

【For Immediate Release】



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

Bossini Announces 2005/06 Interim Results
Turnover Surged 13% to HK\$997 Million

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Market Expansion Well on Track
Promising Dividend Payout to Reward Shareholders

Results Highlights for the six months ended 30 September

<i>HK\$ mn</i>	<i>2005</i>	<i>2004 (Restated)</i>	<i>Change</i>
Turnover	997	879	+13%
Gross profit	479	448	+7%
Profit attributable to shareholders	45	62	-27%
Basic EPS (HK cents)	HK2.88 cents	HK4.04 cents	-29%
Interim dividend per share (HK cents)	HK1.80 cents	HK1.80 cents	0%
Payout ratio (%)	62%	45%	+17% pts

[7 December 2005, Hong Kong] – **Bossini International Holdings Limited** (“Bossini” or the “Group”; HKSE stock code: 592), announced the interim results for the six months ended 30 September 2005.

Affected by the unfavourable operating environment of the retail market in the Asian regions marked by price-driven promotions, intensified market competition from new market entrants and unseasonably poor weather conditions, the Group recorded a negative growth in profit attributable to shareholders during the period under review.

The Group’s consolidated turnover for the six months ended 30 September 2005 surged 13% to HK\$997 million (2004: HK\$879 million). This increase was accompanied by a 7% increase in gross profit which rose to HK\$479 million (2004: HK\$448 million). Gross profit margin decreased to 48% (2004: 51%). The Group’s operating profit reported a 24% decrease to HK\$61 million (2004: HK\$80 million). Operating profit margin was reduced to 6% (2004: 9%).

During the first half of the fiscal year, the Group recorded a negative growth of 27% in profit attributable to shareholders to HK\$45 million (2004: HK\$62 million¹). The 5% net profit margin was 2 percentage points below that of the prior period.

The Board has declared an interim dividend of HK1.8 cents per share for the six months ended 30 September 2005 (2004: HK1.8 cents). This is equivalent to a payout ratio of 62% (2004: 45%).

¹ It has been restated in line with the adoption of new Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

Commenting on the interim results, Mr Law Ka Sing, Chairman of Bossini, said, "Having laid a solid foundation during the past two years, the Group continued to deliver double-digit turnover growth during the period under review. The Group's pragmatic network expansion strategy remained on track. The export franchise business continued to show outstanding performance in terms of both sales and market expansion."

Hong Kong, the Group's primary market, accounting for 52% (2004: 52%) of consolidated turnover, recorded sales amounting to HK\$524 million (2004: HK\$460 million) during the six months under review. Mainland China was the second largest revenue contributor, generating HK\$215 million (2004: HK\$186 million) in sales which accounted for 22% (2004: 21%) of consolidated turnover. Taiwan and Singapore, which contributed turnover of HK\$166 million (2004: HK\$150 million) and HK\$92 million (2004: HK\$83 million), accounted for 17% (2004: 17%) and 9% (2004: 10%) of the total turnover respectively. Owing to the unfavourable market and weather conditions, the overall same store sales growth was flat (2004: 16%).

The overall economy was weaker than expected, and the impact of the opening of Hong Kong Disneyland on the Hong Kong economy was not as obvious as anticipated. In addition, new market entrants, rising rental costs and sluggish consumer spending due to unseasonably poor spring and summer weather conditions necessitated the running of increased number of price-driven promotions.

Ms Kathy Chan, Executive Director and Director of Finance of Bossini, said, "Rental and staff costs rose during the first half of the year, leading to increases in operating expenses. With a proven track record in maximising operating efficiencies, the Group continued to contain operating expenses within 42% of its turnover during the period under review, which is the same as that recorded in the same period last year."

During the first half of the fiscal year, the Group successfully opened a directly managed outlet in Malaysia and entered a new market, Nepal, in its export franchise business.

In addition to promoting the "**bossini**" brand internationally, the Group also implemented marketing campaigns for the mass market targeted "**sparkle**" brand and the mid- to high-end market targeted "**bossini style**" product line in order to penetrate different market segments in Mainland China.

Ms. Kathy Chan added, "We will continue to adopt a pragmatic expansion strategy with a strong emphasis on profitability and efficiency. At the same time, we will enrich our product range with the addition of more varieties with trendy elements for customers to choose from. Our ultimate goal is to deliver sustainable and consistent growth and to achieve profitability across all core markets."

The outlook for the Hong Kong retail sector in the second half of the year is mixed with both opportunities and challenges. Interest rate hikes, rental cost increases, oil price surges and fears over avian flu have all cast shadows over the local economy and consumption power in Hong Kong. On the other hand, the continual revival of economy plus the improved unemployment rate and salary increment help enhance peoples' confidence in the domestic economy. The management will watch closely the development of the Hong Kong retail market. One to two additional outlets were planned to open in the second half of the year as scheduled in order to further penetrate the mass market in Hong Kong.

The management expects Mainland China's economic growth to remain buoyant during the second half of the current financial year. Intense competition is expected to continue there too. However, the Group will take proactive measures to mitigate its impact on "sparkle" sales by introducing new designs and product ranges to attract customers. The management remains positive about its medium- to long-term prospects in this fast growing market.

Taiwan's economic environment is expected to remain stable in the short- to medium-term. After adding 24 outlets in the first half of this year, the Group has almost achieved its outlet expansion growth for the whole year with a few more outlets to be added in the second half. Contribution from the newly added outlets will start to emerge in the second half of the year. The management holds a positive view of bringing this market back to profit.

The Group will maintain its steady progress in Singapore during the second half of the financial year. The management is also optimistic on the progressive growth of Malaysian market which will be a profitable long-term addition to the Group's operational portfolio.

Mr Law Ka Sing, Chairman of Bossini, concluded, "Given the prevailing market condition, we remain cautiously optimistic of our medium- to long-term development prospects. The strengthening of product offering set to take place during the second half of the year. The export franchise business will continue to be a catalyst to our expansion, whilst the Mainland China market will be a key area of growth in the years ahead. Our management team will continue to strive to fulfil our corporate objectives as always, to reward shareholders with sustainable results and promising dividend payout."

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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 more than 900 outlets 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

Number of Directly Managed Outlets					
	<i>As at 30 Sep 2005</i>	<i>As at 31 Mar 2005</i>	<i>Change</i>	<i>As at 30 Sep 2004</i>	<i>Change</i>
Hong Kong	33	32	+1	30	+3
Mainland China	332	274	+58	224	+108
Taiwan	99	75	+24	72	+27
Singapore	28	28	0	26	+2
Malaysia	1	0	+1	0	+1
Sub-total	493	409	+84	352	+141
Number of Franchised Outlets					
	<i>As at 30 Sep 2005</i>	<i>As at 31 Mar 2005</i>	<i>Change</i>	<i>As at 30 Sep 2004</i>	<i>Change</i>
Mainland China	234	203	+31	182	+52
Other countries	232	215	+17	176	+56
Sub-total	466	418	+48	358	+108
Total	959	827	+132	710	+249