BOSSINI INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

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" or "Bossini") for the six months ended 30 September 2005, together with the comparative figures for the corresponding period in 2004, as follows:

Condensed consolidated profit and loss account

		Six months ended 30 September	
		2005	2004
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Turnover	*2*	**997,055**	879,028
Cost of sales		**(518,507)**	(431,058)
Gross profit		**478,548**	447,970
Other revenue	*3*	**5,559**	5,076
Selling and distribution costs		**(306,257)**	(266,191)
Administrative expenses		**(99,203)**	(88,128)
Other operating expenses		**(17,306)**	(18,342)
Profit from operating activities	*4*	**61,341**	80,385
Finance costs	*5*	**(89)**	(464)
Profit before tax		**61,252**	79,921
Tax	*6*	**(16,042)**	(17,596)
Profit for the period attributable to shareholders		**45,210**	62,325
Dividend per share	*7*	**HK1.80 cents**	HK1.80 cents
Earnings per share	*8*		
Basic		**HK2.88 cents**	HK4.04 cents
Diluted		**HK2.80 cents**	HK3.88 cents

Condensed consolidated balance sheet

	Notes	As at 30 September 2005 (Unaudited) *HK$'000*	As at 31 March 2005 (Audited) *HK$'000* (Restated)
Non-current assets			
Fixed assets		**131,377**	115,409
Deferred tax assets		**4,022**	2,947
Deposits paid		**43,866**	44,344
		179,265	162,700
Current assets			
Inventories		**395,451**	215,302
Debtors	*9*	**53,268**	60,352
Bills receivable		**7,846**	4,064
Deposits paid		**28,224**	23,820
Prepayments and other receivables		**43,270**	31,988
Foreign currency contracts		**4,045**	–
Tax recoverable		**35**	1
Pledged time deposit		**770**	–
Cash and cash equivalents		**165,873**	325,895
		698,782	661,422
Current liabilities			
Creditors and accruals	*10*	**223,012**	184,325
Bills payable		**43,052**	25,212
Tax payable		**40,702**	29,738
Due to related companies		**27,290**	7,398
Interest-bearing bank loans		**–**	15,000
		334,056	261,673
Net current assets		**364,726**	399,749
Total assets less current liabilities		**543,991**	562,449
Non-current liabilities			
Provisions		**1,436**	913
Deferred tax liabilities		**858**	498
		2,294	1,411
		541,697	561,038
Capital and reserves			
Issued capital		**156,891**	156,891
Other reserves		**102,726**	106,089
Retained profits		**253,840**	236,870
Proposed dividend		**28,240**	61,188
		541,697	561,038

Notes:

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 ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations ("HK-Int")) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 23, 24, 27, 28, 33, 37, 38, 40, HKAS-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the other HKFRSs is summarised as follows:

- HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement"

  Derivative financial instruments – Foreign currency contracts

  The Group uses foreign currency contracts to hedge its risks associated with foreign currency fluctuations. In prior periods, these contracts were not designated as hedges and were recognised on a cash basis. Upon the adoption of HKAS 39, such existing contracts entered into before HKAS 39 is initially applied are not retrospectively designated as hedges. In accordance with HKAS 39, foreign currency contracts that are not designated and do not qualify as hedges are adjusted to fair value through profit and loss on the date on which a foreign currency contract is entered into and are subsequently remeasured at their fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Such derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The adoption of HKAS 39 has effectively increased the profit for the period ended 30 September 2005 by HK$4,045,000.

- HKFRS 2 "Share-based Payment"

  In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

  Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments ("equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by using Black-Scholes Option Pricing Model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

  The cost of equity-settled transactions is recognised, together with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled, ending on the date to which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

The effects of adopting HKFRS 2 on the Group's share options granted to employees after 7 November 2002 but had not vested by 1 April 2005 are summarised below. Comparative amounts have been restated in accordance with HKFRS 2.

• HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets"

In prior periods, goodwill/negative goodwill arising on acquisitions prior to 1 April 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the profit and loss account until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 April 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated profit and loss account when the future losses and expenses were recognised.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquires' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in the profit and loss account.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 April 2005 the carrying amount of accumulated amortisation with a corresponding entry to the cost of goodwill and to derecognise the carrying amount of negative goodwill (including that remaining in consolidated capital reserve) against retained profits. Goodwill previously eliminated against consolidated capital reserve remains eliminated against consolidated capital reserve and is not recognised in the profit and loss account when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired. Pursuant to the transitional provisions, the Group derecognised the carrying amount of negative goodwill of HK$2,069,000, with a corresponding adjustment to the balance of retained profits on 31 March 2005.

Following the adoption of the HKFRSs, the opening balances of the following accounts were adjusted retrospectively. The details of the prior period adjustments and opening adjustments are summarised as follows:

(a) Effect on opening balance of total equity at 1 April 2005

Effect of new policies *Increase/(decrease)*	**Capital reserve (Unaudited)**	**Employee share-based capital reserve (Unaudited)**	**Retained profits (Unaudited)**	**Total (Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Prior period adjustment:				
HKFRS 2 – Employee share option scheme	–	1,309	(1,309)	–
Opening adjustment:				
HKFRS 3 – Derecognition of negative goodwill	(2,069)	–	2,069	–
Total effect at 1 April 2005	(2,069)	1,309	760	–

(b) Effect on opening balance of total equity at 1 April 2004

Effect of new policy *Increase/(decrease)*	**Employee share-based capital reserve (Unaudited)**	**Retained profits (Unaudited)**	**Total (Unaudited)**
	HK$'000	***HK$'000***	***HK$'000***
Prior period adjustment:			
HKFRS 2 – Employee share option scheme	324	(324)	–
Total effect at 1 April 2004	324	(324)	–

The following table summarises the impact on profit after tax, income or expenses recognised directly in equity and capital transactions with equity holders for the six-month periods ended 30 September 2005 and 2004 upon the adoption of the new HKFRSs. As no retrospective adjustments have been made for the adoption of HKAS 39 and HKFRS 3, the amounts shown for the six months period ended 30 September 2004 may not be comparable to the amounts shown for the current interim period.

(c) Effect on profit after tax for the six months ended 30 September 2005 and 2004

Effect of new policy *Decrease*	**2005 Equity holders of the parent (Unaudited)**	2004 Equity holders of the parent (Unaudited)
	HK$'000	*HK$'000*
Effect on profit after tax:		
HKFRS 2 – Employee share option scheme	**(262)**	(493)
Total effect for the period	**(262)**	(493)
Effect on earnings per share:		
Basic	**HK(0.02) cents**	HK(0.03) cents
Diluted	**HK(0.02) cents**	HK(0.03) cents

(d) Effect on income or expenses recognised directly in equity and capital transactions with equity holders for the six months ended 30 September 2005 and 2004

Effect of new policy *Increase*	**2005 Equity holders of the parent (Unaudited)**	2004 Equity holders of the parent (Unaudited)
	HK$'000	*HK$'000*
HKFRS 2 – Employee share option scheme	**262**	493
Total effect for the period	**262**	493

2. **Segment information**

An analysis of the Group's revenue and profit 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 by geographical segment for the six months ended 30 September 2005, together with the comparative figures for the corresponding period in 2004, is as follows:

	Hong Kong		**Mainland China**		**Taiwan**		**Singapore & Malaysia**		**Consolidated**	
	2005 (Unaudited)	2004 (Unaudited)	**2005 (Unaudited)**	2004 (Unaudited)	**2005 (Unaudited)**	2004 (Unaudited)	**2005 (Unaudited)**	2004 (Unaudited)	**2005 (Unaudited)**	2004 (Unaudited)
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment revenue										
Sales to external customers	**524,196**	460,345	**214,720**	185,916	**165,962**	149,805	**92,177**	82,962	**997,055**	879,028
Other revenue	**633**	445	**530**	2,676	**1,634**	1,171	**11**	18	**2,808**	4,310
Total	**524,829**	460,790	**215,250**	188,592	**167,596**	150,976	**92,188**	82,980	**999,863**	883,338
Segment results	**57,617**	57,110	**253**	5,750	**(6,025)**	9,987	**6,745**	6,772	**58,590**	79,619
Interest income									**2,751**	766
Profit from operating activities									**61,341**	80,385
Finance costs									**(89)**	(464)
Profit before tax									**61,252**	79,921
Tax									**(16,042)**	(17,596)
Profit for the period attributable to shareholders									**45,210**	62,325

3. **Other revenue**

	Six months ended 30 September 2005 (Unaudited)	2004 (Unaudited)
	HK$'000	*HK$'000*
Interest income	**2,751**	766
Royalty income	**62**	2,168
Gross rental income	**1,190**	1,262
Others	**1,556**	880
	5,559	5,076

4. **Profit from operating activities**

Profit from operating activities is arrived at after charging:

	Six months ended 30 September 2005 (Unaudited)	2004 (Unaudited)
	HK$'000	*HK$'000*
Inventory provision	**20,162**	17,173
Depreciation	**25,570**	23,228

5. Finance costs

	Six months ended 30 September 2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**89**	464

6. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2005. 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.

	Six months ended 30 September 2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Current tax:		
Hong Kong	**11,398**	8,973
Elsewhere	**5,372**	5,661
(Over)/underprovision in prior periods	**(29)**	931
Deferred tax	**(699)**	2,031
Tax charge for the period	**16,042**	17,596

7. Dividends

	Six months ended 30 September 2005 (Unaudited) *HK$'000*	2004 (Unaudited) *HK$'000*
Interim dividend – HK1.8 cents (2004: HK1.8 cents) per ordinary share	**28,240**	27,773

8. Earnings per share

The basic earnings per share is calculated based on the profit attributable to shareholders for the six months ended 30 September 2005 of HK$45,210,000 (2004: HK$62,325,000 (as restated)) and 1,568,911,394 (2004: weighted average of 1,542,923,394) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to shareholders for the six months ended 30 September 2005 of HK$45,210,000 (2004: HK$62,325,000 (as restated)). The number of ordinary shares used in the calculation is the 1,568,911,394 (2004: weighted average of 1,542,923,394) ordinary shares in issue during the period, as used in the basic earnings per share calculation; and 46,569,788 (2004: 63,183,564) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period.

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, based on invoice date, is as follows:

	As at 30 September 2005 (Unaudited) *HK$'000*	As at 31 March 2005 (Audited) *HK$'000*
0 to 30 days	**33,070**	40,059
31 to 60 days	**16,234**	16,319
61 to 90 days	**2,510**	2,690
Over 90 days	**1,454**	1,284
	53,268	60,352

10. Creditors and accruals

Included in creditors and accruals is a trade creditors balance of HK$114,975,000 (31 March 2005: HK$54,863,000).

An aged analysis of trade creditors, based on invoice date, is as follows:

	As at 30 September 2005 (Unaudited) *HK$'000*	As at 31 March 2005 (Audited) *HK$'000*
0 to 30 days	**103,406**	49,640
31 to 60 days	**11,547**	3,139
61 to 90 days	**22**	1,605
Over 90 days	**–**	479
	114,975	54,863

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.8 cents (2004: HK1.8 cents) per ordinary share to shareholders whose names appear on the principal or branch Register of Members of the Company in Bermuda or Hong Kong respectively as at the close of business on 23 December 2005. The interim dividend will be paid on or about 6 January 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 28 December 2005 (Wednesday) to 30 December 2005 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 23 December 2005 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

During the six months under review, the retail market in Asian regions faced an unfavourable operating environment marked by price-driven promotions, intensified market competition from new market entrants, unseasonably poor weather condition and rising rental expenses. Despite considerable distribution network expansion and development, the Group has recorded a negative growth in profit attributable to shareholders.

Continual double-digit turnover growth

The Group continued to deliver double-digit turnover growth during the period under review. Its pragmatic network expansion strategy remained on track. The export franchise business continued to show outstanding performance in terms of both sales and market expansion.

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 was decreased to 48% (2004: 51%).

In general, the business environment across the Asian region, particularly in the Group's core markets including Hong Kong, Mainland China and Taiwan, was not favourable to apparel retailers. The Group's operating profit decreased 24% 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 amounting to HK$45 million (2004: HK$62 million, which 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). The 5% profit margin was 2 percentage points below that of the prior period.

Promising dividend policy

The Group is committed to rewarding its shareholders with a promising dividend policy. 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), the same amount as that for the prior period, which is equivalent to a payout ratio of 62% (2004: 45%).

High operating efficiencies

Rental and staff costs rose during the first half of the year, leading to increase 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 level as that recorded in the same period last year.

The management will continue striving to achieve greater cost effectiveness in all areas of operations in the second half of the year.

Operating Cost Analysis
For the six months ended 30 September

	2005		2004		**Change**
	HK$ million	**% of total turnover**	HK$ million	% of total turnover	
Turnover	**997**	**100%**	879	100%	**+13%**
Selling and distribution costs	**306**	**30%**	266	30%	**+15%**
Administrative expenses	**99**	**10%**	88	10%	**+13%**
Other operating expenses	**18**	**2%**	19	2%	**–6%**
Total operating expenses	**423**	**42%**	373	42%	**+13%**

Business Review

Outlet expansion well on track

Having laid a solid foundation during the past two years, the Group has entered a new stage of steady growth.

The Group's flagship "**bossini**" label remains a much beloved casual wear brand in many markets. "**bossini**" branded apparel is now available in about 20 countries spanning from Asia, the Middle East to Central America and Europe.

The Group added a total of 132 new outlets in the period under review, with the addition of some 58 directly managed and 31 franchised outlets in Mainland China; 24 directly managed outlets in Taiwan; 1 directly managed outlet in Hong Kong; 1 directly managed outlet in Malaysia which is our newest emerging market; and 17 franchised outlets in other countries.

As at 30 September 2005, the Group's total number of outlets worldwide reached 959 (2004: 710), 249 more than that in the corresponding period in the previous year. Of these, 493 were directly managed outlets (2004: 352) and 466 were franchised outlets (2004: 358). Some 492 of the Group's directly managed outlets were located in the core markets of Hong Kong, Mainland China, Taiwan and Singapore; and 1 was the newly opened outlet in Malaysia.

The new outlets resulted in a 22% increase in total retail floor area to 613,800 sq.ft. (2004: 504,700 sq.ft.).

As at 30 September 2005, Mainland China operated 234 franchised outlets (2004: 182), 52 more than that in the same period in prior year. 56 export franchised outlets were added in other countries, bringing its total to 232 outlets (2004: 176).

Strengthening brand development

Continued marketing activities and joint promotions aimed at strengthening Bossini's market position and brand awareness were launched in Hong Kong and other core markets.

As a responsible corporate citizen, the Group is constantly joining hands with different organizations to launch a range of activities that not only help boost sales but also promote social well being. During the period under review, a cross regional promotion event titled "**bossini** – Surprises around the World" aimed at promoting tourism in Hong Kong and exchanges within the Asian regions was launched in the Group's core markets. A percentage of sales was donated to UNICEF for charitable purposes.

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.

Key operations breakdown and analysis

Hong Kong, the Group's primary market, accounted for 52% (2004: 52%) of consolidated turnover, with 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 was about 22% (2004: 21%) of the 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 of the Group was flat (2004: 16%).

Regional performance analyses

For the six months ended 30 September	Hong Kong **2005**	2004	Change	Mainland China **2005**	2004	Change	Taiwan **2005**	2004	Change	Singapore **2005**	2004	Change	Consolidated[5] **2005**	2004	Change
Retail															
Net retail sales *(in HK$ million)*	**371**	348	+7%	**147**	132	+11%	**166**	150	+11%	**92**	83	+11%	**776**	713	+9%
Operating profit/(loss) *(in HK$ million)*	**29**	34	-15%	**(10)**	(3)	-233%	**(6)**	10	n/a	**7**	7	0%	**20**	48	-58%
Operating margin *(%)*	**8%**	10%	-2%pts	**-7%**	-2%	-5%pts	**-4%**	7%	-11%pts	**8%**	8%	0%pt	**3%**	7%	-4%pts
Retail floor area *(sq.ft.)* [1]	**112,300**	106,100	+6%	**312,400**	249,100	+25%	**156,600**	121,400	+29%	**31,400**	28,100	+12%	**613,800**	504,700	+22%
Same store sales growth[2]	**-3%**	+19%	-22%pts	**+3%**	+11%	-8%pts	**-6%**	+14%	-20%pts	**+8%**	+12%	-4%pts	**0%**	+16%	-16%pts
No. of outlets	**33**	30	+3	**332**	224	+108	**99**	72	+27	**28**	26	+2	**493**	352	+141
Franchise															
Sales *(in HK$ million)*															
- Export franchise	**142**	106	+34%	**–**	–	–	**n/a**	n/a	n/a	**n/a**	n/a	n/a	194	151	+28%
- Mainland China franchise	**–**	–	–	**52**	45	+16%	**n/a**	n/a	n/a	**n/a**	n/a	n/a			
Operating profit *(in HK$ million)*	**42**	33	+27%	**11**	10	+10%	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**53**	43	+23%
Operating margin *(%)*	**30%**	31%	-1%pt	**21%**	22%	-1%pt	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**27%**	28%	-1%pt
No. of outlets	**232**	176	+56	**234**	182	+52	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**466**	358	+108
Regional total															
Sales *(in HK$ million)*	**524**	460	+14%	**215**	186	+16%	**166**	150	+11%	**92**	83	+11%	**997**	879	+13%
Operating profit/(loss) *(in HK$ million)*	**59**	57	+4%	**1**	6	-83%	**(6)**	10	n/a	**7**	7	0%	**61**	80	-24%
Operating margin *(%)*	**11%**	12%	-1%pt	**0%**	3%	-3%pts	**-4%**	7%	-11%pts	**8%**	8%	0%pt	**6%**	9%	-3%pts
No. of outlets	**33[3]**	30[3]	+3	**566[4]**	406[4]	+160	**99**	72	+27	**28**	26	+2	**959[4]**	710[4]	+249

Notes:

(1) As at 30 September
(2) Same store sales growth is the comparison of sales of the same stores during full month operations in comparable periods
(3) No. of export franchised outlets is not included
(4) Including directly managed and franchised outlets
(5) The information included a new outlet in Malaysia with retail floor area of 1,100 sq. ft.

Hong Kong – Unseasonably poor weather prevailed

Revenue generated from the Hong Kong market rose by 14% to HK$524 million (2004: HK$460 million). Retail and export franchised sales accounted for 71% and 27% of the sales from Hong Kong respectively (2004: 76% and 23% respectively).

Competition in the Hong Kong apparel retail market was keener than ever in the first half of 2005. The overall economy was weaker than expected, and the impact of the opening of Hong Kong Disneyland 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.

Faced with this macro backdrop, the Group adopted a pragmatic expansion strategy and opened 1 new directly managed retail outlet in the past six months, bringing its total number of outlets to 33. Its total retail floor area increased to 112,300 sq. ft. (2004: 106,100 sq. ft.). Retail sales grew in line with this increase in retail floor area and recorded an increase of 7% to HK$371 million (2004: HK$348 million). Nevertheless, same store sales recorded negative growth of 3%. Operating profit declined by 15% to HK$29 million (2004: HK$34 million), equivalent to an operating profit margin of 8% (2004: 10%).

Hong Kong's export franchise business remained very strong, generating HK$142 million worth of sales, a 34% increase (2004: HK$106 million). Operating profit grew 27% to HK$42 million (2004: HK$33 million) with a 30% operating profit margin (2004: 31%). This solid growth provided partial compensation for the disappointing retail sales.

As such, the overall operating profit for the Hong Kong region slightly increased by 4% to HK$59 million (2004: HK$57 million), but operating profit margin slightly declined to 11% (2004: 12%).

Mainland China – Triple product lines to tap opportunities

The Mainland China market is a cornerstone of the Group's continued success. To date, the Group has opened directly managed outlets in 9 first-tier cities and franchised outlets selling the "**bossini**" and "**sparkle**" brands in more than 100 second- and third-tier cities. In addition to these two brands, the Group has launched a higher-end "**bossini style**" product line to tap opportunities in the mid-upper market segment in Mainland China.

The Group's network in Mainland China comprises 332 directly managed outlets (2004: 224) and 234 franchised outlets (2004: 182) bringing the total number to 566 (2004: 406). Total retail floor area as at 30 September 2005 reached 312,400 sq. ft. (2004: 249,100 sq. ft).

Of the total 332 directly managed outlets, 212 are "**bossini**" outlets and 120 are "**sparkle**" outlets (2004: 147 and 77 respectively). As for the franchise network, 184 are "**bossini**" outlets and 50 are "**sparkle**" outlets (2004: 146 and 36 respectively).

The Group's top line performance in the Mainland China market was in line with the network expansion. Sales rose 16% to reach HK$215 million (2004: HK$186 million), of which sales from directly managed outlets and franchised outlets surged 11% and 16% respectively to HK$147 million (2004: HK$132 million) and HK$52 million (2004: HK$45 million). The percentage to total turnover for directly managed and franchised outlets are 68% and 24%, respectively (2004: 71% and 24% respectively).

Same store sales of the retail business in Mainland China increased by 3% (2004: 11%).

While sales of the "**bossini**" and the newly introduced "**bossini style**" lines increased steadily, the encouraging growth was offset by the unsatisfactory sales of the "**sparkle**" brand. Offering competitively priced apparel for the mass market, "**sparkle**" sales were adversely affected by increased apparel supply due to the rapidly growing number of new local entrants. This led to intensified competition in the mass casual wear sector in which "**sparkle**" is positioned.

As such, the Group recorded an operating profit of just HK$1 million for the six months ended 30 September 2005 (2004: HK$6 million) in the Mainland China. Operating profit margin was reduced to 0% (2004: 3%).

Taiwan – Contribution from new outlets to emerge

The Group's Taiwan operation underwent more aggressive expansion in the second quarter of 2005/06, adding 24 new outlets in the past six months. The network now comprises 99 directly managed outlets (2004: 72) with a total retail floor area of 156,600 sq. ft. (2004: 121,400 sq. ft.), a year-on-year increase of 29%.

Sales in Taiwan rose 11% to reach HK$166 million (2004: HK$150 million). However, keen market competition, unseasonable weather and weaker than expected economy which dampened consumer spending have hampered the region's profit level. As a result, same store sales level experienced a fall of around 6% (2004: 14% growth). Operating profit turned into a loss of HK$6 million for the period under review (2004: HK$10 million profit) while the operating profit margin was -4% (2004: 7%).

Despite such temporary setbacks, the management expects Taiwan to achieve a turnaround in the second half of the fiscal year.

Singapore – Stable growth

There has been consistent and stable performance in Singapore during the six months under review. As at 30 September 2005, there were 28 directly managed outlets in Singapore (2004: 26). Total retail floor area increased by 12% to 31,400 sq. ft. (2004: 28,100 sq. ft.).

During the six months under review, Singapore retail sales surged 11% to reach HK$92 million (2004: HK$83 million). Same store sales level in Singapore experienced an increase of 8% (2004: 12%). Operating profit maintained at HK$7 million (2004: HK$7 million), while operating profit margin remained at 8% (2004: 8%).

Other Markets

The most recent addition to the Group's network is the Malaysian market. Leveraging the Group's successful experience in Singapore, we opened a directly managed outlet in Kuala Lumpur in September 2005.

The Group continued to explore the potential of new markets via franchised business. A new outlet was opened in Nepal, a new market to the Group, in the first half of 2005/06. 5 new outlets were also added in Indonesia which the Group considered to have high potential.

Outlook

The Group is continuing to adopt a pragmatic expansion strategy with a strong emphasis on profitability and efficiency. 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 looks 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. 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. 1 or 2 additional outlets were planned to open in Hong Kong in the second half of the year as scheduled in order to further penetrate the mass market.

With consistent year-on-year GDP growth and recent 2005 third quarter retail sales increment of 12.1%, Mainland China continues to be the world's fastest growing economy. The management remains optimistic that Mainland China's economic growth will remain buoyant during the second half of the current financial year.

Intense competition is expected to continue in Mainland China. 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 be stable in the short- to medium-term. After adding 24 outlets in the first half of this year, the Group has almost achieved its store expansion target for the whole year with only a few more outlets to be opened in the second half of the year. 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 back this market to become profitable.

In the short term, the management believes that Singapore's economy will continue to be strong. It is also anticipated that the Group will maintain its steady progress in Singapore during the second half of the financial year.

The management is also optimistic about the progressive growth in the Malaysian market which will look set to be a profitable long-term addition to the Group's operational portfolio.

Having delivered solid performance levels during the six months under review, our export franchise business will continue to perform well during the second half of the year. The Group is continuing to explore new territories via which to bolster its already strong presence.

Given the prevailing market conditions, the management remains cautiously optimistic regarding its medium- to long-term development prospects and plans to strengthen its product offerings during the second half of the year. The export franchise business will continue to be a catalyst for the Group's expansion, whilst the Mainland China market will be a key area of growth in the years ahead. The management team will continue to strive to fulfill its corporate objectives in order to reward shareholders with sustainable results and promising dividend payout.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2005, the Group's cash on hand was HK$167 million (31 March 2005: HK$326 million). This figure is subsequent to the payment of a final dividend of HK$61 million for the previous fiscal year and the purchase of inventory for the upcoming season's collection. The Group had net cash of HK$167 million (31 March 2005: HK$311 million) with no bank borrowings (31 March 2005: HK$15 million).

The Group's current ratio was maintained at 2.09 (31 March 2005: 2.53) and the total liabilities to equity ratio was 62% (31 March 2005: 47%). The inventory turnover period was 72 days[#] (31 March 2005: 39 days) due to the higher cost of winter stock.

As at 30 September 2005, the Group's total assets and liabilities were HK$878 million (31 March 2005: HK$824 million) and HK$336 million (31 March 2005: HK$263 million) respectively. Equity was HK$542 million (31 March 2005: HK$561 million). The Group's capital expenditure was HK$43 million (31 March 2005: HK$50 million), this figure was mainly attributed to the expansion of directly managed outlets in the core markets.

[#] Inventory held as at 30 September 2005 divided by annualised turnover times 365 days.

CONTINGENT LIABILITIES

During the period under review, the Group had no material changes in contingent liabilities since 31 March 2005.

HUMAN CAPITAL

As at 30 September 2005, the Group employed 4,279 (2004: 3,704) full-time equivalent employees, who were remunerated in accordance with their performance. The Group also offers insurance, retirement plans, share option scheme, and discretionary performance bonuses for its staff members.

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 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 ("Code on Corporate Governance Practices") of the Listing Rules. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2005. The audit committee comprises three independent non-executive directors of the Company, namely Ms. LEUNG Mei Han, Mr. Raymond LEE Man Chun and Mr. WONG Wai Kay.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with the code provisions as set out in the Code on Corporate Governance Practices during the six months ended 30 September 2005, except for the following deviations:

a. The Company does not have a separate Chairman and Chief Executive Officer and Mr. LAW Ka Sing currently holds both positions. The Board considers that the present structure provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. It also enables the Group to make and implement decisions promptly and efficiently to the best benefit of the Group and its shareholders.

b. The Directors are not subject to retirement by rotation at least once every three years. Pursuant to the Bye-laws of the Company, new Directors appointed by the Board during the year shall hold office until the next annual general meeting and shall then be eligible for re-election. One-third of the Directors for the time being, or the number nearest one-third, shall retire from office by rotation at each annual general meeting. The cycle is roughly the same as once every three years stipulated by the Code on Corporate Governance Practices.

c. The Chairman and Chief Executive Officer of the Company is not subject to retirement by rotation. The Board considers that the continuity of the Chairman and the Chief Executive Officer of the Company and his 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 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 Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
LAW Ka Sing
Chairman

Hong Kong, 7 December 2005

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. LAW Ka Sing, Ms. CHAN So Kuen, Ms. Pansy CHAU Wai Man, Mr. Dickie FU Shing Kwan and Mr. Simon ORR Kuen Fung and four Independent Non-executive Directors, namely Ms. LEUNG Mei Han, Mr. Raymond LEE Man Chun, Mr. WONG Wai Kay and Prof. SIN Yat Ming.