



## BAUHAUS ANNOUNCES 2009/10 INTERIM RESULTS

### Highlights

- Turnover reached HK\$325.7 million
- Gross profit margin maintained stable at 70.9%
- Net profit was HK\$17.1 million
- Cash and cash equivalent at about HK\$124.5 million as at 30 September 2009
- Earnings per share were HK 4.8 cents
- The Directors declared the payment of an interim dividend of HK 2.0 cents per share

(Hong Kong, 16 December 2009) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its interim results for the six months ended 30 September 2009.

### Financial Review

During the review period, the Group recorded turnover of approximately HK\$325.7 million, representing an about 1.8% growth when compared with the corresponding period in 2008. Facing the global financial crisis and high rental costs during the review period, net profit attributable to shareholders was down to HK\$17.1 million. (2008/09 interim: HK\$24.4 million).

Basic earnings per share were HK 4.8 cents (2008/09 Interim: HK 6.8 cents). The Board of Directors declared the payment of an interim dividend of HK 2.0 cents per share (2008/09 Interim: HK 2.0 cents).

Despite the tough environment and challenges, the Group maintained a strong financial position with cash and cash equivalent of about HK\$124.5 million as at 30 September 2009. In addition, during the review period, the Group closely monitored its inventory level in order to reduce working capital requirement. The inventory level was kept at a comfortable level in current period and was reduced by 10.6% compared to the last corresponding period.

**Mr. George Wong, Chairman of Bauhaus**, said, “With retail markets starting to look up, we continuously committed to expanding our business in a healthy and carefully-controlled pace and cementing our business foundation for achieving long-term sustainable growth.”

## **Business Review**

### *Retail Operation*

Turnover of retail operation rose by 8.8% to HK\$286.8 million. Retail operation in Hong Kong, which accounted for about 58.5% of the Group's turnover, brought turnover of HK\$190.4 million, a mild growth of 2.3% against the same period last year. Sales in Macau dropped slightly by 1.0% to HK\$20.7 million. Turnover of Taiwan's retail operation reported encouraging growth by 19.1% to HK\$43.6 million.

Mainland China, the key growth engine of the Group, reported a leap in sales by 62.1% to HK\$32.1 million. The Group continued to expand its footprints in Shanghai, Beijing and Guangzhou by opening small and medium shops in strategic shopping areas and optimize utilization of sale areas. Running a more flexible distribution network at lowered cost, the Group was able to maintain stable expansion.

### *Franchise Operation*

Turnover from the segment dropped by 26.3% to HK\$21.6 million. During the review period, the Group streamlined the operation for the segment and invested more resources to weather challenges from the uncertain business environment. As at 30 September 2009, the Group had 70 franchised outlets (2008/09 Interim: 65) operating in the PRC.

### *Wholesale Operation*

Turnover from the Group's wholesale operation decreased by 36.4% to HK\$17.3 million. It was mainly contributed by the decrease in sales to European regions. As Japan and markets in other East Asia regions have been more stable and considered as having strong potential to rebound, the Group will continue to shift its focus to Japan and those other markets.

## **Future Plans**

Given the robust Chinese economy and major international events to be staged in the country next year such as the World Expo in Shanghai and the Asian Games in Guangzhou, Bauhaus has great confidence in the Mainland China retail market and it will continue to focus on growing the market. It will continue to open self-managed shops to top tier cities such as Beijing, Shanghai and Guangzhou to promote the Group's various brands.

Besides shop expansion, the management will also focus efforts on product range planning so as to make sure the Group's products align with latest fashion trends and heed concerns over the global climate change. Operating own brand production, the Group has more flexibility in designing fashion that cater for the specific tastes and needs of customers.

“Looking forward, having strong presence in the Greater China region, we are confident of capturing a greater share of the Mainland China apparel retail market. More importantly, Bauhaus will continue to strengthen its brand image and distribution networks so as to realize the goal of becoming a leading trendy fashion house and sustain business growth in the long run. Although there are still uncertainties on the economic horizon, we are optimistic that Bauhaus, with a sound business platform and well-established corporate and product brands, will sustain long term business growth,” **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 over 15 in-house brands. It also sells apparel of third-party fashion brands. The Group runs self-operated retail stores in Hong Kong, Macau, Taiwan, Shanghai, Beijing and Guangzhou, franchise outlets in the PRC and exports “TOUGH Jeansmith” brand products to many countries around the world. Riding on its extensive sales network in the region and the vast potential of quality trendy wear in the market, Bauhaus aims to boost the status of its own brands in the international market.

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