



BAUHAUS ANNOUNCES 2007/08 INTERIM RESULTS

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NET PROFIT INCREASES 11.1% TO HK\$23.1 MILLION

Highlights

- Turnover increased by 15.8% to HK\$254.1 million
- Net profit increased by 11.1% to HK\$23.1 million
- Earnings per share were HK 6.4 cents
- The Directors declared the payment of an interim dividend of HK 2.5 cents per share

(Hong Kong, 18 December 2007) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its interim results for the six months ended 30 September 2007.

Financial Review

During the review period, the Group recorded turnover of approximately HK\$254.1 million and net profit attributable to shareholders of approximately HK\$23.1 million, an increase of 15.8% and 11.1% respectively against the corresponding period last year. Basic earnings per share were HK 6.4 cents (2006/07 Interim: HK 5.9 cents). The Board of Directors declared the payment of an interim dividend of HK 2.5 cents per share (2006/07 Interim: HK 2.5 cents)

Mr. George Wong, Chairman of Bauhaus, said, “I’m delighted to report Bauhaus’ satisfactory performance in the first half of the financial year. Our successful market diversification strategy has contributed to the Group’s steady business growth despite challenges faced in the Hong Kong market. Encouraging sales growth was achieved from the Greater China Region and Southeast Asia countries. We will continue our aggressive yet prudent expansion strategy to explore more profitable markets in the coming years.”

Business Review

Retail Operation

Retail operation segment turnover was up 14.9% to about HK\$210.1 million. Retail operation in Hong Kong, which accounted for about 69.1% of the Group’s turnover, sustained steady growth of about 5.9%. As for retail operation in Taiwan, turnover jumped a remarkable 56.0%, thanks to enhanced management effort, intensive training provided to sales teams and solid support of an extensive retail network.

The Group took an important strategic move last year setting up self-managed retail operation in Shanghai. The Group also started self-managed retail operation in Macau in April 2007. Both the Mainland and Macau self-management retail outlets reported encouraging sales performance during the review period.

Wholesale Operation

Turnover from the Group's wholesale operation dropped slightly by about 1.7% to HK\$23.2 million during the review period. The decrease was mainly attributable to fluctuating retail demands in the European and Japanese markets. To minimize the impact of fluctuation in overseas demands on its wholesale business, the Group has been diversifying its customer base aiming for balance among different regions. With the Group's enhanced effort to develop businesses in Southeast Asia, the region reported growth in sales that almost fully compensated the drop in other markets. As at 30 September 2007, the Group's wholesale businesses covered over 20 countries in Southeast Asia, the Middle East, Europe and North America.

Franchised Outlets

Franchise business in Mainland China continues to be one of the Group's growth engines. Turnover from the segment grew an impressive 60.8% to HK\$20.9 million for the six months ended 30 September 2007. Years of dedicated effort of the Group in establishing systematic and well-coordinated franchise networks in different cities in China have seen "TOUGH" emerged as an acclaimed brand in the country. As at 30 September 2007, the Group had 46 franchised outlets (2006/07 Interim: 20) operating in the PRC and Macau.

Future Plans

Although Mainland China will be the key growth driver of the Group in the medium to long term, the Group sees to maintain healthy growth for the Hong Kong market. Seeking to continue the satisfactory performance of its Hong Kong business in the first half, 10 retail shops will be opened during the last quarter of 2007 and in the first quarter of 2008.

Starting self-managed retail operation in Macau in April 2007 was an important strategic move of the Group with the aim of capturing the city's booming economy. To continue to seize business opportunities as well as boost its brands in Macau, the Group will open 4 more self-managed retail shops in the city by 2008.

Ms. Winnie Tong, Vice Chairman of Bauhaus, said, "As the Chinese economy continues to grow and our self-managed retail shops in the country start to contribute revenues, sales from Mainland China will translate into significant gains for the Group in the years to come. We will seek to expand our presence gradually in major cities including Shanghai and Beijing by opening at least 4 self-managed stores in Beijing and 3 more in Shanghai by 2008. We also plan to open at least 10 new franchised stores in other major PRC cities in the second half of the financial year. "

Wholesale business has always been one of the Group's business focuses. To maintain a balanced clientele for sustaining growth momentum, the Group will continue its customer diversification strategy. The newly developed Southeast Asia region market recorded satisfactory results and the Group plans to open 1 more retail shop in Singapore to cater to customer demand.

Looking ahead, the Group will continue to strengthen its brand image and distribution network so as to realize the goals of becoming a leading trendy fashion house and bringing quality fashion to consumers in different parts of the world. More importantly, the management will continue to explore promising business opportunities to sustain growth, and ultimately create value for all its shareholders.

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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 under its own "TOUGH", "SALAD" and "80/20" brands. It also sells apparel of third-party fashion brands. The Group runs self-operated retail stores in Hong Kong, Macau, Taiwan and Shanghai, franchise outlets in the PRC and Macau and exports "TOUGH" brand products to over 20 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. The Group was awarded Forbes Asia's 200 "Best Under a Billion within Asia Pacific Region in 2007".

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