

[For Immediate Release]

**BAUHAUS ANNOUNCES 2008/09 INTERIM RESULTS**

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**TURNOVER INCREASES 25.9% TO HK\$320.0 MILLION****Highlights**

- Turnover increased by 25.9% to HK\$320.0 million
- Net profit increased by 5.4% to HK\$24.4 million
- Earnings per share were HK 6.8 cents
- The Directors declared the payment of an interim dividend of HK 2.0 cents per share

(Hong Kong, 16 December 2008) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its interim results for the six months ended 30 September 2008.

**Financial Review**

During the review period, the Group recorded turnover of approximately HK\$320.0 million and net profit attributable to shareholders of approximately HK\$24.4 million, an increase of 25.9% and 5.4% respectively against the corresponding period last year. Basic earnings per share were HK 6.8 cents (2007/08 Interim: HK 6.4 cents). The Board of Directors declared the payment of an interim dividend of HK 2.0 cents per share (2007/08 Interim: HK 2.5 cents).

**Mr. George Wong, Chairman of Bauhaus**, said, “I am glad to see continuous growth in Bauhaus’ business during the review period despite confronted with a challenging economic environment. By adhering to our diversification strategy, we have gradually transformed from a local retailer into a regional trendy fashion supplier. Moving forward, we will continue to adopt prudent expansion strategy to strike a balance between the present economic climate while at the same time ensure the sustainability of the business beyond.”

**Business Review***Retail Operation*

Turnover of retail operation segment was up 25.4% to HK\$263.5 million. Retail operation in Hong Kong, which accounted for about 58.2% of the Group’s turnover, sustained steady growth of about 5.9% to HK\$186.2 million. Since commencement of retail business in Macau in 2007, sales recorded in the area have surged at meteoric speed by about 326.5% to HK\$20.9 million. Turnover of Taiwan’s retail operation also reported encouraging growth by a remarkable 40.8% to HK\$36.6 million.

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During the period under review, the retail business in the PRC became a key growth driver of the Group, with sales reporting an exponential growth of 482.4% to HK\$19.8 million. Following the success of its self-managed outlets in Shanghai, the Group also grew its retail business in Beijing by setting up 4 new self-managed shops at strategic locations in premium shopping areas during the period under review.

#### *Franchised Operation*

Turnover from the segment achieved impressive growth of about 40.2% to HK\$29.3 million. As at 30 September 2008, the Group had 65 franchised outlets (2007/08 Interim: 54) operating in the PRC and Macau.

#### *Wholesale Operation*

Turnover from the Group's wholesale operation increased by 17.7% to HK\$27.2 million during the review period, which was mainly attributable to the stable sales performance in the Japanese market and enhanced overseas distribution channels. To minimize the impact from fluctuation in certain overseas regions, the Group has been diversifying its customer base by extending reach to various countries in Southeast Asia, the Middle East and Europe, aiming for balance among different regions.

#### **Future Plans**

Looking forward, Bauhaus is determined to continue its strategy in maintaining long term business growth. The management will focus on extending presence in cities with high growth potential, and will keep introducing innovative brands and designs to satisfy different consumer tastes. Furthermore, the management will implement measures such as maintaining staff cost levels, monitoring rental rates and negotiating with landlords for more reasonable rental arrangements to achieve cost-effectiveness. The management is confident that these will allow the Group to maintain its profit margin in such difficult times.

On sales network expansion, the Group will exercise prudence and open shops only at prime locations at reasonable rentals with strong business potential. In November and December this year, the Group opened its first self-managed retail shops in Guangzhou, replicating the ones in Beijing and Shanghai. In addition, the management plans to open 5 more outlets in Taiwan in the second half of the fiscal year.

**Ms. Winnie Tong, Vice Chairman of Bauhaus**, said, "With our entrenched presence in the PRC and Hong Kong, we are optimistic about achieving healthy progress. Although overall growth might slow due to the general global downturn, we will continue to dedicate efforts in strengthening brand image and distribution channels, reach new markets and explore opportunities that can bring sustainable growth to the Group, with an aim of delivering fair returns to shareholders."

**About Bauhaus International (Holdings) Limited**

Bauhaus is principally engaged in the design, manufacture, wholesale and retail sales of apparel, bags and accessories with over 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, Shanghai and Beijing, franchise outlets in the PRC and Macau and exports "TOUGH" 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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