



BAUHAUS ANNOUNCES 2016/17 ANNUAL RESULTS

(Hong Kong, 22 June 2017) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its annual results for the twelve months ended 31 March 2017.

With retail markets dragged down by sluggish consumption sentiment, financial year 2016/17 was a challenging year for the Group. The retail operations in Hong Kong and Macau make up the largest geographical segment of the Group, during the year under review, many negative factors severely dampened performance in the region, among which, the relatively strong Hong Kong dollar against other currencies discouraged inbound tourist spending and, at the same time, encouraged locals to travel and spend abroad; uncertain local economic prospects and the volatile investment markets were probably also the reasons behind the more cautious local spending sentiment. Under such adverse environment, the Group recorded turnover of approximately HK\$1,305.9 million (2016: HK\$1,513.0 million) with profitability gradually resuming, net profit for the year grew 22.7% to about HK\$64.9million (2016: HK\$52.9 million).

In spite of having to operate under the sway of complex market dynamics, the Group still managed to maintain highly flexible operations, with low financial gearing and strong liquidity, bracing it against market challenges. To cope with the difficult operating environment, the Group has proactively streamlined loss-making or under-performing offline retail shops particularly in Hong Kong and consolidated its point-of-sales in the same shopping mall during the year under review. At the same time, it strategically placed retail shops in new locations with either better sales potential or a competitive operating cost structure. During the year under review, the Group closed 14 shops in Hong Kong and opened five new shops, including one strategically at the Hong Kong International Airport and a “SUPERDRY” flagship shop in Mira Place (the revamped Miramar Shopping Centre). As at 31 March 2017, it had 69 stores in Hong Kong (2016: 78).

The Group has a strong track record of overcoming difficulties through effective management. Over the past year, this has included implementing cost control measures and fine-tuning promotional strategies that have enabled the Group to raise the overall gross profit margin and improve net profit to a more reasonable level. Furthermore, the Group’s efforts in optimising its retail network have led to the closure of under-performing stores while certain stores have been consolidated with their counterparts in nearby locations. The management will continue to closely monitor the Group’s retail network and take appropriate action to optimise its overall performance when necessary. The Group will also continue to develop its e-commerce business, which, besides generating revenue, the management views e-commerce as both a powerful marketing tool for raising the Group’s brand equity and for advancing its social media marketing efforts.

While cautiously optimistic about the overall direction of the Group, as well as the industry in general, the management will continue to exercise extreme care as it sets sights on the coming year. Furthermore, it will be vigilant and alert to retail market developments so that prompt action can be taken in response. The management trusts that with the Group’s unique market position and well-diversified portfolio, sustained and favorable business performance can be achieved even in the face of adversity.

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About Bauhaus International (Holdings) Limited

Bauhaus is principally engaged in the design and retail sales of apparel, bags and accessories with many 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.

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

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