BOSSINI INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 592)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 30 JUNE 2008

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 2008, together with the comparative figures for the period from 1 April 2006 to 30 June 2007, as follows:

Pursuant to a resolution of the Board of the Company passed on 7 February 2007, the Company's financial year end date was changed from 31 March to 30 June. Accordingly, the comparative amounts shown in the consolidated income statement and the related notes covering the Group's 15 months of operation from 1 April 2006 to 30 June 2007 are not entirely comparable with the amounts for the current financial year which covered the Group's 12 months of operation.

Consolidated income statement

Year ended 30 June 2008

	Notes	**Year ended 30 June 2008 HK$'000**	Period from 1 April 2006 to 30 June 2007 HK$'000
Revenue	2,3	**2,316,869**	2,568,325
Cost of sales		**(1,147,017)**	(1,298,059)
Gross profit		**1,169,852**	1,270,266
Other income	3	**11,017**	12,825
Selling and distribution costs		**(793,917)**	(904,248)
Administrative expenses		**(256,133)**	(288,621)
Other operating expenses		**(41,091)**	(53,377)
Profit from operating activities		**89,728**	36,845
Finance costs	4	**(2,204)**	(1,822)
Profit before tax	5	**87,524**	35,023
Tax	6	**(23,949)**	(25,829)
Profit for the year/period attributable to equity holders of the Company		**63,575**	9,194
Dividend	7		
Proposed final		**15,882**	–
Earnings per share attributable to ordinary equity holders of the Company	8		
Basic		**HK4.01 cents**	HK0.59 cent
Diluted		**HK3.98 cents**	HK0.58 cent

Consolidated balance sheet

30 June 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment		**175,767**	176,349
Trademark		**1,164**	1,164
Deferred tax assets		**2,848**	1,774
Deposits paid		**68,430**	61,042
Total non-current assets		**248,209**	240,329
Current assets			
Inventories		**230,056**	306,318
Debtors	*9*	**62,519**	70,706
Bills receivable		**4,923**	5,753
Deposits paid		**26,234**	25,367
Prepayments and other receivables		**29,167**	62,406
Derivative financial instruments		**–**	60
Tax recoverable		**134**	2,271
Pledged bank deposits		**1,615**	786
Cash and cash equivalents		**308,688**	131,526
Total current assets		**663,336**	605,193
Current liabilities			
Trade creditors, other payables and accruals	*10*	**180,569**	186,019
Bills payable		**7,836**	23,450
Tax payable		**48,973**	29,802
Due to related companies		**4,820**	19,558
Derivative financial instruments		**4,382**	914
Provision		**7,169**	6,628
Total current liabilities		**253,749**	266,371
Net current assets		**409,587**	338,822
Total assets less current liabilities		**657,796**	579,151
Non-current liabilities			
Deferred tax liabilities		**2,754**	2,594
Net assets		**655,042**	576,557
Equity			
Issued capital		**158,825**	157,458
Reserves		**480,335**	419,099
Proposed final dividend		**15,882**	–
Total equity		**655,042**	576,557

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. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value, and certain land and buildings as further explained below. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	*Financial Instruments: Disclosures*
HKAS 1 (Amendment)	*Capital Disclosures*
HK(IFRIC)-Int 8	*Scope of HKFRS 2*
HK(IFRIC)-Int 9	*Reassessment of Embedded Derivatives*
HK(IFRIC)-Int 10	*Interim Financial Reporting and Impairment*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown as a note to the financial statement.

(c) HK(IFRIC) – Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC) – Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 July 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) HK(IFRIC) – Int 11 *HKFRS 2 – Group and Treasury Share Transactions*

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC) – Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no financial impact on the Group.

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 1 (Revised)	*Presentation of Financial Statements*[1]
HKAS 23 (Revised)	*Borrowing Costs*[1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[4]
HKAS 32 and HKAS 1 Amendments	*Amendments to HKAS 32 – Financial Instruments: Presentation and HKAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation*[1]
Amendments to HKFRS 2	*Share-based Payment-Vesting Conditions and Cancellations*[1]
HKFRS 3 (Revised)	*Business Combinations*[4]
HKFRS 8	*Operating Segments*[1]
HK(IFRIC)-Int 12	*Service Concession Arrangements*[3]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*[2]
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*[3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*[1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*[5]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 July 2008

3 Effective for annual periods beginning on or after 1 January 2008

4 Effective for annual periods beginning on or after 1 July 2009

5 Effective for annual periods beginning on or after 1 October 2008

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. Segment information

Segment information is presented by way of geographical segment as the primary segment. In determining the Group's geographical segments, revenue and results are attributed to the segments based on the location of assets.

Since over 90% of the Group's revenue, results and assets and liabilities are derived from the retailing and distribution of garments, no separate analysis of financial information by business segment is presented in these financial statements.

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	Year ended 30 June 2008	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007
	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	**1,291,005**	1,352,602	**446,765**	536,627	**323,073**	415,726	**256,026**	263,370	**2,316,869**	2,568,325
Other income	**3,177**	3,034	**1,515**	2,145	**1,712**	2,242	**305**	90	**6,709**	7,511
Total	**1,294,182**	1,355,636	**448,280**	538,772	**324,785**	417,968	**256,331**	263,460	**2,323,578**	2,575,836
Segment results	**139,893**	111,371	**(37,637)**	(27,675)	**(15,731)**	(53,832)	**(1,105)**	1,667	**85,420**	31,531
Interest income									**4,308**	5,314
Profit from operating activities									**89,728**	36,845
Finance costs									**(2,204)**	(1,822)
Profit before tax									**87,524**	35,023
Tax									**(23,949)**	(25,829)
Profit for the year/period									**63,575**	9,194

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**514,233**	402,415	**182,772**	226,880	**118,785**	109,288	**92,773**	102,894	**908,563**	841,477
Unallocated assets									**2,982**	4,045
Total assets									**911,545**	845,522
Segment liabilities	**99,360**	105,571	**65,460**	89,096	**32,416**	29,378	**7,540**	12,524	**204,776**	236,569
Unallocated liabilities									**51,727**	32,396
Total liabilities									**256,503**	268,965

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	Year ended 30 June 2008	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007	**Year ended 30 June 2008**	Period from 1 April 2006 to 30 June 2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:										
Capital expenditure	**30,582**	59,485	**32,773**	21,888	**11,458**	11,221	**10,680**	13,619	**85,493**	106,213
Depreciation	**38,478**	35,172	**21,305**	22,670	**8,433**	12,541	**9,459**	8,434	**77,675**	78,817
Loss/(gain) on disposal/write-off of items of property, plant and equipment	**858**	5	**5,843**	1,205	**1,424**	6,040	**30**	(111)	**8,155**	7,139
Inventory provision/ (write-back of inventory provision)	**(55)**	(2,656)	**(4,814)**	2,529	**(4,026)**	(4,510)	**1,659**	31	**(7,236)**	(4,606)
Impairment losses of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	298	**–**	298
Impairment of debtors	**–**	–	**99**	514	**–**	–	**–**	–	**99**	514
Impairment losses of land and building reversed in the asset revaluation reserve	**–**	(3,368)	**–**	–	**–**	–	**–**	–	**–**	(3,368)

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, and the rendering of services, but excludes intra-group transactions.

An analysis of revenue and other income is as follows:

	Year ended 30 June 2008	Period from 1 April 2006 to 30 June 2007
	HK$'000	*HK$'000*
Revenue:		
Retailing and distribution of garments	**2,299,980**	2,539,946
Rendering of garment-related services	**16,889**	28,379
	2,316,869	2,568,325
Other income:		
Interest income	**4,308**	5,314
Claims received	**1,655**	2,016
Royalty income	**3,150**	2,359
Gross rental income	**273**	1,671
Others	**1,631**	1,465
	11,017	12,825
	2,327,886	2,581,150

4. Finance costs

	Year ended 30 June 2008	Period from 1 April 2006 to 30 June 2007
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**2,204**	1,822

5. Profit before tax

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

	Year ended 30 June 2008 *HK$'000*	Period from 1 April 2006 to 30 June 2007 *HK$'000*
Cost of sales:		
Cost of inventories sold	**1,154,253**	1,302,665
Write-back of inventory provision	**(7,236)**	(4,606)
	1,147,017	1,298,059
Depreciation	**77,675**	78,817
Loss on disposal/write-off of items of property, plant and equipment	**8,155**	7,139
Net rental income	**(53)**	(197)
Fair value losses, net on derivative financial instruments – transactions not qualifying as hedges	**7,983**	522

6. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (period from 1 April 2006 to 30 June 2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year/period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 30 June 2008 *HK$'000*	Period from 1 April 2006 to 30 June 2007 *HK$'000*
Current – Hong Kong		
Charge for the year/period	**20,373**	17,654
Overprovision in prior years/period	**(83)**	(210)
Current – Elsewhere		
Charge for the year/period	**3,967**	7,582
Underprovision in prior years/period	**381**	320
Deferred	**(689)**	483
Total tax charge for the year/period	**23,949**	25,829

7. Dividend

	Year ended 30 June 2008 *HK$'000*	Period from 1 April 2006 to 30 June 2007 *HK$'000*
Proposed final – HK1.0 cent (period from 1 April 2006 to 30 June 2007: Nil) per ordinary share	**15,882**	–

The proposed final dividend for the year is 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/period attributable to ordinary equity holders of the Company of HK$63,575,000 (period from 1 April 2006 to 30 June 2007: HK$9,194,000), and the weighted average of 1,584,412,498 (period from 1 April 2006 to 30 June 2007: 1,570,535,280) ordinary shares in issue during the year/period.

The calculation of diluted earnings per share is based on the profit for the year/period attributable to ordinary equity holders of the Company of HK$63,575,000 (period from 1 April 2006 to 30 June 2007: HK$9,194,000). The weighted average number of ordinary shares used in the calculation is the 1,584,412,498 (period from 1 April 2006 to 30 June 2007: 1,570,535,280) ordinary shares in issue during the year/period, as used in the basic earnings per share calculation and the weighted average number of 11,005,338 (period from 1 April 2006 to 30 June 2007: 26,684,740) ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

9. Debtors

Other than cash and credit card sales, the Group normally grants credit periods of up to 60 days to its trade customers. 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. Trade debtors are non-interest-bearing.

An aged analysis of debtors that are not considered to be impaired, based on due date, is as follows:

	2008 *HK$'000*	2007 *HK$'000*
Neither past due nor impaired	**47,772**	46,421
Less than 1 month past due	**6,684**	15,559
1 to 2 months past due	**2,369**	4,730
2 to 3 months past due	**1,746**	1,284
Over 3 months	**3,948**	2,712
	62,519	70,706

10. **Trade creditors, other payables and accruals**

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$36,668,000 (2007: HK$47,584,000).

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

	2008	2007
	HK$'000	*HK$'000*
Current	**14,158**	18,044
0 to 30 days	**8,978**	26,129
31 to 60 days	**–**	1,863
61 to 90 days	**11,389**	1,049
Over 90 days	**2,143**	499
	36,668	47,584

DIVIDEND

The Board has resolved to recommend a final dividend of HK1.0 cent (2007: Nil) per ordinary share for the year ended 30 June 2008 at the forthcoming annual general meeting to be held on 24 November 2008 ("AGM"). The final dividend, if approved by the members, will be paid on 8 December 2008 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 24 November 2008.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Wednesday, 19 November 2008 to Monday, 24 November 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed 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 Shop Nos. 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 18 November 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The fiscal year under review saw quite a bit of volatility globally and regionally with retailers being presented with both opportunities and challenges. While the Asian economy showed considerable improvements in the first half of the fiscal year with signs of rising consumer spending, the market overall has undergone drastic changes since the second quarter of 2008, marked by the outbreak of the US credit crisis, which has had considerable impact on the global economy. Also, the Sichuan earthquake in the PRC drew widespread attention in the Group's core markets while the changing political landscape in Taiwan affected consumer spending sentiment to a certain degree.

On the other hand, competition in the mass apparel market segment remained intense. On an operational level, there was no let up in rental and labour costs, both of which continued to escalate during the year under review. This was compounded with surging raw material and oil prices, all of which put further pressure on retailers in the Asian region.

Despite these obstacles, the Group achieved encouraging improvements in profitability. This involved a series of new business initiatives that stressed sharpening the "bossini" brand's core competitive edge in meeting family needs, optimising operational efficiencies, enriching product lines with extended choices, strengthening product design and merchandise, implementing innovative sales and marketing campaigns that leverage licensed cross-over products, and improved financial and management systems. As a result of these combined efforts, the Group's performance made astounding strides with net profit attributable to equity holders reaching HK$64 million.

Financial Performance

The financial year end date of the Company was changed from 31 March to 30 June since the financial period 2006/07, it should be noted that the 2007/08 financial data presented herein are being compared with that for financial period which covered the 15 months from 1 April 2006 to 30 June 2007. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

Revenue for the 12 months ended 30 June 2008 reached HK$2,317 million (2007: HK$2,568 million). Gross profit margin and operating profit margin widened by 1 percentage point and 3 percentage points respectively, to 50% and 4% (2007: 49% and 1%). Profit attributable to equity holders surged to HK$64 million (2007: HK$9 million) while basic earnings per share rose to HK4.01 cents (2007: HK0.59 cent).

Operating Efficiencies

On an operational level, the Group reversed the down trend in overall same-store sales with positive growth of 5% (2007: 8% decline) during the year under review. The average product selling price recorded a double-digit increase, a clear reflection of the strengthened product collection with trendier designs and enhanced merchandise. In the retail business, net sales per sq. ft. also saw a strong 20% growth to HK$3,000 (2007: HK$2,500).

In addition, the Group expended a great deal of resources on shortening its inventory turnover cycle by increasing the frequency of new collection launch with reduced quantities for each model to accelerate the time-to-market. Inventory turnover, therefore, was shortened considerably by 18 days, dropping from 54 days to 36 days. This greatly reduced the need for season-end stock clearance discounts and contributed to enhancing the Group's profitability.

On the cost side, effective cost control measures also contributed to gross profit and operating margin expansion. The Group's operating expenses for the year under review maintained 47% of total revenues (2007: 48%) despite rising cost pressures.

Operating Cost Analysis

	For the 12 months ended 30 June 2008		For the 15 months ended 30 June 2007		
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	***Change***
Revenue	**2,317**	**100%**	2,568	100%	**–10%**
Selling and distribution costs	**794**	**34%**	904	35%	**–12%**
Administrative expenses	**256**	**11%**	289	11%	**–11%**
Other operating expenses	**41**	**2%**	53	2%	**–23%**
Total operating expenses	**1,091**	**47%**	1,246	48%	**–12%**

Business Review

Network Expansion

Bossini stores are now found in about 33 countries and regions internationally. With Hong Kong, Mainland China, Taiwan, Singapore and Malaysia as the core markets, the Group is pragmatically expanding its export franchising stores. For the year ended 30 June 2008, the Group entered 8 new markets, including South Korea, Egypt, Russia, Romania, Mongolia, Morocco, Syria and Poland.

Here is a breakdown by geographical location and store type:

	At 30 June 2008		At 30 June 2007	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong	**41**	**–**	41	–
Mainland China	**304**	**188**	346	205
Taiwan	**89**	**–**	93	–
Singapore	**29**	**–**	33	–
Malaysia	**14**	**–**	11	–
Other countries and regions	**–**	**391**	–	322
Total	**477**	**579**	524	527

Licensing Products

The Group has been one of the pioneers in leveraging co-branded and licensed products to promote “bossini” through cooperation with international brands that share similar brand values.

As a sustaining initiative to reinforce the new brand image, “bossini” has introduced a number of licensed products during the year under review, including the M&M’s series, the Super Mario Series. The Simpsons series and the Kung Fu Panda series.

M&M’s Miss Green Collection

“bossini” is the first retail apparel brand which entered into licensing cooperation with M&M’s in Asia. Both brands share common values such as caring for the family, smile, humour and colour and they both have similar target consumer segments, i.e. the youth, young-at-heart adults, and families.

Super Mario Series

Super Mario Bros. is one of the most popular television games over the years. The Super Mario series included different printed t-shirts which suited every family member. The apparel and accessory products launched during Easter holidays were well received by market.

The Simpsons series

Leveraged on the Simpsons Movie launched in July 2007, “bossini” teamed up with The Simpsons to release a series of t-shirts and trucker caps which featured the characters in the Simpsons family, especially Homer and Bart. The Simpsons series received overwhelming responses from its fans too.

The Kung Fu Panda series

To catch up with the smash hit movie “Kung Fu Panda” in June 2008, “bossini” launched “bossini X Kung Fu Panda” series, offering a wide range of colorful thematic t-shirts, sun visors and beach sandals for kids, which bring joy and happiness to the summer vacation.

Best Licensee Award

It is with much pride and pleasure that “bossini X M&M’s” crossover series was honoured “The 5th Premier Asian Licensing Award – Best Licensee” by the Hong Kong Trade Development Council and International Licensing Industry Merchandisers’ Association in July 2008. This is an important recognition for the Group in developing crossover licensing products. The cooperation with a right and renowned licensing partner which shares similar brand values with “bossini”, as well as a strategic promotion strategy of the M&M’s Miss Green Collection proved to be a success and created a win-win situation for both brands.

Operational Performance by Markets

Hong Kong remained the major revenue contributor in the year under review, accounting for 56% (2007: 52%) of the Group's consolidated revenues. This was followed by Mainland China, Taiwan, Singapore and Malaysia, which accounted for 19% (2007: 21%), 14% (2007: 16%), 10% (2007: 10%) and 1% (2007: 1%), respectively of the Group's overall consolidated revenue.

Hong Kong

During this financial year, revenues generated from Hong Kong, comprising retail sales and export franchising sales, amounted to HK$1,291 million (2007: HK$1,352 million). As a result of strong sales performance coupled with increased operating efficiency and productivity, same-store sales regained positive growth of 6% (2007: 7% decline), while net sales per sq. ft. remained flat at HK$5,700 (2007: HK$5,700) in the year under review.

Directly managed store expansion was managed carefully in view of escalating rents and rising cost pressures. The total number of directly managed stores and retail floor areas were 41 and 148,100 sq.ft. as of 30 June 2008 (2007: 41 and 149,600 sq. ft.).

Concerning the export franchising arm, the Group began exporting to 8 new countries – South Korea, Egypt, Russia, Romania, Mongolia, Morocco, Syria and Poland during the year under review. New stores were also added in existing markets, which also contributed to strong sales growth. As of 30 June 2008, "bossini" had a presence in about 28 countries through 391 export franchised stores (2007: 322).

Operating profit from Hong Kong reached HK$143 million (2007: HK$116 million), equivalent to an operating profit margin of 11% (2007: 9%).

Mainland China

The Group considers Mainland China as one of its most important markets with immense potential in the medium to long run. Stable progress was made in this market in the year under review with revenues reaching HK$447 million (2007: HK$537 million). Same-store sales remained flat (2007: 1% decline).

The Group made a number of strategic steps to tap opportunities in the Mainland China market during the year under review. New senior management members with extensive experience in the retail industry in Mainland China have come on board and a new brand controller in charge of the "bossinistyle" has been appointed to strengthen brand management capabilities. In addition, the back office finance and buying teams were also bolstered to offer stronger support for daily business management.

As far as network expansion is concerned, the Group continued to wind down the "sparkle" brand business during the year under review to re-deploy resources for the "bossini" and "bossinistyle" brands, which have clearly defined market positions and enjoy an edge over their rivals. A total of 115 directly managed and franchised stores of "sparkle" were closed during the year under review. Meanwhile, the Group added 42 "bossini" stores and 14 "bossinistyle" stores. Taking all these moves into account, as of 30 June 2008, the total number of directly managed stores of the Group decreased to 304 (2007: 346), while the number of franchised stores was reduced to 188 (2007: 205). Total retail floor area was 293,600 sq. ft. (2007: 300,000 sq. ft.).

As under-performing stores closed, net sales per sq. ft. rose by an astounding 36% to HK$1,500 (2007: HK$1,100). Operating losses were HK$37 million (2007: HK$27 million loss), with operating margins negative 8% (2007: negative 5%).

Taiwan

Taking the performance for the full year under review, the operating environment in Taiwan was far from favourable. The Group continued to cautiously retrench its operations there and closed under-performing stores. The total number of stores and retail floor area therefore decreased to 89 and 129,400 sq. ft. respectively as of 30 June 2008 (2007: 93 stores and 136,400 sq. ft.). Revenue in Taiwan for the year subsequently decreased by 22% to HK$323 million (2007: HK$416 million).

Both same-store sales and net sales per sq. ft. made remarkable improvements. Same-store sales posted a 5% growth (2007: 14% decline) as customers were redirected to remaining stores while net sales per sq. ft rose an astounding 25% to HK$2,500 (2007: HK$2,000). Operating losses amounted to HK$15 million (2007: HK$53 million loss) while an operating margin of negative 5% was recorded for the year under review (2007: negative 13%).

Singapore

Although market competition in Singapore remained keen, the Group's new refreshing brand image has successfully regained attractiveness for consumers. Retail sales in Singapore during the year under review amounted to HK$223 million (2007: HK$245 million). Same-store sales as well posted a 4% growth (2007: 13% decline). Net sales per sq. ft. also grew 3% to HK$6,200 (2007: HK$6,000).

As of 30 June 2008, the total number of directly managed stores was 29 (2007: 33) and the total retail floor area was 33,800 sq. ft. (2007: 36,200 sq. ft.).

The Singapore operations contributed an operating profit of HK$4 million for the year under review (2007: HK$4 million). Operating margin was 2% (2007: 2%).

Malaysia

Malaysia is at the point of seeing future growth with its low operational base. It generated sales of HK$33 million during the year under review (2007: HK$18 million). The Group also added 3 directly managed retail stores in Malaysia during the year under review, bringing the total number to 14 stores (2007: 11). Same-store sales also achieved a strong growth of 11% (2007: n/a), while net sales per sq. ft. grew 29% to HK$1,800 (2007: HK$1,400).

Malaysia incurred an operating loss of HK$5 million (2007: HK$3 million loss) mainly because the ideal economies of scale have yet to be achieved.

Liquidity and Financial Resources

As at 30 June 2008, the Group's net cash balance amounted to HK$310 million (2007: HK$132 million) and further increased to HK$352 million as at 30 September 2008. The Group's current ratio stood at 2.61 times (2007: 2.28 times) and the total liabilities to equity ratio was 39% (2007: 47%).

The Group had no bank borrowings (2007: nil) payable within one year.

The Group's inventory turnover days[#] was further shortened to 36 days (2007: 54 days) for the year under review. Return on equity ratio was 10% (2007: 1%).

[#] Inventory held at year/period end divided by annualised revenue times 365 days

Contingent Liabilities

	30 June 2008	30 June 2007
	HK$'000	*HK$'000*
Bank guarantees given in lieu of utility and property rental deposits	**5,790**	1,580

The Company has given guarantees in favour of banks to the extent of HK$450 million (2007: HK$433 million) in respect of banking facilities granted to certain subsidiaries. These facilities were utilised to the extent of HK$14 million at 30 June 2008 (2007: HK$25 million).

Human Capital

At 30 June 2008, the Group employed full-time staff or equivalent of 3,900 (2007: 4,300) in Hong Kong, Macau, Mainland China, Taiwan, Singapore and Malaysia. It deploys a performance-based and share option remuneration system and offers benefits such as insurance and retirement schemes as well as discretionary performance bonuses.

Outlook

The business outlook in fiscal year 2008/09 is undermined by the credit crisis that has widespread effect on the global economy and has cast a shadow on consumer confidence. The most pressing task for the Group in the medium term is to achieve profitability in all core markets under a challenging period to the retail industry.

With the strengthening of the "bossini" brand and the implementation of new initiatives for the "bossinistyle" brand, the Group is confident of the outlook in the Mainland China market and expects to see continual improvements in the coming fiscal year with a plan to add a total of 109 stores in Mainland China in the coming fiscal year. The Group will carefully select suitable store locations when initiating expansion plans.

The export franchise business has also delivered encouraging results over the past few years, and the trend is expected to continue. The Group plans to continue adding footprints in new countries annually to its export franchising business and to seek organic expansion in countries where it has already entered in order to further bolster its market presence worldwide.

The Group holds a cautiously optimistic view towards retail operations in other Asian regions. Citing profitability and efficiency as its key criteria on which to focus, the Group plans to add 6 stores in Hong Kong in the coming fiscal year to further increase its market share in this strategic commercial hub which has a significant influence over PRC consumers' consumption patterns.

In addition, the Group has recently opened the first 'bossinistyle" store in Hong Kong which is also the first "bossinistyle" store outside the Mainland China. Offering mostly smart casual wear with stylish designs mainly targeting female customers who go for stylish and fashionable designs with characters, this brand is considered to be a competitive brand with a positive outlook.

Just as other regions in Asia, economy in Taiwan is expected to experience fluctuations in the medium term. The key objective of the management is to achieve a turnaround. Three stores will be added in this market in the coming fiscal year.

Singapore, as a relatively mature market, is expected to have stable performance. The Group will add 3 stores in the coming fiscal year. In Malaysia our focus is to improve productivity and pragmatically expand our network by adding 8 stores to achieve better operational economies of scale in the coming fiscal year.

Integrating strong brand equity, competitive products, network quality, and operational efficiency, the Group aims to reinforce its position as a leading casual apparel brand in Asia and further extend its geographical coverage to become a leader in the international apparel arena. We will seize market opportunities in a proactive yet pragmatic manner to reward shareholders with solid results.

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 Practices (the "CG Code") of the Listing Rules. The audit committee has reviewed the financial results for the year ended 30 June 2008. The audit committee comprises four Independent Non-executive Directors of the Company, namely Ms. LEUNG Mei Han, Mr. LEE Man Chun Raymond, Prof. SIN Yat Ming and Mr. WONG Wai Kay.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was in compliance with the code provisions as set out in the CG Code for the year ended 30 June 2008, except for the following deviations:

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Company's Directors, the Directors have complied with the required standard set out in the Model Code, throughout the year ended 30 June 2008.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report for the year ended 30 June 2008 of the Company containing all the information required by the Listing Rules will be published on the websites 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
LAW Ka Sing
Chairman

Hong Kong, 22 October 2008

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