

**BAUHAUS ANNOUNCES 2010/11 ANNUAL RESULTS**

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**RECORD-HIGH REVENUE AND NET PROFIT AT HK\$1,011.7 MILLION AND
HK\$115.5 MILLION RESPECTIVELY****Financial Highlights**

- Total turnover increased by 27.5% to HK\$1,011.7million
- Net profit increased by 39.2% to HK\$115.5 million
- Gross profit margin maintained at 70.0% and net profit margin increased by 0.9 percentage point to 11.4%
- Proposed payment of a final dividend of HK10.7 cents per share and a special dividend of HK5.0 cents per share
- Net cash position with cash and cash equivalents of about HK153.9 million

(Hong Kong, 21 June 2011) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its annual results for the year ended 31 March 2011.

Financial Review

During the year under review, the Group recorded an aggregate turnover of HK\$1,011.7 million (FY2009/10: HK\$793.8 million), a strong growth of 27.5% over the last year. Enacting certain effective measures, the Group was capable of managing its overall gross margin at a relatively high and stable level at 70.0%. Net margin also increased by 0.9 percentage point to 11.4%. Basic earnings per share was HK32.14 cents (FY2009/10: HK23.10 cents).

In recognition of shareholders’ continuous support, the Board has recommended the payment of a final dividend of HK10.7 cents along with a special dividend of HK5.0 cents. Combined with an interim dividend of HK2.0 cents already paid, total dividend for the year will be HK17.7 cents, representing a dividend payout ratio of about 55.1%, which is in line with the Group’s policy to distribute not less than 40% of net profit as dividend.

Mr. George Wong, Chairman of Bauhaus, said, “Throughout the past year, the economy has continued its recovery from the financial downturn. We believe that the overall market has reacted positively, impacted by the spending sentiment as well as a low currency standing in the Mainland China. We are particularly thrilled that Bauhaus’ turnover for the first time exceeded HK\$1 billion level, and our net profit continued to hit record-high. Although operation challenges such as rent, labour and other operating expenses continued to present themselves, our network expansion has proved to be a success, containing the various costs and sustaining profitability.”

Business Review

Hong Kong and Macau

Turnover from Hong Kong and Macau is derived from the self-managed retail business. Retail operations in Hong Kong continued as the largest revenue sector of Bauhaus, which accounted for about 58.1% of the Group's turnover, achieved double-digit growth of 23.9% to HK\$587.5 million during the year. Retail sales in Macau also increased by 16.2% to HK\$61.1 million.

During the year, the Group not only expanded aggressively its self-managed retail networks by adding 15 more stores in Hong Kong and Macau, making the total number of shops of the 2 markets reached 75 as at 31 March 2011, but also enriched its retail shop portfolio by introducing well-performing licensed brand specialty shops, "SUPERDRY", to these markets. The results were well-received and the new brand shops are considered to be a potential growth driver to fuel Bauhaus' long term growth.

Mainland China

Self-managed Retail Operation

Retail sales in Mainland China recorded a significant growth of 50.4% to HK\$113.4 million. During the year, the Group has speeded up its expansion of self-managed retail networks by aggregately adding 26 new shops in targeted first-tier cities. As at 31 March 2011, the Group had 41 self-managed shops in Mainland China region, with 21 in Shanghai, 13 in Beijing, 5 in Guangzhou and 2 in Nanjing. Instead of focusing merely on the scale of retail networks, the Group has given higher priority on the profitability and operating efficiency of its shop portfolio as a whole.

Franchise Business

Through gradually improved sales and operating efficiency, the turnover contributed by the franchise business rose by about 20.2% to approximately HK\$57.7 million during the year under review. The Group eliminated some non-performing franchisees to streamline the business operation and improve efficiency. As a result, the total number of franchised shops dropped from 70 to 65 as at 31 March 2011.

Taiwan

The Group has engaged in self-managed retail operations in Taiwan for years, which again recorded an encouraging result with turnover up by about 42.6% to HK\$161.6 million. In addition to extending its footprint through in-house labels, the Group also introduced the growing licensed brand, "SUPERDRY", to the Taiwan market and opened nine "SUPERDRY" shops during the year under review. Together with other new shops of existing brands, there was a net increase of 14 outlets during the year ended 31 March 2011 bringing the total to 53 outlets in Taiwan as at 31 March 2011, mostly within reputable department stores in Taiwan's major cities.

Elsewhere

The Group has extended its business coverage across many overseas countries through wholesale operations. The overall sales contributed by the segment remained virtually constant at HK\$30.4 million for the year ended 31 March 2011. The Japanese market, the largest overseas wholesale market of the Group, recorded growth in sales of 20.1% to HK\$22.7 million during the year under review.

Future Plans

With ample opportunities continuing to emerge in Mainland China, the Group will seek to further bolster its stature in already established areas of Mainland China by opening approximately 20 to 30 shops in FY2011/12. Specifically, efforts will be made to fortify its self-managed retail network, which covers prime cities including Beijing, Shanghai, Guangzhou and Nanjing. For franchise business, other than actively seeking potential partners, the Group will continue its strategy of directing resources toward nurturing franchisees that have shown high potential. In particular, technical support and training will be provided to these franchisees so that they can better weather volatile market conditions.

The Group has long been committed to nurturing up-and-coming brands that are able to satisfy the needs and tastes of individuals; ultimately delivering quality fashion to different parts of the world. Drawing from its experience in successfully launching “TOUGH Jeansmith” and “SALAD”, the Group shrewdly opened specialty stores for selected popular labels, including the licensed brand “SUPERDRY” and is set to open a flagship store in Hong Kong in the third quarter of 2011. Having realized encouraging results, the Group will maintain growth momentum by targeting to unveil about 10 to 20 self-managed retail stores in Hong Kong, Macau and Taiwan in the coming year. The Group will also closely monitor the latest market trend and enhance its product mix by raising the proportion of high-value popular items, such as colorful leather jackets that have been a proven success, thus further stimulate sales growth.

“Looking forward, the management remains cautiously optimistic about the Group’s growth potential, buoyed by robust economic development in Asia, and in particular, Mainland China. However, the inflation and rising operating costs in Mainland China and other regions the Group operates have remained a great concern. With a more flexible cost structure and strategic expansion measures in place, Bauhaus is ready to embrace every opportunity and overcome every challenge ahead.” **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 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, Beijing, Nanjing 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 Asian market, particularly in Mainland China.

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

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