

【For Immediate Release】



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

Bossini Announces 2006/07 Interim Results
Revenue Decline by 3% to HK\$970 Million

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Business in Transition
Satisfactory Growth in Export Franchising Business

Results highlights for the six months ended 30 September

<i>HK\$ mn</i>	<i>2006</i>	<i>2005</i>	<i>Change</i>
Revenue	970.0	997.1	-3%
Gross profit	464.2	478.5	-3%
Profit attributable to equity holders	6.4	45.2	-86%
Basic EPS attributable to ordinary equity holders	0.41 HK cent	2.88 HK cents	-86%
Interim dividend per share	Nil	1.80 HK cents	-100%

(Hong Kong, 7 December 2006) – **Bossini International Holdings Limited** (“Bossini” or the “Group”; HKSE stock code: 592) announced today the interim results for the six months ended 30 September 2006.

Impacted by intensified competition in the retail industry, the Group’s consolidated revenue for the period under review declined by 3% to approximately HK\$970.0 million (2005: HK\$997.1 million). Profit for the period attributable to equity holders declined by 86% to approximately HK\$6.4 million (2005: HK\$45.2 million). The Board of Directors resolved not to distribute interim dividend for the period under review.

Ms Kathy Chan, Executive Director and Director of Finance of Bossini, said, “The vast variety of choices for casual wear products undermined the Group’s competitive edges in both Hong Kong and other core markets. Despite this, the Group continued to maintain its gross margin at 48%, leveling that of the corresponding period last year. Export franchising business recorded a double-digit growth of 11% and achieved our business target. To increase our overall competitiveness, we have a number of measures in place to strengthen internal management, enrich product design and enhance brand image and to provide a unique shopping experience. We will continue to adopt a pragmatic expansion strategy with a strong emphasis on profitability and efficiency. Going forward, we are cautious yet optimistic about the Group’s development in the medium- to long-term.”

During the six months ended 30 September 2006, revenue generated from Hong Kong amounted to HK\$511 million (2005: HK\$524 million), representing a decrease of 2% year-on-year, which accounted for 53% of the Group’s total sales. The second largest contributor of the Group’s consolidated revenue was Mainland China, with sales amounting to HK\$202 million during the period under review (2005: HK\$215 million), representing a decrease of 6% year-on-year, accounting for 21% of the Group’s consolidated revenue. Sales in Taiwan and Singapore were HK\$167 million and HK\$86 million respectively, which represent a rise of 1% in Taiwan and a decline of 7% in Singapore respectively. The Group’s overall same store sales growth recorded a negative growth of 9% (2005: flat growth) during the period under review.

The Group adopted a pragmatic approach in its network expansion and opened a total of 18 new outlets net, and the total number of the outlets worldwide reached 1,086 as at 30 September 2006. The total retail floor area of the Group increased by 7% year-on-year to 653,900 sq. ft. (2005: 613,800 sq. ft.) as at 30 September 2006.

The export franchising business grew 11% to HK\$158 million (2005: HK\$142 million) in the period under review. The Group opened 32 additional franchised outlets during the six months ended 30 September 2006, bringing the total number to 295 (2005: 232). The Group successfully commenced export franchising business in India during the period under review.

The Group has been receiving good market response to its branding and promotional initiatives. It will continue to ride on a successful formula to further enhance brand image and market awareness through a variety of marketing activities. On the product front, the Group plans to allocate more resources by adding experienced designers to design and maintain the existing “basic” and “easy to carry” styles with an appropriate but not excessive touch of fashion, so as to pave the way for broader and deeper penetration into the mass market. To further enrich its product portfolio, starting from the next fiscal year, the Group will increase the frequency of product launches from 8 collections to 12 collections per annum, to stimulate consumption desire with new product launch every month.

The Group has appointed an international renowned designer to spearhead a comprehensive brand revamp program which comprises an injection of a revolutionary shop décor concept to provide a brand-new shopping environment and experience for customers. An outlet in Mongkok will be expanded and re-constructed as a four-storey flagship store which is scheduled to be opened around the end of this fiscal year. The new concepts will be replicated subsequently and progressively in other regions to complement the new brand-building direction.

With cost effectiveness and operating efficiencies set as its priorities, the Group is investing HK\$23 million in international information technology systems to keep in pace with worldwide development. These include the implementations of a world-class financial management system and a warehouse management system, and an upgrade of the point-of-sales system that will enhance internal operations and workflow, inventory management, merchandise planning, logistics controls and forecasting. The Group will also shorten the production cycle by fostering closer collaboration with suppliers.

Looking ahead, the Group targets to open 20 outlets net in the second half of this fiscal year which include the addition of 3 retail outlets in Hong Kong, 25 franchised outlets for export business, 2 retail outlets in Singapore and 2 retail outlets in Malaysia, and the reduction of 1 retail outlet and 3 franchised outlets in Mainland China as well as 8 retail outlets in Taiwan.

Ms Chan concluded, "The Group plans to enter Korea and Syria in the next fiscal year. The export franchising business is expected to continue to be a stable earnings contributor in the years to come. Achieving sustainable growth for both top and bottom lines has always been our key objectives. We will try our utmost to implement proactive strategies to strengthen our product competitiveness and enhance our brand image."

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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 1,086 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

Number of Directly Managed Outlets			
	<i>At 30 Sept 2006</i>	<i>At 30 Sept 2005</i>	<i>Change</i>
Hong Kong	37	33	+4
Mainland China	366	332	+34
Taiwan	113	99	+14
Singapore	28	28	-
Malaysia	8	1	+7
Sub-total	552	493	+59
Number of Franchised Outlets			
	<i>At 30 Sept 2006</i>	<i>At 30 Sept 2005</i>	<i>Change</i>
Mainland China	239	234	+5
Other countries (19 countries)	295	232	+63
Sub-total	534	466	+68
Total	1,086	959	+127