



BAUHAUS ANNOUNCES 2013/14 INTERIM RESULTS

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**RECORD-HIGH TURNOVER AT HK\$549.8 MILLION
NET PROFIT SURGES 55.3% TO HK\$16.0 MILLION**

Financial Highlights

- Total turnover of the Group increased by about 14.3% to approximately HK\$549.8 million (2012: HK\$481.0 million)
- Gross profit increased to approximately HK\$348.9 million (2012: HK\$318.6 million)
- Net profit for the period increased significantly by about 55.3% to approximately HK\$16.0 million (2012: HK\$10.3 million)
- Net margin increased to about 2.9% (2012: 2.1%)
- Basic earnings per share increased to about HK4.5 cents (2012: HK2.9 cents)
- An interim dividend of HK1.5 cents (2012: HK1.0 cent) per ordinary share was declared

(Hong Kong, 25 November 2013) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its interim results for the six months ended 30 September 2013.

Financial Review

During the period under review, the Group achieved record-high sales of approximately HK\$549.8 million (2012: HK\$481.0 million), a growth of 14.3% compared to the same period last year. Gross profit increased to approximately HK\$348.9 million (2012: HK\$318.6 million) with gross margin recorded at 63.5% (2012: 66.2%). Net profit jumped significantly by 55.3% to about HK\$16.0 million (2012: HK\$10.3 million) despite the absence of last year’s one-off exceptional income and gains of about HK\$36.9 million. Net profit margin also improved to about 2.9% (2012: 2.1%). The Board of Directors declared the payment of an interim dividend of HK1.5 cents (2012: HK1.0 cent) per share.

Mr. George Wong, Chairman of Bauhaus, said, “I am delighted to announce Bauhaus has achieved a record-high half-year sales even though market conditions remained challenging as a result of volatile demand, fierce competition and higher costs in various markets where the Group operates. During the period under review, the Group continued to focus on enhancing efficiency and profitability as the primary goal and successfully strengthened same store sales growth in various regions through effective brand building, pinpoint marketing strategies and attractive promotional offerings to customers. We will continue to use these measures to bolster stable development in the volatile operating environment.”

Business Review

Hong Kong and Macau

Turnover from Hong Kong and Macau increased 20.8% to approximately HK\$378.1 million (2012: HK\$313.1 million) with a high positive same-store-sales growth rate of about 27%, accounting for 68.8% (2012: 65.1%) of the Group’s total turnover. The Group has fine-tuned its shop mix by introducing more attractive branded shops, gradually renovating existing shop design in a more lively and attractively style, closing down underperforming shops and relocating shops to other prime locations but with lower rents. As a result, segment profit before tax surged 40.2% to about HK\$52.0 million (2012: HK\$37.1 million).

Mainland China

Mainland China operations have gradually stabilised due to business restructuring in the past years though it has taken time to resume profitability. Under the Group's strategic consolidation efforts, the turnover dropped to about HK\$65.7 million (2012: HK\$72.3 million). As at 30 September 2013, the number of shops reduced to 43 (31 March 2013: 58). Encouragingly, downsizing exercise has reaped benefits as the segment recorded a strong positive same store sales growth of about 24%. Segment loss before tax therefore narrowed to about HK\$1.1 million from about HK\$5.8 million in the same period last year. The Group continued to carefully monitor the performance and operating effectiveness of its business portfolio.

Taiwan

Taiwan's performance was affected by the continued economic slowdown and stagnant retail consumption. To galvanise sales and reduce slow-moving inventories, the Group has offered extensive promotional discounts. As a result, the segment turnover has increased significantly by 23.5% to about HK\$95.8 million (2012: HK\$77.6 million) with a positive same store sales growth rate of about 20%. The segment loss narrowed from about HK\$8.9 million in the same period last year to about HK\$6.4 million. The Group closely monitored the effectiveness of its shop portfolio and altered its portfolio mix in order to react promptly to changing market conditions.

Though the first-half of the fiscal year has reaped promising results, it will be the remaining fiscal year that paints a more accurate picture of the Group's performance. The Group has taken subtle steps to ensure it can fully capitalise on consumption sentiment, which invariably peaks towards the coming Christmas and Chinese New Year. Building on the success of last year, the Group has launched the new 'SALAD – Carry Me Lite' campaign to draw young professional ladies' attention towards the SALAD-branded handbags. In addition, a pinpointed television advertisement campaign with the theme of 'Leather to Weather' has been set in November 2013 to promote another key product category of the Group, its comprehensive range of leather jackets

"Moving forward, we will continue to leverage Bauhaus' core competence to enhance our market position, all the while balanced with a prudent development strategy that heeds present market conditions. While seeking to consolidate our position in key markets, we will actively seek opportunities for enriching our brand portfolio, particularly for tapping the mass market, as well as explore more kinds of distribution channels. From the combination of these and other steps, we are confident to bolster the foundation on which sustainable, long-term growth can be realised. "

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 about 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, the PRC, and franchise outlets in the PRC and exports "TOUGH Jeansmith" brand products to many countries around the world.

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

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