

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

bauhaus

Bauhaus International (Holdings) Limited

包浩斯國際（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 483)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

➤ Turnover of the Group decreased by approximately 4.9% to approximately HK\$82.5 million (2023: approximately HK\$86.8 million).

➤ Sales by operating segment were as follows:

	Six months ended 30 September 2024 HK\$ million	Six months ended 30 September 2023 HK\$ million	Changes
Offline	81.2	85.2	-4.7%
Online	1.3	1.6	-18.8%
Total	<u>82.5</u>	<u>86.8</u>	<u>-4.9%</u>

➤ Gross profit decreased by approximately 6.2% to approximately HK\$60.6 million (2023: approximately HK\$64.6 million) and the gross margin slightly decreased to approximately 73.4% (2023: approximately 74.4%).

➤ The Group recorded a net loss for the six months ended 30 September 2024 of approximately HK\$2.5 million (2023: net profit of approximately HK\$3.5 million).

➤ Basic and diluted loss per share was approximately 0.7 HK cent (2023: Earnings per share of approximately 1.0 HK cent).

The board of directors (the “**Board**” or “**Directors**”) of Bauhaus International (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2024, prepared on the basis set out in Note 1.2 to the Interim Financial Statements below, together with the comparative figures of the corresponding period, as follows.

The condensed consolidated interim results have not been audited, but have been reviewed by the Company’s audit committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	4	82,535	86,791
Cost of sales	6	<u>(21,980)</u>	<u>(22,197)</u>
GROSS PROFIT		60,555	64,594
Other income	4	1,445	1,243
Selling and distribution expenses		(45,968)	(46,841)
Administrative expenses		(15,820)	(14,965)
Other expenses	6	(862)	(920)
Finance costs	5	<u>(1,820)</u>	<u>(1,719)</u>
(LOSS)/PROFIT BEFORE TAX	6	(2,470)	1,392
Income tax credit	7	<u>–</u>	<u>2,108</u>
(LOSS)/PROFIT FOR THE PERIOD			
ATTRIBUTABLE TO EQUITY HOLDERS OF			
THE PARENT		(2,470)	3,500
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Remeasurement of long service payment (“LSP”) liabilities		<u>(162)</u>	<u>–</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD		<u>(2,632)</u>	<u>3,500</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD ATTRIBUTABLE TO			
EQUITY HOLDERS OF THE PARENT		<u>(2,632)</u>	<u>3,500</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		<u>(0.7) HK cent</u>	<u>1.0 HK cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

		As at 30 September 2024 (Unaudited) <i>HK\$'000</i>	As at 31 March 2024 (Audited) <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		18,102	14,137
Right-of-use assets		55,048	57,089
Intangible assets		20	29
Equity investment at fair value through other comprehensive income		–	–
Rental, utility and other non-current deposits		10,126	12,498
Deferred tax assets		6,818	6,818
		90,114	90,571
TOTAL NON-CURRENT ASSETS			
CURRENT ASSETS			
Inventories		32,515	41,056
Trade receivables	10	2,864	3,905
Prepayments, deposits and other receivables		12,363	9,044
Tax recoverable		88	88
Time deposits	11	67,080	29,420
Cash and cash equivalents		26,421	57,710
		141,331	141,223
TOTAL CURRENT ASSETS			
CURRENT LIABILITIES			
Trade payables	12	4,312	735
Other payables and accruals		12,716	11,746
Lease liabilities		21,996	34,110
		39,024	46,591
TOTAL CURRENT LIABILITIES			
NET CURRENT ASSETS			
		102,307	94,632
TOTAL ASSETS LESS CURRENT LIABILITIES			
		192,421	185,203
NON-CURRENT LIABILITIES			
Lease liabilities		30,318	20,753
Long service payment obligations		698	413
		31,016	21,166
TOTAL NON-CURRENT LIABILITIES			
NET ASSETS			
		161,405	164,037
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	13	36,738	36,738
Reserves		124,667	127,299
		161,405	164,037
TOTAL EQUITY			
		161,405	164,037

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2024

1.1 CORPORATE 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., Wofoo Building, 204-210 Texaco Road, Tsuen Wan, New Territories, 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 and 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.

1.2 BASIS OF PRESENTATION AND PREPARATION

These unaudited condensed consolidated interim financial statements (the "**Interim Financial Statements**") of Bauhaus International (Holdings) Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") for the six months ended 30 September 2024 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and the Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The accounting policies and basis of preparation adopted in the preparation of the Interim Financial Statements are the same as those used in the annual financial statements for the year ended 31 March 2024, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (which also include HKASs and Interpretations) (the "**Standards**") in current period for the first time as disclosed in Note 2 below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

These Interim Financial Statements have not been audited, but have been reviewed by the Company's audit committee and should be read in conjunction with the 2024 annual report.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following Standards for the first time in the presentation of these Interim Financial Statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the above Standards has had no significant financial effect on these Interim Financial Statements.

3. 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 deferred tax liabilities, tax payable and 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 whom the Group's sales amounted to 10% or more of the Group's revenue during the periods under review, no major customer information is presented.

3. OPERATING SEGMENT INFORMATION (continued)

	Offline HK\$'000	Online HK\$'000	Total HK\$'000
For the six months ended 30 September 2024 (Unaudited)			
Segment revenue:			
Sales to external customers	81,249	1,286	<u>82,535</u>
Segment results:			
<i>Reconciliation:</i>	11,830	(495)	11,335
Interest income			1,411
Finance costs (other than interest on lease liabilities)			(7)
Unallocated expenses, net			<u>(15,209)</u>
Loss before tax			<u>(2,470)</u>
Other segment information:			
Capital expenditure*	4,328	–	4,328
Unallocated capital expenditure*			<u>2,688</u>
Total capital expenditure*			<u>7,016</u>
Depreciation of property, plant and equipment	1,986	–	1,986
Unallocated depreciation			<u>789</u>
Total depreciation			<u>2,775</u>
As at 30 September 2024 (Unaudited)			
Segment assets:			
<i>Reconciliation:</i>	192,948	415	193,363
Deferred tax assets			6,818
Tax recoverable			88
Unallocated assets			<u>31,176</u>
Total assets			<u>231,445</u>
Segment liabilities:			
<i>Reconciliation:</i>	66,219	127	66,346
Unallocated liabilities			<u>3,694</u>
Total liabilities			<u>70,040</u>
Segment non-current assets:			
<i>Reconciliation:</i>	61,535	26	61,561
Deferred tax assets			6,818
Unallocated non-current assets			<u>21,735</u>
Total non-current assets			<u>90,114</u>

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

3. OPERATING SEGMENT INFORMATION (continued)

	Offline HK\$'000	Online HK\$'000	Total HK\$'000
For the six months ended 30 September 2023 (Unaudited)			
Segment revenue:			
Sales to external customers	85,171	1,620	<u>86,791</u>
Segment results:			
<i>Reconciliation:</i>			
Interest income			1,207
Finance costs (other than interest on lease liabilities)			–
Gain on disposal of a property (other than from leasehold improvements and equipment)			–
Unallocated expenses, net			<u>(14,419)</u>
Profit before tax			<u>1,392</u>
Other segment information:			
Capital expenditure*	5,705	–	5,705
Unallocated capital expenditure*			<u>138</u>
Total capital expenditure*			<u>5,843</u>
Depreciation of property, plant and equipment	1,056	8	1,064
Unallocated depreciation			<u>493</u>
Total depreciation			<u>1,557</u>
As at 31 March 2024 (Audited)			
Segment assets:			
<i>Reconciliation:</i>			
Deferred tax assets			6,818
Tax recoverable			88
Unallocated assets			<u>29,336</u>
Total assets			<u>231,794</u>
Segment liabilities:			
<i>Reconciliation:</i>			
Unallocated liabilities			<u>2,240</u>
Total liabilities			<u>67,757</u>
Segment non-current assets:			
<i>Reconciliation:</i>			
Deferred tax assets			6,818
Unallocated non-current assets			<u>19,830</u>
Total non-current assets			<u>90,571</u>

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

4. REVENUE AND OTHER INCOME

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

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Sale of garment products and accessories transferred at a point in time	<u>82,535</u>	<u>86,791</u>
Disaggregated revenue information		
Segments		
Retail Business		
Offline	81,249	85,171
Online	<u>1,286</u>	<u>1,620</u>
Total revenue from contracts with customers	<u>82,535</u>	<u>86,791</u>

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.

4. REVENUE AND OTHER INCOME (continued)

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Other income		
Bank interest income	1,411	1,207
Others	34	36
	<u>1,445</u>	<u>1,243</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on lease liabilities	1,813	1,719
Interest on LSP obligations	7	–
	<u>1,820</u>	<u>1,719</u>

6. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of sales:		
Cost of inventories sold	21,980	21,597
Provision for inventories, net	—	600
	<u>21,980</u>	<u>22,197</u>
Lease expenses:		
Depreciation of right-of-use assets	17,327	17,374
Lease payments for short term leases and contingent rents not included in the measurement of lease liabilities	3,787	6,129
Interest on lease liabilities	1,813	1,719
	<u>22,927</u>	<u>25,222</u>
Employee benefit expenses		
(including Directors' remuneration):		
Wages, salaries and other benefits	22,241	27,310
Contribution to pension scheme	791	814
Expenses arising from LSP obligations	116	—
Refund from pension scheme	—	(5,525)
	<u>23,148</u>	<u>22,599</u>
Other expenses:		
Amortisation of intangible assets	9	17
Loss on disposal of trademarks	—	12
Loss on disposal of items of property, plant and equipment, net	276	781
Write-off of right-of-use assets, net	586	65
Foreign exchange (gain)/losses, net	(9)	45
	<u>862</u>	<u>920</u>
Depreciation of property, plant and equipment	<u>2,775</u>	<u>1,557</u>

7. INCOME TAX

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 six months ended 30 September 2024, 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.

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax credit		
– Hong Kong	–	(5)
– Elsewhere	–	(87)
Deferred tax credit	–	2,200
	<u>–</u>	<u>2,200</u>
Total tax credit for the period	<u><u>–</u></u>	<u><u>2,108</u></u>

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

The calculation of the basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to equity holders of the parent of approximately HK\$2,470,000 (2023: profit for the period attributable to the equity holder of the parent of approximately HK\$3,500,000) and the weighted average number of ordinary shares of 367,380,000 (2023: 367,380,000).

The Group had no dilutive potential ordinary shares in issue during the six months ended 30 September 2024 and 2023.

The calculation of the basic earnings per share attributable to the equity holders of the parent is based on:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit		
(Loss)/Profit attributable to equity holders of the parent, used in the basic earnings per share calculation	<u><u>(2,470)</u></u>	<u><u>3,500</u></u>
	Number of Shares	
Shares		
Weighted average number of ordinary shares in issue during the period under review used in the basic earnings per share calculation	<u><u>367,380,000</u></u>	<u><u>367,380,000</u></u>

9. DIVIDEND

The board of directors of the Company (the “Board”) did not declare the payment of an interim dividend for the six months ended 30 September 2024 and 2023.

10. TRADE RECEIVABLES

Sales (both online and offline) are made on cash terms or with short credit terms, except for certain well-established customers with a long business relationship with the Group, where the general credit terms are ranging from 30 days to 60 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed. In view of the aforementioned and the fact 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:

	As at 30 September 2024 (Unaudited) <i>HK\$’000</i>	As at 31 March 2024 (Audited) <i>HK\$’000</i>
Within 90 days	2,695	3,804
91 to 180 days	165	35
181 to 365 days	4	66
	<u>2,864</u>	<u>3,905</u>

11. TIME DEPOSITS

Time deposits include the following component:

	As at 30 September 2024 (Unaudited) <i>HK\$’000</i>	As at 31 March 2024 (Audited) <i>HK\$’000</i>
Unpledged but with original maturity of more than three months when acquired	<u>67,080</u>	<u>29,420</u>

12. 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:

	As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Within 90 days	<u>4,312</u>	<u>735</u>

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

13. SHARE CAPITAL

Shares

	Company As at 30 September 2024 (Unaudited) HK\$'000	As at 31 March 2024 (Audited) HK\$'000
Authorised: 2,000,000,000 (31 March 2024: 2,000,000,000) ordinary shares of HK\$0.1 each	<u>200,000</u>	<u>200,000</u>
Issued and fully paid: 367,380,000 (31 March 2024: 367,380,000) ordinary shares of HK\$0.1 each	<u>36,738</u>	<u>36,738</u>

Details of the Company's share option scheme and the share options issued under the scheme are included in Note 14 to the Interim Financial Statements.

14. 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, 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.

No share option was granted under the Scheme since its adoption and during the six months ended 30 September 2024 (2023: Nil). 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 issued shares of the Company.

15. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the Interim Financial Statements were as follows:

	As at 30 September 2024 (Unaudited) HK\$’000	As at 31 March 2024 (Audited) HK\$’000
Bank guarantees given in lieu of utility and property rental deposits	<u>2,767</u>	<u>2,909</u>

16. COMMITMENTS

The Group had no material capital commitment contracted but not provided for as at 30 September 2024 (31 March 2024: Nil).

17. PLEDGE OF ASSETS

As at 30 September 2024, 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 approximately HK\$4,824,000 and HK\$12,346,000, respectively (31 March 2024: approximately HK\$4,890,000 and HK\$12,513,000).

18. RELATED PARTY TRANSACTIONS

- (a) During the prior period under review, the Group had the following transactions with related companies controlled either by a substantial shareholder, executive Directors or a close family member of a substantial shareholder:

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Computer system maintenance charges	–	497
Purchases of computer equipment	–	71
	<u>–</u>	<u>71</u>

- (b) **Compensation of key management personnel of the Group**

	Six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	1,576	2,007
Post-employment benefits	9	18
	<u>1,585</u>	<u>2,025</u>
Total compensation paid to key management personnel	1,585	2,025

19. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board on 29 November 2024.

BUSINESS REVIEW

The Group is principally engaged in the design and retail of trendy apparel, bags and fashion accessories for more than twenty years. The Group's turnover is mostly contributed by its major in-house labels like "SALAD", "TOUGH", some trendy design brands and certain international labels.

As at 30 September 2024, the Group had a total of 35 self-managed offline shops in operation (31 March 2024: 33).

	As at 30 September 2024	As at 31 March 2024	Changes
Hong Kong	29	27	2
Macau	6	6	–
TOTAL	<u>35</u>	<u>33</u>	<u>2</u>

During the reporting period, the Hong Kong retail market remained under pressure, with overall sentiment persistently subdued. The anticipated recovery following the reopening of borders and the easing of travel restrictions in Hong Kong and Macau since early 2023 has fallen short of expectations, with signs of stagnation emerging. Additionally, the surge in outbound "revenge travel" by local residents, coupled with the ongoing trend of northbound consumption, has further dampened foot traffic. This decline was particularly pronounced on weekends and public holidays, periods that are critical to the performance of the retail sector.

Despite the challenging situation, in recent years, the Group has refined its retail operations, restructured its cost hierarchy and becomes more competitive under difficult business conditions, especially on the core offline retail business. Even the recovering process might be a bit slower than expected, the Group remains confident in the future development attributed to the solid foundation and the continued support from our beloved customers.

The Group recorded a net loss of approximately HK\$2.5 million (2023: net profit of approximately HK\$3.5 million) for the six months ended 30 September 2024. The decline of the financial performance was due to the combined effect of the slight decrease in retail sales revenue by approximately 4.9% (2024: approximately HK\$82.5 million; 2023: approximately HK\$86.8 million) and the slight decrease in gross margin to approximately 73.4% (2023: approximately 74.4%) during the period under review. The slowdown of the recovery of the local retail markets in Hong Kong and Macau led to the Group's sales performance fell short of expectation. As such, the Group has implemented more promotional activities with price discounts to attract customers, thus a slight decrease in gross margin resulted.

Offline

The offline retail operations are the key operating segment of the Group accounting for almost all of the Group's turnover. As at 30 September 2024, the Group had 35 (30 September 2023: 33) physical stores in operation across Hong Kong and Macau.

In Hong Kong, despite the challenges facing the local retail market due to the slower-than-expected economic recovery and the surge in outbound "revenge travel," the Group has made every effort to optimize its operations. These efforts have yielded positive results, with operating performance gradually improving. For the three months ended 30 September 2024 (the "2Q 2024"), the Group achieved an approximately 1% growth in same-store sales as compare with the same three-month period as the prior year, by which a notable rebound from the approximately 9% decline recorded for the three months ended 30 June 2024 (the "1Q2024"). Such positive momentum is expected to continue for a stronger operational performance in the second half of the year considered the seasonality that usually most of the operating profits are derived in the second half of the financial year based on the track records shows.

The Group's offline retail business in Macau has performed relatively stable during the six months ended 30 September 2024. The Macau's same-store-sales recorded an approximately 1% growth for the period under review. Macau is a travel and entertainment city, where economic performance is highly correlated to tourism. With the Macau government implementing various policies to fully boost the local tourism industry, coupled with the refreshing renovation of certain stores, the Group is optimistic about achieving promising operation performance in the second half of the year.

The Group remains its strategic focus on running qualitative and profitable retail platforms instead of driven only by sales achievement. Consistent with prior years, the Group continued to manage its operating costs effectively and successfully adjusted high expenses, including rentals and staff costs, to align more flexibly with sales performance. The Group also responded promptly with appropriate contingency plans to address unfavorable incidents.

Online

The online business is considered having immense potentials while the competition in the online market is also increasingly fierce. The Group has a designated team to foster the development of the Group's e-commerce business. Although still in the exploratory phase, the Group firmly believes that precise and continuous investment in e-commerce will unlock the significant growth potential. By fostering seamless interactions between online and offline channels, we are expecting to generate synergies that enhance both market impact and operational efficiency, delivering greater value to our shareholders.

The segment incurred a loss of approximately HK\$0.5 million (2023: approximately HK\$0.1 million) and sales declined by approximately 19% to approximately HK\$1.3 million during the six months ended 30 September 2024 (2023: approximately HK\$1.6 million).

FINANCIAL REVIEW

Turnover and Segment Information

Turnover of the Group decreased by approximately 4.9% to approximately HK\$82.5 million (2023: approximately HK\$86.8 million) for the six months ended 30 September 2024. The Group's same-store-sales remained relatively stable with a slight decrease of approximately 3% (2023: approximately +17%) for the period under review. The decline in sales was mainly attributable to the sluggish retail sentiment in Hong Kong and Macau during the period under review. Details of the Group's segmental turnover and results are shown in Note 3 to the consolidated financial statements.

Gross Profit and Gross Margin

The Group's gross profit decreased by approximately 6.2% to approximately HK\$60.6 million (2023: approximately HK\$64.6 million) for the six months ended 30 September 2024 and the gross margin was slightly decreased to approximately 73.4% (2023: approximately 74.4%). Given the sluggish retail sentiment in Hong Kong and Macau during the period under review, more promotion activities with price discounts offered have been implemented during the period under review to boost the sales and thus a slightly decrease in gross margin was noted.

Operating Expenses

Contributed to the strict cost control to operations, the Group's operating expenses remained stable during the six months ended 30 September 2024 with a slight increase of approximately 0.2% to approximately HK\$64.5 million (2023: approximately HK\$64.4 million) despite the increase in number of physical shops in operation during the period (30 September 2024: 35; 30 September 2023: 33).

Rental is one of the key operating expenses of the Group. Lease expenses (including depreciation of right-of-use assets, lease payment for short term leases and interest on lease liabilities) for the six months ended 30 September 2024 decreased by approximately 9.1% to approximately HK\$22.9 million (2023: approximately HK\$25.2 million). The Group cautiously managed lease negotiation processes and always leveraged the sales potentials and leasing costs in each tenancy renewal. To maintain competitive, the Group adopts an on-going practice of strategically relocating, consolidating and converting its retail portfolio. If necessary, upon tenancies renewal, the Group may turn down renewal offers with unacceptably high rental increment and may relocate offline shops to less costly locations with appropriate sales exposure.

The staff cost slightly increased by approximately 2.2% to approximately HK\$23.1 million (2023: approximately HK\$22.6 million) during the six months ended 30 September 2024. The total number of staff increased to 174 at the end of the reporting period (31 March 2024: 165) mainly due to the increase in number of physical shops in operation (30 September 2024: 35; 30 September 2023: 33).

The above two major expenditures have already accounted for approximately 71.3% (2023: approximately 74.2%) of the Group's core operating expenses.

Depreciation of property, plant and equipment increased to approximately HK\$2.8 million (2023: approximately HK\$1.6 million) for the period under review as a result of the increase in number of physical shops in operation to 35 shops (30 September 2023: 33 shops). The Group's finance costs, mainly representing interest on lease liabilities, slightly increased to approximately HK\$1.8 million (2023: approximately HK\$1.7 million) as more tenancies being contracted and renewed during the period under review.

The Group used to manage operating expenses strictly. Efforts to control costs are in place. Regular review on work procedures is essential to enhance efficiency and in turn, to better moderate the cost increment.

Net (Loss)/Profit

The Group recorded a net loss for the six months ended 30 September 2024 of approximately HK\$2.5 million (2023: net profit of approximately HK\$3.5 million). The decline of operating performance was primarily due to the sluggish retail sentiment in Hong Kong and Macau.

SEASONALITY

Seasonality has heavy bearing on the sales and results of the Group as its track record shows. The first-half of each financial year has historically been less important than the second-half. In general, more than 50% of the Group's annual sales and most of its 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 30 September 2024, the Group had net assets of approximately HK\$161.4 million (31 March 2024: approximately HK\$164.0 million), comprising non-current assets of approximately HK\$90.1 million (31 March 2024: approximately HK\$90.6 million), net current assets of approximately HK\$102.3 million (31 March 2024: approximately HK\$94.6 million) and non-current liabilities of approximately HK\$31.0 million (31 March 2024: approximately HK\$21.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2024, the Group had cash and cash equivalents and time deposits of approximately HK\$26.4 million (31 March 2024: approximately HK\$57.7 million) and HK\$67.1 million (31 March 2024: approximately HK\$29.4 million), respectively. At the end of the reporting period, the Group had aggregate banking facilities of approximately HK\$30.2 million (31 March 2024: approximately HK\$30.0 million) comprising interest-bearing bank overdraft, revolving loans, rental and utility guarantees as well as import facilities, of which approximately HK\$27.3 million had not been utilised (31 March 2024: approximately HK\$27.1 million). The Group had no bank borrowings as at 30 September 2024 (31 March 2024: Nil). 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 (31 March 2024: zero).

CASH FLOWS

During the period under review, net cash flows from operating activities increased to approximately HK\$36.0 million (2023: approximately HK\$6.3 million), which was mainly attributable to the decrease in inventories level (30 September 2024: approximately HK\$32.5 million; 31 March 2024: approximately HK\$41.1 million). The net cash flows used in investing activities increased to approximately HK\$44.7 million (2023: approximately HK\$23.4 million), which was mainly attributed to the increase in time deposits with original maturity more than three months. Net cash flows used in financing activities increased to approximately HK\$22.6 million (2023: approximately HK\$16.9 million) was mainly due to the increase in lease payments due to the increase in number of physical stores in operation during the period (30 September 2024: 35; 30 September 2023: 33).

SECURITY

As at 30 September 2024, 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 approximately HK\$4.8 million and HK\$12.3 million, respectively (31 March 2024: approximately HK\$4.9 million and HK\$12.5 million).

COMMITMENTS

The Group had no material capital commitment contracted but not provided for as at 30 September 2024 (31 March 2024: Nil).

CONTINGENT LIABILITIES

As at 30 September 2024, the Group had contingent liabilities in respect of bank guarantees given in lieu of utility and property rental deposits amounting to approximately HK\$2.8 million (31 March 2024: approximately HK\$2.9 million).

HUMAN RESOURCES

Including the Directors, the Group had 174 (31 March 2024: 165) employees as at 30 September 2024. To attract and retain high quality staff, the Group provided competitive remuneration packages with performance bonuses, mandatory provident fund and insurance coverage as well as entitlements to share options to be granted under a share option scheme based on employees' performance, experience and the prevailing market rate. Remuneration packages were reviewed regularly. Regarding staff development, the Group provided regular in-house training to staff and subsidised external training programmes for their professional development.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's sales and purchases during the period under review have been mostly 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 to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing apparel from overseas suppliers.

PROSPECTS

Despite the slow pace of economic recovery in Hong Kong during the first half of the year, we are pleased to report that our interim half-year revenue remained stable period-on-period with a slight decrease in retail sales revenue by approximately 4.9% (2024: approximately HK\$82.5 million; 2023: approximately HK\$86.8 million). This reflects the solid foundation of our brand and the continued support from our loyal customers who have long favored our products.

Looking ahead to the second half of the year, we remain cautiously optimistic despite ongoing challenges such as geopolitical uncertainties, inflationary pressures, and fluctuations in global monetary policies. As central banks worldwide make progress in curbing inflation and approach the end of the interest rate hike cycle, market uncertainties are expected to ease, providing a stable foundation for both global and Hong Kong economies.

In Hong Kong, the gradual recovery of the tourism sector and government's series of initiatives to boost the tourism and the retailer sector have energized the retail market. We anticipate that consumer spending will increase during the year-end holidays and major shopping seasons. To capture this momentum, we plan to optimize our store layout and enhance in-store experiences to attract more foot traffic. With the gradual resumption of cross-border travel, we will also strengthen our engagement with the global travelers, leveraging Hong Kong's unique position as a shopping hub.

On the digital front, we will continue to expand our e-commerce platform and foster greater synergy between online and offline (O2O) sales channels. Our goal is to offer a more seamless shopping experience and diversify our customer base, thereby driving sustainable growth.

Amid an evolving market landscape, we will remain agile and prudent in our management. By optimizing inventory, improving operational efficiency, and driving product innovation, we are confident in our ability to seize opportunities in the second half of the year and further solidify our market position.

Looking beyond, we will stay committed to our customer-first philosophy, delivering high-quality fashion products and services. We believe that with improving market conditions and the successful execution of our strategies, we will continue to create value and generate sustainable returns for our shareholders.

We sincerely thank our customers, shareholders, and partners for their unwavering support and look forward to achieving even greater success together.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Based on specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 September 2024.

DIVIDEND

The Board did not declare the payment of an interim dividend for the six months ended 30 September 2024 and 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2024.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance which serves as a vital element throughout the development of the Group. The Board emphasises on maintaining and conducting sound and effective corporate governance structure and practices.

The Company has complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the six months ended 30 September 2024.

REVIEW OF FINANCIAL INFORMATION

The Board has established an audit committee of the Company (the “**Audit Committee**”) with written terms of reference and comprising at least three independent non-executive Directors throughout the six months ended 30 September 2024. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, including the review of the Interim Financial Statements for the six months ended 30 September 2024, and discussed risk management, internal control and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total number of issued shares was held by the public as at the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT 2024

This interim results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (the “**HKEx**”) (www.hkexnews.hk) and the Company (www.bauhaus.com.hk). The Interim Report 2024 will be despatched to the shareholders of the Company and will be published on the websites of the HKEx and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders, business partners and customers for their unwavering support. I would also like to extend my sincere appreciation to the Group’s employees for their dedication and contribution.

By Order of the Board
Bauhaus International (Holdings) Limited
Madam Tong She Man, Winnie
Chairlady

Hong Kong, 29 November 2024

BOARD OF DIRECTORS

As at the date of this announcement, the board of Directors comprises two executive Directors, namely Madam Tong She Man, Winnie, and Mr. Yeung Yat Hang and three independent non-executive Directors, namely Mr. Wong Man Tai, Ms. Choi Sze Man, Mandy and Mr. Ong Benjamin Peng Liong.