BOSSINI INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2013

FINANCIAL RESULTS

The board of directors (the "Board") of **Bossini International Holdings Limited** (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group" or "Bossini") for the year ended 30 June 2013, together with the comparative figures for the year ended 30 June 2012, as follows:

Consolidated statement of comprehensive income
Year ended 30 June 2013

	Notes	**2013** **HK$'000**	2012 HK$'000
Revenue	*2,3*	**2,517,167**	2,743,707
Cost of sales		**(1,317,732)**	(1,449,703)
Gross profit		**1,199,435**	1,294,004
Other income	*3*	**19,350**	18,839
Selling and distribution costs		**(850,212)**	(944,829)
Administrative expenses		**(272,533)**	(261,722)
Other operating expenses		**(49,908)**	(52,050)
Profit from operating activities		**46,132**	54,242
Finance costs	*4*	**(81)**	(8,798)
Profit before tax	*5*	**46,051**	45,444
Income tax expense	*6*	**(23,842)**	(29,445)
Profit for the year attributable to owners of the Company		**22,209**	15,999

Consolidated statement of comprehensive income (continued)

	Note	**2013** *HK$'000*	2012 *HK$'000*
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**5,037**	(4,115)
Total comprehensive income for the year attributable to owners of the Company		**27,246**	11,884
Earnings per share attributable to ordinary equity holders of the Company	*8*		
Basic		**HK1.37 cents**	HK0.99 cent
Diluted		**HK1.37 cents**	HK0.98 cent

Details of the dividends paid and proposed for the year are disclosed in note 7 to the financial statements.

Consolidated statement of financial position
30 June 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**103,197**	124,066
Investment properties		**29,150**	30,918
Trademark		**1,164**	1,164
Deferred tax assets		**6,658**	3,476
Deposits paid		**78,715**	75,909
Total non-current assets		**218,884**	235,533
Current assets			
Inventories		**305,309**	364,997
Debtors	9	**59,618**	67,119
Bills receivable		**48,361**	31,852
Deposits paid		**34,575**	39,494
Prepayments and other receivables		**78,071**	59,551
Due from a related company		**–**	777
Structured deposit		**–**	15,779
Derivative financial instruments		**946**	996
Pledged bank deposits		**776**	779
Cash and cash equivalents		**337,807**	272,752
Total current assets		**865,463**	854,096
Current liabilities			
Trade creditors, other payables and accruals	10	**240,124**	232,680
Bills payable		**50,255**	35,038
Tax payable		**39,491**	54,251
Due to related companies		**23,617**	11,203
Derivative financial instruments		**73**	895
Interest-bearing bank borrowings		**–**	24,432
Provision		**–**	1,790
Total current liabilities		**353,560**	360,289
Net current assets		**511,903**	493,807
Total assets less current liabilities		**730,787**	729,340
Non-current liabilities			
Deferred tax liabilities		**2,183**	2,277
Other payables		**–**	1,349
Total non-current liabilities		**2,183**	3,626
Net assets		**728,604**	725,714
Equity			
Issued capital		**162,078**	162,018
Reserves		**566,526**	563,696
Total equity		**728,604**	725,714

Notes to the consolidated financial statements

1. Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and a structured deposit, which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKAS 1 Amendments	Amendments to HKAS 1 – *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 12 Amendments	Amendments to HKAS 12 – *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the above revised HKFRSs has had no significant impact on the Group's results of operations and financial position.

1. **Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards (continued)**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 19 (2011)	*Employee Benefits* [1]
HKAS 27 (2011)	*Separate Financial Statements* [1]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [1]
HKAS 32 Amendments	Amendments to HKAS 32 – *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* [2]
HKAS 36 Amendments	Amendments to HKAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets* [2]
HKAS 39 Amendments	Amendments to HKAS 39 – *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 – *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans* [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 – *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities* [1]
HKFRS 9	*Financial Instruments* [3]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance* [1]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities* [2]
HKFRS 10	*Consolidated Financial Statements* [1]
HKFRS 11	*Joint Arrangements* [1]
HKFRS 12	*Disclosure of Interests in Other Entities* [1]
HKFRS 13	*Fair Value Measurement* [1]
HK(IFRIC) – Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [1]
HK(IFRIC) – Int 21	*Levies* [2]
Annual Improvements 2009 – 2011 Cycle	*Amendments to a number of HKFRSs issued in June 2012* [1]

[1] Effective for annual periods beginning on or after 1 January 2013

[2] Effective for annual periods beginning on or after 1 January 2014

[3] Effective for annual periods beginning on or after 1 January 2015

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1 July 2013.

1. Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards (continued)

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1 July 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. Based on the preliminary analyses performed, HKFRS 10 is not expected to have any impact on the currently held investments of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

1. **Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards (continued)**

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1 July 2013.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1 July 2013.

HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt HKAS 19 (2011) from 1 July 2013.

1. **Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards (continued)**

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2014.

The *Annual Improvements to HKFRSs 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 July 2013. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) HKAS 1 – *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

    In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

(b) HKAS 32 – *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2. Operating segment information

For management purposes, the Group is organised into business units that offer products to customers located in different geographical areas and has four reportable operating segments as follows:

(a) Hong Kong
(b) Mainland China
(c) Taiwan
(d) Singapore and Malaysia

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, deferred tax liabilities and tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2. Operating segment information (continued)

Geographical segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information of the Group's geographical segments for the years ended 30 June 2013 and 2012.

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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	**1,625,757**	1,592,578	**388,865**	598,638	**246,368**	297,262	**256,177**	255,229	**2,517,167**	2,743,707
Other income	**11,742**	12,013	**2,701**	1,928	**797**	572	**685**	398	**15,925**	14,911
Total	**1,637,499**	1,604,591	**391,566**	600,566	**247,165**	297,834	**256,862**	255,627	**2,533,092**	2,758,618
Segment results	**210,034**	247,686	**(117,351)**	(156,962)	**(49,996)**	(28,358)	**20**	(12,052)	**42,707**	50,314
Interest income									**3,425**	3,928
Profit from operating activities									**46,132**	54,242
Finance costs									**(81)**	(8,798)
Profit before tax									**46,051**	45,444
Income tax expense									**(23,842)**	(29,445)
Profit for the year									**22,209**	15,999

The revenue information above is based on the location in which the sales originated.

	Hong Kong 2013	Hong Kong 2012	Mainland China 2013	Mainland China 2012	Taiwan 2013	Taiwan 2012	Singapore & Malaysia 2013	Singapore & Malaysia 2012	Consolidated 2013	Consolidated 2012
Segment assets	**621,866**	558,909	**285,290**	330,557	**78,346**	98,932	**92,187**	97,755	**1,077,689**	1,086,153
Unallocated assets									**6,658**	3,476
Total assets									**1,084,347**	1,089,629
Segment liabilities	**233,556**	173,460	**49,511**	75,710	**21,542**	24,017	**9,460**	9,768	**314,069**	282,955
Unallocated liabilities									**41,674**	80,960
Total liabilities									**355,743**	363,915
Other segment information:										
Capital expenditure *	**41,780**	26,951	**9,376**	27,692	**4,190**	11,167	**4,338**	6,240	**59,684**	72,050
Depreciation	**40,850**	36,438	**12,227**	26,779	**12,314**	13,255	**5,377**	6,342	**70,768**	82,814
Impairment of items of property, plant and equipment	**–**	78	**–**	7,027	**5,000**	–	**–**	892	**5,000**	7,997
Loss/(gain) on disposal/write-off of items of property, plant and equipment	**244**	(140)	**334**	1,634	**3,889**	782	**438**	(1,930)	**4,905**	346
Provision/(write-back of provision) for inventories	**1,743**	1,515	**11,369**	8,215	**1,267**	840	**(1,081)**	(2,532)	**13,298**	8,038
Impairment of debtors	**11**	1	**1,782**	227	**–**	–	**–**	–	**1,793**	228
Non-current assets **	**114,002**	111,606	**8,509**	19,976	**3,703**	15,979	**7,297**	8,587	**133,511**	156,148

* Capital expenditure consists of additions of property, plant and equipment.

** The non-current asset information above is based on the location of assets and excludes deferred tax assets and the non-current portion of deposits paid.

3. Revenue and other income

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue and other income is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue:		
Retailing and distribution of garments	**2,517,167**	2,743,707
Other income:		
Interest income	**3,425**	3,928
Claims received	**1,443**	1,060
Royalty income	**4,615**	4,873
Gross rental income	**4,783**	4,502
Others	**5,084**	4,476
	19,350	18,839
	2,536,517	2,762,546

4. Finance costs

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**81**	8,798

5. Profit before tax

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

	2013	2012
	HK$'000	*HK$'000*
Cost of sales:		
Cost of inventories sold	**1,304,434**	1,441,665
Provision for inventories	**13,298**	8,038
	1,317,732	1,449,703
Depreciation	**70,768**	82,814
Impairment of items of property, plant and equipment	**5,000**	7,997
Loss on disposal/write-off of items of property, plant and equipment	**4,905**	346
Net rental income	**(4,306)**	(4,233)
Fair value loss/(gain) on a structured deposit	**(99)**	79
Fair value losses/(gains), net on derivative financial instruments – transactions not qualifying as hedges	**1,340**	(5,365)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2013	2012
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**27,296**	33,171
Overprovision in prior years	**(215)**	(197)
Current – Elsewhere		
Charge for the year	**3,681**	3,880
Overprovision in prior years	**(3,644)**	(5,418)
Deferred	**(3,276)**	(1,991)
Total tax charge for the year	**23,842**	29,445

7. Dividends

	2013	2012
	HK$'000	*HK$'000*
Interim – HK0.63 cent (2012: HK1.10 cents) per ordinary share	**10,211**	17,822
Special interim – HK1.05 cents (2012: Nil) per ordinary share	**17,018**	–
Proposed final – HK0.60 cent (2012: Nil) per ordinary share	**9,725**	–
Proposed special final – HK0.60 cent (2012: Nil) per ordinary share	**9,725**	–
	46,679	17,822

The proposed final dividends are not reflected as dividends payable as of 30 June 2013, but will be recorded as distributions of retained earnings for the year ended 30 June 2013. The proposed final dividend of HK$9,725,000 and the proposed special final dividend of HK$9,725,000 for the year are calculated based on 1,620,779,394 shares of the Company in issue and subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. Earnings per share attributable to ordinary equity holders of the Company

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$22,209,000 (2012: HK$15,999,000), and the weighted average number of ordinary shares of 1,620,356,928 (2012: 1,619,843,328) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of HK$22,209,000 (2012: HK$15,999,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,620,356,928 (2012: 1,619,843,328) during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 2,898,602 (2012: 8,214,197) 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. Each trade customer has a maximum credit limit, except for new trade customers, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade customers relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade debtor balances. Trade debtors are non-interest-bearing.

An aged analysis of debtors as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**42,635**	51,135
1 to 2 months	**7,228**	8,588
2 to 3 months	**2,809**	1,938
Over 3 months	**6,946**	5,458
	59,618	67,119

10. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$80,110,000 (2012: HK$78,839,000).

An aged analysis of trade creditors as at the end of the reporting period, based on the invoice date, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**37,978**	45,638
1 to 2 months	**30,204**	22,647
2 to 3 months	**6,282**	7,087
Over 3 months	**5,646**	3,467
	80,110	78,839

DIVIDENDS

The Board has resolved to recommend a final dividend of HK0.60 cent (2012: Nil) per ordinary share and a special final dividend of HK0.60 cent (2012: Nil) per ordinary share for the year ended 30 June 2013 at the forthcoming annual general meeting to be held on 12 November 2013 ("AGM"). The final dividend and special final dividend, if approved by the members, will be paid on 28 November 2013 to members whose names appear on the principal or branch register of members of the Company in Bermuda or Hong Kong respectively (collectively the "Register of Members") as at the close of business on 20 November 2013.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Tuesday, 12 November 2013. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 7 November 2013 to Tuesday, 12 November 2013, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 6 November 2013.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The Company's Register of Members will be closed from Monday, 18 November 2013 to Wednesday, 20 November 2013, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed final dividend and special final 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 15 November 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The financial year 2012/13 continued to be a challenging year as global economy faced low or declining GDP growth and competition heated up in the retail industry. Mainland China, in particular, experienced a deceleration in its growth rate as the economy slowed to 7.6% for the second quarter of 2013, the lowest since 2009, due to weaker demand from foreign customers, especially in Europe and the United States. The Taiwan market also experienced slower than expected growth in its economy as consumer spending increased at the slowest pace in recent years. The bright spots for the year were in Hong Kong and Singapore markets which experienced modest improvement in their growth rates, but operating costs in these markets still increased.

In response to the challenging global economic environment, the Group focused on streamlining its operations and improving efficiencies by consolidating underperforming stores in year 2012/13. During the year under review, the Group completed the majority of its consolidation in mainland China and Taiwan markets and expects these markets to begin showing improvement going forward. The Hong Kong segment, representing 65% of the Group's revenue, continued to be the Group's major contributor as it generated record-high sales for the financial year 2012/13. The Singapore market experienced a drastic improvement in terms of the bottom-line while it achieved record-high top-line. As a result of management's steps to streamline operations, the Group reinforced its financial position and fundamentals with a slight increase in gross margin, stronger net cash position and a much healthier inventory level for the year under review, which help pave the way for a sound expansion going forward.

The Group created its strong market position by offering appealing and quality every day wear. It regularly promotes fashion that is bright and energetic based on its "be happy" theme and has stores that are decorated in a delightful and joyous manner to entice shoppers and emphasise a positive shopping experience. The Group will continue to invest in the "be happy" culture for our internal process, such as staff trainings, product design, visual merchandising as well as store and office renovation for cultivating happy staff, and deliver more joyous experience to customers.

Financial Performance

For the year under review, the Group's revenue decreased 8% to HK$2,517 million (2012: HK$2,744 million) mainly due to the network consolidation as well as intensifying competition in mainland China and Taiwan. The Hong Kong market represented the largest market segment as it achieved its fourth consecutive year of positive growth in revenue. With the majority of the consolidation process executed in mainland China and Taiwan and our productivity improving in Singapore, the Group achieved improvement in results year-on-year for the second half of year 2012/13 and expects the positive momentum to be sustainable. Gross profit decreased 7% to HK$1,199 million (2012: HK$1,294 million) while the gross margin increased 1% point to 48% (2012: 47%). Operating profit was HK$46 million (2012: HK$54 million), resulting in an operating margin of 2% (2012: 2%). EBITDA declined to HK$113 million (2012: HK$133 million), while profit for the year attributable to owners increased 39% to HK$22 million (2012: HK$16 million). Basic earnings per share increased to HK1.37 cents (2012: HK0.99 cent).

The Group ended the year with cash and bank balances of HK$339 million (2012: HK$274 million) and net cash balance of HK$339 million (2012: HK$249 million), marking positive net cash position with HK$90 million improvement compared to 30 June 2012.

Operating Efficiencies

Same-store sales for the Group remained flat (2012: 4% growth) during the year as the apparel retailing environment remained challenging and competitions in mainland China and Taiwan were particularly intense. Singapore was the market with strongest improvement, achieving same-store sales growth of 5% (2012: 6% decline) with sales reaching a record high, followed by Hong Kong which experienced same-store sales growth of 3% (2012: 13% growth) and record-high sales.

As of 30 June 2013, the total retail floor area of the Group's directly managed stores decreased to 496,500 sq. ft. (2012: 728,600 sq. ft.) as a result of continued consolidation of non-performing stores. The decrease in productivity for the mainland China and Taiwan markets was however offset overall by the improvements in Hong Kong and Singapore, resulting in an overall net sales per sq. ft. increasing by 23% to HK$3,200 (2012: HK$2,600) on Group level.

The Group's operating expenses for the year ended 30 June 2013 accounted for 47% (2012: 46%) of its revenue. The following table provides details of the Group's operating costs:

Operating Costs Analysis

	For the year ended 30 June				
	2013		2012		
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	***Change (%)***
Revenue	**2,517**	**100%**	2,744	100%	**–8%**
Selling and distribution costs	**850**	**34%**	945	34%	**–10%**
Administrative expenses	**273**	**11%**	262	10%	**+4%**
Other operating expenses	**50**	**2%**	52	2%	**–4%**
Total operating expenses	**1,173**	**47%**	1,259	46%	**–7%**

Business Review

Distribution Network

During the year under review, the Group closed down a significant number of non-performing directly managed stores, completed the winding down of the "b.style de flyblue" stores while added 18 new export franchised stores. The Group intends to focus its resources to improve efficiencies in its current directly managed stores. It will also focus on pragmatically expanding its export franchising footprint in the emerging markets such as those in South Asia and the Middle East where there are stronger growth opportunities in the apparel retailing industry.

As of 30 June 2013, the Group sold its products in 37 countries and regions throughout the world. During the year, the number of stores declined to 1,017 (2012: 1,314). The reduction in store count wholly occurred in mainland China and Taiwan for the reasons aforementioned. Of the total number of stores, 300 (2012: 523) were directly managed by the Group and 717 (2012: 791) were franchised as of 30 June 2013.

The number of directly managed stores in Hong Kong and Singapore remained at 41 (2012: 41) and 30 (2012: 30) respectively. In mainland China, as of 30 June 2013, the Group had 300 (2012: 598) stores, representing a decrease of 298 stores compared to 30 June 2012. There were 144 (2012: 350) directly managed stores and 156 (2012: 248) franchised stores. In Taiwan, the Group had 85 (2012: 102) stores, with a decrease of 17 stores compared to 30 June 2012.

The Group expanded its export franchised stores by 18 to 561 (2012: 543) as of 30 June 2013. It intends to continue expanding its operations in emerging markets where domestic consumption is expected to increase, such as those in South Asia and the Middle East.

The following is a breakdown of stores by geographical location and store type:

	30 June 2013		30 June 2012	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong	**41**	**–**	41	–
Mainland China	**144**	**156**	350	248
Taiwan	**85**	**–**	102	–
Singapore	**30**	**–**	30	–
Other countries and regions	**–**	**561**	–	543
Total	**300**	**717**	523	791

Marketing and Branding

The Group celebrated its 25th anniversary in 2012. In recognition of this important milestone, the Group marketed its brand value through a series of exciting promotions and events, including the appointment of renowned pop diva Ms. Joey Yung as the ambassador for the HA:PPY 25 campaign.

The Group introduced its new concept store in the fiscal year 2012/13. In May 2013, it launched the newly renovated 15,000 sq. ft. Mongkok flagship store, promoting the brand essence of the "be happy" philosophy. The store showcases the latest products and deals on LED screens in the main entrance and has a bright overall layout with greeneries and natural elements as the backdrop. The store is not just a landmark in Mongkok but also sets a new benchmark for other stores around the region.

An important part of the Group's brand building strategy is to launch crossover apparels with other popular brands that appeal to a wider segment of consumers. These co-branded and licensed products help to create marketing synergy and competitive advantages, leveraging on the international renowned characters and marketing campaigns that align with our brand value. During the year, the Group expanded its licensing programme by partnering with three popular international brands: Angry Birds, Winnie the Pooh and Walt Disney's Cars.

Co-branded and Licensed Products

In the first half of the financial year 2012/13, the Group launched the *bossini x WOW!! Angry Birds* crossover product series, which included the limited edition clothing for men, women and children, as well as accessories such as capes, gloves, earmuffs and scarves with designs inspired by signature slingshots and space canvases of the popular game. Angry Birds came on the scene in 2009 and rapidly became one of the world's biggest entertainment brands. The series leveraged on the popular gaming phenomenon by combining brand messages in the "Get angry, be happy" slogan together with renowned pop diva Ms. Joey Yung as the series ambassador.

During the second half of the financial year 2012/13, the Group successfully launched co-branded products with a couple of Walt Disney characters. In March 2013, Bossini launched *bossini x Winnie the Pooh* licensed programme with celebrity actress and model Ms. Chrissie Chau as the brand ambassador. *bossini x Winnie the Pooh* was beloved by adults and children alike and has been well received by our customers, including the "Make Your Own Tee" series that came with a free "special hunny gift". In June 2013, *bossini x Cars* was launched with different marketing activities such as a free driving class for kids with any *bossini x Cars* purchase. Bossini also executed joint marketing programmes with Toys"R"Us and Jumpin Gym U.S.A. to leverage marketing synergy.

Operational Performance by Market

As in past years, the Hong Kong segment, which is comprised of directly managed retail operation as well as export franchising business, was the Group's most significant market, generating 65% (2012: 57%) of the Group's total consolidated revenue for the year ended 30 June 2013. This was followed by mainland China where consolidation on non-performing stores and the wind down of the remaining "b.style de flyblue" stores resulted in its share declining to 15% (2012: 22%) of the Group's total consolidated revenue. Taiwan and Singapore each accounted for 10% (2012: 11% and 9%) of the Group's total consolidated revenue for the year ended 30 June 2013, respectively.

Hong Kong

As a global shopping destination, Hong Kong is ranked as one of the world's most expensive retail markets with intense competition and shortage of retail space, which has driven rents to record-highs. Moreover, considerable discounting and sales promotion activities are frequently offered as local and international brands fight for consumers. In spite of these adverse dynamics, with its strong brand recognition and popular product offering, the Group has managed to deliver record-high sales for Hong Kong retail business for two consecutive years.

During the year under review, revenue from the Hong Kong segment increased 2% to HK$1,626 million (2012: HK$1,593 million). Operating profit decreased 15% to HK$212 million (2012: HK$250 million), resulting in an operating margin of 13% (2012: 16%).

As of 30 June 2013, the Group directly owned and managed 41 (2012: 41) retail stores with total retail floor area of 141,000 sq. ft. (2012: 140,200 sq. ft.) in Hong Kong. Net sales per sq. ft. was increased to HK$7,900 (2012: HK$7,700). Same-store sales continued to record growth for the fourth consecutive year with 3% growth (2012: 13% growth) during the year under review.

As of 30 June 2013, the Group's export franchising footprint continued to grow as it expanded into emerging markets, adding 18 stores with a total of 561 stores (2012: 543) mainly in Indonesia and the Middle East.

Mainland China

The ongoing sovereign debt crisis in Europe and weaker-than-expected growth in the U.S. contributed to slower than expected growth in mainland China. The slowdown in mainland China's economy impacted the country's transition from an export economy to a consumer driven economy as Chinese consumers are facing a slower rate of increase in income along with inflation pressures. In addition, the mainland China's highly competitive retailing environment has provided consumers with a wider choice while also exerted pressure on retailers as many companies are experiencing slowdown in sales. The pressure on retailers is only expected to increase as more and more brands and companies are entering the market. In addition, apparel retailers with high inventory levels have been discounting significantly, and the resulting adverse impact is anticipated to linger for a period of time.

In response to the intensifying competitive environment, the Group has strategically streamlined its operations in mainland China and wind down its underperforming "b.style de flyblue" stores, resulting in total revenue decreasing by 35% to HK$389 million (2012: HK$599 million). Operating loss was HK$116 million (2012: HK$156 million loss) with an operating margin of negative 30% (2012: negative 26%).

As of 30 June 2013, the Group reduced its total number of stores in mainland China to 300 (2012: 598), down by 298 stores. Directly managed stores accounted for 144 (2012: 350) while franchised stores accounted for 156 (2012: 248).

Total retail floor area declined to 215,200 sq. ft. (2012: 417,900 sq. ft.) and net sales per sq. ft. remained at HK$900 (2012: HK$900). During the year under review, the same-store sales in mainland China declined 4% (2012: 6% decline).

Taiwan

Taiwan, an export dependent economy, was affected by the weakness in the global economy which contributed to softening domestic consumption for the year under review. As a result of lower retail traffic and weak consumer demand, the Group reduced the number of non-performing stores in Taiwan, resulting in a 17% decrease in total revenue to HK$246 million (2012: HK$297 million). Operating loss was HK$50 million (2012: HK$28 million loss), representing an operating margin of negative 20% (2012: negative 9%).

As of 30 June 2013, the number of directly managed stores in Taiwan was decreased by 17 to 85 (2012: 102) stores and the total retail floor area decreased to 105,000 sq. ft. (2012: 135,000 sq. ft.). Same-store sales recorded a decline of 17% (2012: 7% decline) while net sales per sq. ft. was HK$2,000 (2012: HK$2,200).

Singapore

Against the macroeconomic drop back, the growth outlook for the Singapore economy is expected to improve slightly. The GDP growth forecast for the year is expected to raise and stimulate consumption.

Under a more upbeat consumption atmosphere, during the year under review, total revenue in Singapore increased 7% to a record high of HK$256 million (2012: HK$239 million). Singapore was nearly breakeven with operating loss of HK$0.1 million (2012: HK$11 million loss), resulting in 0% (2012: negative 5%) operating margin.

As of 30 June 2013, the Group operated 30 (2012: 30) directly managed stores in Singapore. Total retail floor area remained essentially unchanged at 35,300 sq. ft. (2012: 35,500 sq. ft.). Same-store sales recorded an increase of 5% (2012: 6% decline) while net sales per sq. ft. was HK$7,400 (2012: HK$6,700).

Liquidity and Financial Resources

As of 30 June 2013, the Group's cash and bank balances amounted to HK$339 million (2012: HK$274 million) and its net cash balance was HK$339 million (2012: HK$249 million). The current ratio for the Group was 2.45 (2012: 2.37) times and the ratio of total liabilities to equity was 49% (2012: 50%).

No bank borrowings was recorded as of 30 June 2013 (2012: HK$25 million). The Group's gearing ratio as determined by bank borrowings divided over total equity was nil (2012: 3%).

The Group has investments and operations in countries which use currencies other than the United States dollar and Hong Kong dollar. As such, the Group has some exposures to foreign currency risk, which it mitigates by entering into forward currency contracts designed to lessen exposure to exchange rate fluctuations in material transactions denominated in currencies other than the United States dollar and Hong Kong dollar.

As of 30 June 2013, the Group's average inventory turnover days# decreased by 7 days to 85 (2012: 92) days. The return on equity for the Group during the year under review was 3% (2012: 2%).

\# *Inventory held at year end divided by annualised cost of sales times 365 days*

Assessment of Property, Plant and Equipment

During the year ended 30 June 2013, the Group considered that certain property, plant and equipment were subject to impairment loss because the cash generating units of those property, plant and equipment in Taiwan were non-performing and suffered from substantial losses for the year. As a result, an impairment loss of HK$5 million was recorded.

Contingent Liabilities

	2013	2012
	HK$'000	*HK$'000*
Bank guarantees given in lieu of utility and property rental deposits	**7,729**	7,166

The Company has given guarantees in favour of banks to the extent of HK$765 million (2012: HK$769 million) with respect to banking facilities granted to certain subsidiaries. These facilities were utilised to the extent of HK$58 million (2012: HK$67 million) as of 30 June 2013.

Human Capital

The Group had a total of 2,700 (2012: 3,800) full-time equivalent employees in Hong Kong, Macau, mainland China, Taiwan and Singapore as of 30 June 2013. The Group is dedicated to the continued development of its employees and holds regular training programmes including the "7 Habits®" and "7 Practices" that make up the "bossini way". The Group maintains a performance-based remuneration system that includes share options, discretionary bonuses and comprehensive benefits such as insurance and retirement schemes.

Outlook

The fiscal year 2013/14 is expected to remain volatile with continued economic uncertainty and increasing competition. We anticipate that our largest segment, the Hong Kong retail and export business, will continue to experience healthy growth and that the Singapore segment will maintain its positive momentum. In addition, as a result of our efforts to streamline operations, we expect our overall performance will benefit from the productivity improvements in the mainland China and Taiwan segments. For directly managed stores in mainland China, we would focus on southern area where our productivity is relatively higher. Although inventory problems across the mainland China apparel market still linger, we believe the impact arising from inventory clearance would be mitigated gradually.

To heighten our customers' shopping experience and sales productivity, we will continue to progressively launch new concept stores in key and high traffic locations throughout Hong Kong and other markets. We also intend to pragmatically expand based on market opportunities, especially in emerging markets with promising growth potential. As we execute our expansion plans, we will continue to enhance our supply chain competencies in alliance with our strategic partners.

The Group has proven to be extremely resilient, robust and forward-looking despite the difficult environment. We are extremely proud of our employees who continuously demonstrate a high degree of professionalism and dedication to promote our brand image. The Group remains committed to our ongoing investment in this team, in our brand, and in our ability to deliver quality products.

Looking forward, the Group will continue to focus on building its brand asset while improving operational efficiencies. Our "be happy" theme will remain at the heart of executing Bossini's core strategies as we enhance our products, brand equity and productivity. We remain committed to excel in our product quality and customer service as well as to regularly introduce fresh and exciting styles based on the "be happy" theme.

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 year.

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 of Hong Kong Limited (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 Code and Corporate Governance Report (the "CG Code") of the Listing Rules. The audit committee has reviewed the financial results for the year ended 30 June 2013. The audit committee comprises three Independent Non-executive Directors of the Company, namely Ms. LEUNG Mei Han, Mr. LEE Man Chun Raymond and Prof. SIN Yat Ming.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions as set out in the CG Code for the year ended 30 June 2013, except for the following deviations:

– The Chairman of the Company is not subject to retirement by rotation. The Board considers that the continuity of the Chairman of the Company and her leadership are crucial in maintaining the stability of the Group's business operations.

– An Independent Non-executive Director did not attend the annual general meeting of the Company held on 13 November 2012 due to his overseas business engagement.

Currently, there are four Board committees, namely, audit committee, remuneration committee, nomination committee and management committee.

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 with the Company's Directors, the Directors have complied with the required standard set out in the Model Code, throughout the year ended 30 June 2013.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report for the year ended 30 June 2013 of the Company containing all the information required by the Listing Rules will be published on the website of the Company (www.bossini.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and despatched to shareholders in due course.

By Order of the Board
TSIN Man Kuen Bess
Chairman

Hong Kong, 18 September 2013

As at the date of this announcement, the Board comprises three Executive Directors, namely Ms. TSIN Man Kuen Bess (Chairman), Mr. MAK Tak Cheong Edmund and Mr. CHAN Cheuk Him Paul and three Independent Non-executive Directors, namely Mr. LEE Man Chun Raymond, Ms. LEUNG Mei Han and Prof. SIN Yat Ming.