[For Immediate Release]

BAUHAUS ANNOUNCES 2013/14 ANNUAL RESULTS

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RECORD-HIGH TURNOVER AT HK$1,427.1 MILLION
NET PROFIT SURGES 26.0% TO HK$125.1 MILLION

Financial Highlights

- Total turnover of the Group increased by about 10.3% to approximately HK$1,427.1 million (2013: HK$1,293.7 million).
- Gross profit increased to about HK$909.6 million (2013: HK$828.9 million).
- Recurring base EBITDA for the year increased significantly by about 29.8% to approximately HK$187.2 million (2013: HK$144.2 million).
- Net profit for the year increased by about 26.0% to approximately HK$125.1 million (2013: HK$99.3 million).
- Net margin improved to about 8.8% (2013: 7.7%).
- Basic earnings per share increased to about HK34.6 cents (2013: HK27.6 cents).
- A final dividend of HK14.0 cents (2013: HK10.1 cents) per ordinary share was proposed.
- Dividend payout ratio (including the interim dividend of HK1.5 cents) was about 45.2% of net profit (2013: 40.2%).

(Hong Kong, 23 June 2014) – **Bauhaus International (Holdings) Limited** ("Bauhaus" or "the Group") (stock code: 483) today announced its annual results for the year ended 31 March 2014.

Financial Review

The Group's turnover achieved a record-high of approximately HK$1,427.1 million (2013: HK$1,293.7 million), a growth of about 10.3% compared to the same period last year despite the challenging market conditions. Gross profit increased by 9.7% to about HK$909.6 million (2013: HK$828.9 million). Excluding effects brought by certain one-off exceptional income and restructuring costs for the Mainland China operations, the recurring base earnings before interest, tax, depreciation and amortisation (the "EBITDA") increased significantly by about 29.8% to about HK$187.2 million (2013: HK$144.2 million) for the year under review, indicating a strong rise in the profitability of the Group's core business. Net profit surged by 26.0% to about HK$125.1 million (2013: HK$99.3 million). Net margin improved to about 8.8% (2013: 7.7%).

The Board has recommended the payment of a final dividend of HK14.0 cents (2013: HK10.1 cents) per share. Combined with an interim dividend of HK1.5 cent per share already paid, total dividend for the year is HK15.5 cents per share. This represents a dividend payout ratio of about 45.2% (2013: 40.2%), which is in line with the Group's policy to distribute not less than 40% of net profit as dividends.

Mr. George Wong, Chairman of Bauhaus, said, "The past year has remained challenging for many retail players due to the slowdown of economic growth in Mainland China and rising risk of diminishing growth in other emerging markets. Despite the strong headwinds, Bauhaus has recorded a record-high annual turnover with notable rise in profitability and improvements in major geographical regions where we operate. The encouraging results can be attributed to our effective brand building efforts, pinpoint marketing strategies, consolidation of our sales network, and effective cost controls. Furthermore, we have fully repaid all bank borrowings, greatly strengthening our net cash position and working capital providing greater financial flexibility for further business development."

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Business Review

Hong Kong and Macau

Turnover from Hong Kong and Macau rose about 13.8% to reach another milestone, exceeding HK$1 billion per annum to approximately HK$1,001.8 million (2013: HK$880.1 million), accounting for about 70.2% (2013: 68.0%) of the Group's total turnover. The increase was mainly due to a strong same-store-sales growth rate of about 21%, brought about by the strategic decision to focus on certain fast-growing brands and product categories as well as successful marketing activities, especially "SALAD" branded handbags and wallets targeting young ladies. An extensive "Salad – Carry Me Lite" marketing campaign was launched in the second-half of the financial year eliciting a tremendously positive response from the public. The Group has also fine-tuned its shop mix and product mix to maximise benefits from the marketing campaign, which also boosted customer traffic in shops while enhancing cross-selling opportunities to bolster sales of its other products and brands.

Taiwan

The local retail market in Taiwan was weak throughout the year under review. To clear the accumulated slow-moving inventories, the Group offered deep promotional discounts and extensive bargains to galvanise sales, particularly in the first-half of the financial year. As a result, the region reported a remarkable positive same-store-sales growth rate of about 19% and the segment turnover grew rapidly by about 21.9% to about HK$270.9 million (2013: HK$222.3 million). These pinpointed and prudent tactics have effectively turned around the region's segment results to a profit of about HK$7.6 million (2013: a loss of about HK$1.6 million).

Mainland China

Attributed to the Group's strategic consolidation efforts in both retail and franchise operations in China, turnover decreased to about HK$135.1 million (2013: HK$152.4 million). As at 31 March 2014, the Group had reduced the total number of shops in China to 43 (2013: 58). Encouragingly, the downsizing has yielded benefits as China operations have gradually stabilised and the segment losses dramatically shrank by about 80.5% to about HK$4.3 million (2013: HK$22.0 million). The Group maintained a positive same-store-sales growth rate of about 11%. Priority has been assigned to restoring profitability and operational effectiveness in the near future rather than merely fueling rapid business expansion.

Looking ahead, the retail market is expected to remain challenging. To maintain its competitiveness, the Group is continuing to direct its attention to optimise its shop and product mix with more attractive merchandise aiming for higher customer traffic, greater cross selling and a rise in overall sales. Aside from physical stores, the Group has been proactively exploring new sales channels, including online platforms to cater for changing consumer behaviour. In addition, the Group is embarking on more cross-over projects with other renowned brands.

"While bolstering sales is essential, we will continue to focus on enhancing overall efficiency and profitability. Efforts will be made to streamline the work flow, speed up product launches and manage inventory more effectively. Moreover, we will continue to explore new regions for sourcing better-priced quality materials to enhance profitability. With a clear roadmap in place, we remain confident we can turn challenges into fresh opportunities and grow stronger while delivering optimum returns to our shareholders." **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" and "SALAD" brand products to many countries around the world.

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

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