BOSSINI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 592)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE TWELVE MONTHS ENDED 31 MARCH 2007

FINANCIAL RESULTS

The board of directors (the "Board") of Bossini International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group" or "Bossini") for the twelve months ended 31 March 2007, together with the comparative figures for the corresponding period in 2006. The second interim announcement is prepared due to the change in the Company's financial year end date from 31 March to 30 June. The period of annual planning of the Company and its subsidiaries would coincide with the peak sales season of the Group if the year end of 31 March were to be maintained, the Board considers that the changing of the financial year end date would enable the Group to better utilize its resources and facilitate better planning and operational processes of the Group.

Condensed consolidated income statement

		Twelve months ended 31 March	
		2007	2006
		(Unaudited)	(Audited)
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**2,105,353**	2,199,515
Cost of sales		**(1,115,165)**	(1,174,301)
Gross profit		**990,188**	1,025,214
Other income and gains	3	**8,523**	16,616
Selling and distribution costs		**(703,833)**	(660,924)
Administrative expenses		**(219,155)**	(202,424)
Other operating expenses		**(31,450)**	(38,939)
Profit from operating activities		**44,273**	139,543
Finance costs	4	**(1,650)**	(722)
Profit before tax	5	**42,623**	138,821
Tax	6	**(22,847)**	(33,786)
Profit for the period attributable to equity holders		**19,776**	105,035
Dividend per share	7		
Interim		**–**	HK1.80 cents
Proposed final^		**–**	HK1.80 cents
		–	HK3.60 cents
Earnings per share attributable to ordinary equity holders	8		
Basic		**HK1.26 cents**	HK6.69 cents
Diluted		**HK1.24 cents**	HK6.52 cents

^ Not yet proposed for the twelve months ended 31 March 2007 due to the change of financial year end date from 31 March to 30 June

Condensed consolidated balance sheet

	Notes	At 31 March 2007 (Unaudited) HK$'000	At 31 March 2006 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**183,489**	153,334
Trademark		**1,164**	1,164
Deferred tax assets		**2,725**	2,672
Deposits paid		**49,149**	48,849
Bank deposits		**15,600**	15,600
Total non-current assets		**252,127**	221,619
Current assets			
Inventories		**237,080**	253,591
Debtors	*9*	**76,393**	55,664
Bills receivable		**17,730**	11,973
Deposits paid		**36,527**	30,442
Prepayments and other receivables		**41,880**	57,621
Derivative financial instruments		**219**	998
Tax recoverable		**2,790**	35
Pledged bank deposits		**778**	787
Cash and cash equivalents		**182,791**	227,513
Total current assets		**596,188**	638,624
Current liabilities			
Trade creditors and accruals	*10*	**182,606**	196,038
Bills payable		**24,503**	22,243
Tax payable		**28,524**	28,531
Due to related companies		**22,105**	23,573
Derivative financial instruments		**975**	1,153
Interest-bearing bank loans		**4,150**	–
Total current liabilities		**262,863**	271,538
Net current assets		**333,325**	367,086
Total assets less current liabilities		**585,452**	588,705
Non-current liabilities			
Provisions		**1,075**	583
Deferred tax liabilities		**752**	701
Total non-current liabilities		**1,827**	1,284
Net assets		**583,625**	587,421
Equity			
Issued capital		**157,225**	156,891
Reserves		**426,400**	402,290
Proposed dividend		**–**	28,240
Total equity		**583,625**	587,421

Notes to the condensed consolidated interim financial statements

1. Basis of preparation and changes in accounting policies

These condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation adopted 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 2006, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 21 Amendment	Net Investment in Foreign Operation
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK (IFRIC) – Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

Inventories

With proven sales track record of the products and the recovery of economic conditions in general for the regions in which the Group has operations over the past few years, the Group has revised its estimates relating to inventory provision policy during the period under review. If the old inventory provision policy were used for the current period, an additional provision of approximately HK$16.9 million would have been made to write-down the carrying amounts of inventories.

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 twelve months ended 31 March 2007, together with the comparative figures for the corresponding period in 2006, is as follows:

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	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	**1,072,174**	1,129,195	**474,106**	489,491	**348,712**	379,404	**210,361**	201,425	**2,105,353**	2,199,515
Other income and gains	**1,739**	6,684	**525**	1,416	**1,859**	3,657	**82**	86	**4,205**	11,843
Total	**1,073,913**	1,135,879	**474,631**	490,907	**350,571**	383,061	**210,443**	201,511	**2,109,558**	2,211,358
Segment results	**96,046**	122,368	**(19,998)**	6,524	**(39,752)**	(11,450)	**3,659**	17,328	**39,955**	134,770
Interest income									**4,318**	4,773
Profit from operating activities									**44,273**	139,543
Finance costs									**(1,650)**	(722)
Profit before tax									**42,623**	138,821
Tax									**(22,847)**	(33,786)
Profit for the period									**19,776**	105,035

3. Other income and gains

	Twelve months ended 31 March	
	2007	2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Bank interest income	**2,477**	3,452
Other interest income	**1,841**	1,321
Claims received	**990**	1,210
Royalty income	**344**	204
Gross rental income	**1,576**	2,447
Impairment losses of land and buildings reversed in consolidated income statement	**–**	5,400
Others	**1,295**	2,582
	8,523	16,616

4. Finance costs

	Twelve months ended 31 March	
	2007	2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**1,650**	722

5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Twelve months ended 31 March	
	2007	2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Inventory provision	**3,359**	12,487
Depreciation	**59,446**	54,983
Impairment losses of land and buildings reversed in consolidated income statement	**–**	(5,400)
Fair value losses/(gains) of derivative instruments – transactions not qualifying as hedges, net	**100**	(4,939)

6. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the twelve months ended 31 March 2007. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Twelve months ended 31 March	
	2007	2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**16,184**	21,697
Overprovision in prior periods	**(233)**	(324)
Current – Elsewhere		
Charge for the period	**6,947**	11,589
Underprovision in prior periods	**3**	365
Deferred	**(54)**	459
Total tax charge for the period	**22,847**	33,786

7. Dividends

	Twelve months ended 31 March	
	2007	2006
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
First interim dividend – Nil (2006: HK1.8 cents per ordinary share)	**–**	28,240
Second interim dividend – Nil (2006: Nil)	**–**	–
Proposed final dividend – Nil^ (2006: HK1.8 cents per ordinary share)	**–**	28,240
	–	56,480

^ Not yet proposed for the twelve months ended 31 March 2007 due to the change of financial year end date from 31 March to 30 June

8. Earnings per share attributable to ordinary equity holders

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders for the twelve months ended 31 March 2007 of HK$19,776,000 (2006: HK$105,035,000) and weighted average of 1,569,770,013 (2006: 1,568,911,394) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders for the twelve months ended 31 March 2007 of HK$19,776,000 (2006: HK$105,035,000). The number of ordinary shares used in the calculation is the weighted average of 1,569,770,013 (2006: 1,568,911,394) ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of 27,678,903 (2006: 41,323,712) ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

9. Debtors

Other than cash and credit card sales, the Group normally grants credit periods of up to 60 days to its trade customers.

An aged analysis of trade debtors as at the balance sheet date, based on the invoice date, is as follows:

	At 31 March 2007 (Unaudited) *HK$'000*	At 31 March 2006 (Audited) *HK$'000*
0 to 30 days	**58,840**	45,364
31 to 60 days	**14,903**	8,097
61 to 90 days	**651**	1,250
Over 90 days	**1,999**	953
	76,393	55,664

10. Trade creditors and accruals

Included in trade creditors and accruals is a trade creditors balance of HK$43,946,000 (2006: HK$61,402,000).

An aged analysis of trade creditors as at the balance sheet date, based on the invoice date, is as follows:

	At 31 March 2007 (Unaudited) *HK$'000*	At 31 March 2006 (Audited) *HK$'000*
0 to 30 days	**26,333**	52,800
31 to 60 days	**14,280**	6,223
61 to 90 days	**1,681**	1,969
Over 90 days	**1,652**	410
	43,946	61,402

Dividend

The Board does not recommend payment of any dividend (2006: HK3.60 cents per ordinary share) for the twelve months ended 31 March 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

During the period under review, market competition continued to intensify. Rental and staff costs remained at high level and affected the Group's profitability in both Hong Kong and other core markets.

Performance of the Group's retail sales was far from satisfactory in the 12 months ended 31 March 2007. Despite this, the Group's sales showed quarter-on-quarter improvements along with the progressive launching of spring/summer 2007 collection. Therefore, after experiencing sluggish sales in the third quarter, sales picked up gradually in the fourth quarter of 2006/07.

The Group's consolidated revenue for the 12 months ended 31 March 2007 declined year-on-year by 4% to HK$2,105 million (2006: HK$2,200 million). Gross profit of the Group decreased by 3% to HK$990 million (2006: HK$1,025 million). The gross margin was maintained at a stable level of 47% (2006: 47%). Operating profit and operating margin were HK$44 million (2006: HK$140 million) and 2% (2006: 6%), respectively. Profit for the period attributable to equity holders decreased to approximately HK$20 million (2006: HK$105 million).

Operating Efficiencies

The increased number of new market entrants in the apparel sector has drawn keener competition in the region. The vast number of product choices reduced the Group's product competitiveness. Overall same store sales therefore posted a negative growth of 9% (2006: 5% negative growth) during the 12 months ended 31 March 2007. Net retail sales per sq. ft. reduced by 14% year-on-year to HK$2,500 (2006: HK$2,900).

The Group's operating expenses for the twelve months ended 31 March 2007 rose 6% to HK$954 million (2006: HK$902 million), which accounted for 45% of the total revenue of the Group (2006: 41%). The rise in operating expenses was mainly due to the surge in rental and staff cost.

Operating Cost Analysis
For the twelve months ended 31 March

	2007		2006		
	HK$ million	**% of revenue**	HK$ million	% of revenue	Change
Revenue	**2,105**	**100%**	2,200	100%	-4%
Selling and distribution costs	**704**	**33%**	661	30%	+7%
Administrative expenses	**219**	**11%**	202	9%	+8%
Other operating expenses	**31**	**1%**	39	2%	-21%
Total Operating expenses	**954**	**45%**	902	41%	+6%

Business Review
Network Expansion
During the 12 months ended 31 March 2007, the Group's number of outlets worldwide recorded a net increase of 25 stores to a total of 1,093 (2006: 1,068), covering more than 20 countries and regions as at 31 March 2007. Of these, 552 (2006: 521) were directly managed outlets, while 541 (2006: 547) were franchised outlets.

Geographically, the Group had 359 directly managed and 219 franchised outlets in Mainland China, 111 directly managed outlets in Taiwan, 11 directly managed outlets in Malaysia, 33 directly managed outlets in Singapore, 38 directly managed outlets in Hong Kong and 322 franchised outlets in about 20 countries, mainly in the Middle East and Southeast Asia. The Group also established footprints in India and Oman. The total retail floor space of the Group increased by 5% to 663,100 sq. ft. as at 31 March 2007 (2006: 631,100 sq. ft.).

Brand Revamp Program
Having been in the industry for two decades, "bossini" has been a familiar name as a mass apparel brand offering high quality, value-for-money products for consumers in the region. To increase its competitiveness and rejuvenate the brand, the Group embarked on an integrated brand revamp program to inject new family essence and values to the "bossini" brand that synchronize with its mission of caring for the needs of every family member in every aspect from product offering, shop décor to shopping experience.

The Group appointed an internationally renowned designer to lead the comprehensive brand revamp program. A new brand icon design and revolutionary shop décor were introduced to provide a more enjoyable shopping experience to customers. The new bright green color implies youth, growth, vibrancy and care for the environment to bring out the Group's vision to be a brand for every family member, while the signature lamp icon signifies warmth and home feeling.

Regional performance analyses

For the twelve months ended 31 March	Hong Kong 2007	Hong Kong 2006	Hong Kong Change	Mainland China 2007	Mainland China 2006	Mainland China Change	Taiwan 2007	Taiwan 2006	Taiwan Change	Singapore 2007	Singapore 2006	Singapore Change	Malaysia 2007	Malaysia 2006	Malaysia Change	Total 2007	Total 2006	Total Change
Retail																		
Net retail sales *(in HK$ million)*	**745**	815	-9%	**356**	351	+1%	**349**	379	-8%	**197**	200	-2%	**13**	1	+1,200%	**1,660**	1,746	-5%
Operating profit/(loss) *(in HK$ million)*	**18**	51	-65%	**(26)**	(9)	-189%	**(39)**	(10)	-290%	**5**	19	-74%	**(2)**	(1)	-100%	**(44)**	50	-188%
Operating margin *(%)*	**2%**	6%	-4%pts	**-7%**	-3%	-4%pts	**-11%**	-3%	-8%pts	**3%**	10%	-7%pts	**-15%**	-100%	+85%pts	**-3%**	3%	-6%pts
Retail floor area *(sq. ft.)*[a]	**141,800**	111,400	+27%	**311,100**	307,300	+1%	**159,100**	176,000	-10%	**36,400**	32,000	+14%	**14,700**	4,400	+234%	**663,100**	631,100	+5%
Net sales per sq. ft. *(in HK$)*[b]	**5,800**	7,300	-21%	**1,100**	1,200	-8%	**2,000**	2,500	-20%	**6,100**	6,400	-5%	**1,400**	1,100	+27%	**2,500**	2,900	-14%
Same store sales growth[c]	**-8%**	-5%	-3%pts	**0%**	-9%	+9%pts	**-16%**	-11%	-5%pts	**-14%**	+3%	-17%pts	**n/a**	n/a	n/a	**-9%**	-5%	-4%pts
No. of outlets	**38**	33	+5	**359**	344	+15	**111**	112	-1	**33**	29	+4	**11**	3	+8	**552**	521	+31
Franchise																		
Sales *(in HK$ million)*	**309**	291	+6%	**95**	110	-14%	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**404**	401	+1%
Operating profit *(in HK$ million)*	**92**	86	+7%	**7**	15	-53%	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**99**	101	-2%
Operating margin *(%)*	**30%**	30%	0%pt	**7%**	14%	-7%pts	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**25%**	25%	0%pt
No. of outlets	**322**	263	+59	**219**	284	-65	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**541**	547	-6
Regional total																**Consolidated**		
Sales *(in HK$ million)*	**1,072**	1,130	-5%	**474**	490	-3%	**349**	379	-8%	**197**	200	-2%	**13**	1	+1,200%	**2,105**	2,200	-4%
Operating profit/(loss) *(in HK$ million)*	**99**	125	-21%	**(19)**	7	-371%	**(39)**	(10)	-290%	**5**	19	-74%	**(2)**	(1)	-100%	**44**	140	-68%
Operating margin *(%)*	**9%**	11%	-2%pts	**-4%**	1%	-5%pts	**-11%**	-3%	-8%pts	**3%**	10%	-7%pts	**-15%**	-100%	+85%pts	**2%**	6%	-4%pts
No. of outlets	**38**[d]	33[d]	+5	**578**	628	-50	**111**	112	-1	**33**	29	+4	**11**	3	+8	**1,093**	1,068	+25

Notes:

[a] As at 31 March

[b] On weighted average basis

[c] Same store sales growth is the comparison of sales of the same stores having full month operations in comparable periods (no comparison for Malaysia as the operation in financial year 2005/06 was not on a full year term)

[d] No. of export franchised outlets is not included

Key Operations Breakdown and Analyses
The Group operates on a global platform, with core markets located in Hong Kong, Mainland China, Taiwan, Singapore and Malaysia. During the period under review, Hong Kong remained the major source of income for the Group, representing 51% of its consolidated revenue, followed by Mainland China, Taiwan, Singapore and Malaysia, which accounted for 22%, 17%, 9% and 1%, respectively, of the Group's consolidated revenue.

Hong Kong
For the twelve months ended 31 March 2007, total revenue generated from Hong Kong amounted to HK$1,072 million (2006: HK$1,130 million). The retail and export franchising businesses accounted for 35% and 15% (2006: 37% and 13%), respectively, of the Group's total revenue. The overall operating profit in Hong Kong was HK$99 million (2006: HK$125 million), while operating margin was 9% (2006: 11%).

In line with the new mission of being a family-fit brand and providing home feeling to customers, the Group launched a total of three new product lines, namely Maternity, Baby and Youth to fulfill its customers' demand. The market response to the new products has been encouraging. In addition to the promotion of "bossini" brand, the Group also implemented marketing campaigns for the new product lines and licensed products in order to penetrate different market segments.

Bossini added 5 directly managed outlets in Hong Kong in the twelve months under review, bringing the total number of outlets to 38 (2006: 33) as at 31 March 2007 and the total retail floor area to 141,800 sq. ft. (2006: 111,400 sq. ft.), representing a 27% year-on-year increase. A remarkable 4-storey flagship store was opened at the end of March 2007. Retail sales reached HK$745 million (2006: HK$815 million). Though same store sales recorded a negative growth of 8% (2006: 5% negative growth) during the period under review, it showed a pickup trend in the fourth quarter of 2006/07. Operating profit of the Hong Kong retail market declined 65% to HK$18 million (2006: HK$51 million) with an operating margin of 2% (2006: 6%).

The export franchising business posted moderate growth. Revenue for export franchising rose by 6% year-on-year to HK$309 million (2006: HK$291 million). Operating profit increased by 7% to HK$92 million (2006: HK$86 million), operating margin was 30% (2006: 30%). For overseas franchising business, 59 outlets were opened during the past twelve months. The Group commenced export franchising business in India and Oman during the period under review.

Mainland China
Sales in the Mainland China market showed a modest comeback during the fourth quarter of 2006/07, despite the overall unsatisfactory performance on a 12-month period under review.

The Group's focus has always been on profitability. In line with this goal, the Group had evaluated individual store performance and realigned its operations in Mainland China. While 15 directly managed outlets were added, bringing the total number of directly managed outlets to 359 (2006: 344), 65 franchised outlets were closed, reducing the number of franchised outlets to 219 (2006: 284). The total number of outlets in Mainland China was therefore reduced to 578 (2006: 628). Total retail floor area increased to 311,100 sq. ft. (2006: 307,300 sq. ft.).

For the directly managed network, 249 (2006: 225) were "bossini" outlets and 110 (2006: 119) were "sparkle" outlets. For the franchising network, 172 (2006: 209) were "bossini" outlets and 47 (2006: 75) were "sparkle" outlets.

During the 12 months under review, sales decreased 3% year-on-year to HK$474 million (2006: HK$490 million). Sales from directly managed outlets increased 1% to HK$356 million (2006: HK$351 million) while sales from franchised outlets dropped 14% to HK$95 million (2006: HK$110 million). Same store sales for the retail business in Mainland China remained flat (2006: 9% negative growth), but considerable pickup was seen in the fourth quarter with positive double-digit same store sales growth.

All of the three brands in the Mainland China, namely "bossini", "bossinistyle" and "sparkle" performed below expectation and resulted in an operating loss of HK$19 million (2006: HK$7 million operating profit) for the twelve months ended 31 March 2007. The operating margin was negative 4% (2006: positive 1%).

Taiwan
In light of the competitive market condition resulted from economic downturn and political instability during the period under review, the Group closed 1 outlet during the period under review, resulting a total number of 111 (2006: 112). Total retail floor area was 159,100 sq. ft. (2006: 176,000 sq. ft.).

Sales in Taiwan decreased by 8% to HK$349 million (2006: HK$379 million) and same store sales experienced a drop of 16% (2006: 11% negative growth). Operating loss amounted to HK$39 million (2006: HK$10 million loss) with operating margin negative 11% (2006: negative 3%).

Singapore
The performance in Singapore fell below expectation during the twelve months under review. At 31 March 2007, the total number of directly managed outlets reached 33 (2006: 29) and the total retail floor area increased by 14% to 36,400 sq. ft. (2006: 32,000 sq. ft.).

For the twelve months ended 31 March 2007, retail sales in Singapore declined 2% year-on-year to HK$197 million (2006: HK$200 million) while same store sales recorded a negative growth of 14% (2006: 3% positive growth). Despite this, since the "bossini" top line sales recorded growth throughout the second half of 2006/07 as compared with the same period of the previous year, the Group has an operating profit of HK$5 million (2006: HK$19 million) for the period under review with operating margin of 3% (2006: 10%).

Malaysia
As a new market with the Group with an operating history of about one year and a half, the Malaysian market was still in its infancy and in a mild operating loss of HK$2 million (2006: HK$1 million loss). The Group opened 8 outlets in the period under review, bringing the total number of stores to 11 (2006: 3). Sales revenue increased to HK$13 million (2006: HK$1 million).

Change of Inventory Provision Policy
The Group revised its inventory provision policy during the period under review. If the old inventory provision policy were applied for the current period, profit for the period attributable to equity holders would be HK$16.9 million less. The Group anticipates that this revision of inventory policy will facilitate better inventory and margin management.

Change of Financial Year End Date
The financial year end date of the Company has been changed from 31 March to 30 June commencing from the financial year 2006/2007 (for details, please refer to the Company's announcement dated 7 February 2007). Accordingly, this unaudited interim results covered the period from 1 April 2006 to 31 March 2007. The publication of the preliminary announcement of the audited final results and the distribution of the annual report for the 15-month period from 1 April 2006 to 30 June 2007 will be made on or before 31 October 2007.

Liquidity and Financial Resources
At 31 March 2007, the Group's cash and bank balances amounted to HK$199 million (2006: HK$244 million) and net cash balance of HK$195 million (2006: HK$244 million) after the payment of a final dividend of HK$28.2 million in September 2006 for the last fiscal year. The Group's current ratio stood at a healthy level of 2.27 (2006: 2.35) and the total liabilities to equity ratio was 45% (2006: 46%). The Group had bank borrowings of HK$4 million (2006: Nil) payable within one year.

The Group managed its inventories at a stable level and had improved its inventory turnover[#] to 41 days (2006: 42 days) for the period under review. Return on equity ratio was 3% (2006: 18%).

[#] Inventory held at 31 March divided by revenue times 365 days

Contingent Liabilities
During the period under review, the Group had no material changes in contingent liabilities since 31 March 2006.

Human Capital
At 31 March 2007, the Group employed full-time staff or equivalent of 4,500 (2006: 4,300) in Hong Kong, Macau, Mainland China, Taiwan, Singapore and Malaysia. It employs a performance-based remuneration system by reference with market practices and rates with discretionary performance bonuses and offers benefits such as insurance, retirement and share option schemes.

Outlook
Going forward, the Group will continue its effort to achieve a revival with measures in place to enhance brand image, enrich product offering, strengthen overseas market penetration and realignment of non-performing outlets in both Taiwan and Mainland China. The Group is well poised to score a turning point in the coming year. The board is cautious yet optimistic about the Group's future development in the long-term.

During the period, the Group has been receiving good market response to its brand revamp initiatives in Hong Kong. The new brand icon and redecorated outlets attracted public attention effectively. Costs associated with the revamp rollout would be approximately HK$35 million. The Group will roll out this successful formula to overseas markets in phases in this calendar year, applying the new "bossini" concepts around the world and further enhancing the refreshing brand image and its market awareness. We estimate that additional cost impact for the roll out of the new concept to the overseas markets would be mild. The management believes the long-term benefits derived from the program will far outweigh our costs and expenses.

On the product front, Bossini added three new product lines, Maternity, Baby and Youth, so to complement the new brand direction of "Understanding every family member's needs". The new product lines and licensed products launched in March 2007 have been well-received. In the next fiscal year, the Group will continue to extend and revitalize its product lines with new and innovative product designs and functional fabrics so as to stimulate consumption desire.

The outlook for the Hong Kong retail sector in the coming year looks mixed with both opportunities and challenges. The Group will continue to maintain a pragmatic expansion strategy with a strong emphasis on profitability and efficiency. With the improvement trend shown in the fourth quarter during the period, the management is confident that the Hong Kong operation has scored a turning point for further growth in the future. In order to further penetrate the mass market, four to five stores will be opened in the coming months.

Mainland China continues to be the world's fastest growing economy and its economic growth will remain buoyant during the coming financial year. The management remains optimistic that the Mainland China operation will continue the growth momentum gained during the fourth quarter of 2006/07. The brand image will be refreshed in alignment with the brand revamp program in Hong Kong. This initiative will bring a positive influence to the business in Mainland China. Realignment of the "sparkle" operation will be implemented to reduce operating costs, reallocate financial resources and enhance profitability. It is planned that 40 loss-making "sparkle" outlets will be closed in the coming year.

Taiwan's retail market is expected to remain sluggish due to political and economic instability. The Group will maintain its existing strategies and minimize outlet expansion in Taiwan in the year 2007/08. It plans to close down 27 outlets in the market, reducing the total number of outlets to 84. With appropriate consolidation of its existing network, the Group anticipates considerable improvements for its Taiwan operation in the near future.

The management expects further improvement in both Singapore and Malaysia markets. We will continue to expand sales network in both areas throughout the year 2007/08. We are particularly optimistic about the progressive growth of the Malaysia operation which will look set to be profitable in the long term once the operation becomes mature. We plan to increase the number of shops in Malaysia from 11 to 23. Three shops will also be added in Singapore.

Having delivered moderate performance levels during the 12 months under review, our export franchise business is well prepared for steady growth for future. The Group has launched the well-received new "Youth" product line to diversify its revenue streams and customer base. We expect to expand into five new countries in the upcoming year to further bolster market presence.

Leveraging on the successful brand revamp program, design innovation and pragmatic network expansion approach, the Group is well poised to have revitalization in its performance. In the coming year, the businesses in export franchising and Mainland China will continue to be its driving force of growth. The Group remains confident about the long-term growth potential.

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 Company has an audit committee which was established in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. It has formulated its written terms of reference in accordance with the provisions set out in Appendix 14 – Code on Corporate Governance Practices (the "CG Code") of the Listing Rules. The audit committee has reviewed the unaudited interim financial results for the twelve months ended 31 March 2007. The audit committee comprises four Independent Non-executive Directors of the Company, namely Mr. LEE Man Chun Raymond, Ms. LEUNG Mei Han, Prof. SIN Yat Ming and Mr. WONG Wai Kay.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with the code provisions as set out in the CG Code during the twelve months ended 31 March 2007, except for the following deviations:

(a) The Company does not have a separate Chairman and Chief Executive Officer and Mr. LAW Ka Sing holds both positions for the period from 1 April 2006 to 4 January 2007. The Board considered that previous structure provided consistent leadership. In compliance with the CG code, with effect from 5 January 2007, Mr. LAW Ka Sing is redesignated from the Chairman and Chief Executive Officer of the Company to the Chairman and Ms. CHAN So Kuen, Executive Director of the Company is appointed as the Chief Executive Officer. Mr. Law continues to be responsible for the overall direction of the Group.

(b) The Chairman and the Chief Executive Officer of the Company are not subject to retirement by rotation. The Board considers that the continuity of the Chairman and Chief Executive Officer of the Company and their leadership are crucial in maintaining the stability of the Group's business operations.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Company's Directors, the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the interim report.

PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

Interim report for the 12 months ended 31 March 2007 of the Company containing all the information required by the Listing Rules will be published on the website of the Stock Exchange and despatched to shareholders in due course.

By Order of the Board
LAW Ka Sing
Chairman

Hong Kong, 21 June 2007

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. LAW Ka Sing, Ms. CHAN So Kuen, Mr. MAK Tak Cheong Edmund and four Independent Non-executive Directors, namely Mr. LEE Man Chun Raymond, Ms. LEUNG Mei Han, Prof. SIN Yat Ming and Mr. WONG Wai Kay.

Please also refer to the published version of this announcement in The Standard.