



BAUHAUS ANNOUNCES 2016/17 INTERIM RESULTS

(Hong Kong, 25 November 2016) – **Bauhaus International (Holdings) Limited** (“Bauhaus” or “the Group”) (stock code: 483) today announced its interim results for the six months ended 30 September 2016.

During the period under review, sluggish retail sentiment among consumers depressed retail markets. The stiff headwinds particularly hit the retail operations in Hong Kong, the ongoing depreciation of the Renminbi and relatively strong position of the Hong Kong dollar against other currencies discouraged inbound tourism, while uncertain local economic prospects and volatile investment markets had led to a more cautious local spending sentiment. Further, rapid changes in consumer preference and a shortened life cycle of fashionable products created a greater gap in product matching. More seriously, intensive discount-driven retail dynamics in recent years have gradually diminished the effectiveness of certain traditional promotional campaigns and sales discount programs as compared to previous years. Under such unfavorable market conditions, the Group recorded turnover of approximately HK\$501.4 million (2015: HK\$585.4 million) and net loss of approximately HK\$60.0 million (2015: HK\$26.6 million).

Although the Group encountered great difficulty in boosting sales in certain regions, especially in Hong Kong, it still managed to maintain a strong liquidity position, low financial gearing and a flexible operation structure to confront market challenges. In view of prolonged weak retail climate and without any significant indicator of a rebound in near term, the Group had proactively streamlined its loss-making or underperforming offline retail portfolio in Hong Kong since the first quarter of 2016, while at the same time strategically pursued new locations to build retail shops with either better sales potential or a competitive operating cost structure.

In addition to the traditional offline retail network, the Group has proactively developed distribution channels through certain reputable e-commerce platforms, including Tmall. The Group has experienced an exponential growth in sales of more than 130% through China’s online sales platforms during the period under review. While the online sales basis has not yet accounted for a significant portion of the segment as a whole, it was still encouraging to successfully build and manage an effective sales channel in the current adverse market environment.

Another important strategy that will be conducted in the upcoming financial period will be optimisation of the Group’s retail network. Already, the Group has closed a number of underperforming stores and stores under high cost pressure in the first half of the financial year – reducing the number of self-operated stores to 199 as at 30 September 2016 (31 March 2016: 214). Though such consolidation efforts are now largely complete, several more sales points may be closed before the end of the financial year.

The upcoming financial period is expected to remain challenging as such factors as high operating costs in Hong Kong, slow economic growth in Mainland China, and unfavourable exchange rate between the Hong Kong dollar and Renminbi will continue to persist. Nonetheless, the second half of the financial year is the traditional peak season for retailers as the holiday season invariably encourages consumption. The management therefore expects the Group’s performance will be better in the second half year.

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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 and exports “TOUGH Jeansmith” products to many Asian countries.

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

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