



## **Prime Success 2007 Interim Results** **Turnover Rises 21% to HK\$1,750.6 million** **Profit Increases 25% to HK\$184.4 million**

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### **Brand Business Continues to Excel**

(12 September 2007 – Hong Kong) – An integrated footwear group with huge growth potential in the Greater China, **Prime Success International Group Limited** (“Prime Success” or the “Group”)(stock code: 210), today announced its interim results for the six months ended 30 June 2007.

In the first half of 2007, the Group’s businesses continued to excel on all fronts, mainly driven by strong consumer demand from the Mainland China. The Group’s turnover reached HK\$1,750.6 million, representing 21% growth against the corresponding period last year. Profit attributable to equity holders rose 25% to HK\$184.4 million. The Group recorded its gross margin and net margin at 48.4% (2006: 46.2%) and 10.5% (2006: 10.2%) respectively. Earnings per share of the Group was HK11.26 cents, representing 25% increase over the same period last year. The board of directors has resolved to pay an interim dividend of HK2.5 cents per share for the year ending 31 December 2007.

**Mr. Chen Ying-Chieh, Chairman of Prime Success**, said, “We are pleased with the encouraging results in the first half of the year. “Daphne” brand business continues to be the major revenue contributor. The well-received popularity of ‘Daphne’ continues to grow and ‘Shoebox’ started to generate segment profit for the Group, while our ‘adidas’ business was broadened to cover the ‘adidas Performance’ products to widen the customer base in China. Our strong roots in the brand businesses testify to the Group’s potential to grow and expand further in the long-term.”

OEM business contributed a revenue of HK\$362.5 million (2006: HK\$351.7 million), representing 21% (2006: 24%) of the Group’s total turnover during the period. **Mr. Chen Hsien Min, Managing Director of Prime Success**, said, “We are constantly fortifying our ties with customers to secure orders with higher margin and of higher volume. While over 90% of the OEM business is derived from the US market, we will continue to strengthen our cost control measures so as to maintain long-term stable development.”

Riding on the growing popularity of “Daphne” brand, sales surged 24% to HK\$1,140.3 million (2006: HK\$916.9 million). The Group has a net increase of 182 outlets in Mainland China for “Daphne” during the period under review, bringing there the total points-of-sale to 2,120 including 1,404 stores, 470 counters and 246 franchised outlets. Building on the strong brand recognition, a series of “Daphne” eyewear products launched in early 2007 has generated satisfactory results. This excellent performance of the Group’s diversified products indicates a remarkable success on its business strategy.

The Group's fast emerging brand, "Shoebox", expanded rapidly with a net increase of 84 outlets during the period under review, bringing the total points-of-sale to 248. The segment reported a profit in the first half of 2007, testifying to the popularity of the brand and effectiveness of the Group's strategy to reach mass consumers with competitively priced yet high-quality footwear. The segment turnover for the period under review was HK\$116.5 million, a satisfactory increase of 99% against the corresponding period last year. The Group plans to deepen mass market penetration in lower tier cities and is confident that the business will continue to make profit in the rest of the year.

With its firm roots in the China market, "adidas" brand continued to deliver satisfactory performance. The segment turnover increased by 15% and reached HK\$131.3 million. To meet the rising demand fuelled by the excitement of the upcoming major sports events, the Group extended the distribution coverage of the brand to "adidas Performance" products to capture customers of sports casual collection preference. During the period under review, the Group established a net of 6 new outlets, bringing the total to 110 comprising 93 counters, 12 stores and 5 franchised outlets.

**Mr. Chen Ying-Chieh** concluded, "Looking forward, we will continue to explore opportunities through self development of new brands and co-operation with strategic partners. The Group targets to seize greater market share from different market layers and gain synergy from resources sharing. We will also continue to channel resources into the expansion of our existing point-of-sale network to maximise the economies of scale. We are very optimistic about the prospects of our businesses and the Group's ability to generate satisfactory returns for shareholders in the future."

### **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 and licensed brands and on an OEM basis. Its major markets include China and the US. 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 ran over 2,500 outlets, 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 INTERIM RESULTS**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

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	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	HK\$'000
<b>TURNOVER</b>	<b>1,750,640</b>	1,441,031
Cost of sales	<b>(903,753)</b>	(775,325)
<b>GROSS PROFIT</b>	<b>846,887</b>	665,706
Other revenues and net gains	<b>27,931</b>	12,602
Selling and distribution expenses	<b>(516,056)</b>	(397,323)
General and administrative expenses	<b>(111,552)</b>	(104,005)
<b>OPERATING PROFIT</b>	<b>247,210</b>	176,980
Finance costs	<b>(5,514)</b>	(3,417)
Share of profit of an associated company	<b>77</b>	88
<b>PROFIT BEFORE TAXATION</b>	<b>241,773</b>	173,651
Taxation	<b>(54,764)</b>	(26,218)
<b>PROFIT FOR THE PERIOD</b>	<b>187,009</b>	147,433
Attributable to:		
Equity holders of the Company	<b>184,395</b>	147,336
Minority interests	<b>2,614</b>	97
	<b>187,009</b>	147,433
<b>INTERIM DIVIDEND</b>	<b>40,947</b>	32,758
<b>BASIC EARNINGS PER SHARE</b>	<b>HK11.26 cents</b>	HK9.00 cents