

[For Immediate Release]



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

Bossini Announces Encouraging FY2003/04 Annual Results

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Turnover up 5% to HK\$1.8 Billion
Net Profit Posts Record High of HK\$118 Million

Financial Highlights			
Audited Financial Figures for the Year Ended 31st March			
	<i>FY 2004</i>	<i>FY 2003</i>	<i>Change</i>
	<i>HK\$ mn</i>	<i>HK\$ mn</i>	
Turnover	1,783	1,691	+5.4%
Gross profit	844	701	+20.4%
Gross margin	47.3%	41.4%	+5.9%
Net profit/(loss) attributable to Shareholders	118	(74)	N.A.
Basic EPS/(LPS)	15.93 cents	(14.41cents)	N.A.
Dividend per share	6 cents	N.A.	N.A.
Bonus share	1 for 1	N.A.	N.A.

[June 29, 2004, Hong Kong] – Bossini International Holdings Limited (“Bossini” or the “Group”; HKSE stock code: 592), a leading apparel brand owner, retailer, licensor and supplier in the region, today announced its highly encouraging results for the year ended 31st March 2004. Turnover, gross margin and net profit attributable to shareholders all posted record high in Bossini’s entire corporate history.

For the year ended 31st March 2004, Bossini’s consolidated turnover amounted to HK\$1.8 billion, representing a year-on-year growth of 5.4%. Having undergone a series of strategic reforms, the Group’s gross margin reached a record-breaking level of 47.3% (2003: 41.4%) in the year under review. Net profit attributable to shareholders also soared to a record high of HK\$118 million (2003: loss HK\$74 million). Earnings per share was lifted to HK15.93 cents (2003: loss HK14.41 cents).

In view of the highly satisfactory results, the Board of Directors proposed a final cash dividend of HK6 cents per share as well as a bonus issue of one new share for one existing share.

Commenting on the Group's impressive performance, Mr. LAW Ka-shing, Chairman of Bossini, said, "The fiscal year 2003/2004 was undoubtedly a fruitful and memorable year for Bossini. During the year under review, we have refined our business strategy and product positioning. Tremendous efforts were devoted to distribution network restructuring, stringent cost control, inventory and margin management. We therefore achieved a significant turnaround in the year under review, bolstering our profitability and enhancing our competitiveness in the international apparel market."

Encouraging Segmental Performance

Headquartered in Hong Kong, Bossini has established an extensive worldwide operating platform and distribution network that extends to a total of 678 outlets worldwide in about 20 countries. Among these, the Group operates 314 directly managed outlets in its four core markets, including Hong Kong, Mainland China, Singapore and Taiwan.

During the year under review, Bossini turned in a strong performance in all its core markets, with high profitability achieved across Hong Kong, Mainland China, Singapore and Taiwan. This is mainly attributable to the Group's strategic network restructure. The Group closed down unprofitable outlets and reduced the total number of directly managed outlets from 392 to 314. As a result, the total retail floor space decreased by 17.9% to 482,600 sq. ft.

As customers were directed to remaining stores, efficiencies of the distribution network were raised, leading to a 7.7% increase in the weighted average sales that amounted to HK\$2,800 per sq. ft. (2003: HK\$2,600 per sq. ft.) per annum.

Effective Cost Management

As new management members were invited to Bossini, the Group had defined a clear corporate direction, with a strong focus on comfortable, easy to mix-and-match apparel in which Bossini enjoyed an edge.

The management implemented effective management strategies, setting effective and efficient operational planning leading to accurate purchases and optimal inventory level. Stringent cost control measures as well as systematic budgetary and operational plannings were implemented, resulting in higher efficiency and productivity. Total operating cost showed an improvement of 8.5% or a reduction of HK\$66 million in the year under review, while inventory turnover cycle was also shortened by 13 days, to 37 days in the year under review (2003: 50 days).

Strengthened Product Positioning

The positioning of the Group's two products, namely "**bossini**" and "**sparkle**", were further strengthened during the year. "**bossini**" differentiates itself from other brands with its comfortable, easy to mix-and-match, colorful and energetic style. In terms of quality and pricing, its products are good value-for-money.

"**sparkle**", another brand of the Group launched for the Mainland China market, bears a contemporary, energetic design for customers with a young-at-heart attitude. Currently, "**sparkle**" apparel is only available in Mainland China.

These clear product positioning ignited the loyalty of our customers and served as an attraction to new customers, boosting sales throughout the region.

Future Outlook

Going forward, Bossini will continue to adopt a prudent and diligent expansion strategy. While implementing stringent cost control measures, the Group will also enhance the management efficiency of staff at all levels.

The Group is optimistic of the future outlook. Driven by the envisaged rising tourist arrivals, the retail environment in Hong Kong will be characterised by rapid growth in the coming years. Moreover, many of the factors that have depressed local consumer sentiment in recent years are fading. Capitalising on the growth opportunities, the Group plans to open new outlets in strategic locations in Hong Kong with the opening of five new stores this year. A new flagship outlet in Hong Kong will be opened in the third quarter of 2004.

The outlook of the Mainland China market is equally promising. Mainland China's retail market is the fourth largest in the world and offers enormous potential. Bossini is well placed to tap into this huge market with its two complimentary brands targeting different markets. The Group will adopt a prudent approach, making use of both directly operated and authorised dealership arrangement to mitigate risks and capital expenditures. The Group's target is to add 100 outlets to its current network in Mainland China this year.

The Singapore market, though saturated, is expected to improve on the back of an improving economy. The Group will leverage its brand presence in the region to optimise productivity of existing stores, while keeping its eyes open for synergistic expansion opportunities.

Despite Taiwan's economic and political uncertainties in recent years, the Group has managed and will continue to grow its sales and profit in the region. Further leveraging on the effective cost management and the successful turnaround in its operation, the Group will maintain and further enhance its existing business model in the area. The Group believes that the Taiwan operation will show improving performance in the years ahead.

"The turnaround in 2003/04 is only the beginning. Looking ahead, a key mission of management is to deliver steady growth in the years to come. Our strategy is to boost both turnover and profit levels by strengthening our foothold in existing markets and extending our reach to other overseas markets. Leveraging the "**bossini**" brand which has proven to be a successful apparel brand in many countries, we will explore the potentials of overseas markets via licensed outlets, boosting our sales while minimising the cash outlay and capital risk involved in business expansion. Well-equipped with our shared mission in "**the bossini way**", we at Bossini are united and have every confidence in delivering continually encouraging double-digit growth in the years ahead and rewarding our shareholders with fruitful returns," Mr. Law said.

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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 that extends to a total of 678 outlets worldwide. Among these, the Group operates 314 directly managed outlets in its four core markets, namely Hong Kong, Mainland China, Singapore and Taiwan. The Group also further strengthens its brand presence in Mainland China through the establishment of 195 authorised dealer outlets. As for other overseas markets, the Group cooperated with its business partners to establish a total of 169 overseas licensed outlets in about 20 countries, spanning from Southeast Asia, the Middle East, Europe to as far as Latin America.

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 designed to fit customer needs.

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