

【For Immediate Release】



Bossini Announces Impressive 2004/05 Interim Results Net Profit Soared by 20 times to HK\$63 Million

| Financial Highlights | | | |
|--|-------------------------|-------------------------|------------------|
| Unaudited Figures for the six months ended 30 September | | | |
| | 2004 HK\$ mn | 2003 HK\$ mn | Change |
| Turnover | 879 | 791 | +11% |
| Gross profit | 448 | 349 | +28% |
| Net profit attributable to Shareholders | 63 | 3 | +20 times |
| Basic EPS (HK cents) | 4.07 cents | 0.21 cents | +18 times |
| Interim dividend per share (HK cents) | 1.8 cents | Nil | N.A. |

[30 November 2004, Hong Kong] – **Bossini International Holdings Limited** (“Bossini” or the “Group”; HKSE stock code: 592), announced impressive interim results for the six months ended 30 September 2004. Consolidated turnover for the period under review posted a double-digit growth of 11% to HK\$879 million (2003: HK\$791 million), while net profit attributable to shareholders soared by 20 times to HK\$63 million (2003: HK\$3 million). Earnings per share also surged by 18 times to HK4.07 cents (2003: HK0.21 cents).

In view of the encouraging results, the Board of Directors declared an interim dividend of HK1.8 cents per share, equivalent to a payout ratio of 44 %.

Commenting on the interim results, Ms Kathy Chan, Executive Director and Director of Finance of Bossini, said, “The quantum leap in profitability was attributable to the low profit base as a consequence of the severe SARS impact last year as well as the continuing momentum of successful reforms including distribution network restructuring, enhancements in inventory management, product designs, service standards, staff quality and branding, together with the stringent cost and budgetary controls. We are pleased to see that the gross, operating and net profit margins all widened to 51% (2003: 44%), 9% (2003: 1%) and 7% (2003: 0.4%) respectively. On this solid ground, we will keep up and continue to achieve sustainable double-digit growth in the years ahead.”

During the period under review, Bossini optimized retail floor usage and reduced the total retail sales area to 504,700 sq. ft. (2003: 524,800 sq. ft.). The average net retail sales per sq. ft. posted a robust increase of 25% to HK\$2,900 (2003: HK\$2,300). Same store sales growth surged to 16% (2003: 10%) with all four core markets recorded a satisfactory double-digit growth in the range of 11% to 19%.

To capture business opportunities arising from the revival of economy in Hong Kong, the Group has established three new outlets in prime locations, with the opening of a flagship store in Causeway Bay, Hong Kong in September 2004. Marketing and brand building activities were also intensified to enhance the image of "bossini".

The operations in Mainland China were still undergoing restructuring. To the Group's satisfaction, the Mainland China market recorded an encouraging turnaround with an operating profit of HK\$6 million (2003: HK\$16 million loss), though turnover experienced a decline of 13% to HK\$186 million (2003: HK\$214 million).

With regard to market expansion, Bossini strengthened partnership with existing franchisees to support their business growth. Sales from overseas distribution posted a strong growth of 56% to HK\$106 million (2003: HK\$68 million).

"Subsequent to various reforms in the past two years, the benefits were largely reflected in our performance during the second half of 2003 and first half of 2004. With a mild expansion strategy in current year, moderate growth is thus expected in the second half of the year," Ms Chan added.

Going forward, Bossini's growth momentum will be largely driven by its organic growth and market expansion. The franchise business in Mainland China and export markets will be the growth engine in the medium to long term.

As the franchise business in China was undergoing reshuffling at a pace slower than expected, Bossini adjusted its target of opening 100 outlets to 70 in this fiscal year, with a fair combination of directly managed stores and franchised outlets to tap opportunities in this enormous high potential market. Both turnover and profitability are expected to grow with more prominent pace in the coming years. In addition, Bossini will enter the Indonesia and Nepal markets in the second half of this year with the opening of franchised outlets. It will also explore the potential of new markets in Eastern Europe and the Asia-Pacific Region.

"Our ultimate goal is to achieve sustainable double-digit growth in both turnover and profitability. We remain cautiously optimistic about our business performance over time and are confident that Bossini will become a high performance retailer in the industry," Ms Chan concluded.

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About Bossini International Holdings Limited

Bossini is a leading apparel brand owner, retailer, licensor and supplier in the region. Headquartered in Hong Kong, Bossini launched its first retail outlet in 1987. Over the past two decades, it has rapidly established an extensive worldwide operating platform and distribution network to about 20 countries and extended a total of 710 outlets worldwide.

Renowned for its comfortable, easy to mix-and-match, colourful and energetic style, Bossini offers a full range of good value-for-money casual wear apparel products, including men's, ladies' and kid's wear, which are suitable for people at almost all ages.

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