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Consolidated Financial Results for the Year Ended February 28, 2025 [Japanese GAAP]

April 14, 2025

Company name: BAROQUE JAPAN LIMITED
Listing: Tokyo Stock Exchange
Securities code: 3548
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Scheduled date of annual general meeting of shareholders: May 27, 2025
Scheduled date to commence dividend payments: May 28, 2025
Scheduled date to file annual securities report: May 28, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 to February 28, 2025)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	58,180	(3.5)	812	(58.4)	(1,683)	-	(2,575)	-
February 29, 2024	60,290	2.5	1,954	(9.1)	2,022	67.0	945	287.7

(Note) Comprehensive income: Fiscal year ended February 28, 2025: ¥ (1,989) million [-%]
Fiscal year ended February 29, 2024: ¥ 1,478 million [46.8%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2025	(71.58)	-	(14.7)	(4.7)	1.4
February 29, 2024	26.24	-	4.9	5.4	3.2

(Note)Diluted earnings per share is not presented since there is no dilutive share.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	34,051	18,796	45.9	434.58
February 29, 2024	37,261	22,202	51.8	535.80

(Reference) Equity: As of February 28, 2025: ¥ 15,630 million
As of February 29, 2024: ¥ 19,302 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	2,201	(1,798)	(1,436)	11,305
February 29, 2024	1,562	(2,870)	(1,428)	12,181

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 29, 2024	-	0.00	-	38.00	38.00	1,376	144.8	7.1
February 28, 2025	-	0.00	-	38.00	38.00	1,376	-	7.8
Fiscal year ending February 28, 2026 (Forecast)	-	0.00	-	38.00	38.00		102.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	57,602	(1.0)	2,227	174.1	2,139	-	1,338	-	37.22

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

February 28, 2025: 36,676,300 shares

February 29, 2024: 36,676,300 shares

2) Number of treasury shares at the end of the period:

February 28, 2025: 710,400 shares

February 29, 2024: 650,400 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 28, 2025: 35,975,848 shares

Fiscal Year ended February 29, 2024: 36,024,938 shares

(Note)Regarding the number of treasury shares to be deducted in calculating the number of treasury shares at the end of the period and the average number of shares during the period, the company's shares owned by the trust assets of the Board Benefit Trust (BBT) are included in the deductible treasury shares in the calculation.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Descriptions regarding forward-looking statements, etc. contained in these materials are based on information currently available to the Company and certain assumptions judged reasonable. The Company makes no warranty as to the feasibility of its projections. Future results may differ materially from projections due to various factors.

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1. Management discussion and analysis

(1) Summary of the business

During the current consolidated fiscal year, the Japanese economy showed signs of gradual recovery amid an improved employment and income environment partly attributable to the effects of various government policies despite stagnant private consumption as a consequence of soaring prices. However, the future outlook remained uncertain due to surging raw material and energy prices, chronic weakness of the yen owing to global monetary tightening, and prolonged instability in overseas situations. As for the Chinese economy, the management environment continued to be challenging as a result of weak domestic demand caused by property recession and sluggish private consumption.

Regarding the Group's domestic business, store sales were 96.0% year-on-year while e-commerce sales were 102.3% year-on-year, which were higher than the previous fiscal year. Though e-commerce sales were robust, net sales declined year-on-year as the phasing out of unprofitable brands and scrapping of unprofitable stores had negative impacts on net sales. We also promoted sales that would efficiently turn into cash and strived to strategically liquidate inventory through the use of secondary sales channels, among other means. However, our efforts fell short of offsetting the increase in purchasing costs. As a result, gross profit from domestic operations in the current fiscal year was 95.8% year-on-year, which was lower than the previous fiscal year.

Despite increases in depreciation on investments in logistics facilities and costs associated with development of new businesses, we controlled selling, general and administrative expenses to the level below that of the previous fiscal year by curbing labor and other costs. However, it was not enough to cover the decline in gross profit, and operating profit fell below the level of the previous fiscal year.

As for the Chinese joint venture with strategic business partner BELLE INTERNATIONAL HOLDINGS LIMITED (hereon, "Belle"), due to the reduction in purchase made by retail companies in China, net sales from the joint venture were 87.6% year-on-year, which were lower than the previous fiscal year. Due to the negative impacts of the scrapping of unprofitable stores and valuation losses on merchandise, the Group has recorded a share of loss of entities accounted for using equity method of 2,436 million yen from the retail companies in China. The number of stores decreased by 87 compared to the previous year-end.

As for the U.S. business, with the stabilization of product supply, orders recovered, wholesale sales remained strong, and in addition, e-commerce grew, resulting in significant year-on-year increases in sales and profit.

As of February 28, 2025, the Group has 340 stores in Japan (255 directly operated, 85 through franchise) and 6 overseas stores (1 directly operated, 5 through franchise) – for a total of 346 stores. In addition, the number of stores in the Chinese retail business operated through the joint venture with Belle was 157.

As a result of the above, the fiscal year ended February 28, 2025 saw consolidated net sales of 58,180 million yen (3.5% decrease from the prior year), operating profit of 812 million yen (58.4% decrease from the prior year), ordinary loss of 1,683 million yen (ordinary profit of 2,022 million yen for the prior year), and loss attributable to owners of parent of 2,575 million yen (profit attributable to owners of parent of 945 million yen for the prior year).

(2) Financial review

Total assets, liabilities and net assets as of February 28, 2025 are as follows:

(Total assets)

Total assets at the end of the current consolidated fiscal year decreased by 3,209 million yen from the end of the previous fiscal year to 34,051 million yen. This was mainly due to the decrease in cash and deposits by 875 million yen and the decrease in accounts receivable - trade by 1,853 million yen.

(Liabilities)

Liabilities increased by 196 million yen from the end of the previous fiscal year to 15,254 million yen. This was mainly due to the increase in notes and accounts payable - trade by 737 million yen and the decrease in income taxes payable by 536 million yen.

(Net assets)

Net assets decreased by 3,405 million yen from the end of the previous fiscal year to 18,796 million yen. This was mainly due to decreases in retained earnings by 398 million yen and capital surplus by 977 million yen for the payment of dividends, the decrease in retained earnings by 2,575 million yen from loss attributable to owners of parent, the increase in foreign currency translation adjustment by 324 million yen, and the increase in non-controlling interests by 266 million yen.

(3) Cash flows review

Cash and cash equivalents decreased by 875 million yen to 11,305 million yen.

A summary of cash flows during the year is as follows:

(Cash flows from operating activities)

Net cash flows provided by operating activities totaled 2,201 million yen, mainly due to loss before income taxes of 1,965 million yen, depreciation of 937 million yen, share of loss of entities accounted for using equity method of 2,436 million yen, the decrease in trade receivables by 777 million yen, and the increase in trade payables by 635 million yen.

(Cash flows from investing activities)

Net cash flows used by investing activities totaled 1,798 million yen, mainly due to purchase of property, plant and equipment of 599 million yen, and purchase of intangible assets of 1,059 million yen.

(Cash flows from financing activities)

Net cash flows used by financing activities totaled 1,436 million yen, mainly due to dividends paid of 1,376 million yen.

(4) Future outlook

The fiscal year ending February 28, 2026 is the final fiscal year in the Medium-Term Management Plan (Re-orientation Plan Phase 1: Preparation for the Leap Forward. Strengthening Our Foundations and Preparing for Expansion). We will drive our business forward based on the following strategies.

Regarding the domestic business, the Group will focus on maximizing profit through appropriate pricing and company-wide efforts to reduce purchasing costs and turning inventory into cash efficiently to aim for a gross profit margin of 60.6% for the fiscal year ending February 28, 2026. We will aim to exceed the level of the previous fiscal year and work to maximize sales and profits. In addition, as part of our effort to improve the efficiency of selling, general and administrative expenses in the existing apparel business, we will work on enhancing the efficiency of selling, general and administrative expenses by reducing unnecessary expenses in the existing business and back-office departments and reallocating management resources by taking inventory of unprofitable brands and stores.

As for the business in China, as announced in the “Notice of a Change in a Consolidated Subsidiary, Etc. (Transfer of Shares)” released today, April 14, 2025, our consolidated subsidiary BAROQUE HK LIMITED (hereon, “BHL”) has concluded with Belle’s subsidiary ABLE CONCORD LIMITED (hereon, “ABLE”) an agreement of transfer of shares in the Chinese joint venture. It was based on our policy to resolve risks associated

with our business in China at once as the outlook for the Chinese economy remains uncertain, and it will take time to eliminate risk factors. As for the prospects of our business in China, we will not withdraw from the Chinese market, but maintain our Brand License Agreement and Distribution Agreement with Belle and drive forward new developments.

As for the business in the U.S., the size of the global market for high-end denim is expected to continue to grow. Against this backdrop, we will pursue a key policy of strengthening marketing research, appointing luxury denim designers, and developing products with a focus on originality.

Regarding new businesses, as part of the effort to develop new profit drivers and in parallel with the effort to strengthen our existing apparel business, we have started developing revenue-generating businesses for the future, including creating new apparel brands targeting older generations and building a footwear business in collaboration with Belle, and will launch them in the near future.

2. Basic approach for the selection of accounting standards

The Group prepares its consolidated financial statements based on the generally accepted accounting principles in Japan to allow comparisons with prior years and other companies.

Regarding the adoption of International Financial Reporting Standards, we shall continue to evaluate both internal and external environments before making a decision.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	12,181	11,305
Accounts receivable - trade	9,613	7,760
Merchandise	5,489	5,359
Supplies	67	56
Other	301	306
Allowance for doubtful accounts	(2)	-
Total current assets	27,651	24,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,215	1,016
Land	350	350
Construction in progress	94	52
Other, net	264	328
Total property, plant and equipment	1,923	1,747
Intangible assets		
Software	803	657
Software in progress	1,798	2,587
Other	0	1
Total intangible assets	2,601	3,246
Investments and other assets		
Investment securities	539	-
Leasehold and guarantee deposits	3,139	3,153
Deferred tax assets	1,341	1,064
Other	64	50
Total investments and other assets	5,084	4,268
Total non-current assets	9,609	9,262
Total assets	37,261	34,051

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,272	3,010
Short-term borrowings	2,000	2,000
Accounts payable - other	1,092	1,136
Accrued expenses	477	486
Income taxes payable	595	59
Guarantee deposited	5	20
Provision for bonuses	298	321
Asset retirement obligations	20	13
Other	255	268
Total current liabilities	7,017	7,316
Non-current liabilities		
Long-term borrowings	6,000	6,000
Long-term accounts payable - other	7	7
Deferred tax liabilities	81	84
Guarantee deposits received	476	431
Provision for share awards for directors (and other officers)	242	245
Retirement benefit liability	17	8
Asset retirement obligations	1,138	1,127
Other	76	32
Total non-current liabilities	8,040	7,937
Total liabilities	15,058	15,254
Net assets		
Shareholders' equity		
Share capital	8,258	8,258
Capital surplus	8,059	7,081
Retained earnings	2,605	(367)
Treasury shares	(678)	(724)
Total shareholders' equity	18,244	14,247
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,058	1,382
Total accumulated other comprehensive income	1,058	1,382
Non-controlling interests	2,900	3,166
Total net assets	22,202	18,796
Total liabilities and net assets	37,261	34,051

(2) Consolidated statements of income and comprehensive income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Net sales	60,290	58,180
Cost of sales	26,026	25,080
Gross profit	34,264	33,100
Selling, general and administrative expenses	32,309	32,287
Operating profit	1,954	812
Non-operating income		
Interest income	12	45
Foreign exchange gains	265	-
Rental income	15	15
Subsidy income	44	38
Other	40	21
Total non-operating income	378	121
Non-operating expenses		
Interest expenses	29	50
Commission expenses	5	6
Foreign exchange losses	-	89
Loss on retirement of non-current assets	12	6
Share of loss of entities accounted for using equity method	228	2,436
Other	33	28
Total non-operating expenses	310	2,617
Ordinary profit (loss)	2,022	(1,683)
Extraordinary losses		
Impairment losses	283	281
Total extraordinary losses	283	281
Profit (loss) before income taxes	1,738	(1,965)
Income taxes - current	618	158
Income taxes - deferred	(58)	272
Total income taxes	560	431
Profit (loss)	1,178	(2,397)
Profit attributable to non-controlling interests	233	177
Profit (loss) attributable to owners of parent	945	(2,575)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Profit (loss)	1,178	(2,397)
Other comprehensive income		
Foreign currency translation adjustment	252	312
Share of other comprehensive income of entities accounted for using equity method	46	95
Total other comprehensive income	299	407
Comprehensive income	1,478	(1,989)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,148	(2,250)
Comprehensive income attributable to non-controlling interests	329	261

(3) Consolidated statements of changes in equity

For the fiscal year ended February 29, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive incor		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of year	8,258	8,059	3,036	(686)	18,667	854	854	2,563	22,085
Changes during year									
Dividends of surplus			(1,376)		(1,376)				(1,376)
Disposal of treasury shares				7	7				7
Profit (loss) attributable to owners of parent			945		945				945
Net changes in items other than shareholders' equity						203	203	336	539
Total changes during year	-	-	(430)	7	(423)	203	203	336	116
Balance at end of year	8,258	8,059	2,605	(678)	18,244	1,058	1,058	2,900	22,202

For the fiscal year ended February 28, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of year	8,258	8,059	2,605	(678)	18,244	1,058	1,058	2,900	22,202
Changes during year									
Dividends of surplus		(977)	(398)		(1,376)				(1,376)
Purchase of treasury shares				(45)	(45)				(45)
Profit (loss) attributable to owners of parent			(2,575)		(2,575)				(2,575)
Net changes in items other than shareholders' equity						324	324	266	591
Total changes during year	-	(977)	(2,973)	(45)	(3,997)	324	324	266	(3,405)
Balance at end of year	8,258	7,081	(367)	(724)	14,247	1,382	1,382	3,166	18,796

(4) Consolidated statements of cash flows

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	1,738	(1,965)
Depreciation	862	937
Impairment losses	283	281
Increase (decrease) in provision for bonuses	6	22
Interest income	(12)	(45)
Interest expenses and commission fee	35	56
Foreign exchange losses (gains)	3	17
Share of loss (profit) of entities accounted for using equity method	228	2,436
Loss on retirement of property, plant and equipment	12	6
Decrease (increase) in trade receivables	(1,381)	777
Decrease (increase) in inventories	441	149
Increase (decrease) in trade payables	(790)	635
Increase (decrease) in accounts payable - other	102	33
Increase (decrease) in retirement benefit liability	(1)	(8)
Other, net	414	(345)
Subtotal	1,945	2,990
Interest received	12	45
Interest paid	(33)	(52)
Income taxes paid	(362)	(781)
Net cash provided by (used in) operating activities	1,562	2,201
Cash flows from investing activities		
Purchase of property, plant and equipment	(990)	(599)
Purchase of intangible assets	(1,815)	(1,059)
Payments of leasehold and guarantee deposits	(175)	(110)
Proceeds from refund of leasehold and guarantee deposits	188	100
Payments for asset retirement obligations	(76)	(128)
Net cash provided by (used in) investing activities	(2,870)	(1,798)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,000	2,000
Repayments of short-term borrowings	(2,000)	(2,000)
Proceeds from long-term borrowings	3,000	-
Repayments of long-term borrowings	(3,000)	-
Dividends paid	(1,376)	(1,376)
Repayments of lease liabilities	(52)	(59)
Net cash provided by (used in) financing activities	(1,428)	(1,436)
Effect of exchange rate change on cash and cash equivalents	172	157
Net increase (decrease) in cash and cash equivalents	(2,563)	(875)
Cash and cash equivalents at beginning of year	14,744	12,181
Cash and cash equivalents at end of year	12,181	11,305

(5) Notes to the consolidated financial statements

(Note on going concern)

Not applicable.

(Change in presentation method)

(Consolidated Balance Sheet)

In the previous consolidated fiscal year, “Software in progress,” which was included in “Other” under “Intangible assets,” has become materially significant. Therefore, from the current consolidated fiscal year, it is presented as a separate line item. To reflect this Change in presentation method, the comparative figures for the previous consolidated fiscal year have been reclassified in the consolidated financial statements.

As a result, in the consolidated balance sheet of the previous fiscal year, 1,798 million yen originally presented under “Other” in “Intangible assets” has been reclassified into 1,798 million yen under “Software in progress” and 0 million yen under “Other.”

(Additional information)

(Changes in the fiscal year of consolidated subsidiaries)

Previously, for the two consolidated subsidiaries whose fiscal year-end is December 31—BAROQUE CHINA LIMITED (hereon, “BCL”) and Baroque Shanghai Apparels Co., Ltd.—the financial statements as of that date were used in the preparation of consolidated financial statements, with necessary adjustments made for significant transactions occurring between the fiscal year-end and the consolidated fiscal year-end, which is the end of February.

However, from the current consolidated fiscal year, in order to provide financial information in a more timely manner, the Group has decided to change the method to use financial statements based on provisional settlements conducted at the consolidated fiscal year-end.

Accordingly, the consolidated financial statements for the current fiscal year include the results of operations for the 14-month period from January 1, 2024, to February 28, 2025, for the two subsidiaries mentioned above.

(Changes in the fiscal year of equity-method affiliates)

Previously, the fiscal year-end of BAROQUE CHINA APPARELS LIMITED (hereon, "BCAL") is the end of February. The Group used their provisional financial statements as of December 31 prepared in accordance with the year-end closing procedures. The fiscal year-end of Baroque (Shanghai) Apparel Co., Ltd. and Roque (Beijing) Apparel Co., Ltd. is December 31, and financial statements as of the same date were used. Adjustments were made necessary for consolidation for significant transactions that took place between December 31 and the consolidated fiscal year-end, which is the end of February.

However, from the current consolidated fiscal year, in order to provide financial information in a more timely manner, the Group has decided to make modifications so that, the equity method of accounting is to applied to those companies based on a provisional closing of accounts implemented as of end of February, which is the end of current consolidated fiscal year.

Accordingly, for the fiscal year under review, profit and loss of these equity-method affiliates for the 14-month period from January 1, 2024 to February 28, 2025 has been included in the consolidated financial results.

(Segment accounting, etc.)

(Segment accounting)

The Group is reporting as one segment with respect to apparel design and selling business. The disclosure of other business is omitted, since it is immaterial.

(Per share information)

	For the year ended February 29, 2024	For the year ended February 28, 2025
Net assets per share	535.80 yen	434.58 yen
Earnings (losses) per share	26.24 yen	(71.58) yen

(Note)1. The diluted earnings per share is not disclosed because there are no potentially dilutive common shares.

2. The basis of calculating the net assets per share is as follows:

Item	As at February 29, 2024	As at February 28, 2025
Net assets (million yen)	22,202	18,796
Deduction from net assets (million yen)	2,900	3,166
(Non-controlling interests) (million yen)	2,900	3,166
Net assets applicable to common stock shareholders (million yen)	19,302	15,630
Year-end number of shares of common stock used for calculation of net assets per share	36,025,900	35,965,900

3. The basis of calculating the earnings (losses) per share is as follows:

Item	For the year ended February 29, 2024	For the year ended February 28, 2025
Earnings (losses) per share		
Profit (Loss) attributable to owners of parent (million yen)	945	(2,575)
Amount not applicable to common stock shareholders (million yen)	—	—
Profit (Loss) attributable to owners of parent applicable to common stock shareholders (million yen)	945	(2,575)
Average number of shares of common stock outstanding during the year	36,024,938	35,975,848

4. The Company has introduced a performance linked stock compensation system, Board Benefit Trust or BBT. The treasury shares for that purpose was deducted from the total number of common stock when the earnings (losses) per share and net assets per share were calculated.

(Subsequent events)

(Transfer of shares in a significant subsidiary, etc.)

At the Board of Directors meeting held on April 14, 2025, the Company decided to transfer all shares in its consolidated subsidiary BCL and its equity-method affiliate BCAL, which are held by its consolidated subsidiary BHL, to ABLE, which is a SPC owned by Belle, and concluded a share transfer agreement as of the same date.

(1) Reason for the transfer

BCL and BCAL have been engaged in women's apparel retail business in China but have continued to face challenges due to changes in the business environment, including stagnant private consumption caused by the slowdown of the Chinese economy. While the Company has made efforts to improve profitability as a Group, it has determined that now is the appropriate time to pursue a fundamental turnaround of its China business. Accordingly, the Company has concluded that the optimal course of action is to transfer all shares of BCL and BCAL to ABLE, an SPC owned by its joint venture partner Belle, to enable more effective utilization of the management resources of both companies. As such, the Company has resolved that a share transfer agreement be concluded between BHL and ABLE.

(2) The shares will be transferred to:

ABLE CONCORD LIMITED

(3) The shares will be transferred on:

April 30, 2025 (tentative)

(4) Overview of the subsidiary and the equity-method affiliate

(i) Names

BAROQUE CHINA LIMITED and BAROQUE CHINA APPARELS LIMITED

(ii) Description of their business

Companies engaged in wholesale and retail businesses in China

(5) Number of shares to be transferred and shareholding status before and after the transfer

(1) Number of shares held before the transfer	BAROQUE CHINA LIMITED	13,260,000 shares
	BAROQUE CHINA APPARELS LIMITED	127,400,000 shares
(2) Number of shares to be transferred	BAROQUE CHINA LIMITED	13,260,000 shares
	BAROQUE CHINA APPARELS LIMITED	127,400,000 shares
(3) Number of shares held after the transfer	BAROQUE CHINA LIMITED	0 shares (Shareholding ratio: 0%)
	BAROQUE CHINA APPARELS LIMITED	0 shares (Shareholding ratio: 0%)

(6) Profit (loss) on transfer

Profit (loss) on transfer is currently being measured.