



BAUHAUS ANNOUNCES 2014/15 ANNUAL RESULTS

(Hong Kong, 24 June 2015) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its annual results for the year ended 31 March 2015.

Financial Review

The Group’s turnover again achieved a record-high of approximately HK\$1,591.8 million (2014: HK\$1,427.1 million), a growth of about 11.5% compared to the same period last year despite the challenging market conditions. Gross profit increased to about HK\$968.8 million (2014: HK\$909.6 million) and net profit increased slightly by about 3.4% to approximately HK\$129.4 million (2014: HK\$125.1 million). In addition, due to extensive efforts to accelerate clearance of aged and slow-moving inventories, the overall stock turnover period had been greatly reduced to 152 days for the year under review (2014: 186 days) while the gross margin was narrowed to around 60.9% (2014: 63.7%). Net margin was recorded at about 8.1% (2014: 8.8%).

The Board has recommended the payment of a final dividend of HK13.5 cents (2014: HK14.0 cents) per share. Basic earnings per share increased to about HK35.4 cents (2014: HK34.6 cents). Combined with an interim dividend of HK1.5 cents per share already paid, total dividends for the year are HK15 cents per share. This represents a dividend payout ratio of about 42.6% (2014: 45.2%), which is in line with the Group’s policy to distribute not less than 40% of net profit as dividends.

Business Review

Hong Kong and Macau

Turnover from Hong Kong and Macau rose about 12.7% to attain another milestone, to approximately HK\$1,129.2 million (2014: HK\$1,001.8 million), accounting for about 70.9% (2014: 70.2%) of the Group’s total turnover. The increase was mainly brought about by a strong same-store-sales growth rate of about 11% during the year under review. The Group continued to invest in television advertising programmes and related marketing campaigns to promote key product categories, especially the “SALAD” branded handbags and wallets as well as a collection of “BAUHAUS” leather jackets. The Group has also kept up with the latest developments by gradually renovating its existing shop design and decor while relocating shops to prime shopping locations with more cost-effective rentals arrangements and enriching its shop and brand portfolio in order to remain competitive in the retail market.

Taiwan

The performance of the local retail market in Taiwan was just fair during the year under review. The Group has proactively managed its retail networks on the island and effectively upgraded its shop and brand mix to adjust to the challenging market conditions, with attractive promotional offerings to boost sales, while also speeding up the stock turnover rate. These precision tactics not only contributed to the positive same-store-sales growth rate of about 5%, but also enabled the Group to acquire greater market share via a network expansion in Taiwan to 95 shops as at the end of the reporting period (2014: 87). As a result, the Group recorded a remarkable increase in the segment turnover of about 15.7% to about HK\$313.5 million (2014: HK\$270.9 million), while its profit before tax surged by about 103.9% to about HK\$15.5 million (2014: HK\$7.6 million).

Mainland China

Due to the Group's strategic consolidation efforts in both retail and franchise operations in China, the Group had 31 self-managed retail stores in the region (2014: 26), and 13 franchised shops (2014: 17) as at 31 March 2015. Turnover from the segment dropped slightly to about HK\$132.5 million (2014: HK\$135.1 million). After a series of restructuring exercises in previous years, the segment returned to profit and recorded a segment profit before tax of about HK\$2.5 million (2014: loss of HK\$4.3 million). The Group maintained a positive same-store-sales growth rate of about 4%. The priority remains the improvement of the profitability and operational effectiveness in the near future.

Looking ahead, the challenging business environment is expected to persist. To address market changes within the retail market, the Group continues to substantially focus on brand building and marketing to spur sales growth while continuing to direct investments towards creating a greater brand mix, enhancing the Group's differentiated market position as well as sustaining its long-term competitiveness. Aside from expanding its physical stores, the Group plans to proactively explore new distribution channels, in particular, online platforms so as to broaden sales routes, extend marketing reach and diversify revenue streams, as well as remain in step with global trends.

Mr. George Wong, Chairman of Bauhaus, said, "Market conditions have remained challenging over the past twelve months, characterised by significant rental pressure, high operating costs and the ongoing slowdown in China's economic growth. Despite the strong headwinds, the Group has again managed to record a record-high annual turnover and net profit. While continuing to capitalise on its core strengths to bolster its market position, the Group is seeking to enhance efficiency by streamlining workflow processes; adopting a more cautious approach towards inventory restocking; and tighter control of advertising and promotion expenses, among other initiatives. Through dedicated efforts, the Group believes it can reinforce the foundation on which Bauhaus can achieve sustained, long-term growth, as well as attain a leading position in the fashion industry."

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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" products to many countries around the world.

For more information, please visit: www.bauhaus.com.hk/ir/en

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