

**【For Immediate Release】**



**Bossini International Holdings Limited**  
**堡獅龍國際集團有限公司**

**Bossini Announces 2005/06 Annual Results**  
**Turnover Rose 9% to HK\$2,200 Million**

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**Employs Pragmatic Global Expansion Strategies**  
**Export Franchise Business Becomes Key Growth Engine**

*Results Highlights for the year ended 31 March*

<i>HK\$ mn</i>	<i>FY2006</i>	<i>FY2005 (Restated)</i>	<i>Change</i>
Turnover	<b>2,200</b>	2,017	<b>+9%</b>
Gross profit	<b>1,025</b>	998	<b>+3%</b>
Profit attributable to equity holders	<b>105</b>	181	<b>-42%</b>
Basic EPS (HK cents)	<b>6.69</b>	11.68	<b>-43%</b>
Dividend per share (HK cents)			
- Interim	<b>1.8</b>	1.8	-
- Final	<b>1.8</b>	3.9	<b>-53.8%</b>
Payout ratio (%)	<b>54%</b>	49%	<b>+5 percentage pts</b>

(Hong Kong, 18 July 2006) – **Bossini International Holdings Limited** (“Bossini” or the “Group”; HKSE stock code: 592) today announced the annual results for the year ended 31 March 2006.

The Group’s consolidated turnover for the year under review surged 9% to approximately HK\$2,200 million (2005: HK\$2,017 million). Gross profit grew 3% to HK\$1,025 million (2005: HK\$998 million), representing a gross margin of 47% (2005: 49%). Impacted by an uncompromising operating retail environment in the Asian region marked by much intensified competition, continuous interest rates hikes, unseasonable weather and rising accommodation costs, the market competitiveness of the Group’s product and overall performance were thus diminished. The Group recorded a negative growth of 42% in profit attributable to equity holders for the year to approximately HK\$105 million (2005 restated: HK\$181 million).

The Board of Directors recommended a final dividend of HK1.8 cents per share. Together with an interim dividend of HK1.8 cents per share, the total dividend for the year amounted to HK3.6 cents per share, which is equivalent to a payout ratio of 54% (2005 restated: 49%).

Commenting on the annual results, Mr. Law Ka Sing, Chairman of Bossini, said, “We continued to achieve turnover growth, but recorded a decline in net profit. Our network expansion was well on track with the addition of 241 new outlets worldwide, up to a total of 1,068 outlets. The export franchise business remained strong with a surge of 33%, outperforming the pre-set target of 30%.”

Sales in Hong Kong, the headquarters and primary market of the Group, grew 9% to HK\$1,130 million (2005: HK\$1,035 million), accounting for 52% (2005: 52%) of consolidated turnover. Following by sales in Mainland China rose 11% to reach HK\$490 million (2005: HK\$443 million), accounting for 22% (2005: 22%). Taiwan and Singapore, grew 9% and 5% to HK\$379 million (2005: HK\$348 million) and HK\$200 million (2005: HK\$191 million), accounting for 17% (2005: 17%) and 9% (2005: 9%) of the total turnover respectively. The overall same store sales growth recorded a negative growth of 5% (2005: 11% growth).

The Group adopted a pragmatic expansion approach in most of its core markets and successfully increased the total number of outlets worldwide to 1,068, of which 521 (2005:409) were directly managed outlets and 547 (2005:418) were franchised outlets as at 31 March 2006. Leveraged on its successful experience in Singapore, the Group opened 3 directly managed outlets in Malaysia and entered into 2 new markets, Nepal and Myanmar, in its export franchise business.

The export franchise business continued to be a bright spot with a 33% year-on-year revenue growth. The Middle East and the Group's relatively new markets, namely Thailand and Indonesia, grew at a much faster pace than overall division sales.

Ms. Kathy Chan, Executive Director and Director of Finance of Bossini, said, "The management expects the current adverse market situation to continue in the coming year. To ensure the Group remains on a profitable track going forward, we will place strong emphasis on product, Mainland China market and people. Our objectives are to offer even better products to customers, further develop the lucrative Mainland China market, and to uphold the spirit of a learning organization to attract and nurture a talented pool of quality staff."

The Group acknowledges the importance of operational fundamentals and backend supporting foundations to its coming developments. Additional resources will be deployed to strengthen supply chain management to shorten product cycle. World class financial management system and powerful warehouse management system will be implemented this year to provide a platform for optimizing internal management, improving inventory management and logistic controls. The POS system will also be upgraded to expedite the market-demand-responding processes.

The "bossini" brand, with a history of almost two decades, has witnessed changes of consumer appetite and adapted to market challenges over the years. To further harness the competitiveness of this well recognized brand, the Group will introduce a brand building programme including revolutionary shop concept with logo mark revamping in this fiscal year.

In light of the success of the recent licensed products, particularly the "Sesame Street" product series, the Group will consider more of these licensing opportunities of similar arrangements in this fiscal year. The Group plans to open 5 outlets mainly in the residential area in Hong Kong to realize its strategic market penetration for the coming year.

Riding on its growth momentum, the export franchise business is anticipated to remain as a major earnings component of the Group. Along its long-term network rollout plan, the Group successfully expanded market penetration in India in May this year and expected to enter into Korea in late 2006/07.

The Group will adopt pragmatic global expansion strategies at a reasonable pace of growth, and will continue to pursue its progressive expansion plan into the Mainland China market with a target to open 100 directly managed and franchised outlets in the coming year. The Group remains positive with the future development of Singaporean and Malaysian markets and it will open 2 outlets and 7 outlets respectively, whilst the Group does not intend to add new outlets in Taiwan after a rapid expansion last year.

Mr. Law Ka Sing, Chairman of Bossini, concluded, "The coming year will continue to exhibit a very difficult operating environment. Nevertheless, the Group is cautious yet optimistic about the future in medium- to long-term. Rewarding shareholders with sustainable growth in both turnover and profit has always been a key objective for Bossini, and it will continue to be so in the years to come. The export franchise business will continue to be a key growth driver. Our target is to achieve double-digit sales growth annually in this business in coming years. We believe these business focuses will enable us to hone our edge and sharpen our saw to excel in the future."

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#### **About Bossini International Holdings Limited**

Bossini International Holdings Limited is a leading apparel brand owner, retailer and franchiser in the region. Headquartered in Hong Kong, Bossini launched its first retail outlet in 1987. Over the past two decades, the Group rapidly established an extensive international operating platform and distribution that extended to 1,068 outlets covering about 20 countries worldwide.

Renowned for its comfortable, easy to mix-and-match, colorful and energetic style, Bossini offers a full range of good value for money casual wear apparel products, including ladies', men's and kid's wear, which are designed to fit customer needs.

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**Appendix –Number of Outlets at a Glance**

<b>Number of Directly Managed Outlets</b>			
	<i>As at 31 Mar 2006</i>	<i>As at 31 Mar 2005</i>	<i>Change</i>
Hong Kong	33	32	+1
Mainland China	344	274	+70
Taiwan	112	75	+37
Singapore	29	28	+1
Malaysia	3	0	+3
<b>Sub-total</b>	<b>521</b>	<b>409</b>	<b>+112</b>
<b>Number of Franchised Outlets</b>			
	<i>As at 31 Mar 2006</i>	<i>As at 31 Mar 2005</i>	<i>Change</i>
Mainland China	284	203	+81
Other countries (18 countries)	263	215	+48
<b>Sub-total</b>	<b>547</b>	<b>418</b>	<b>+129</b>
<b>Total</b>	<b>1,068</b>	<b>827</b>	<b>+241</b>