BOSSINI INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTERIM RESULTS
For the six months ended 30 September 2002

FINANCIAL RESULTS

The Board of Directors (the "Board") of Bossini International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2002. The results, together with the comparative figures for the corresponding period in 2001, are summarised below:

Condensed consolidated profit and loss account

		Six months ended 30 September	
		2002	2001
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
TURNOVER	*2*	**714,592**	700,365
Cost of sales		**(381,015)**	(380,066)
Gross profit		**333,577**	320,299
Other revenue	*3*	**3,709**	2,336
Selling and distribution costs		**(265,171)**	(255,197)
Administrative expenses		**(75,558)**	(66,854)
Other operating expenses		**(24,900)**	(33,794)
LOSS FROM OPERATING ACTIVITIES	*4*	**(28,343)**	(33,210)
Finance costs	*5*	**(2,556)**	(1,840)
LOSS BEFORE TAXATION		**(30,899)**	(35,050)
Taxation	*6*	**(2,116)**	(201)
NET LOSS ATTRIBUTABLE TO SHAREHOLDERS		**(33,015)**	(35,251)
RELEASE FROM REVALUATION RESERVE	*7*	**–**	202
BASIC LOSS PER SHARE	*8*	**(6.42 cents)**	(9.67 cents)

Notes:

1. **Basis of preparation and significant accounting policies**

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants. The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2002, except that:

(a) the following new or revised SSAPs have been adopted for the first time in the preparation of the current period's unaudited condensed consolidated interim financial statements:

SSAP 1 (Revised)	:	"Presentation of financial statements"
SSAP 11 (Revised)	:	"Foreign currency translation"
SSAP 15 (Revised)	:	"Cash flow statements"
SSAP 25 (Revised)	:	"Interim financial reporting"
SSAP 34	:	"Employee benefits"

(b) with effect from the current period, the Group has changed the provisioning policies on inventories by decelerating the rates of provision applied to slow-moving inventories. This constitutes a change in accounting estimates. In the opinion of the directors, the net realisable value of inventories is more accurately reflected by the revised rates. These changes have been applied prospectively and have resulted in a reduction in provision for slow-moving inventories of approximately HK$13,627,000 for the period.

As a result of adopting these new and revised SSAPs, a condensed consolidated statement of changes in equity is now included in the interim financial statements and the condensed consolidated cash flow statement and the segment information are revised in accordance with the new requirements of these new and revised SSAPs. There is no impact to the financial results and the financial position of the Group by the adoption of the above new and revised SSAPs, except in relation to SSAP 34.

In accordance with SSAP 34, the cost of accumulating compensated absences is recognised as an expense and measured based on the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date. This change in accounting policy has been applied retrospectively and accordingly, the retained profits and the net assets of the Group as at 1 April 2001 and 31 March 2002 have been decreased by HK$4,000,000. There is no significant impact on the Group's net assets as at 30 September 2002 and its net loss attributable to shareholders for both periods presented.

Certain comparative figures in the condensed consolidated cash flow statement and the segment information have been reclassified to conform with the current period's presentation.

2. Segment information

An analysis of the Group's revenue and profit/(loss) by business segment is not presented as the Group's revenue and results are predominantly derived from retailing and distribution of garments.

An analysis of the Group's revenue and profit/(loss) by geographical segment for the period ended 30 September 2002, together with the comparative figures for the corresponding period in 2001, is as follows:

	Hong Kong		Elsewhere in the PRC		Taiwan		Singapore		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**337,199**	405,958	**187,883**	92,296	**125,315**	119,870	**64,195**	82,241	**714,592**	700,365
Other revenue	**1,301**	(265)	**713**	1,744	**331**	–	**11**	8	**2,356**	1,487
Total revenue	**338,500**	405,693	**188,596**	94,040	**125,646**	119,870	**64,206**	82,249	**716,948**	701,852
Segment results	**(18,513)**	(32,663)	**(2,045)**	(1,463)	**(9,944)**	(5,409)	**806**	5,476	**(29,696)**	(34,059)
Interest income									**1,353**	849
Loss from operating activities									**(28,343)**	(33,210)
Finance costs									**(2,556)**	(1,840)
Loss before taxation									**(30,899)**	(35,050)
Taxation									**(2,116)**	(201)
Net loss from ordinary activities attributable to shareholders									**(33,015)**	(35,251)

3. Other revenue

	Six months ended 30 September	
	2002	2001
	HK$'000	*HK$'000*
Interest income	**1,353**	849
Royalty income	**340**	–
Rental income	**255**	254
Others	**1,761**	1,233
	3,709	2,336

4. Loss from operating activities

Loss from operating activities is arrived at after charging:

	Six months ended 30 September	
	2002	2001
	HK$'000	*HK$'000*
Depreciation	**29,505**	27,942
Amortisation of intangible assets	**–**	2,145

5. Finance costs

	Six months ended 30 September	
	2002	2001
	HK$'000	*HK$'000*
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**2,556**	1,840

6. Taxation

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period ended 30 September 2002 (six months ended 30 September 2001: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Six months ended 30 September	
	2002	2001
	HK$'000	*HK$'000*
Overseas taxation and taxation charge for the period	**2,116**	201

7. Release from revaluation reserve

The revaluation reserve arising from revaluation of fixed assets is realised and transferred directly to retained earnings on a systematic basis, as the corresponding asset is used by the Group. The amount realised in the prior period represented the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

8. Basic loss per share

Basic loss per share is calculated based on the net loss attributable to shareholders for the period of HK$33,015,000 (2001: net loss of HK$35,251,000) and on the weighted average of 514,307,798 shares (2001: 364,575,655 shares, as restated for the rights issue) in issue during the period, adjusted to reflect the bonus issue of shares during the period.

Diluted loss per share for the six months ended 30 September 2002 and 2001 has not been calculated as no diluting events existed during these periods.

9. Share capital

	As at 30 September 2002 *HK$'000*	As at 31 March 2002 *HK$'000*
Authorised:		
2,000,000,000 (31 March 2002: 1,000,000,000) ordinary shares of HK$0.10 each	**200,000**	100,000
Issued and fully paid:		
514,307,798 (31 March 2002: 411,446,239) ordinary shares of HK$0.10 each	**51,431**	41,145

(a) Pursuant to an ordinary resolution passed on 30 August 2002, the authorised share capital of the Company was increased from HK$100,000,000 to HK$200,000,000 by the creation of an additional 1,000,000,000 shares of HK$0.10 each, such shares ranking pari passu in all respects with the existing issued shares of the Company.

(b) On 12 September 2002, the Company allotted 102,861,559 bonus shares, credited as fully paid, by way of capitalisation of a sum up to HK$10,286,156 from the Company's share premium account, to shareholders entitled thereto, pursuant to a bonus issue of shares on the basis of one bonus share for every four existing shares then held. The bonus shares rank pari passu in all respects with the existing issued shares of the Company.

10. Approval of the interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 28 November 2002.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2002 (2001: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The consolidated turnover of the Group for the six months ended 30 September 2002 was HK$714,592,000. This represented an increase of 2%, as compared to HK$700,365,000 for the same period of last year. The increase was attributable to the strong growth of sales in Mainland China, where the Group is currently expanding its operations, whereas sales in Hong Kong and Singapore declined during the current period.

At the same time, the Group's gross profit margin was 46.7%, compared to 45.7% for the corresponding period in 2001. The improvement of 1 percentage point resulted from changes to the Group's provision policy on inventory, resulting in a reduction of stock provision charged for the period of HK$13,627,000. Excluding the changes in stock provision policy, the gross profit margin declined by 0.9 percentage point.

Operating costs for the six months ended 30 September 2002 totalled HK$365,629,000, compared to HK$355,845,000 for the same period last year - an increase of 2.7%. The increase in operating expenses was mainly brought about by the expansion of the Group's retail network in Taiwan and Mainland China.

The Group incurred a net loss attributable to shareholders of HK$33,015,000, compared to a net loss of HK$35,251,000 for the same period last year. These disappointing results were mainly due to the fact that consumers failed to find our products sufficiently interesting and attractive within a highly competitive market, combined with the adverse economic climate that has persisted in Asia (except for Mainland China).

To counteract these adversities, the Group immediately refocused its product strategy, with the aim of regaining its market share.

In addition, the Group has made efforts to reduce costs by streamlining operating processes and building up more efficient systems through the extensive application of information technology. The Group has also focused on intensified human resources development activities. The existing extensive training programmes for frontline staff were further enhanced during the period, and plans were developed for training programmes for management and senior level employees.

During the period under review, the Group continued to expand its operations in the Mainland China market. Sales there were approximately double over the same period last year. In addition to the bossini brand, the Group launched a new casual wear brand, SPARKLE, which is aimed at Mainland China consumers, on 21 September 2002. Up to 30 September 2002, 39 SPARKLE outlets have been opened.

As SPARKLE is a new investment and is still at an initial stage, the Group has incurred substantial expenditure during the launch period. The Group therefore recorded an operating loss of HK$4,457,000 on this stream of business.

Outlook

The performance of the retail sector in Hong Kong is expected to remain soft during the six months to 31 March 2003. The effects of high unemployment and the poor property market indicate that consumers are likely to continue to exercise caution in their spending. In view of Hong Kong's current difficult economic climate, the Group will probably maintain the current scale of its 33 outlets in Hong Kong for the time being. Furthermore it will explore every avenue to increase the productivity of each outlet. The Group will also increase the effectiveness of its direct marketing and targeted promotional activities, in order to stimulate the desire of consumers to buy its products.

The Group has built solid foundations in the Mainland China casual wear market by establishing an extensive sales network there. The expansion of the bossini brand will remain a strong focus of the Group, which is looking to slightly increase its network from 165 directly managed outlets in Mainland China at 30 September 2002 to a total of 175 by the end of March 2003. The number of authorised dealer outlets will also be increased to 180 by the same date, compared to 128 at 30 September 2002. In addition, the Group will aggressively enlarge its SPARKLE brand business with the goal of establishing about 70 directly managed stores and a sales of around HK$120 million by the end of March 2003.

In view of Taiwan's sluggish economy and the intense market competition, the Group will improve its product combination and implement a series of sales-driven activities in order to accelerate sales revenue.

Singapore faces uncertain economic conditions, but sales are expected to improve in the second half of the year.

In summary, the Group will continue to run its businesses in a prudent manner, implement cost control measures, and enhance efficiency. The management is confident that the Group's results in the second half-year will be better than the first half.

Use of Rights Issue Proceeds

In March 2002, the Group raised HK$62.2 million from a rights issue. Of this, approximately HK$33 million has been utilised to expand the business in Mainland China, while HK$12 million has been utilised as general working capital of the Group. The remaining proceeds of approximately HK$17 million were retained in bank accounts, and they will be utilised for business development in Mainland China during the second half of the year, as planned.

Financial Position

Other than the HK$62.2 million proceeds raised from the rights issue in March 2002, the Group relied on internally generated cash flows, bank borrowings and import and export-related banking facilities in order to finance its business development during the period under review.

Increased investment in Mainland China and the business downturn elsewhere in Asia, together with seasonal factors, increased the Group's total debt to equity ratio to 1.21 as at 30 September 2002 (31 March 2002: 0.72). The ratio was calculated by dividing total liabilities of HK$358,412,000 (31 March 2002: HK$237,334,000, as restated) by the total shareholder's equity of HK$295,866,000 (31 March 2002: HK$328,188,000, as restated). The current ratio dropped to 1.52 as at 30 September 2002, whereas it was 2.14 at 31 March 2002.

As at 30 September 2002, total credit facilities granted to the Group from its bankers amounted to HK$356,345,000 (31 March 2002: HK$365,845,000). The management believes that the Group has adequate financial resources to fund the current business growth and forecast requirement for the coming year.

Human Capital

As at 30 September 2002, the Group employed 2,951 full-time staff in Hong Kong, Macau, Mainland China, Singapore and Taiwan. The Group remunerates its employees based on their performance, experience and prevailing industry practices. Benefits such as staff insurance, retirement schemes and discretionary bonuses are provided.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2002, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except that the independent non-executive directors of the Company are not appointed for any specific terms, but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's Bye-laws.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

A detailed interim results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange in due course.

By Order of the Board
Ka Sing LAW
Chairman

Hong Kong, 28 November 2002

The full text of this announcement will be available on the Internet at http://www.irasia.com/listco/hk/bossini.