



## **Prime Success 2007 Turnover Up 25% to HK\$3,853.6 million Profit Grows 32% to HK\$384.4 million**

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### **Brand Business Continues to Advance Fuelling Overall Robust Growth**

(14 April 2008 – Hong Kong) – **Prime Success International Group Limited** (“Prime Success” or the “Group”), an integrated footwear group with huge growth potential in the Greater China (stock code: 210), today announced its annual results for the year ended 31 December 2007.

During the year, the Group continued to deliver strong results riding on the success achieved last year. The Group recorded a growth of 25% in turnover to HK\$3,853.6 million (2006: HK\$3,093.1 million) and profit attributable to equity holders of the Company also surged by 32% to HK\$384.4 million (2006: HK\$291.6 million). The overall robust growth was attributable mainly to the Group’s prosperous brand business, driven by the booming consumption market and footwear demand in Mainland China.

Basic earnings per share of the Group was HK23.47 cents (2006: HK17.80 cents). The Board of Directors recommended the payment of a final dividend of HK2.5 cents (2006: HK 2.5 cents) per share for the year ended 31 December 2007. Together with the interim dividend of HK2.5 cents (2006: HK2.0 cents) per share, the total dividend for the year was HK5.0 cents (2006: HK4.5 cents) per share.

**Mr Chen Ying-Chieh, Chairman of Prime Success**, said, “We are delighted with our overall strong performance for the year building on our thriving brand business braced by the Group’s ever-improving reputation and positive market sentiment. To capture the vast opportunities in the market, we continued to strengthen our distribution network across the country. We were able to also improve economies of scale and thus boost the margin and profitability of the brand business. We are confident in achieving long-term growth for our business and shareholders’ value.”

Facing vigorous competition and pressure from rising costs, the Group’s OEM business reported a drop in turnover by 9% to HK\$707.7 million (2006: HK\$776.8 million). Against that backdrop, the Group pulled out resources of the segment and directed them into brand business capable of generating higher returns. In the coming year, the Group will selectively cooperate with well-known brand names and seek to secure high-margin OEM orders.

Targeting accurately defined customer segments, “Daphne Young – D18” is tailored for fashion conscious young ladies aged 15 to 25, whereas “Daphne Classics – D28” is for female customers aged 26 to 50. They were both very well-received by the market and together brought in turnover of HK\$ 2,562.2 million (2006: HK\$1,979.9 million), an increase of 29% against the previous year. Capitalising on the brand’s premium profile among female consumers growing in number and spending power in Mainland China and Taiwan, the Group added 404 points-of-sale for the brand during the year, bringing the total to 1,577 stores, 518 counters and 279 franchised outlets as at 31 December 2007 (2006: 1,337 stores, 427 counters and 206 franchised outlets).

During the year, the Group stepped up advertising and promotion efforts especially celebrity endorsement by continuing to appoint the popular girl pop group “S.H.E” and Ms. Rene Liu as the spokespersons for “Daphne Young – D18” and “Daphne Classics – D28” respectively. The Group also used other advertising platforms such as the electronic media to help maintain brand exposure across the nation and the print media to promote special events and sponsorship. Creative shop designs also captured the eyes of customers.

**Mr Chen Hsien Min, Managing Director of Prime Success**, said, “Apart from continuously promoting our brands in creative ways to enhance their reputation, we have more than 200 professional sales teams covering different markets across the country to help us grow our business. We are confident that our brand business will continue to strengthen and advance riding on our brand image and past success.”

A core development focus of the Group, the “Shoebox” distribution network expanded quickly during the year under review. The segment began to make profit, with turnover of HK\$299.6 million, being 1.1 folds of that last year (2006: HK\$142.6 million). Catering to the growing demand for low-price yet high-quality footwear in Mainland China, the brand offering “one-stop-shop” service has begun to gain market recognition. Optimistic about the brand’s ability to capture the mass market, the Group increased 182 “Shoebox” stores during the year, bringing the total to 346.

Seeing great potential in the sportswear market, the Group extended its adidas brand portfolio to cover “adidas Performance” so as to meet the growing demand for sports casual wear and enlarge the segment’s market share. The turnover for the segment rose by 47% to HK\$284.1 million (2006: HK\$193.8 million) during the year. Capitalising on the brand’s own marketing efforts, the Group added 35 stores during the year under review to capture opportunities sprouting in the advent of the Beijing 2008 Olympic Games.

In early 2008, the Group obtained a distribution right for “Nike” sportswear products in Mainland China. This arrangement will enable the Group to enhance its proprietary sportswear brand offerings.

As an initial step towards international ladies' footwear brand in Mainland China, the Group was granted an exclusive distribution right for "Arezzo" products in Mainland China in April 2008. The license grant enables the Group to further expand its brand business and penetrate the high-end fashionable ladies' footwear market segment in Mainland China. Meanwhile, the Group also entered into an agreement with H. H. Brown, an international shoe company, for the sole distribution of "Sofft" and "Born" products in Mainland China. Both "Sofft" and "Born" are famous international high-end brands with major markets in the U.S. and Europe. In addition, the Group also plans to launch a new channel brand "SHOESHOP" that sells high-quality footwear to customers across the country.

The Group believes that the development of the new brand businesses will increase its competitiveness and sustain long-term growth of the Group in the future.

Looking ahead, the Group will continue to strengthen its distribution network in Mainland China. It plans to expand "Daphne" and "Shoebox", taking the brands into lower-tier cities and selective higher-tier cities to optimise revenues. Furthermore, the Group plans to reinforce the "adidas" sales network, particularly in cities with strong demand for products of the famous international brand.

**Mr Chen Ying-Chieh** concluded, "Anticipating continuous growth of the consumer market and positive market sentiment, the Group will continue to look for growth opportunities in the retail market in Mainland China for its footwear as well as sportswear. We are ready to tap opportunities and overcome challenges ahead."

**About Prime Success**

Established in 1987, Prime Success International Group Limited was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1995 and has been admitted as one of the constituent stocks of the Hang Sang Composite Mainland Index, effective on 11 September 2006. The Group is principally engaged in the manufacturing, marketing and distribution of footwear and apparel products under its own or licensed brands and on an OEM basis. Its major markets include China, the US and Europe. In 1990, the Group launched its footwear business in China under the brand name "Daphne" which is now a leading ladies' footwear brand in China. Currently the Group operates over 2,800 points-of-sale, comprising "Daphne", "Shoebox" and "adidas" brands, in Mainland China and Taiwan.

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**(N.B.: Enclosed please find the Consolidated Profit & Loss Account of Prime Success International Group Limited.)**

**PRIME SUCCESS INTERNATIONAL GROUP LIMITED**  
**2007 ANNUAL RESULTS**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	<u>For the year ended 31 December</u>	
	2007	2006
	HK\$'000	HK\$'000
<b>TURNOVER</b>	<b>3,853,580</b>	3,093,086
Cost of sales	<u>(2,023,801)</u>	<u>(1,697,874)</u>
<b>GROSS PROFIT</b>	<b>1,829,779</b>	1,395,212
Other income	<b>39,830</b>	23,696
Other gains, net	<b>8,677</b>	2,141
Selling and distribution expenses	<b>(1,122,157)</b>	(836,711)
General and administrative expenses	<u>(214,996)</u>	<u>(183,732)</u>
<b>OPERATING PROFIT</b>	<b>541,133</b>	400,606
Finance costs	<b>(11,341)</b>	(9,199)
Share of profit of an associated company	<u>226</u>	<u>210</u>
<b>PROFIT BEFORE TAXATION</b>	<b>530,018</b>	391,617
Taxation	<u>(141,298)</u>	<u>(96,513)</u>
<b>PROFIT FOR THE YEAR</b>	<u><b>388,720</b></u>	<u>295,104</u>
Attributable to:		
Equity holders of the Company	<b>384,383</b>	291,566
Minority interests	<u>4,337</u>	<u>3,538</u>
	<u><b>388,720</b></u>	<u>295,104</u>
<b>DIVIDENDS</b>	<u><b>81,894</b></u>	<u>73,705</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<u><b>HK23.47 cents</b></u>	<u>HK17.80 cents</u>