

**BAUHAUS ANNOUNCES 2006/07 ANNUAL RESULTS**

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NET PROFIT INCREASED 12.4% TO HK\$57.2 MILLION**Highlights**

- Turnover increased by 16.8% to HK\$509.3 million
- Net profit increased by 12.4% to HK\$57.2 million
- Earnings per share were HK 16.26 cents
- The Directors proposed payment of a final dividend of HK 3.0 cents per share and a special dividend of HK 5.5 cents per share

(Hong Kong, 16 July 2007) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its annual results for the year ended 31 March 2007.

Financial Review

During the year under review, the Group recorded turnover of approximately HK\$509.3 million and net profit attributable to shareholders of approximately HK\$57.2 million, an increase of 16.8% and 12.4% respectively against last year. Basic earnings per share were HK 16.26 cents. (FY2005/06: HK 15.05 cents)

The Board of Directors proposed payment of a final dividend of HK 3.0 cents and a special dividend of HK 5.5 cents per share. Including the interim dividend paid during the year, total dividend for the year ended 31 March 2007 is HK 11.0 cents per share, representing a dividend payout ratio of approximately 68.7% of the Group’s net profit, in line with the Group’s long term dividend policy of distributing not less than 30% of its net profit.

Mr. George Wong, Chairman of Bauhaus, said, “In spite of the challenging operating environment including rising rentals, production and staff costs, at the hard work of the management and staff to implement effective branding strategy and diversify our markets, we achieved outstanding results and healthy growth yet another year. Both our turnover and net profit reported double-digit growth for the third consecutive year.”

Business Review

Retail Operation

Retail operation in Hong Kong achieved fast organic growth with turnover up about 7.9% to about HK\$383.6 million, accounting for about 75.3% of the Group's turnover during the year under review. To optimize its sales network in Hong Kong, the Group opened new shops at prime locations of the city that gave optimum space at reasonable rental costs. To tap the high-end fashion market, Bauhaus opened a new concept store – “ELITE” – in Tsim Sha Tsui in November 2006, to offer mainly products carrying premium overseas labels. In Taiwan, at enhanced management effort and improved sales staff training, the Group's retail sales exceeded the industry average, reporting a remarkable surge of about 51.8% in revenue against last year. To capture the lucrative China market, Bauhaus opened two self-managed retail stores in Shanghai during the year under review. As at 31 March 2007, the Group had 44 retail outlets in Hong Kong under the tradenames of “BAUHAUS”, “TOUGH”, “SALAD”, “80/20” and “ELITE”, 18 retail outlets in Taiwan under the tradenames of “TOUGH”, “SALAD” and “80/20”, and 2 self-managed “TOUGH” retail stores in Shanghai.

Wholesale Operation

Bauhaus has been actively exploring different markets overseas. As at 31 March 2007, the Group's wholesale business covered over 20 countries in Southeast Asia, the Middle East, Europe, North America. The business grew an impressive 48.4% in turnover to about HK\$51.5 million during the year under review. Sales in Japan surged by 130.6% and it is now the Group's largest overseas market.

Franchised Outlets

Franchise business in China continues to be a key growth engine of the Group. With domestic demand persistently strong and supported by an expanding franchise network in the PRC, the Group's turnover from the business rocketed by about 62.1% to about HK\$28.7 million for the year ended 31 March 2007. As at 31 March 2007, the Group operated 35 franchise outlets in the PRC and Macau. Thanks to the years of dedicated efforts of the Group in establishing systematic and well-coordinated franchised networks in different markets in China, “TOUGH” is now an acclaimed brand in the country.

Future Plans

Looking ahead, Bauhaus will continue to grow its business in existing markets applying innovative product development and branding strategies. In April 2007, it opened the “Bauhaus” flagship store in Causeway Bay. The four-storey store features Bauhaus' own brands and other promising overseas fashion labels, complemented by a gallery displaying selected contemporary art pieces. In addition, the Group's first bag and accessories specialty corner in Hong Kong – “ATTACHMENT”, just began business in June 2007. By diversifying its brands and products, the Group is creating room for its business to grow in the Hong Kong market.

Furthermore, the Group has just established its first self-managed retail store in the fast growing Macau market. The management plans to open two more self-managed retail stores in the city by end of 2007.

The Group is optimistic about the global economy and retail market. Apart from striving for sustainable growth of its retail business in Hong Kong and Taiwan, it will step up efforts in expanding its PRC franchise and overseas wholesale business, as growth of these segments will help to enhance the Group's overall margin and profitability. The Group will establish retail presence for "TOUGH" in the Singapore and Philippines markets in late July 2007.

Ms. Winnie Tong, Vice Chairman of Bauhaus, said, "We will pay special attention to the fast-expanding PRC market where it has a well-established 'TOUGH' network and retail infrastructure. 3 more self-managed and at least 20 more franchise outlets will be added by March 2008. Drawing from our successful experience we have with 'TOUGH', the Group is actively promoting 'SALAD' in the PRC market."

Boasting quality products, innovative marketing and strong brand recognition in major fashion centers around the world, Bauhaus will direct more resources on to accelerating penetration of markets around the world, especially the PRC and strive to become a leading fashion house in Asia-Pacific.

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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.

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