



BAUHAUS ANNOUNCES 2014/15 INTERIM RESULTS

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**RECORD-HIGH TURNOVER AT HK\$636.3 MILLION
NET PROFIT SOARS 30.6% TO HK\$20.9 MILLION**

Financial Highlights

- Total turnover of the Group increased by about 15.7% to approximately HK\$636.3 million (2013: HK\$549.8 million).
- Gross profit increased to approximately HK\$397.9 million (2013: HK\$348.9 million).
- Net profit for the period increased significantly by about 30.6% to approximately HK\$20.9 million (2013: HK\$16.0 million).
- Net margin increased to about 3.3% (2013: 2.9%).
- Basic and diluted earnings per share increased to about 5.7 HK cents (2013: 4.5 HK cents).
- An interim dividend of 1.5 HK cents (2013: 1.5 HK cents) per ordinary share was declared.

(Hong Kong, 25 November 2014) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its interim results for the six months ended 30 September 2014.

Financial Review

The Group achieved a record-high half-year sales of approximately HK\$636.3 million (2013: HK\$549.8 million), a growth of 15.7% compared to the same period last year despite the challenging market conditions. Gross profit rose to approximately HK\$397.9 million (2013: HK\$348.9 million). Net profit for the period surged by 30.6% to approximately HK\$20.9 million (2013: HK\$16.0 million), and net margin increased to about 3.3% (2013: 2.9%), indicating continued improvement in the Group’s profitability. To share the fruitful results with shareholders, the Board of Directors has declared the payment of an interim dividend of 1.5 HK cents (2013: 1.5 HK cents) per share.

Mr. George Wong, Chairman of Bauhaus, said, “Despite the challenging market conditions due to the slowdown of economic growth in Mainland China, I am pleased to see Bauhaus has once again reinvigorated its performance to achieve a record-high half-year sales with a rise in profitability and improvement in overall efficiency within the major markets we operate. In Hong Kong and Macau, the Group has strived to further bolster its presence through focusing merchandising resources and marketing efforts on key products, with leather jackets and accessories such as SALAD handbags and wallets being the major drivers. It is worthwhile to note that we have gradually stabilised business performance in China after aggressive restructuring, as we have resumed gaining fair profitability in the country. The Group is initiating further efforts to gradually re-build an optimal business scale and stronger profitability across the region.”

Business Review

Hong Kong and Macau

Turnover from Hong Kong and Macau has been led by a strong sales increase of 22.3% to approximately HK\$462.3 million (2013: HK\$378.1 million), accounting for 72.7% (2013: 68.8%) of the Group’s total turnover. A high positive same-store-sales growth rate of about 20% was recorded. During the period under review, the Group continue to fine-tune its shop mix by introducing more attractive branded shops, gradually renovating its existing shop design in a more lively and attractive style, closing down certain underperforming shops and relocating shops to other prime shopping locations with lower rentals. As a result of the remarkable same-store-sales growth, segment profit before tax increased to about HK\$56.3 million (2013: HK\$52.0 million).

Mainland China

The Group has undertaken a series of difficult restructuring exercises for its Mainland China operations in previous years, including closure of underperforming self-managed retail shops and inefficient franchised stores. The business performance in the segment has gradually stabilised. Though the segment reported a slight drop in turnover of 6.5% to about HK\$61.4 million (2013: HK\$65.7 million) and a negative same-store-sales growth of about 1%, the segment successfully resumed a profit of about HK\$0.7 million (2013: loss of HK\$1.1 million). Adhering to the Group's proven strategy to maintain an efficient and effective network, the Group opened several "smaller-scale" SALAD-branded shops within dense shopping malls to take advantage of more reasonable rental costs and greater pedestrian traffic. The sales performance from these stores has been promising while a greater improvement has been observed in overall efficiency. The Group will continue this tactic of optimizing operations to strengthen its presence in the region.

Taiwan

The local retail market in Taiwan has yet to fully recover and the Group has provided extensive promotional offerings to galvanise sales. As a result, the Group reported a positive same-store-sales growth rate of about 1% and the total sales in Taiwan achieved a double-digit growth of about 11.2% to about HK\$106.5 million (2013: HK\$95.8 million). The segment loss was narrowed to about HK\$5.5 million (2013: loss of HK\$6.4 million). The Group has closely monitored the effectiveness of its shop portfolio on a regular basis and altered its portfolio mix in order to react promptly to changing market conditions.

Looking ahead, the recent Occupy Central related protests in Hong Kong might create uncertainties and adversely affect consumer sentiment during the seasonal peak shopping festivals during the second-half of the financial year. Nevertheless, the Group has implemented extensive marketing campaigns to fully capitalize on consumption sentiment peaks. One successful campaign was the "SALAD – Carry Me Fantasy" promotion campaign this year which attracted the attention of a wider segment of consumers towards the latest collection of SALAD-branded handbags. Moreover, a pinpointed television advertising campaign with the theme of "BAUHAUS Leather, You Can't Unlove" has also been rolled out during November 2014.

"We will continue to leverage our unique position as one of the most popular Hong Kong local brands and our diversified trendy brand portfolio to address the present market conditions and transform the challenges into opportunities. To tap the immense potential of the online shopping trend, we have revamped our corporate website to create a better sales platform, and have also cooperated with a newly launched local mobile TV station in Hong Kong and Tmall.com to expand our reach. At the same time, we will actively explore new avenues to maintain a strong and healthy financial position. With a clear roadmap in place supported by a prudent strategy, we are confident we can solidify the foundation on which sustainable, long-term growth can be realized," **Mr. Wong concluded.**

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About Bauhaus International (Holdings) Limited

Bauhaus is principally engaged in the design, manufacture, wholesale and retail sales of apparel, bags and accessories with about 10 in-house brands. It also sells apparel of third-party fashion brands. The Group runs self-operated retail stores in Hong Kong, Macau, Taiwan, the PRC, and franchise outlets in the PRC and exports "TOUGH Jeansmith" brand products to many countries around the world.

For more information, please visit: <https://www.bauhaus.com.hk/index.php?route=content/ir>

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