporate strategies, and overseeing the Group's performance. All directors of the Company (the "**Directors**") are aware of their collective and individual responsibilities to the shareholders of the Company, the duties to act honestly and in good faith in the interest of the Company and its shareholders as a whole and to avoid conflict of interests.

The Executive Directors and management of the Group implement the strategic plans and deal with day-to-day operational matters of the Group under the delegation and authority of the Board. The management of the Company reports regularly to the Executive Directors on their duties and responsibilities as well as the conduct, business activities and development of the Group. They provide adequate, complete and reliable information in a timely manner to enable the Directors and/or the Board committees of the Company (the "**Board Committees**") to make informed decisions on all significant matters of the Company. The management also provides sufficient information and explanation to the Board to enable it to make an informed assessment of financial and other information put before it for approval. The management also supplies additional information upon request and enquiry by the Directors. The Board and each Director have separate and independent access to the management and the company secretary of the Company (the "**Company Secretary**"), whenever necessary, for any information relevant to the Group they may require in discharging their duties. The Board reviews those arrangements at least annually to ensure the arrangements remain appropriate to the needs of the Company.

As at 31 March 2024, the Board is comprised of five members, including two Executive Directors and three Independent Non-Executive Directors, as shown below:

Executive Directors

Madam Tong She Man, Winnie *(Chairlady)*
Mr. Yeung Yat Hang *(Chief Executive Officer)*

Independent Non-Executive Directors

Mr. Wong Man Tai
Ms. Choi Sze Man, Mandy
Mr. Ong Benjamin Peng Liong

The Board's composition is well balanced, with each Director having sound industry knowledge, extensive strategic planning and execution experience, and expertise relevant to the group's business.

Biographical details of the Directors and the relationship among the members of the Board, if any, are set out in the section of "Directors and Company Secretary" on page 15 of this Annual Report.

BOARD OF DIRECTORS *(Continued)*

In compliance with Rules 3.10(1) and (2) and 3.10A of the Listing Rules, the Company has appointed three Independent Non-Executive Directors, representing at least one-third of the Board and bringing about a solid independent element. The Board considers that all the Independent Non-Executive Directors have appropriate and sufficient business, legal, and/or finance experience and qualifications to carry out their duties to protect the interests of the Company's shareholders.

The Company has received an annual confirmation of each Independent Non-Executive Director's independence as required under Rule 3.13 of the Listing Rules. The Company considered all the Independent Non-Executive Directors to be independent. The Independent Non-Executive Directors are explicitly identified in all corporate communications.

Each of the Independent Non-Executive Directors has taken up the role for an initial term of one year and is subject to retirement and re-election in accordance with the Company's articles of association.

If a Director has a conflict of interest in a transaction or proposal to be considered by the Board and which the Board has determined to be material, the individual Director concerned declares his/her interest and is required to abstain from voting. The matter will be considered at a board meeting in the presence of the independent non-executive directors who have no material interest in the proposed transaction.

According to the Company's articles of association, the Directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices. The Company has maintained appropriate director liability insurance with respect to legal action against the Directors from their liabilities arising out of corporate activities. The insurance coverage will be reviewed regularly to ensure its effectiveness and sufficiency.

Pursuant to CG Code Provision C.1.4, the Directors are required to participate in continuous professional development to ensure that their contribution to the Board remains informed and relevant. Accordingly, the Group also adopted a corporate governance policy requiring every newly appointed Director should receive a comprehensive, formal and tailored induction on appointment of at least 15 hours from the Chairman, other senior Directors and/or external professional bodies, as appropriate, to ensure that they have appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. In addition, all the Directors are required to participate in at least 15 hours of continuous professional development in each financial year to develop and refresh their knowledge and skills, either through in-house training or external professional resources. All the Directors have complied with the requirements during the year ended 31 March 2024.

BOARD OF DIRECTORS *(Continued)*

A summary of training received by the Directors during the year under review is as follows:

	Type of training
Executive Directors	
Madam Tong She Man, Winnie	A, B
Mr. Yeung Yat Hang	A, B
Independent Non-Executive Directors	
Mr. Wong Man Tai	A, B
Ms. Choi Sze Man, Mandy	A, B
Mr. Ong Benjamin Peng Liong	A, B

A: reading newspapers/journals and updates relating to the retail industry, corporate governance and director's responsibilities

B: attending technical seminars/conferences/workshops/forums

During the year ended 31 March 2024, the Company Secretary, Ms. Cheng Chak Yu, also undertook at least 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

BOARD MEETINGS

Board meetings are held regularly and at least four times a year at quarterly intervals. For regular Board meetings, notices of at least 14 days together with respective agendas are given to facilitate maximum attendance of the Directors. At the meeting, the Directors are provided with the relevant documents to be considered and approved. Draft minutes of the Board meeting are circulated to all the Directors for comments. Minutes of Board meetings are taken by the Company Secretary or a duly appointed secretary of the Board meeting and are open for inspection by any Director.

The table below sets out the attendance of each Director at the annual general meeting (the "**AGM**") and the meetings of the Board and other Board committees held during the year under review:

	AGM	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Madam Tong She Man, Winnie	1/1	6/6	n/a	n/a	n/a
Mr. Yeung Yat Hang	1/1	6/6	n/a	n/a	n/a
Dr. Wong Yui Lam *(retired on 26 June 2023)*	0/1	2/6	n/a	n/a	n/a
Independent Non-Executive Directors					
Mr. Wong Man Tai	1/1	6/6	3/3	4/4	4/4
Ms. Choi Sze Man, Mandy *(appointed on 26 June 2023)*	1/1	5/6	3/3	3/4	3/4
Mr. Chu To Ki *(resigned on 18 August 2023)*	0/1	1/6	0/3	1/4	1/4
Mr. Ong Benjamin Peng Liong *(appointed on 30 November 2023)*	0/1	3/6	2/3	2/4	2/4
Mr. Mak Wing Kit *(resigned on 30 November 2023)*	1/1	3/6	1/3	2/4	2/4

BOARD COMMITTEES

The Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, with written terms of reference in compliance with the CG Code. As at 31 March 2024, all those committees are comprised of three independent non-executive directors with appropriate professional qualifications and experiences in accounting, legal affairs, financial and business management. The committee members may call any meetings whenever necessary or desirable. The composition of the Board Committees during the year under review was as follows:

Independent Non-Executive Directors	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Wong Man Tai	Member	Member	**Chairman**
Ms. Choi Sze Man, Mandy	Member	**Chairlady**	Member
Mr. Ong Benjamin Peng Liong	**Chairman**	Member	Member

Audit Committee

The primary duties of the audit committee are to make recommendations to the Board on the appointment, re-appointment, removal, remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; to review and monitor the integrity of the Group's financial information (including, but not limited to, the Group's consolidated financial statements, interim report and annual report, etc.); to oversee the Group's financial reporting system, risk management and internal control systems; and to develop, review and monitor the Group's corporate governance functions delegated by the Board.

During the year under review, the audit committee reviewed the Group's consolidated financial statements, interim and annual reports, the accounting principles and practices adopted, risk management, internal control and financial reporting systems, and plans and findings of audit from the external auditor. Besides, the audit committee reviewed the external auditor's independence and made recommendations to the Board for approval of the external auditor's remuneration, terms of engagement and the re-appointment of the external auditor. For corporate governance, the audit committee reviewed and updated the Group's policies on corporate governance, whistleblowing, anti-corruption, inside information, and shareholders' communication. The audit committee also reviewed the Group's compliance with the CG Code and disclosures in this Corporate Governance Report.

Remuneration Committee

The primary duties of the remuneration committee are to make recommendations to the Board on the Group's policy and structure for Directors' remuneration and on the establishment of a formal and transparent procedure for developing such remuneration policy; to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, and to make recommendations to the Board on the remuneration packages of the Executive Directors.

The primary goal of the remuneration policy with regard to the remuneration packages to the Directors and other employees of the Group is to enable the Group to retain and motivate them to meet corporate goals and to support the continuous development of the Group by linking their remuneration with performance as measured against corporate objectives achieved. The remuneration package is determined by reference to an individual's duties and responsibilities, experiences, qualifications, prevailing market conditions and corporate and individual performance. Subject to the Group's profitability, the Group may also grant discretionary bonuses and share options of the Company to its employees as an incentive for their contribution to the Group.

During the year under review, the remuneration committee reviewed and evaluated the Group's remuneration policy and structure for the Executive Directors, their performance against corporate objectives and results achieved and the terms of their service contracts. In addition, the remuneration committee has reviewed the remuneration packages of Executive Directors and recommended the Board for approval (i.e. the model described in Code Provision E.1.2(c)(ii) of the CG Code is adopted). No Director was involved in deciding his/her own remuneration during the year under review.

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The remuneration for the year ended 31 March 2024 to the Directors fell within the following bands:

	Number of individuals	
	2024	2023
HK$1,000,000 or below	**5**	4
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**1**	1

Further details of the remuneration to the Directors for the year under review are set out in Note 8 to the consolidated financial statements on pages 80 to 81 of this Annual Report.

Nomination Committee

The primary duties of the nomination committee are to review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy and on the selection of individuals nominated for directorships as well as appointment or re-appointment of the Directors. The nomination committee is also responsible for planning succession for the Directors, particularly the Chairlady and the Chief Executive Officer of the Company.

Board Diversity Policy

The Board has adopted a board diversity policy. The Company recognises and embraces the benefit of having a diverse Board to enhance the quality of its performance. With a view to achieving sustainable and balanced development, the Company sees increasing diversity at the Board level as a constructive element in supporting the attainment of its strategic objectives and sustainable development. When determining the composition of the Board, board diversity will be considered from several factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee reviews the policy and objectives from time to time to ensure their appropriateness in determining the optimum composition of the Board that aligns with the Company's strategy and objectives and makes recommendations to the Board, if any.

Board Diversity Profile

		As at 31 March 2024,		
Role of directors		**Executive**	**Independent Non-Executive**	**TOTAL**
		2	3	5
Length of services	**5 years or below**	**6 to 10 years**	**Over 10 years**	**TOTAL**
	3	–	2	5
Age group	**40–49**	**50–59**	**Over 60**	**TOTAL**
	2	2	1	5
Gender		**Female**	**Male**	**TOTAL**
		2	3	5

BOARD COMMITTEES *(Continued)*

Board Diversity Policy *(Continued)*

The nomination committee considered the current Board composition to have achieved the necessary diversity appropriate for the group's business development. The nomination committee will regularly review the board's composition and diversity to ensure its continued effectiveness.

Workforce Gender Diversity Profile (including the Directors and senior management)

	As at 31 March 2024		
Gender	**Female**	**Male**	**TOTAL**
No. of staff	134	31	165
Gender ratio	81%	19%	100%

The Company respects the contributions and talents of different genders equally. It adopts a fair recruitment policy to offer open and equal opportunities, free of gender, race, family status and age discrimination, to recruit the best talents. The Company primarily considers the candidates' personal merit, qualifications, experience and skills. The Company also takes into consideration its business model and specific needs from time to time in determining the optimal composition of the workforce.

Nomination Policy

The board has adopted a nomination policy (the "**Nomination Policy**"), which sets out the criteria and process for nominating and appointing Directors. The objective is to ensure the Board has a balance of skills, experience, and diversity of perspectives appropriate to the requirements of the Company and the Group's business.

(1) Selection Criteria

The factors listed below will be used as reference by the nomination committee in assessing the suitability of a proposed candidate:

- ➢ Reputation for integrity;
- ➢ Accomplishment and experience;
- ➢ Qualifications;
- ➢ Compliance with legal and regulatory requirements;
- ➢ Commitment in respect of available time and relevant interest;
- ➢ Independence: in case of nomination or re-appointment of independent non-executive directors, the requirements and guidelines on the independence of a candidate under Rule 3.13 of the Listing Rules; and
- ➢ Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services.

These factors are considered and are not intended to be exhaustive or decisive. The nomination committee has the discretion to nominate any person it deems appropriate.

BOARD COMMITTEES *(Continued)*

Nomination Policy *(Continued)*

(2) Nomination Procedures for a New Director

The secretary of the nomination committee shall call a meeting and invite nominations of candidates from Board members, if any, for consideration by the committee before its meeting. The nomination committee may also put forward candidates not nominated by Board members.

The nomination committee shall evaluate such candidate according to the requirements set out above to determine whether such candidate is appropriate for the Company's directorship. If he or she is considered suitable, the nomination committee shall make recommendations for the Board's consideration and approval in the case of filling a casual vacancy. For proposing candidates to stand for election at a general meeting, the nomination committee shall then make nominations to the Board for its consideration and recommendation. A candidate can withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

(3) Re-election of Director at General Meeting

Retiring Directors are eligible for nomination by the Board to stand for re-election at a general meeting. The nomination committee and/or the Board should review the retiring director's overall contribution and service to the Company and his/her level of participation and performance on the Board.

If an Independent Non-Executive Director is subject to re-election, the nomination committee and/or the Board will also assess and consider whether the Independent Non-Executive Director will continue to satisfy the independence requirements set out in the Listing Rules.

The nomination committee and/or the Board should then recommend to the Company's shareholders that the director be re-elected at the general meeting.

During the year under review, the nomination committee reviewed the board's present structure, size, and composition, the board diversity policy, and the adopted nomination policy.

In addition, according to the articles of association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

In accordance with articles 86(3) and 87 of the Company's articles of association, Mr. Wong Man Tai and Mr. Ong Benjamin Peng Liong will retire by rotation at the AGM. Mr. Wong Man Tai and Mr. Ong Benjamin Peng Liong, both being eligible, will offer themselves for re-election at the AGM. The nomination committee has reviewed the re-election of Mr. Wong Man Tai and Mr. Ong Benjamin Peng Liong and recommended them to the Board for re-election.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The Company appointed Grant Thornton Hong Kong Limited ("**GT**") as the Group's principal auditor since the year ended 31 March 2021. The acknowledgement of their responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" section on pages 40 to 43 of this Annual Report.

The fees paid or payable to the principal auditors, GT, and their affiliated firms as well as the secondary auditors, for services rendered are as follows:

	2024 **HK$'000**	2023 HK$'000
Audit service fee:		
to the principal auditors	**1,000**	980
to the secondary auditors	**242**	219
Sub-total	**1,242**	1,199
Non-audit service fee to the principal auditors:		
Others	**82**	30
Sub-total	**82**	30
Total	**1,324**	1,229

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities for the Group's risk management and internal control systems (the "**Systems**") and reviews their effectiveness. Such Systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has delegated its responsibilities to the Group's Audit Committee (the "**Audit Committee**") to oversee the Systems on an ongoing basis and to conduct a review of the effectiveness of the Systems at least annually.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Features of the Systems

The major components of the control structure are outlined as follows:

- An organizational and governance structure with defined responsibilities, appropriate delegation of authority, and proper segregation of duties.

- Appropriate policies and procedures are in place to safeguard the assets against unauthorized use or disposition.

- Suitable systems and procedures for financial control, risk management, and internal control to identify and measure risks and conduct bi-annual risk assessments to monitor risk mitigation progress.

- Operational and financial budgeting and forecasting systems for performance measurement, including regular variance analysis against budgets and plans, and setting key business performance targets with appropriate measures to address deficiencies.

- Maintain proper and accurate accounting records and ensure the reliability of financial reporting.

- Rigorous policies and procedures for the appraisal, review, and approval of significant contracts, key capital, and recurrent expenditures.

- A “whistle-blowing” mechanism to allow anonymous and confidential reporting of any suspected acts of fraud or gross misconduct to the management and Audit Committee for further action.

- A steadfast ‘anti-corruption’ mechanism in place to promote and support compliance with anti-corruption laws and regulations, providing clear guidelines to employees about their responsibilities to prevent fraud, to help the Group defend against corrupt practices, and to report any suspected cases of fraud and corruption or any attempts thereof to the management or through an appropriate reporting channel. The Group maintains a zero-tolerance approach to all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealings with third parties.

- Strict internal procedures and controls for the handling and dissemination of inside information.

- A Risk Management Committee, comprised of Heads of Group Legal, Human Resources, Operations and Finance, to monitor and review the effectiveness of the Group’s internal control systems annually and to consider whether there is a need for an internal audit function and make a recommendation to the Audit Committee. The Risk Management Committee is fully accountable to the Board for providing assurance on managing and monitoring the risk management and internal controls systems.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Review of the Systems

The Group carries out review and analysis, which cover all material controls on financial, operational and compliance aspects, from time to time through its Risk Management Committee to ensure that the Group's Systems can meet and deal with the dynamic and ever-changing business environment. Any significant risks, system deficiencies and control weaknesses identified are timely reported to appropriate management and the Audit Committee for corrective actions.

During the year under review, the Audit Committee has reviewed the Group's risk assessment and management practice. All findings have been addressed and recommendations are made to the Board for consideration. The Audit Committee has also assisted the Board in reviewing the resources, staff qualification and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions and were of the view that they were adequate.

The Board and the Audit Committee have reviewed and confirmed that the Systems were effective and adequate for the year ended 31 March 2024.

Inside Information Policy

The Group adopts an inside information policy to regulate the handling and dissemination of inside information, particularly that which may be potentially price-sensitive. Procedures and guidelines ensure that inside information is kept strictly confidential. If inside information has to be disseminated to the public, it should be done in an equal and timely manner in accordance with the applicable laws and regulations.

The Board identifies a list of designated officers of the Group, including all the Directors and certain employees, who are substantially involved in the management of the Group's operations and/or be in possession of inside information. These officers not only have to comply with specific procedures in handling inside information but also need to make appropriate declarations to a designated Director or the Company Secretary and comply with restrictions and blackout periods with respect to dealing with the securities of the Company. The board reviews and updates the list of the officers from time to time.

Whistleblowing Policy

The Group adopts a whistleblowing policy that covers a wider scope of possible improprieties in matters related to the Company to help detect and deter misconduct, malpractice, or unethical acts in the Company. The policy sets out procedures whereby employees can report any actual or suspected occurrence of improper conduct involving the Group and for such matters to be investigated and dealt with effectively in an appropriate and transparent manner. The Audit Committee has been designated to receive and consider any such cases reported with appropriate evidence, to obtain information and explanation from the Executive Directors, to perform necessary investigations internally and/or through external professional parties, and to make recommendations to the Board to address issues and correct irregularities.

Anti-corruption Policy

The Group implements an anti-corruption policy that sets out the basic standard of conduct for all directors, officers, and employees of the Company and its subsidiaries (collectively known as "**Employees**"). It guides all Employees on how not to accept advantages and how to handle conflicts of interest when dealing with the Company's business. The Company also encourages and expects our business partners, including suppliers, contractors and clients, to abide by the Group's anti-corruption policy principles.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as its code of conduct for dealing in securities by the Company's directors. Based on specific enquiries with the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year under review.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board acknowledges its responsibilities for the preparation of the consolidated financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows of the Group for that year and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the consolidated financial statements for the year ended 31 March 2024, the Board has selected appropriate accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable and prepared the consolidated financial statements on a going concern basis. The Board is responsible for keeping proper accounting records which disclose the financial position of the Group with reasonable accuracy at any time.

COMMUNICATION WITH INVESTORS AND SHAREHOLDERS

To enhance transparency and effectively communicate with the investment community, the Executive Directors maintain regular communications with various shareholders, potential investors, research analysts, fund managers and the media.

The Board also welcomes shareholders' views on matters affecting the Company and encourages them to attend shareholders' general meetings to communicate directly with the Board. The external auditor and the chairman of each of the Board committees attend the general meeting and are available to answer shareholders' enquiries. The important details and dates for shareholders during the year under review and in the coming financial year are set out in the "Information for Investors" section on page 10 of this Annual Report.

In addition, annual/interim reports, announcements, and press releases, if any, are posted on the Stock Exchange's website at www.hkexnews.hk and the Company's corporate website at corporate.bauhaus.com.hk. The Company's corporate website is regularly updated and contains additional information on the Group's business. The Board reviewed its implementation regularly and considered it effective.

DIVIDEND POLICY

To achieve sustainable development of the Group's business and deliver favourable returns to shareholders of the Company in the long term, the Board adopted a dividend policy (the "**Dividend Policy**") to guide dividend distribution, as follows:

Declaration of dividend is subject to the discretion of the Board, taking into consideration, among others, the following factors in relation to the Company and the Group as a whole:

(i) operations and earnings;
(ii) business development;
(iii) capital requirements and surplus;
(iv) general financial conditions;
(v) contractual restrictions (if any); and
(vi) any other factors that the Board considers appropriate.

DIVIDEND POLICY *(Continued)*

The Company may, from time to time, declare dividends in any currency to be paid to the members of the Company, but no dividend shall be declared in excess of the amount recommended by the Board. However, any payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands, the Company's articles of association and all applicable laws, rules and regulations.

The Board will review the Dividend Policy from time to time. It may exercise its sole and absolute discretion to update, amend or modify the Dividend Policy at any time as the Board thinks fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING (THE "EGM")

The following procedures are subject to the Company's memorandum and articles of association (as amended from time to time) and the applicable legislation and regulation, in particular, the Listing Rules (as amended from time to time).

- Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

- Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at 1/F., 163 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, for the attention of the Company Secretary.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding(s), the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned.

- The Requisition will be verified with the Company's branch share registrar and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the articles of association of the Company to all the registered shareholders of the Company. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome, and accordingly, the Board will not call for an EGM.

- If within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so. All reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Under the Cayman Islands Companies Law, shareholders are not allowed to move new resolutions at general meetings. However, pursuant to the company's articles of association, shareholders who wish to move a resolution may convene an EGM by means of requisition following the procedures set out above.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns in writing to the Board by addressing them at the Company's principal place of business in Hong Kong at 1/F., 163 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, by post for the attention of the Company Secretary, or via email to ir@bauhaus.com.hk.

Upon receipt of the enquiries, the Company Secretary will forward:

1. communications relating to matters within the Board's purview to the Executive Directors;

2. communications relating to matters within a Board committee's area of responsibility to the chairman of the appropriate committee of the Board and

3. communications relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate management of the Group.

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The company's principal activities are investment holding and management of the Group's operations. There were no significant changes in the nature of the Group's principal activities during the year under review. The principal activities of its subsidiaries are the design and retail of trendy apparel, bags, and fashion accessories, property holding, brand licensing, and provision of management services.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2024 is set out under sections headed "Chairlady's Statement" on page 1 and "Management Discussion and Analysis" on pages 16 to 19 of this Annual Report. An analysis of the Group's performance for the year ended 31 March 2024 by key financial performance indicators is set out under the "Financial Highlights" section on pages 12 to 14 of this Annual Report. Those discussions form part of this Report of the Directors. The Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group for the year ended 31 March 2024.

Environmental Policies and Performance

The Group recognises the importance of environmental protection and sustainable business operations. It is dedicated to complying with the relevant environmental laws, standards, and policies prevailing in the countries or jurisdictions in which it principally operates. The Group also advocates a number of environmentally friendly measures in its operations and workplaces, including, but not limited to, paperless documentation, electronic communication, energy saving, and materials recycling.

Relationships with Employees, Customers and Suppliers

The Group considers that employees, customers and suppliers are key elements to the success of the Group's retail business. The Group provides a competitive remuneration package to motivate and retain quality staff and is committed to providing a safe and healthy working environment for its staff. In particular, the Group regularly organised in-house training, team building and networking activities for retail sales staff to promote team spirit and enhance skills.

As a reputable retailer in the fashion industry, the Group not only sells products to customers but also is committed to providing quality services and great shopping experiences to them either in the Group's offline retail shops or via online platforms. The Group regularly interacts with customers and always welcomes to gain valuable market insights and feedback from end consumers.

On the procurement side, the Group maintains a solid sourcing base and has established long-standing cooperation relationships with many suppliers. In addition, the Group has established anti-bribery policies, which are required to be observed by all parties, and regularly performs quality assurance reviews and on-site checks to ensure the merchandise produced or supplied by vendors meets required standards and at reasonable market prices.

Further elaboration on the Group's environmental policies and relationships with different stakeholders of the Group and the community is set out under the section headed "Environmental, Social and Governance Report" on pages 2 to 9 of this Annual Report. Details of the Group's corporate governance practices are set out under the section headed "Corporate Governance Report" on pages 20 to 32 of this Annual Report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 March 2024 and the Group's financial position at that date are set out in the consolidated financial statements on pages 44 to 48 of this Annual Report.

During the year under review, the Company has not paid any dividends. The Directors do not recommend the payment of a final dividend for the year ended 31 March 2024. Details of the dividends declared and paid during the year under review are set out in Note 12 to the consolidated financial statements.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "**AGM**") is scheduled on **Monday, 19 August 2024**. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 14 August 2024 to Monday, 19 August 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 13 August 2024.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements is set out on page 109 of this Annual Report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's issued share capital and share options during the year under review are set out in Note 25 and Note 26 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

DISTRIBUTABLE RESERVES

On 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law of the Cayman Islands, amounted to HK$127,299,000.

CHARITABLE CONTRIBUTIONS

The Group did not make charitable contributions during the year under review (2023: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2024, sales to the Group's five largest customers accounted for less than 1% of the total sales of the Group for the year. Purchases from the Group's largest supplier and five largest suppliers accounted for 52% and 79%, respectively, of the Group's total purchases for the year. None of the Directors or any of their close associates or any shareholder of the Company (which, to the knowledge of the Directors, own more than 5% of the Company's share capital) had beneficial interests in the Group's five largest customers or suppliers referred to above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

DIRECTORS

The Directors of the Company were:

Executive Directors:
Madam Tong She Man, Winnie *(Chairlady)*
Mr. Yeung Yat Hang *(Chief Executive Officer)*

Independent Non-Executive Directors:
Mr. Wong Man Tai
Ms. Choi Sze Man, Mandy *(appointed on 26 June 2023)*
Mr. Ong Benjamin Peng Liong *(appointed on 30 November 2023)*

With effect from 26 June 2023, Dr. Wong Yui Lam resigned, by reason of retirement, as an executive Director and ceased to be an authorised representative of the Company. The Board then appointed Ms. Choi Sze Man, Mandy as an Independent Non-Executive Director to fill a casual vacancy on the Board. It appointed Mr. Yeung Yat Hang as the company's authorised representative to succeed Dr. Wong on the same date. Mr. Chu To Ki resigned as the Independent Non-Executive Director of the Company, effective from 18 August 2023.

On 30 November 2023, Mr. Mak Wing Kit resigned as an Independent Non-Executive Director of the Company. The Board then appointed Mr. Ong Benjamin Peng Liong as an Independent Non-Executive Director on 30 November 2023.

In accordance with articles 86(3) and 87 of the Company's articles of association, Mr. Wong Man Tai and Mr. Ong Benjamin Peng Liong will retire by rotation at the AGM. Mr. Wong Man Tai and Mr. Ong Benjamin Peng Liong, both being eligible, will offer themselves for re-election at the AGM.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from each Independent Non-Executive Director and considers them independent.

DIRECTORS' AND COMPANY SECRETARY'S BIOGRAPHIES

Biographical details of the Directors and company secretary of the Company are set out on page 15 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

The Executive Directors, Madam Tong She Man, Winnie and Mr. Yeung Yat Hang, have renewed their service contracts with the Company for a term of three years commencing from 1 May 2023. The Executive Director, Dr. Wong, extended his service contract to 26 June 2023 and resigned upon the service contract's expiry. Except for Dr. Wong, the service contracts of other Executive Directors will continue thereafter until terminated by not less than six months' notice in writing served by either party on the other without payment of compensation. Under the service contracts, after each completed year of service, the remuneration payable to each of them may, subject to the discretion of the Board, be adjusted and they will each be entitled to a discretionary bonus not exceeding HK$5 million. Each of the Executive Directors will be entitled to all reasonable out-of-pocket expenses and medical expenses, housing benefits and reimbursements, the use of a car, and the fuel and maintenance (including insurance) expenses for the car used by him/her.

Apart from the foregoing, no Director being proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remuneration is recommended by the remuneration committee and is subject to approval by the Board with reference to directors' duties, responsibilities and performance and the results of the Group. Details of the remuneration payable to each Director for the year ended 31 March 2024 are set out in Note 8 to the consolidated financial statements.

DIRECTORS' INDEMNITY

According to the articles of association of the Company, the Directors for the time being of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices, save and except in case of fraud or dishonesty. The Company has maintained appropriate director liability insurance regarding legal action against the Directors during the year ended 31 March 2024 in respect of legal action against the Directors from their liabilities arising out of corporate activities.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

On 31 March 2024, the interests and short positions of the Directors of the Company in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), were as follows:

(a) Long positions in ordinary shares of the Company

	Number of shares held, capacity and nature of interest				
Name of Director	**Directly beneficially owned**	**Through controlled corporation**	**Through a discretionary trust/as beneficiary and founder of trust**	**Total number of ordinary shares held**	**Percentage of the Company's issued share capital**
Madam Tong She Man, Winnie ("**Madam Tong**") (note 1)	2,150,000	34,068,000	180,000,000	**216,218,000**	**58.85%**
Mr. Yeung Yat Hang	4,930,000	–	–	**4,930,000**	**1.34%**

Note:

1. The 34,068,000 shares are held by Great Elite Corporation ("**Great Elite**"), the entire issued share capital of which is beneficially owned by Madam Tong, an executive director of the Company. The 180,000,000 shares are held by New Huge Treasure Investments Limited ("**Huge Treasure**"), which is held by Yate Enterprises Limited as to 100%. Yate Enterprises Limited is in turn held by East Asia International Trustees Limited ("**EAIT**") as to 100% as trustee of The Tong & Wong Family Trust, a discretionary trust established by Dr. Wong Yui Lam and Madam Tong, an executive director of the Company. Madam Tong is also one of the beneficiaries of The Tong & Wong Family Trust.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(Continued)

Save as disclosed above, as at 31 March 2024, none of the Directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 March 2024, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

		Number of shares held, capacity and nature of interest				
Name	Position	Directly beneficially owned	Through controlled corporation	Through discretionary trust/as beneficiary, founder or trustee of trust	Total number of ordinary shares held	Percentage of the Company's issued share capital
EAIT (note 1)	Long position	–	–	180,000,000	**180,000,000**	**49.00%**
Yate Enterprises Limited (note 2)	Long position	–	180,000,000	–	**180,000,000**	**49.00%**
Huge Treasure	Long position	180,000,000	–	–	**180,000,000**	**49.00%**
Great Elite (note 3)	Long position	34,068,000	–	–	**34,068,000**	**9.27%**
David Michael Webb (note 4)	Long position	10,517,600	15,228,400	–	**25,746,000**	**7%**

Notes:

1. EAIT holds 100% shareholding interest in Yate Enterprises Limited as trustee of The Tong & Wong Family Trust, a discretionary trust established by Dr. Wong Yui Lam and Madam Tong, and Yate Enterprises Limited holds 100% shareholding interest in Huge Treasure. Therefore, EAIT is deemed to be interested in the shares in the Company by virtue of the SFO.

2. Yate Enterprises Limited holds 100% shareholding interest in Huge Treasure. Therefore, Yate Enterprises Limited is deemed to be interested in the shares in the Company held by Huge Treasure by virtue of the SFO.

3. Great Elite is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Madam Tong.

4. The 15,228,400 shares are held by Preferable Situation Assets Limited, which is incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Mr. David Michael Webb.

Save as disclosed above, as at 31 March 2024, no person, other than the Directors, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" on page 36, has an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme was adopted on 27 August 2015 (the "**Scheme**"). The Company operates the Scheme to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in Note 26 to the consolidated financial statements.

No share option was granted since its adoption and during the year ended 31 March 2024. As at 31 March 2024, there was no outstanding share option. As at the date of this report, the total number of securities available for issue under the Scheme was 36,738,000, representing 10% of the Company's issued shares.

Save as disclosed above, at no time during the year under review were rights to acquire benefits by means of the acquisition of shares in the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENTS

Other than the Scheme, as disclosed above, the Company entered no equity-linked agreements during the year under review or continued at the end of the reporting period.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions during the year are set out in Note 31 to the consolidated financial statements. These related party transactions also constituted either connected transactions or continuing connected transactions exempt from the reporting, announcement, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the applicable disclosure requirements of Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed above, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the Company, or any of the Company's subsidiaries was a party during the year under review.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year under review, none of the Directors had an interest in a business that competes with the Company or is likely to compete directly or indirectly with the Group's business.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this report.

AUDITOR

Grant Thornton Hong Kong Limited will retire, and a resolution for their reappointment as the company's auditor will be proposed at the AGM.

APPRECIATION

The Board would like to express its sincere gratitude to Dr. Wong, a co-founder of the Company, for his outstanding leadership and invaluable contributions to the Group during his tenure of office. It also would like to welcome Ms. Choi Sze Man, Mandy and Mr. Ong Benjamin Peng Liong to join the Board.

ON BEHALF OF THE BOARD

Madam Tong She Man, Winnie
Chairlady
Hong Kong, 25 June 2024

Grant Thornton
致同

To the members of Bauhaus International (Holdings) Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Bauhaus International (Holdings) Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 44 to 107, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment and right-of-use assets *Refer to notes 2.5, 3, 13 and 14 to the consolidated financial statements.* As at 31 March 2024, the Group had property, plant and equipment of HK$14,137,000 and right-of-use assets of HK$57,089,000, which represented 6.1% and 24.6% of the Group's total assets, respectively. Impairment assessment was conducted for property, plant and equipment and right-of-use assets on the retail shops, for which HK$1,173,000 and HK$7,926,000 were provided during the year, respectively. The management considers each retail shop as an individual cash-generating unit as each shop generates independent cash flows, which are largely independent of the cash flows generated by other assets. The Group performed impairment assessment based on the cashflow forecasts on the retail shops. We identified this as a key audit matter due to the evaluation process is inherently subjective, and dependent on a number of estimates, including budgeted sales and gross margin, revenue growth rates and discount rates.	Our audit procedures in relation to management's impairment assessment included, amongst others, an evaluation of the reasonableness of the bases and assumptions adopted in the valuation for estimating the value in use of the cashflow forecasts on the retail shops. We challenged the assumptions about sales growth rate, discount rate, the timing of the forecasted recovery of overall market and economic conditions and the respective effect to the Group's retail shops; we checked, on a sample basis, the accuracy and relevance of the input data used; involved the valuation specialist to assess the discount rate and we performed a sensitivity analysis of sales growth rate and discount rate and considering the resulting impact on the impairment and whether there were any indicators of management bias.
Inventory provision *Refer to notes 2.5, 3 and 18 to the consolidated financial statements* As at 31 March 2024, the Group had inventories of HK$41,056,000 (net of provision of HK$834,000), which represented 17.7% of the Group's total assets. The Group is principally engaged in the design and retail of trendy fashion of apparels, bags and accessories. The fast changing fashion trend is highly correlated to seasonal factors and affects the amount of inventory provision to be provided. Inventory provision is made for obsolete, damaged, slow-moving, excess and other inventory items whose costs may not be fully recoverable. We identified this as a key audit matter as such inventory provision is estimated by management through the application of judgment and use of subjective assumptions.	Our audit procedures included identifying and assessing aged and obsolete inventory when attending inventory counts; reviewing the Group's procedures over identifying and valuing obsolete, damaged, slow-moving, excess and other inventory items whose costs may not be fully recoverable; evaluating the methodologies, inputs and assumptions used by the Group in calculating the net realisable values; obtain the ageing profile of each inventory item and test the accuracy of the ageing profile, on a sample basis, by checking to the inventory records; and assessing the net realisable value by reviewing sales record throughout the year as well as subsequent sales after the year end. This included considering whether there was any indication of management bias such as manual overrides to the established methodology; and whether the percentage used for provision is appropriate comparing to the historical consumption.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2024 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong SAR

Hong Kong, 25 June 2024

Mr. Lam Yau Hing
Practising Certificate No.: P06622

Year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
REVENUE	5	**192,996**	196,618
Cost of sales		**(49,755)**	(46,628)
GROSS PROFIT		**143,241**	149,990
Other income and gains	5	**3,231**	13,689
Selling and distribution expenses		**(99,579)**	(93,695)
Administrative expenses		**(31,534)**	(28,580)
Other expenses		**(9,832)**	(960)
Finance costs	6	**(4,154)**	(1,053)
PROFIT BEFORE TAX	7	**1,373**	39,391
Income tax (expense)/credit	10	**(159)**	6,576
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,214**	45,967
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Remeasurement of long service payment ("LSP") liabilities		**301**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,515**	45,967
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**1,515**	45,967
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic and diluted	11	**0.3 HK cents**	12.5 HK cents

31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**14,137**	9,618
Right-of-use assets	14	**57,089**	41,884
Intangible assets	15	**29**	68
Equity investment at fair value through other comprehensive income		**–**	–
Rental, utility and other non-current deposits	20	**12,498**	17,788
Deferred tax assets	16	**6,818**	6,880
TOTAL NON-CURRENT ASSETS		**90,571**	76,238
CURRENT ASSETS			
Inventories	18	**41,056**	29,400
Trade receivables	19	**3,905**	2,785
Prepayments, deposits and other receivables	20	**9,044**	10,569
Tax recoverable		**88**	386
Time deposits	21	**29,420**	19,700
Cash and cash equivalents	22	**57,710**	67,809
Total current assets		**141,223**	130,649
CURRENT LIABILITIES			
Trade payables	23	**735**	989
Other payables and accruals	24	**11,746**	12,704
Lease liabilities	14	**34,110**	19,325
Total current liabilities		**46,591**	33,018
NET CURRENT ASSETS		**94,632**	97,631
TOTAL ASSETS LESS CURRENT LIABILITIES		**185,203**	173,869
NON-CURRENT LIABILITIES			
Lease liabilities	14	**20,753**	11,347
Long service payment obligations	17	**413**	–
TOTAL NON-CURRENT LIABILITIES		**21,166**	11,347
NET ASSETS		**164,037**	162,522
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	25	**36,738**	36,738
Reserves	27	**127,299**	125,784
TOTAL EQUITY		**164,037**	162,522

Madam Tong She Man, Winnie
Chairlady & Executive Director

Mr. Yeung Yat Hang
Chief Executive Officer & Executive Director

Year ended 31 March 2024

	Note	Share capital HK$'000	Share premium account HK$'000	Reserve funds HK$'000 (Note 27)	Fair value reserve of financial assets at fair value through other comprehensive income HK$'000 (Note 27)	Retained profits HK$'000	Total equity HK$'000
At 1 April 2022		36,738	105,566	24	(2,970)	48,836	188,194
2021/22 Final dividend declared	12	–	(60,618)	–	–	–	(60,618)
2022/23 Interim dividend declared	12	–	–	–	–	(11,021)	(11,021)
Transactions with owners		–	(60,618)	–	–	(11,021)	(71,639)
Profit and total comprehensive income for the year		–	–	–	–	45,967	45,967
At 31 March 2023 and 1 April 2023		**36,738**	**44,948***	**24***	**(2,970)***	**83,782***	**162,522**
Profit for the year							
Other comprehensive income for the year:		**–**	**–**	**–**	**–**	**1,214**	**1,214**
Remeasurement of LSP liabilities (note 17)		**–**	**–**	**–**	**–**	**301**	**301**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**1,515**	**1,515**
At 31 March 2024		**36,738**	**44,948***	**24***	**(2,970)***	**85,297***	**164,037**

* These reserve accounts comprise the consolidated reserves of HK$127,299,000 (2023: HK$125,784,000) in the consolidated statement of financial position.

Year ended 31 March 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax Adjustments for:		**1,373**	39,391
Finance costs	6	**4,154**	1,053
Bank interest income	5	**(2,414)**	(1,093)
Depreciation of property, plant and equipment	7	**3,838**	3,572
Depreciation of right-of-use assets	7	**38,276**	23,906
LSP obligations			
– expenses recognised in profit or loss	7	**141**	–
COVID-19-Related rent concessions	7	**–**	(1,384)
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	5, 7	**(660)**	(1,223)
Write-off of rental deposits	7	**647**	2
Write-back of lease liabilities, net	5, 7	**(94)**	(6,499)
Loss on disposal of trademarks	7	**12**	2
Amortisation of intangible assets	7	**27**	46
Reversal of provision for inventories, net	7	**(2,166)**	(16,030)
Impairment/(reversal of impairment) of right-of-use assets	7	**7,926**	(610)
Impairment of items of property, plant and equipment	7	**1,173**	–
Operating cash flows before working capital changes		**52,233**	41,133
Decrease in rental, utility and other non-current deposits		**4,643**	6,560
(Increase)/decrease in inventories		**(9,490)**	34,459
Increase in trade receivables		**(1,120)**	(1,052)
Decrease/(increase) in prepayments, deposits and other receivables		**1,525**	(4,633)
(Decrease)/increase in trade payables		**(254)**	205
Decrease in other payables and accruals		**(1,296)**	(4,997)
Cash generated from operations		**46,241**	71,675
Interest received		**2,414**	1,093
Interest paid		**(4,143)**	(1,053)
Hong Kong profits tax refunded, net		**289**	2
Overseas taxes paid		**(88)**	(140)
Net cash flows from operating activities		**44,713**	71,577
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	**(11,770)**	(3,135)
Proceeds from disposal of items of property, plant and equipment and right-of-use assets		**2,900**	1,750
Increase in time deposits, net		**(9,720)**	(8,000)
Net cash flows used in investing activities		**(18,590)**	(9,385)

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments	32(b)	**(36,222)**	(31,209)
Dividends paid	12	**–**	(71,639)
Net cash flows used in financing activities		**(36,222)**	(102,848)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(10,099)**	(40,656)
Cash and cash equivalents at beginning of year		**67,809**	108,465
CASH AND CASH EQUIVALENTS AT END OF YEAR		**57,710**	67,809
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**25,050**	28,509
Unpledged time deposits with original maturity of less than three months when acquired	22	**32,660**	39,300
		57,710	67,809

1. CORPORATE AND GROUP INFORMATION

Bauhaus International (Holdings) Limited is a limited liability company incorporated in the Cayman Islands. The address of its registered office is the Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands. The principal place of business of the Company is located at 1/F., 163 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Group is principally engaged in the design and retail of trendy apparel, bags and fashion accessories. The Group's turnover is mostly contributed by its major in-house labels like "SALAD" and "TOUGH", some trendy design brands as well as certain international labels.

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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2024 and 2023 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bauhaus Investments (BVI) Limited*	British Virgin Islands	Ordinary US$1,000	100 (2023: 100)	–	Investment holding
Bauhaus Holdings Limited	Hong Kong	Non-voting deferred HK$2 and ordinary HK$2	–	100 (2023: 100)	Trading of garments and accessories
Bauhaus Asia-Pacific Limited	Hong Kong	Ordinary HK$2	–	100 (2023: 100)	Trading of garments and accessories
Wide World Development Limited	Hong Kong	Ordinary HK$1	–	100 (2023: 100)	Trading of garments and accessories
Tough Jeans Limited	Hong Kong	Non-voting deferred HK$5 and ordinary HK$2	–	100 (2023: 100)	Brand management and licensing
Bauhaus Property Limited	Hong Kong	Ordinary HK$2	–	100 (2023: 100)	Dormant (2023: Property holding)
Sky Top Investment (Group) Limited	Hong Kong	Ordinary HK$1	–	100 (2023: 100)	Property holding
Bauhaus Management Limited	Hong Kong	Ordinary HK$1,000,000	–	100 (2023: 100)	Provision of management services
Bauhaus Retail (Macau) Limited*	Macau	Ordinary MOP25,000	–	100 (2023: 100)	Trading of garments and accessories
Bauhaus (SG) Pte. Ltd*	Singapore	Ordinary SG$1	–	100 (2023: Nil)	Trading of garments and accessories

* The financial statements of these subsidiaries were not audited by Grant Thornton Hong Kong Limited or another member firm of the Grant Thornton global network.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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 (the "**Listing Rules**"). They have been prepared under the historical cost convention, except for 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 the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 to the consolidated financial statements.

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 2024. 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 is attributed to the owners of the parent of the Company 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.

2.1 BASIS OF PREPARATION *(Continued)*

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 NEW AND AMENDED HKFRSs THAT ARE EFFECTIVE FOR ANNUAL PERIOD BEGINNING ON 1 APRIL 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA which are relevant to the Group's operation and effective for the Company's consolidated financial statements for the period beginning on 1 April 2023:

HKFRS 17	*Insurance Contracts and related amendments*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a single transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

Except for those mentioned below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are applied by the Group on 1 April 2023 and are applied prospectively. The amendments have no impact on the Group's financial positions, performance and accounting policies disclosures as set out in note 2 to the consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as "monetary amounts in the financial statements that are subject to measurement uncertainty".

2.2 NEW AND AMENDED HKFRSs THAT ARE EFFECTIVE FOR ANNUAL PERIOD BEGINNING ON 1 APRIL 2023 *(Continued)*

Amendments to HKAS 8 "Definition of Accounting Estimates" *(Continued)*

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are applied by the Group on 1 April 2023 and are applied prospectively. The amendments have no impact on the consolidated financial statements of the Group.

Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption of deferred tax in HKAS 12 "Income Taxes" does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12 "Income Taxes".

The Group adopted the amendments from 1 April 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after 1 April 2022, with any cumulative effect recognised as an adjustment to retained profits at that date.

Prior to the application of the amendments, the Group applied the initial recognition exemption and did not recognise deferred tax assets and deferred tax liabilities for temporary differences for transactions related to leases. Following the requirements of the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as at 1 April 2022. As the balances are qualified for offset under paragraph 74 of HKAS 12, the net deferred tax assets in relation to its lease liabilities are not recognised due to the unpredictability of future profit streams. During the year ended 31 March 2024, the Group has not recognised deferred tax liabilities in relation to its right-of-use assets and no deferred tax assets in relation to its lease liabilities are recognised as the amendments have no material impact on the consolidated financial statements of the Group.

Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules

The amendments provide mandatory temporary relief from accounting for deferred tax arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules (i.e. global minimum tax rules designed to ensure that large multinational business pay a minimum effective rate of tax of 15% on profits in all countries) ("**Pillar Two Model Rules**"). Entities shall apply this temporary exception immediately and retrospectively upon issuance of the amendments and disclose the fact of the application.

Besides, the amendments also introduce additional disclosure requirements to help users of financial statements to understand an entity's exposure to income taxes arising from the Pillar Two Model Rules. These disclosures are required in periods in which the legislation for Pillar Two Model Rules is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 April 2023.

The amendments have no impact on the consolidated financial statements because the Group does not fall into the scope of the Pillar Two Model Rules.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

At the date of authorisation of these consolidated financial statements, certain amended HKFRSs have been published but not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5*[1]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1. Effective on the consolidated financial statements of the Company for annual periods beginning on or after 1 April 2024
2. Effective on the consolidated financial statements of the Company for annual periods beginning on or after 1 April 2025
3. Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The adoption of the amended HKFRSs are not expected to have material impact on the Group's consolidated financial statements.

2.4 NEW HKICPA GUIDANCE ON THE ACCOUNTING IMPLICATION OF THE MPF-LSP OFFSETTING MECHANISM

As disclosed in note 17 to consolidated financial statement, in June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will take effect on 1 May 2025 (the "**Transition Date**"). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP in respect of an employee's service from the Transition Date (the "**Abolition**"). In addition, the last month's salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 April 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 (the "**Practical Expedient**") to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("**the Guidance**") that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

By following the Guidance, the Group has changed its accounting policy in connection with its LSP obligations. As a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contribution after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, the Group ceased to apply the Practical Expedient and reattribute the deemed employee contributions to periods of service in the same manner as the gross LSP benefit by applying paragraph 93(a) of HKAS 19.

This change in accounting policy upon the cessation in applying the Practical Expedient has resulted in a catch-up adjustment in profit or loss in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2023, with the corresponding adjustment to the carrying amount of the LSP obligations. Since the amount of the catch-up profit or loss adjustment was not material, the Group did not restate the comparative figures in the consolidated financial statements. Please refer to note 17 for more details.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly and not using significant unobservable inputs

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and the Company's investment in a subsidiary), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with the entity.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%
Leasehold improvements	2 to 5 years
Computer equipment	20% to 25%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Accounting policy for depreciation of right-of-use asset is set out in note of "leases" as below.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Trademarks with definite useful lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 15 years.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	over the lease terms

The Group also assesses the right-of-use asset for impairment when such indicator exists.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification. The only exception is any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 "Leases". In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and items of equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of- use assets.

On the consolidated statement of financial position, right-of-use assets have been presented in separate line item.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's deposits, trade and other receivables, cash and bank balances and a pledged time deposit fall into this category of financial instruments.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income (non-recycling) when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income and accumulated in "fair value reserve of financial assets at fair value through other comprehensive income". Equity investments designated at fair value through other comprehensive income (non-recycling) are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities (other than lease liabilities) depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Accounting policies of lease liabilities are set out in note of "leases" as above.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and

- reversals of existing temporary differences.

Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. Contract liabilities also include deferred revenue arising from the VIP programme.

Share capital

Share capital ordinary shares are classified as equity. The amount of share capital recognised is determined using the nominal value and any related transaction costs are deducted from the share premium.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Sale of garment products and accessories

Revenue from the sale of garment products and accessories is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garment products and accessories.

The Group operates a customer loyalty scheme through which award credits are granted to the customers on consuming in the retail shops that entitle them to consume by offsetting the award credits on future purchases in retail shops. These award credits provide a right to consume by offsetting the award credits to customers that they would not receive without future purchases in retail shops. The award credits have a valid period of 12 months after the grant of award credits. The promise to provide the right to the customer is therefore a separate performance obligation.

Other income

Interest income is recognised on a time proportion using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the asset.

Financial guarantees contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under "Other income" in the consolidated statement of profit or loss and other comprehensive income.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes-Merton pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Share-based payments *(Continued)*

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes and other retirement benefits

Retirement benefits to employees are provided through defined contribution plans. In addition, the employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment ("**LSP**") if the eligibility criteria are met. The LSP are defined benefits plans.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

Pension schemes and other retirement benefits *(Continued)*

(a) Defined contribution plans

The Group's subsidiaries incorporated in Hong Kong operate defined contribution Mandatory Provident Fund retirement benefit schemes (the "**MPF Schemes**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Schemes. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes.

The subsidiaries of the Group incorporated in Macau make monthly contributions to the social security fund managed by the relevant authority of the local government, which undertakes the retirement obligations of the Group's employees. The Group has no obligation for payment of retirement benefits beyond the monthly contributions. The contribution payable is charged as an expense to profit or loss as and when incurred.

(b) Defined benefit plans

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually with the assistance of an independent valuer. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to market yields of government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in finance costs.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Other employee benefits *(Continued)*

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed dividends are disclosed in the notes to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the senior executive management of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the dates of the initial transactions). Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgment

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which have significant effect on the amounts recognised in the consolidated financial statements.

Significant judgment in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

3. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment test of items of property, plant and equipment and right-of-use assets

Management estimates the recoverable amount of items of property, plant and equipment and right-of-use assets when an indication of impairment exists. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The carrying values of property, plant and equipment and right-of-use assets at 31 March 2024 were HK$14,137,000 (2023: HK$9,618,000) and HK$57,089,000 (2023: HK$41,884,000), respectively. Further details are included in Notes 13 and 14 to the consolidated financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at 31 March 2024, the recognised deferred tax assets related to tax loss and accelerated tax depreciation amounted to HK$5,118,000 (2023: 5,180,000) and HK$1,700,000 (2023: HK$1,700,000) respectively. The amount of unrecognised tax losses at 31 March 2024 was HK$213,719,000 (2023: HK$217,300,000). Further details are included in Note 16 to the consolidated financial statements.

Provision for inventories

Management reviews the ageing analysis of the Group's inventories at the end of each reporting period, and makes provision for obsolete items when events or change in circumstances show that the balance of inventories may not be realisable. The assessment of the provision amount involves management judgment and estimates by considering historical consumption and recent market condition. Where the actual outcome is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which such estimate has been changed. The carrying value of inventories at 31 March 2024 was HK$41,056,000, net of provision of HK$834,000 (2023: HK$29,400,000, net of provision of HK$3,000,000). Further details of which are included in Note 18 to the consolidated financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the design and retail of trendy apparel, bags and fashion accessories.

For management purpose and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purpose of resource allocation and performance assessment, the Group's reportable segments are as follows:

1. **Offline:** management and operation of physical point-of-sale, including but not limited to retail stores, outlets, pop-up shops and seasonal bargain sales activities, etc. in different regions (at the end of the reporting periods, mainly in Hong Kong and Macau); and

2. **Online:** management and operation of cyber distribution channels to capture boundless online consumption.

Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except for that interest income, non-lease-related finance costs, gain on disposal of properties (other than from leasehold improvements and equipment) and unallocated expenses, net are excluded from this measurement.

Segment assets exclude 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 other unallocated corporate liabilities as these liabilities are managed on a group basis. Segment non-current assets exclude 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 2024 and 2023, no major customer information is presented.

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Offline HK$'000	Online HK$'000	Total HK$'000
Year ended 31 March 2024			
Segment revenue:			
Sales to external customers	**189,803**	**3,193**	**192,996**
Segment results:	**32,427**	**(609)**	**31,818**
Reconciliation:			
Interest income			**2,414**
Finance costs (other than interest on lease liabilities)			**(14)**
Gain on disposal of properties (other than from leasehold improvements and equipment)			**2,620**
Unallocated expenses, net			**(35,465)**
Profit before tax			**1,373**
Segment assets:	**194,732**	**820**	**195,552**
Reconciliation:			
Deferred tax assets			**6,818**
Tax recoverable			**88**
Unallocated assets			**29,336**
Total assets			**231,794**
Segment liabilities:	**64,639**	**878**	**65,517**
Reconciliation:			
Unallocated liabilities			**2,240**
Total liabilities			**67,757**
Segment non-current assets:	**63,841**	**82**	**63,923**
Reconciliation:			
Deferred tax assets			**6,818**
Unallocated non-current assets			**19,830**
Total non-current assets			**90,571**

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Offline HK$'000	Online HK$'000	Total HK$'000
Other segment information:			
Capital expenditure*	**10,319**	–	**10,319**
Unallocated capital expenditure*			**1,451**
			11,770
Depreciation of property, plant and equipment	**2,778**	**15**	**2,793**
Unallocated depreciation			**1,045**
			3,838
Depreciation of right-of-use assets	**37,890**	–	**37,890**
Unallocated depreciation			**386**
			38,276
Amortisation of intangible assets	**5**	–	**5**
Unallocated amortisation			**22**
			27
Loss on disposal of items of property, plant and equipment and right-of-use assets, net	**1,960**	–	**1,960**
Unallocated gain on disposal of items of property, plant and equipment and right-of-use assets, net			**(2,620)**
			(660)
Loss on disposal of trademark, net	**12**	–	**12**
Write off of rental deposits	**647**	–	**647**
Write-back of lease liabilities, net	**(94)**	–	**(94)**
Impairment of right-of-use assets	**7,926**	–	**7,926**
Impairment of property, plant and equipment	**1,173**	–	**1,173**

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Offline HK$'000	Online HK$'000	Total HK$'000
Year ended 31 March 2023			
Segment revenue:			
Sales to external customers	192,086	4,532	196,618
Segment results:	61,798	(175)	61,623
Reconciliation:			
Interest income			1,093
Finance costs (other than interest on lease liabilities)			(23)
Gain on disposal of properties (other than from leasehold improvements and equipment)			1,549
Unallocated expenses, net			(24,851)
Profit before tax			39,391
Segment assets:	159,535	943	160,478
Reconciliation:			
Deferred tax assets			6,880
Tax recoverable			386
Unallocated assets			39,143
Total assets			206,887
Segment liabilities:	42,027	701	42,728
Reconciliation:			
Unallocated liabilities			1,637
Total liabilities			44,365
Segment non-current assets:	49,136	105	49,241
Reconciliation:			
Deferred tax assets			6,880
Unallocated non-current assets			20,117
Total non-current assets			76,238

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Offline HK$'000	Online HK$'000	Total HK$'000
Other segment information:			
Capital expenditure*	2,839	2	2,841
Unallocated capital expenditure*			294
			3,135
Depreciation of property, plant and equipment	2,471	51	2,522
Unallocated depreciation			1,050
			3,572
Depreciation of right-of-use assets	23,565	–	23,565
Unallocated depreciation			341
			23,906
Amortisation of intangible assets	10	–	10
Unallocated amortisation			36
			46
Loss on disposal of items of property, plant and equipment, net	326	–	326
Unallocated gains on disposal of items of property, plant and equipment and right-of-use assets, net			(1,549)
			(1,223)
Write-back of lease liabilities, net	(6,499)	–	(6,499)
Reversal of impairment of right-of-use assets	(610)	–	(610)

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

5. REVENUE, OTHER INCOME AND GAINS

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

	2024 HK$'000	2023 HK$'000
Revenue		
Sale of garment products and accessories transferred at a point in time	**192,996**	196,618
Disaggregated revenue information		
Segments		
Retail business		
Offline	**189,803**	192,086
Online	**3,193**	4,532
Total revenue from contracts with customers	**192,996**	196,618

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

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in contract liabilities at 1 April		
– Sale of garment products and accessories	**545**	1,365

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 online platforms. 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, using credit cards, or other forms of digital payments.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2024 and 31 March 2023 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.

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

	2024 HK$'000	2023 HK$'000
Other income		
Bank interest income	**2,414**	1,093
Government grants*	**–**	4,185
Others	**63**	79
	2,477	5,357
Gains		
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	**660**	1,223
Write-back of lease liabilities, net	**94**	6,499
Reversal of impairment of right-of-use assets	**–**	610
	754	8,332
	3,231	13,689

* During the year ended 31 March 2023, the Group recognised subsidies of HK$4,185,000 from certain anti-epidemic funds provided by the Hong Kong and Macau governments as part of the relief measures on COVID-19 pandemic.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities (Notes 14(b), 14(c))	**4,140**	1,030
Interest on LSP obligations	**11**	–
Other interest expenses	**3**	23
	4,154	1,053

7. PROFIT BEFORE TAX

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

	Notes	2024 HK$'000	2023 HK$'000
Cost of sales:			
Cost of inventories sold		**51,921**	62,658
Reversal of provision for inventories, net		**(2,166)**	(16,030)
		49,755	46,628
Lease expenses:			
Depreciation of right-of-use assets	14	**38,276**	23,906
Lease payments for short term leases and contingent rents not included in the measurement of lease liabilities		**10,810**	19,335
COVID-19-Related rent concessions*	14	**–**	(1,384)
Interest on lease liabilities		**4,140**	1,030
		53,226	42,887
Employee benefit expenses (including directors' remuneration (Note 8)):			
Wages, salaries and other benefits		**51,365**	46,376
Pension scheme expenses			
– Contribution to pension scheme**		**1,679**	1,685
– Expenses arising from LSP obligations		**141**	–
Refund from pension scheme		**(5,525)**	(3,189)
		47,660	44,872
Other expenses:			
Amortisation of intangible assets	15	**27**	46
Write-off of rental deposits, net		**647**	2
Loss on disposal of trademarks	15	**12**	2
Foreign exchange losses, net		**47**	910
Impairment of right-of-use assets	14	**7,926**	–
Impairment of property, plant and equipment	13	**1,173**	–
		9,832	960
Auditor's remuneration		**1,242**	1,199
Depreciation of property, plant and equipment	13	**3,838**	3,572
Gain on disposal of items of property, plant and equipment and right-of-use assets, net		**(660)**	(1,223)
Write-back of lease liabilities, net	14	**(94)**	(6,499)
Reversal of impairment of right-of-use assets	14	**–**	(610)

* Included in "selling and distribution expenses" 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 (2023: Nil).

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2024 **HK$'000**	2023 HK$'000
Fees	**383**	410
Other emoluments:		
Salaries, allowances and benefits in kind	**3,160**	3,608
Performance-related bonuses*	**620**	600
Pension scheme contributions	**30**	36
	3,810	4,244
	4,193	4,654

* Certain executive directors of the Company are entitled to bonus payments which are determined based on the results of the Group.

(a) Independent Non-executive Directors

The fees paid to independent non-executive directors during the year are as follows:

	2024 **HK$'000**	2023 HK$'000
Mr. Chu To Ki (note 1)	**97**	164
Mr. Mak Wing Kit (note 2)	**109**	164
Mr. Wong Man Tai	**82**	82
Ms. Choi Sze Man, Mandy (note 3)	**61**	–
Mr. Ong Benjamin Peng Liong (note 4)	**34**	–
	383	410

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive Directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2024					
Madam Tong She Man, Winnie	**–**	**1,730**	**500**	**12**	**2,242**
Mr. Yeung Yat Hang	**–**	**1,430**	**120**	**18**	**1,568**
Dr. Wong Yui Lam (note 5)	**–**	**–**	**–**	**–**	**–**
	–	**3,160**	**620**	**30**	**3,810**
2023					
Madam Tong She Man, Winnie	–	1,430	500	18	1,948
Mr. Yeung Yat Hang	–	2,178	100	18	2,296
Dr. Wong Yui Lam (note 5)	–	–	–	–	–
	–	3,608	600	36	4,244

During both years, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No directors' remunerations were waived during the year ended 31 March 2024 (2023: Nil).

Note:

1. Mr. Chu To Ki retired from the position of independent non-executive director at the annual general meeting held on 18 August 2023 upon expiry of the expiration of his terms of appointment.

2. Mr. Mak Wing Kit resigned as an independent non-executive director with effect from 30 November 2023.

3. Ms. Choi Sze Man, Mandy appointed as an independent non-executive director on 26 June 2023.

4. Mr. Ong Benjamin Peng Liong appointed as an independent non-executive director on 30 November 2023.

5. Dr. Wong Yui Lam resigned as an executive director on 26 June 2023.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2023: two) executive directors, details of whose remuneration are set out in Note 8 above. Details of the remuneration of the remaining three (2023: three) non- director, highest paid employees for the year are as follows:

	2024	2023
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,331**	3,438
Performance-related bonuses	**181**	217
Pension scheme contributions	**53**	54
	3,565	3,709

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$500,001 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**3**	2
	3	3

10. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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 2023. Taxes on profits assessable elsewhere had been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2024	2023
	HK$'000	HK$'000
Current tax – Hong Kong		
Provision for the year	**9**	–
Over provision in prior years	**–**	(26)
Current tax – Elsewhere		
Under provision in prior years	**88**	140
Deferred tax charge/(credit) (Note 16)	**62**	(6,690)
Total tax expense/(credit) for the year	**159**	(6,576)

10. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

A reconciliation of the tax expense/(credit) applicable to profit before tax using the applicable rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2024	**HK$'000**	**%**
Profit before tax	**1,373**	
Tax at the statutory tax rates	**(69)**	**(5.0)**
Adjustments in respect of current tax of previous periods	**88**	**6.4**
Income not subject to tax	**(557)**	**(40.6)**
Expenses not deductible for tax	**1,608**	**117.1**
Temporary differences not recognised	**(444)**	**(32.3)**
Tax losses not recognised	**1,008**	**73.4**
Utilisation of tax loss previously not recognised	**(1,475)**	**(107.4)**
	159	**11.6**

2023	HK$'000	%
Profit before tax	39,391	
Tax at the statutory tax rates	6,499	16.5
Adjustments in respect of current tax of previous periods	114	0.3
Recognition of tax losses and accelerated depreciation previously not recognised	(6,880)	(17.5)
Income not subject to tax	(785)	(2.0)
Expenses not deductible for tax	41	0.1
Temporary differences not recognised	(2,516)	(6.4)
Tax losses not recognised	1,009	2.6
Utilisation of tax loss previously not recognised	(4,058)	(10.3)
	(6,576)	(16.7)

11. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit for the year attributable to equity holders of the parent of HK$1,214,000 (2023: HK$45,967,000) and the weighted average number of ordinary shares of 367,380,000 (2023: 367,380,000) in issue during the year.

Diluted earnings per share is the same as basic earnings per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2024 and 2023.

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

	2024	2023
	HK$'000	HK$'000
Profit		
Profit attributable to equity holders of the parent, used in the basic earnings per share calculation	**1,214**	45,967

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**367,380,000**	367,380,000

12. DIVIDENDS

	2024	2023
	HK$'000	HK$'000
Approved and paid		
2022/23 interim – 3.0 HK cents per ordinary share	–	11,021
2021/22 final – 16.5 HK cents per ordinary share	–	60,618
	–	71,639

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2024						
At 31 March 2023:						
Cost	6,938	42,028	7,109	8,093	1,419	65,587
Accumulated depreciation and impairment	(1,632)	(39,087)	(6,806)	(7,230)	(1,214)	(55,969)
Net carrying amount	5,306	2,941	303	863	205	9,618
At 1 April 2023	**5,306**	**2,941**	**303**	**863**	**205**	**9,618**
Additions	**–**	**9,229**	**140**	**1,101**	**1,300**	**11,770**
Depreciation provided during the year	**(138)**	**(3,113)**	**(125)**	**(338)**	**(124)**	**(3,838)**
Disposals/write-off	**(280)**	**(1,684)**	**–**	**(276)**	**–**	**(2,240)**
Impairment	**–**	**(1,173)**	**–**	**–**	**–**	**(1,173)**
At 31 March 2024, net of accumulated depreciation and impairment	**4,888**	**6,200**	**318**	**1,350**	**1,381**	**14,137**
At 31 March 2024:						
Cost	**6,551**	**35,588**	**6,659**	**7,733**	**2,719**	**59,250**
Accumulated depreciation and impairment	**(1,663)**	**(29,388)**	**(6,341)**	**(6,383)**	**(1,338)**	**(45,113)**
Net carrying amount	**4,888**	**6,200**	**318**	**1,350**	**1,381**	**14,137**

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2023						
At 31 March 2022:						
Cost	6,938	57,906	8,288	12,820	1,834	87,786
Accumulated depreciation and impairment	(1,493)	(54,958)	(7,675)	(11,445)	(1,834)	(77,405)
Net carrying amount	5,445	2,948	613	1,375	–	10,381
At 1 April 2022	5,445	2,948	613	1,375	–	10,381
Additions	–	2,310	56	519	250	3,135
Depreciation provided during the year	(139)	(2,244)	(360)	(784)	(45)	(3,572)
Disposals/write-off	–	(73)	(6)	(247)	–	(326)
At 31 March 2023, net of accumulated depreciation and impairment	5,306	2,941	303	863	205	9,618
At 31 March 2023:						
Cost	6,938	42,028	7,109	8,093	1,419	65,587
Accumulated depreciation and impairment	(1,632)	(39,087)	(6,806)	(7,230)	(1,214)	(55,969)
Net carrying amount	5,306	2,941	303	863	205	9,618

The directors considered that certain property, plant and equipment of the Group were subject to impairment loss because cash-generating units of these property, plant and equipment were non-performing for the year. An impairment provision of HK$1,173,000 (2023: Nil) was recognised in profit or loss to write down the carrying amounts of these items of property, plant and equipment to their recoverable amount of HK$2,027,000 as at 31 March 2024 (2023: Nil). The recoverable amount of the items of property, plant and equipment is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms. The pre-tax discount rate applied for the cash flow projection was 12%.

14. LEASES

The Group as a lessee

The Group has lease contracts for various buildings in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of building for owned use generally have remaining lease terms of 1 to 3 years (2023: 1 to 3 years). The Group also has lease payment based on turnover. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. The Group has considered certain leases contain an option to renew the lease after the end of the contract and/or an option to early terminate the lease before the end of the contract.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

Land and Buildings	**2024** **HK$'000**	2023 HK$'000
At beginning of year	**41,884**	40,174
Additions	**46,504**	24,829
Depreciation (Note 7)	**(38,276)**	(23,906)
Lease modification	**23,104**	290
Write-off	**(8,201)**	(113)
(Impairment)/reversal of impairment (Note 7)	**(7,926)**	610
At end of year	**57,089**	41,884

As at 31 March 2024, the Group's management identified certain retail shops which continued to underperform and estimated the corresponding recoverable amounts of their right-of-use assets. Based on these estimates, an impairment loss of HK$7,926,000 (2023: Nil) was recognised to write down the carrying amounts of these items of right-of-use assets to their recoverable amount of HK$11,299,000 as at 31 March 2024 (2023: Nil). The recoverable amount of the items of right-of-use assist is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms. The pre-tax discount rate applied for the cash flow projection was 12%.

As at 31 March 2023, the Group's management identified certain retail shops which previously impaired but resumed their profitability during the year ended 31 March 2023 and estimated the corresponding recoverable amounts of their right-of-use assets. Based on these estimates, a reversal of impairment loss HK$610,000 was recognised to write back the carrying amounts of these items of right-of-use assets to their recoverable amount as at 31 March 2023 of HK$903,000. The recoverable amount of the items of right-of-use assets is determined based on a value in use calculation using cash flow projections based on financial budgets covering a period of the remaining lease terms. The pre-tax discount rate applied for the cash flow projection was 18%.

At the end of the reporting period, the lease commitments for short-term leases are HK$2,166,000 (2023: HK$5,044,000).

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the year are as follows:

	2024 **HK$'000**	2023 HK$'000
At beginning of year	**30,672**	45,511
New leases	**45,604**	24,076
Lease modification	**23,104**	290
Write-back of lease liabilities	**(8,295)**	(6,612)
COVID-19-Related rent concessions (Note 7)	**–**	(1,384)
Accretion of interest recognised during the year (Note 6)	**4,140**	1,030
Payments	**(40,362)**	(32,239)
At end of year	**54,863**	30,672
Analysed into:		
Current portion	**34,110**	19,325
Non-current portion	**20,753**	11,347

During the year ended 31 March 2024, a write-back of lease liabilities of HK$8,295,000 (2023: HK$6,612,000) was made, as the Group had obtained surrender agreements with landlords for certain early terminated leases for buildings.

The maturity analysis of lease liabilities is disclosed in Note 35 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 **HK$'000**	2023 HK$'000
Interest on lease liabilities (Note 6)	**4,140**	1,030
Depreciation of right-of-use assets (Note 7)	**38,276**	23,906
Write-back of lease liabilities, net (Note 7)	**(94)**	(6,499)
Impairment/(reversal of impairment) of right-of-use assets (Note 7)	**7,926**	(610)
COVID-19-Related rent concessions (Note 7)	**–**	(1,384)
Expense relating to short-term leases and other leases with remaining lease terms ended within one year (included in selling and distribution expenses and administrative expenses) (Note 7)	**9,295**	16,915
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses) (Note 7)	**1,515**	2,420
Total amount recognised in profit or loss	**61,058**	35,778

15. INTANGIBLE ASSETS

Trademarks

	2024 **HK$'000**	2023 HK$'000
At beginning of year:		
Cost	**2,429**	2,872
Accumulated amortisation and impairment	**(2,361)**	(2,756)
Net carrying amount	**68**	116
Cost at beginning of year, net of accumulated amortisation and impairment	**68**	116
Amortisation provided during the year (Note 7)	**(27)**	(46)
Disposal of trademarks (Note 7)	**(12)**	(2)
At end of year	**29**	68
At end of year:		
Cost	**2,110**	2,429
Accumulated amortisation and impairment	**(2,081)**	(2,361)
Net carrying amount	**29**	68

16. DEFERRED TAX

Deferred tax assets

	Losses available for offsetting against future taxable profits HK$'000	Decelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2022	–	200	200
Deferred tax credited to profit or loss during the year*	5,180	1,500	6,680
At 31 March 2023 and 1 April 2023	**5,180**	**1,700**	**6,880**
Deferred tax charged to profit or loss during the year*	**(62)**	**–**	**(62)**
At 31 March 2024	**5,118**	**1,700**	**6,818**

* The total deferred tax (charged)/credited to profit or loss during the year amounted to HK$62,000 (2023: 6,690,000) (Note 10).

At the end of the reporting period, the Group had unrecognised tax losses arising in Hong Kong of HK$206,588,000 (2023: HK$207,429,000) that are available for indefinitely offsetting against future taxable profits of the companies in which the losses arose. The Group also had unrecognised tax losses arising in Macau of HK$7,131,000 (2023: HK$9,871,000) that will expire in three years. The tax losses are subject to the tax authorities' assessment. The recognised deferred tax assets for tax loss amounted to HK$5,118,000 (2023: HK$5,180,000). Deferred tax assets have not been recognised in respect of the remaining tax losses, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

17. LONG SERVICE PAYMENT OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF, with an overall cap of HK$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on the Transition Date. Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in Notes 2.4 and 2.5 to the consolidated financial statements.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

The present value of unfunded LSP obligations and its movements are as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 April re-classified from provisions (note 24)	**1,390**	–
Remeasurement of LSP liabilities recognised in other comprehensive income:		
– Actuarial gain arising from changes in financial assumptions	**(301)**	–
Expenses recognised in profit or loss:		
– Current service cost	**141**	–
– Interest cost	**11**	–
Benefits paid	**(828)**	–
At 31 March	**413**	–

17. LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

The current service cost and past service cost are included in employee benefits expenses. They are recognised in the following line items in the consolidated statement of profit or loss:

	2024 **HK$'000**	2023 HK$'000
Selling and distribution expenses	**46**	–
Administrative expenses	**95**	–
	141	–

Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2024	2023
Discount rate	**3.5–4.3%**	–
Salary growth rate	**2.5–3.0%**	–
Turnover rate	**1.5–6.7%**	–
Expected investment return on offsetable MPF accrued benefits	**3.5–4.3%**	–

These assumptions were developed by management with the assistance of an independent valuer. Discount factors are determined close to each period-end by reference to market yields of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 20 years.

Expected maturity analysis of undiscounted LSP obligations in the next 10 years as at 31 March 2024 is disclosed as follows:

	Within 1 year HK$'000	**Over 1 year but within 2 years** HK$'000	**Over 2 years but within 5 years** HK$'000	**Over 5 years** HK$'000
LSP obligations	–	–	74	154

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

17. LONG SERVICE PAYMENT OBLIGATIONS *(Continued)*

The calculation of the LSP obligations is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the LSP obligations at the end of each reporting periods.

		Impact on LSP obligations	
	Change in assumption	**Increase in the assumption**	**Decrease in the assumption**
		HK$'000	HK$'000
As at 31 March 2024			
Discount rate	0.5%	(37)	42
Salary growth rate	0.5%	5	(5)

The sensitivity analyses presented above may not be representative of actual change in the LSP obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. When calculating the sensitivity of the LSP obligation to significant actuarial assumptions, the same actuarial valuation method has been applied when calculating the LSP obligations recognised in the consolidated statement of financial position.

18. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Finished goods at cost	**41,890**	32,400
Less: provision for inventories	**(834)**	(3,000)
	41,056	29,400

19. TRADE RECEIVABLES

	2024 **HK$'000**	2023 HK$'000
Trade receivables	**3,905**	2,785

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:

	2024 **HK$'000**	2023 HK$'000
Within 90 days	**3,804**	2,703
91 to 180 days	**35**	44
181 to 365 days	**66**	38
	3,905	2,785

The ageing analysis of the trade receivables, net of loss allowance, as at the end of the reporting period that were not considered to be impaired was as follows:

	2024 **HK$'000**	2023 HK$'000
Neither past due nor impaired	**3,905**	2,785

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. In applying the forward-looking information, the Group has taken into account of the possible impacts associated with the overall change in the economic environment. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity. As at 31 March 2024 and 2023, the Group assessed the loss allowance and the expected credit loss rate under the application of HKFRS 9 were insignificant.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Prepayments	**1,502**	2,036
Deposits and other receivables	**20,040**	26,321
	21,542	28,357
Portion classified as non-current assets	**(12,498)**	(17,788)
	9,044	10,569

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2024 and 2023, the loss allowance was assessed to be minimal.

21. TIME DEPOSITS

Time deposits include the following components:

	2024	2023
	HK$'000	HK$'000
Unpledged but with original maturity of more than three months when acquired	**29,420**	19,700

22. CASH AND CASH EQUIVALENTS

	2024 **HK$'000**	2023 HK$'000
Cash and bank balances	**25,050**	28,509
Unpledged time deposits with original maturity of less than three months when acquired	**32,660**	39,300
Cash and cash equivalents	**57,710**	67,809

At 31 March 2024, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to HK$94,000 (2023: HK$3,946,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between two weeks and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

23. 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:

	2024 **HK$'000**	2023 HK$'000
Within 90 days	**735**	989

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

24. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK$'000	2023 HK$'000
Other payables	(a)	**6,368**	7,276
Accruals	(b)	**4,828**	4,883
Contract liabilities	(c)	**550**	545
		11,746	12,704

Notes:

(a) As at 1 April 2024, the provision for LSP of HK$1,390,000 included in the other payables, which was brought forward in 2023, has been re-classified to long service payment obligations set out in note 17. The other payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

(b) As at 31 March 2024, accruals mainly included provision for dismantling cost amounted to HK$4,003,000 (2023: HK$3,500,000).

(c) Contract liabilities include deferred revenue arising from the VIP programme and payments received from unrecognised sales.

25. SHARE CAPITAL

Shares

	Number of shares	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.10 each		
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	**2,000,000,000**	**200,000**

	2024 HK$'000	2023 HK$'000
Issued and fully paid:		
At the beginning and end of the year 367,380,000 ordinary shares of HK$0.1 each	**36,738**	36,738

Details of the Company's share option scheme and the share options issued under the scheme are included in Note 26 to the consolidated financial statements.

26. SHARE OPTION SCHEME

On 27 August 2015, the Company adopted a share option scheme (the "**Scheme**") to provide the Company with the flexibility of granting share options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, any advisers, consultants, suppliers and customers of the Group and such other persons who, in the sole opinion of the board of directors of the Company, will contribute or have contributed to the Group. The Scheme will remain in force for 10 years from the effective date of 28 August 2015.

The number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the total number of shares of the Company in issue as at the date of passing of the shareholders' resolution for adoption of the Scheme. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company shall not exceed 30% of the issued share capital of the Company from time to time.

The major terms of the Scheme are set out below:

The acceptance of an offer of the grant of the respective share options must be made within 28 days from the date of offer with a non-refundable payment of HK$1.00 from each grantee. An option may be exercised at any time during a period to be determined by the board of directors of the Company, which shall not in any event exceed ten years from the date of grant. The scheme does not specify any minimum holding period but the board of directors of the Company has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Where any further grant of options to a participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the proposed grantee). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million within any 12-month period are subject to shareholders' approval in advance in a general meeting.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the nominal value of a share; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

No share option was granted under the Scheme since its adoption and during the year ended 31 March 2024. Hence, no share option expense was recognised by the Group during the year ended 31 March 2024 (2023: Nil).

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 46 of this Annual Report.

Reserve funds

In accordance with the relevant regulations applicable to wholly-foreign-owned enterprises in Mainland China and entities incorporated in Macau, a portion of the profits of the Company's subsidiaries which are registered in the PRC and Macau has been transferred to the reserve funds which are restricted to use.

Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of HK$2,970,000 related to equity investments irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

28. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2024 **HK$'000**	2023 HK$'000
Bank guarantees given in lieu of utility and property rental deposits	**2,909**	1,466

29. PLEDGE OF ASSETS

The Group's general banking facilities were secured by the Group's property, plant and equipment and right-of-use assets situated in Hong Kong, which had aggregate carrying values at the end of the reporting period of HK$4,890,000 and HK$12,513,000, respectively (2023: HK$5,021,000 and HK$12,849,000).

30. COMMITMENTS

The Group had no material capital commitment contracted but not provided for as at 31 March 2024 (2023: Nil).

31. RELATED PARTY TRANSACTIONS

(a) During the year, the Group had the following transactions with related companies controlled by executive directors and/or substantial shareholders of the Company or a close family member of the executive director and/or the substantial shareholder:

	Notes	**2024** **HK$'000**	2023 HK$'000
Purchase of a motor vehicle	(i)	**–**	250
Computer system maintenance charges	(ii)	**777**	684
Purchases of computer equipment	(iii)	**117**	50

Notes:

(i) The purchase of a motor vehicle from a related company was determined between parties with reference to the prevailing market price.

(ii) The computer system maintenance charges paid to related companies were determined between the parties with reference to the actual staff costs incurred.

(iii) The purchases of computer equipment from a related company were made at prices and conditions with reference to those offered by independent suppliers.

(b) All compensation of key management personnel of the Group is included in the remuneration of directors and the five highest paid employees as set out respectively in Notes 8 and 9 to the consolidated financial statements.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$46,504,000 (2023: HK$24,829,000) and HK$45,604,000 (2023: HK$24,076,000) and non-cash modification to right-of-use assets and lease liabilities of HK$23,104,000 (2023: HK$290,000), respectively, in respect of lease recognition and lease arrangements for building (Notes 14(a) and (b)).

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000
At 1 April 2022	45,511
Changes from financing cash flows*	(31,209)
New leases (Note 14(b))#	24,076
Lease modification#	290
Write-back of lease liabilities#	(6,612)
COVID-19-Related rent concessions#	(1,384)
Interest expense (Note 6)#	1,030
Interest paid classified as operating cash flows*	(1,030)
At 31 March 2023 and 1 April 2023	**30,672**
Changes from financing cash flows*	**(36,222)**
New leases (Note 14(b))#	**45,604**
Lease modification#	**23,104**
Write-back of lease liabilities#	**(8,295)**
Interest expense (Note 6)#	**4,140**
Interest paid classified as operating cash flows*	**(4,140)**
At 31 March 2024	**54,863**

* cash flows
\# non-cash flows

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 HK$'000	2023 HK$'000
Within operating activities	**14,950**	20,365
Within financing activities	**36,222**	31,209
	51,172	51,574

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at amortised cost	
	2024	2023
	HK$'000	HK$'000
Trade receivables	**3,905**	2,785
Financial assets included in prepayments, deposits and other receivables (Note 20)	**20,040**	26,321
Time deposits	**29,420**	19,700
Cash and cash equivalents	**57,710**	67,809
	111,075	116,615

Financial liabilities

	Financial liabilities at amortised cost	
	2024	2023
	HK$'000	HK$'000
Trade payables	**735**	989
Lease liabilities	**54,863**	30,672
Financial liabilities included in other payables and accruals (Note 24)	**6,368**	7,276
	61,966	38,937

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, financial assets included in deposits and other receivables, time deposits, cash and bank balances, trade payables and other payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group did not have any financial liabilities measured at fair value as at 31 March 2024 and 2023.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash at banks. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments and other financial assets and liabilities are foreign currency risk, credit risk and liquidity risk. The Group does not have any written financial risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its financial risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives or other financial instruments for hedging purposes. The directors review and agree policies for managing each of these risks and they are summarised as follows:

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. As transactions denominated in currencies other than the Group's functional currency are well-diversified, the exposure to foreign currency risk is not considered significant.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are net carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	HK$'000
As at 31 March 2024					
Trade receivables*	–	–	–	**3,905**	**3,905**
Financial assets included in prepayments, deposits and other receivables					
– Normal**	**20,040**	–	–	–	**20,040**
Time deposits***					
– Not yet past due	**29,420**	–	–	–	**29,420**
Cash and cash equivalents***					
– Not yet past due	**57,710**	–	–	–	**57,710**
	107,170	–	–	**3,905**	**111,075**
As at 31 March 2023					
Trade receivables*	–	–	–	2,785	2,785
Financial assets included in prepayments, deposits and other receivables					
– Normal**	26,321	–	–	–	26,321
Time deposit***					
– Not yet past due	19,700	–	–	–	19,700
Cash and cash equivalents***					
– Not yet past due	67,809	–	–	–	67,809
	113,830	–	–	2,785	116,615

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in Note 18 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

*** The credit risks on time deposits and cash and bank balances are considered to be insignificant because these are placed at financial institutions that have sound credit rating.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 19 to the consolidated financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking credit facilities. The Group's policy is to minimise unnecessary borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

			2024		
	On demand HK$'000	**Less than 3 months HK$'000**	**3 to less than 12 months HK$'000**	**More than 12 months HK$'000**	**Total HK$'000**
Lease liabilities	**7**	**12,290**	**24,429**	**21,675**	**58,401**
Trade payables	**–**	**735**	**–**	**–**	**735**
Other payables	**2,427**	**3,431**	**510**	**–**	**6,368**
	2,434	**16,456**	**24,939**	**21,675**	**65,504**
Bank guarantees given in lieu of utility and property rental deposits (Note 28)	**2,909**	**–**	**–**	**–**	**2,909**

			2023		
	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	More than 12 months HK$'000	Total HK$'000
Lease liabilities	1,199	7,203	12,106	11,748	32,256
Trade payables	5	984	–	–	989
Other payables	3,527	3,289	460	–	7,276
	4,731	11,476	12,566	11,748	40,521
Bank guarantees given in lieu of utility and property rental deposits (Note 28)	1,466	–	–	–	1,466

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities. The Group's policy is to keep the current ratio above 1. The current ratios as at the end of the reporting periods were as follows:

	31 March 2024 HK$'000	31 March 2023 HK$'000
Total current assets	**141,223**	130,649
Total current liabilities	**46,591**	33,018
Current ratio	**3.0**	4.0

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024	2023
	HK$'000	HK$'000
NON-CURRENT ASSET		
Investment in a subsidiary	**108,144**	108,144
CURRENT ASSETS		
Due from a subsidiary	**55,863**	53,378
Cash and bank balances	**59**	1,030
Total current assets	**55,922**	54,408
CURRENT LIABILITIES		
Other payables	**29**	30
NET CURRENT ASSETS	**55,893**	54,378
NET ASSETS	**164,037**	162,522
EQUITY		
Share capital	**36,738**	36,738
Reserves (note)	**127,299**	125,784
TOTAL EQUITY	**164,037**	162,522

Madam Tong She Man, Winnie
Chairlady & Executive Director

Mr. Yeung Yat Hang
Chief Executive Officer & Executive Director

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2022	105,566	45,890	151,456
2021/22 Final dividend declared	(60,618)	–	(60,618)
2021/22 Interim dividend declared	–	(11,021)	(11,021)
Transactions with owners	(60,618)	(11,021)	(71,639)
Profit and total comprehensive income for the year	–	45,967	45,967
At 31 March 2023 and 1 April 2023	**44,948**	**80,836**	**125,784**
Profit and total comprehensive income for the year	**–**	**1,515**	**1,515**
At 31 March 2024	**44,948**	**82,351**	**127,299**

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2024.

A summary of the consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited consolidated financial statements, is set out below.

	Year ended 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
REVENUE	**192,996**	196,618	249,304	371,898	887,317
Cost of sales	**(49,755)**	(46,628)	(89,660)	(131,313)	(352,999)
GROSS PROFIT	**143,241**	149,990	159,644	240,585	534,318
Other income and gains	**3,231**	13,689	179,905	139,381	10,825
Selling and distribution expenses	**(99,579)**	(93,695)	(137,485)	(189,204)	(511,450)
Administrative expenses	**(31,534)**	(28,580)	(41,811)	(48,491)	(92,459)
Other expenses	**(9,832)**	(960)	(14,100)	(35,015)	(84,454)
Finance costs	**(4,154)**	(1,053)	(3,165)	(9,401)	(18,453)
PROFIT/(LOSS) BEFORE TAX	**1,373**	39,391	142,988	97,855	(161,673)
Income tax (expense)/credit	**(159)**	6,576	(377)	1,882	(10,928)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**1,214**	45,967	142,611	99,737	(172,601)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT Basic and diluted (HK cents)	**0.3**	12.5	38.8	27.1	(47.0)
DIVIDENDS	**–**	11,021	295,739	224,102	124,909
Dividend Per Share (HK cents)	**–**	3.0	80.5	61.0	34.0

	As at 31 March				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**231,794**	206,887	251,469	599,303	888,722
TOTAL LIABILITIES	**(67,757)**	(44,365)	(63,275)	(151,351)	(352,763)
	164,037	162,522	188,194	447,952	535,959