BOSSINI INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2009

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 2009, together with the comparative figures for the year ended 30 June 2008, as follows:

Consolidated income statement
Year ended 30 June 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*2, 3*	**2,254,126**	2,316,869
Cost of sales		**(1,141,484)**	(1,147,017)
Gross profit		**1,112,642**	1,169,852
Other income	*3*	**13,481**	11,017
Selling and distribution costs		**(779,144)**	(793,917)
Administrative expenses		**(235,799)**	(256,133)
Other operating expenses		**(51,368)**	(41,091)
Profit from operating activities		**59,812**	89,728
Finance costs	*4*	**(2,707)**	(2,204)
Profit before tax	*5*	**57,105**	87,524
Tax	*6*	**(6,853)**	(23,949)
Profit for the year attributable to equity holders of the Company		**50,252**	63,575
Dividends	*7*		
Interim		**15,939**	–
Proposed final		**15,939**	15,882
		31,878	15,882
Earnings per share attributable to ordinary equity holders of the Company	*8*		
Basic		**HK3.16 cents**	HK4.01 cents
Diluted		**HK3.15 cents**	HK3.98 cents

Consolidated balance sheet
30 June 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**178,464**	175,767
Trademark		**1,164**	1,164
Deferred tax assets		**3,290**	2,848
Deposits paid		**62,967**	68,430
Total non-current assets		**245,885**	248,209
Current assets			
Inventories		**280,987**	230,056
Debtors	9	**55,143**	62,519
Bills receivable		**9,783**	4,923
Deposits paid		**33,934**	26,234
Prepayments and other receivables		**43,250**	29,167
Tax recoverable		**269**	134
Pledged bank deposits		**1,486**	1,615
Cash and cash equivalents		**340,774**	308,688
Total current assets		**765,626**	663,336
Current liabilities			
Trade creditors, other payables and accruals	10	**185,067**	180,569
Bills payable		**4,837**	7,836
Tax payable		**50,640**	48,973
Due to related companies		**9,206**	4,820
Derivative financial instruments		**3,265**	4,382
Interest-bearing bank borrowings		**77,621**	–
Provision		**6,584**	7,169
Total current liabilities		**337,220**	253,749
Net current assets		**428,406**	409,587
Total assets less current liabilities		**674,291**	657,796
Non-current liabilities			
Deferred tax liabilities		**1,531**	2,754
Net assets		**672,760**	655,042
Equity			
Issued capital		**159,392**	158,825
Reserves		**497,429**	480,335
Proposed final dividend		**15,939**	15,882
Total equity		**672,760**	655,042

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 dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new interpretations and amendments to 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, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 – *Financial Instruments: Recognition and Measurement* and HKFRS 7 – *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 – *Reassessment of Embedded Derivatives* and HKAS 39 – *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

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

(a) Amendments to HKAS 39 – *Financial Instruments: Recognition and Measurement* and HKFRS 7 – *Financial Instruments: Disclosures – Reclassification of Financial Assets*

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) Amendments to HK(IFRIC)-Int 9 – *Reassessment of Embedded Derivatives* and HKAS 39 – *Financial Instruments: Recognition and Measurement – Embedded Derivatives*

The amendments to HKAS 39 and HK(IFRIC)-Int 9 require an entity to assess whether to separate an embedded derivative from a host contract in the case where the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. Such assessment shall be made either when the entity first became a party to the contract or when a change in the terms of the contract significantly modifies expected cash flows. As the Group has no embedded derivatives, the amendments have had no impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-Int 12 – *Service Concession Arrangements*

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of the operations of the Group.

(d) HK(IFRIC)-Int 13 – *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires that customer loyalty award credits granted to customers as part of a sales transaction are to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. The adoption of this interpretation has had no significant effect on these financial statements.

(e) HK(IFRIC)-Int 14 – *HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group's defined benefit scheme does not have a minimum funding requirement, the interpretation has had no effect on these financial statements.

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* [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 – *Financial Instruments: Presentation* and HKAS 1 – *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HKAS 39 Amendment	Amendment to HKAS 39 – *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 – *First-time Adoption of HKFRSs* and HKAS 27 – *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs* [2]
HKFRS 1 Amendments	Amendments to HKFRS 1 – *Additional Exemptions for First-time Adopters* [7]
HKFRS 2 Amendments	Amendments to HKFRS 2 – *Share-based Payment – Vesting Conditions and Cancellations* [1]
HKFRS 2 Amendments	Amendments to HKFRS 2 – *Group Cash-settled Share-based Payment Transactions* [7]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 – *Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments* [1]
HKFRS 8	*Operating Segments* [1]
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* [3]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [2]
HK(IFRIC)-Int 18	*Transfer of Assets from Customers* [4]
Annual improvement project	*Improvements to HKFRSs* [5]*
Annual improvement project	*Improvements to HKFRSs 2009* [6]**

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

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

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

4 Effective for transfers of assets from customers received on or after 1 July 2009

5 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, which is effective for annual periods beginning on or after 1 July 2009

6 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

7 Effective for annual periods ending on or after 1 January 2010

* *Improvements to HKFRSs* contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

** *Improvements to HKFRSs 2009* contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

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 HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised) may result in changes in accounting policies, 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 all 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	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	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	**1,279,157**	1,291,005	**467,885**	446,765	**275,309**	323,073	**231,775**	256,026	**2,254,126**	2,316,869
Other income	**3,735**	3,177	**4,566**	1,515	**1,248**	1,712	**23**	305	**9,572**	6,709
Total	**1,282,892**	1,294,182	**472,451**	448,280	**276,557**	324,785	**231,798**	256,331	**2,263,698**	2,323,578
Segment results	**124,212**	139,893	**(34,268)**	(37,637)	**(21,992)**	(15,731)	**(12,049)**	(1,105)	**55,903**	85,420
Interest income									**3,909**	4,308
Profit from operating activities									**59,812**	89,728
Finance costs									**(2,707)**	(2,204)
Profit before tax									**57,105**	87,524
Tax									**(6,853)**	(23,949)
Profit for the year									**50,252**	63,575

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**589,456**	514,233	**237,304**	182,772	**81,455**	118,785	**99,737**	92,773	**1,007,952**	908,563
Unallocated assets									**3,559**	2,982
Total assets									**1,011,511**	911,545
Segment liabilities	**103,782**	99,360	**74,168**	65,460	**24,109**	32,416	**6,900**	7,540	**208,959**	204,776
Unallocated liabilities									**129,792**	51,727
Total liabilities									**338,751**	256,503
Other segment information:										
Capital expenditure	**46,065**	30,582	**27,205**	32,773	**3,596**	11,458	**11,137**	10,680	**88,003**	85,493
Depreciation	**38,348**	38,478	**22,267**	21,305	**9,282**	8,433	**9,650**	9,459	**79,547**	77,675
Loss on disposal/ write-off of items of property, plant and equipment	**341**	858	**482**	5,843	**975**	1,424	**352**	30	**2,150**	8,155
Provision/(write-back of provision) for inventory	**(1,881)**	(55)	**6,490**	(4,814)	**1,767**	(4,026)	**8**	1,659	**6,384**	(7,236)
Impairment/(write-back of impairment) of debtors	**–**	–	**(125)**	99	**–**	–	**7**	–	**(118)**	99

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:

	2009	2008
	HK$'000	*HK$'000*
Revenue:		
Retailing and distribution of garments	**2,254,126**	2,299,980
Rendering of garment-related services	**–**	16,889
	2,254,126	2,316,869
Other income:		
Interest income	**3,909**	4,308
Claims received	**3,014**	1,655
Royalty income	**2,296**	3,150
Gross rental income	**330**	273
Others	**3,932**	1,631
	13,481	11,017
	2,267,607	2,327,886

4. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**2,707**	2,204

5. Profit before tax

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

	2009	2008
	HK$'000	*HK$'000*
Cost of sales:		
Cost of inventories sold	**1,135,100**	1,154,253
Provision/(write-back of provision) for inventory	**6,384**	(7,236)
	1,141,484	1,147,017
Depreciation	**79,547**	77,675
Loss on disposal/write-off of items of property, plant and equipment	**2,150**	8,155
Net rental income	**(49)**	(53)
Fair value losses/(gains), net on derivative financial instruments – transactions not qualifying as hedges	**(1,929)**	7,983

6. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 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, based on existing legislation, interpretations and practices in respect thereof.

	2009	2008
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**16,278**	20,373
Overprovision in prior years	**(2,661)**	(83)
Current – Elsewhere		
Charge for the year	**3,913**	3,967
Underprovision/(overprovision) in prior years	**(9,107)**	381
Deferred	**(1,570)**	(689)
Total tax charge for the year	**6,853**	23,949

7. Dividends

	2009	2008
	HK$'000	*HK$'000*
Interim – HK1.0 cent (2008: Nil) per ordinary share	**15,939**	–
Proposed final – HK1.0 cent (2008: HK1.0 cent) per ordinary share	**15,939**	15,882
	31,878	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 attributable to ordinary equity holders of the Company of HK$50,252,000 (2008: HK$63,575,000), and the weighted average number of ordinary shares of 1,591,184,331 (2008: 1,584,412,498) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$50,252,000 (2008: HK$63,575,000). The weighted average number of ordinary shares used in the calculation is the 1,591,184,331 (2008: 1,584,412,498) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares of 3,675,137 (2008: 11,005,338) 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, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**45,681**	47,772
Less than 1 month past due	**4,824**	6,684
1 to 2 months past due	**996**	2,369
2 to 3 months past due	**1,053**	1,746
Over 3 months	**2,589**	3,948
	55,143	62,519

10. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$35,197,000 (2008: HK$36,668,000).

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

	2009	2008
	HK$'000	*HK$'000*
Current	**11,452**	14,158
0 to 30 days	**15,618**	8,978
31 to 60 days	**3,424**	–
61 to 90 days	**2,031**	11,389
Over 90 days	**2,672**	2,143
	35,197	36,668

DIVIDEND

The Board has resolved to recommend a final dividend of HK1.0 cent (2008: HK1.0 cent) per ordinary share for the year ended 30 June 2009 at the forthcoming annual general meeting to be held on 30 November 2009 ("AGM"). The final dividend, if approved by the members, will be paid on 14 December 2009 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 30 November 2009.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Wednesday, 25 November 2009 to Monday, 30 November 2009, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 24 November 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Our top line and bottom line performances were impacted as an aftermath of the global financial crisis, which has shaken economies, altered government policies and triggered steep discounts throughout the retail industry. Challenging as it was, however, the Group remained profitable and ended fiscal year 2008/09 with a healthy balance sheet and a positive financial position.

Faced with severe competition and uncertainties across the global marketplace, our management has responded promptly and meticulously to overcome obstacles. Pragmatic measures were taken to manage costs more effectively while our international network was expanded with diligence.

Financial Performance

Revenue for the year ended 30 June 2009 was down 3% to HK$2,254 million (2008: HK$2,317 million), primarily due to slowing demand as a result of the unprecedented global financial tsunami. The Group recorded gross profit of HK$1,113 million (2008: HK$1,170 million), representing a gross margin of 49%, down slightly from 50% last year. Operating profit decreased 33% to HK$60 million (2008: HK$90 million), equivalent to an operating margin of 3% (2008: 4%). EBITDA for the year under review was HK$135 million (2008: HK$163 million), which accounted for 6% of the Group's total revenue (2008: 7%).

Despite the challenging business environment, Bossini recorded profit attributable to equity holders of HK$50 million (2008: HK$64 million), down by 21% compared to the previous fiscal year. Basic earnings per share for the year under review were HK3.16 cents (2008: HK4.01 cents).

Bossini maintained a healthy financial position with a net cash balance of HK$265 million as of 30 June 2009 (2008: HK$310 million).

Operating Efficiencies

Operationally the Group recorded a 3% (2008: 5% growth) same-store sales decline during the year under review due to the severity of the global financial crisis that hit in September 2008. While our Mainland China market witnessed modest growth, posting a 5% same-store sales growth (2008: remained flat), Hong Kong, Taiwan and Singapore markets recorded same-store sales declines of 2%, 12% and 8% (2008: 6%, 5% and 4% growth) respectively. Consequently, for the year ended 30 June 2009, the Group's overall net sales per sq. ft. declined 11% to HK$ 2,500 (2008: HK$2,800).

To manage through the rising pressures from pricing and competition, management responded swiftly and proactively to enhance operational efficiency. As a result, administrative expenses decreased 8% to HK$236 million (2008: HK$256 million). The Group's operating profit decreased 33% to HK$60 million (2008: HK$90 million), representing an operating margin of 3% (2008: 4%).

Operating Cost Analysis

	2009		2008		
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	***Change (%)***
Revenue	**2,254**	**100%**	2,317	100%	**-3%**
Selling and distribution costs	**779**	**35%**	794	34%	**-2%**
Administrative expenses	**236**	**10%**	256	11%	**-8%**
Other operating expenses	**51**	**2%**	41	2%	**+25%**
Total operating expenses	**1,066**	**47%**	1,091	47%	**-2%**

Business Review

Network Expansion

The Group remained focused on expanding its Mainland China market and export franchise business. During the year under review, the Group increased its international market presence in a controlled and pragmatic manner. As of 30 June 2009, Bossini had 538 (2008: 477) directly managed stores and 640 (2008: 579) franchised stores globally. Out of the 1,178 (2008: 1,056) stores in total, 578 (2008: 492) stores were located in Mainland China, representing the most widely expanded region among all other single regions during 2008/09. Our stores could be found in 33 countries and regions across the globe.

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

	2009		2008	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong	**41**	**–**	41	–
Mainland China	**362**	**216**	304	188
Taiwan	**84**	**–**	89	–
Singapore	**31**	**–**	29	–
Malaysia	**20**	**–**	14	–
Other countries and regions	**–**	**424**	–	391
Total	**538**	**640**	477	579

Co-branded and Licensed Products

To constantly offer a fresh sensation to our customers, Bossini continued to adopt initiatives to strengthen brand image and awareness and diversify its product lines by launching co-branded licensed products with partners that share common brand values and targeted customer groups.

Bossini promoted the "be happy" brand value in partnership with the globally acclaimed icon SmileyWorld and introduced the *bossini x SmileyWorld* apparel collection in June 2009. Over 30 attractively designed products, including baby clothing, fashions for kid's plus men's and ladies' wear and a wide range of accessories were launched, encouraging everyone to "be happy" and cultivating attitudes of proactivity and optimism. The Group also introduced *bossini x Sesame Street*, *bossini x Mr. Men & Little Miss* and *bossini x Hanadeka Club* during the year under review.

Operational Performance by Markets

For the year ended 30 June 2009, in terms of geographical breakdown, Hong Kong remained the major contributor to the Group's sales, accounting for 56% (2008: 56%) of consolidated revenue. Mainland China ranked second, contributing 21% (2008: 19%) to consolidated revenue, followed by Taiwan, Singapore and Malaysia, accounting for 12%, 9% and 2% (2008: 14%, 10% and 1%), respectively.

Hong Kong

During the financial year, revenues generated from Hong Kong, comprising retail and export franchising sales, only slightly declined by 1% to HK$1,279 million (2008: HK$1,291 million), despite the sluggish retailing conditions. This was primarily due to intense competition in the apparel industry in Hong Kong as well as weakened consumer demand and falling confidence due to the economic slowdown.

The Group adopted a controlled and pragmatic approach for its expansion in the Hong Kong market. To this end, the management decided on maintaining the same number of directly managed stores as in the previous fiscal year. There were 41 directly managed stores (2008: 41). In September 2008, its first "bossinistyle" shop was launched in Hong Kong receiving enthusiastic customer response due to the new shop image, impressive interior decoration and the range of diversified smart casual products on offer.

In retail terms, same-store sales declined 2% in this sector (2008: 6% growth) due to weak consumer demand and general consumer belt tightening. Total retail floor area in Hong Kong stood at 143,100 sq.ft. as of 30 June 2009 (2008: 148,100 sq. ft.). Net sales per sq. ft. was HK$5,500 (2008: HK$5,700), down slightly from the previous fiscal year. Operating profit from Hong Kong reached HK$127 million (2008: HK$143 million), representing an operating margin of 10% (2008: 11%).

In global export franchise markets, we added a total of 33 new stores to our portfolio, bringing the total number of stores to 424 (2008: 391).

Mainland China

Despite lingering negative consumer sentiment around the globe, our expansion pace in Mainland China market surpassed that in our other regions. This was bolstered by the Chinese government's efforts to encourage domestic consumption to offset the impact of declining exports.

Revenue generated from Mainland China rose 5% to HK$468 million (2008: HK$447 million), accounting for 21% of the Group's consolidated revenue (2008: 19%). Concerted efforts were also made to expand this region's retail floor area, resulting in a phenomenal increase of 27% to 373,500 sq.ft. (2008: 293,600 sq. ft.).

The Group initiated a proactive growth strategy by adding to its directly managed and franchised stores across Mainland China. In fiscal year 2008/09, the Group had a total of 578 stores in Mainland China (2008: 492). There were 362 directly managed stores (2008: 304) and 216 franchised stores (2008: 188), bringing the total to 409 stores under the "bossini" brand (2008: 332) and 169 stores under the "bossinistyle" umbrella (2008: 141). While net sales per sq. ft. dropped 8% to HK$1,100 (2008: HK$1,200), same-store sales posted a 5% rise for the year ended 30 June 2009 (2008: remained flat). This clearly demonstrated management's acumen in expanding its presence and network in Mainland China, tapping into the tremendous underlying potential growth of the apparel industry.

While we are still in the midst of the investing period, there were only slight improvement in the overall business performance. Operating loss in the Mainland China market dropped to HK$34 million, (2008: HK$37 million), representing an operating margin of negative 7% (2008: negative 8%).

Taiwan

Political instability and a slowing global economy especially in the United States made business operations extremely difficult in Taiwan. Revenue generated by this market totalled HK$275 million (2008: HK$323 million), a decline of 15% compared to last year. It accounted for 12% of the Group's consolidated revenue (2008: 14%).

For the year under review, the Group's total number of directly managed stores stood at 84 (2008: 89). Retail floor area decreased 7% to 119,800 sq. ft. (2008: 129,400 sq. ft.). Same-store sales recorded a negative growth rate of 12% (2008: 5% growth). Net sales per sq. ft. also decreased 12% to HK$2,200 (2008: HK$2,500). This region recorded an operating loss of HK$21 million (2008: HK$15 million loss), equivalent to an operating margin of negative 8% (2008: negative 5%).

Singapore

Likewise, the business environment in this market was very difficult. Singapore's apparel sector presented severe challenges, continues to see stiff competition and furthermore, consumer confidence hit an all time low in November 2008. Revenue in this market were HK$194 million (2008: HK$223 million), accounting for 9% of the Group's consolidated revenue (2008: 10%) and representing a decline of 13% year-on-year.

There were altogether 31 directly managed stores in Singapore as of 30 June 2009 (2008: 29). The Group recorded a negative same-store sales growth of 8% (2008: 4% growth). While the retail floor area increased 5% to 35,400 sq. ft. (2008: 33,800 sq. ft.), net sales per sq. ft. declined by 6% to HK$5,800 (2008: HK$6,200). This market has turned into loss making, incurring operating loss of HK$6 million (2008: HK$4 million profit), with an operating margin of negative 3% (2008: positive 2%).

Malaysia

During the fiscal year under review, revenue generated from this region rose 15% to HK$38 million (2008: HK$33 million), accounting for 2% of the Group's consolidated revenue (2008: 1%). Same-store sales growth was 1% (2008: 11% growth). Net sales per sq. ft. totalled HK$1,500 (2008: HK$1,800), representing a 17% decline compared to the previous fiscal year under review. Bossini successfully opened 6 new stores in Malaysia. Total number of stores increased to 20 (2008: 14), while the retail floor area increased substantially to 28,700 sq. ft. (2008: 20,300 sq. ft.), representing a significant rise of 41%.

As an economy of scale has yet to be reached, the Malaysia market incurred an operating loss of HK$6 million (2008: HK$5 million loss). Operating margin was negative 16% (2008: negative 15%).

Liquidity and Financial Resources

The Group's cash and bank balances stood at HK$342 million (2008: HK$310 million) as of 30 June 2009 and further increased to HK$403 million as of 30 September 2009. The Group's net cash balance was HK$265 million (2008: HK$310 million) as of 30 June 2009 and further increased to HK$318 million as of 30 September 2009. The current ratio stood at 2.27 times (2008: 2.61 times). Total liabilities to equity ratio was 50% (2008: 39%).

The Group had bank borrowings of HK$77 million (2008: Nil) payable within one year. The gearing ratio at 30 June 2009, calculated on the basis of bank borrowings over total equity, is 12% (2008: Nil).

The Group's inventory turnover days# reached 45 days for the year under review (2008: 36 days). Return on equity ratio was 8% (2008: 10%).

Inventory held at year end divided by annualised revenue times 365 days

Contingent Liabilities

	2009	2008
	HK$'000	*HK$'000*
Bank guarantees given in lieu of utility and property rental deposits	**6,848**	5,790

The Company has given guarantees in favour of banks to the extent of HK$509 million (2008: HK$450 million) with respect to banking facilities granted to certain subsidiaries. These facilities were utilised to the extent of HK$89 million as of 30 June 2009 (2008: HK$14 million).

Human Capital

As of 30 June 2009, the Group had 4,200 full-time staff or the equivalent (2008: 3,900) in Hong Kong, Macau, Mainland China, Taiwan, Singapore and Malaysia. The Group has a performance-based and share option remuneration system and offered benefits, including insurance and retirement schemes as well as discretionary performance bonuses.

Outlook

While fiscal year 2008/09 was indeed challenging, the Group managed to maintain profitability due to the successful implementation of pragmatic business strategies. The Group executed plans that put in place a strong foundation to help bolster long-term growth. Looking into the future, the global economic outlook remains uncertain, however, management has mapped out strategies to achieve continuous growth by focusing on strengthening the "bossini" brand competitiveness, expanding our presence in the fast growing Mainland China market, expanding our export franchise business and optimising internal operations to elevate cost effectiveness. More “bossinistyle” and “Yb” standalone shops will be added to our distribution network as part of our strategic moves.

Mainland China continues to show strong market growth potential. A more recent strengthening of economic fundamentals present the Group with tremendous opportunities to maintain its solid stronghold in Mainland China’s developing causal apparel industry. For the new fiscal year, management plans to introduce 100 additional directly managed stores and 150 franchised stores to Mainland China, bringing the total number of stores in this region to 820. While Mainland China may emerge as the key growth driver, we will expand pragmatically and steadily in other markets as well.

We plan to add 24 stores in other regions. A total of 274 new stores will be added to the Group during the coming fiscal year.

In Asia, Bossini is well known for its good value for money, easy to mix and match and outstanding customer services. With these formulas, complemented with our continuous effort in enhancing our brand image and value, we are striving to become a leader in the international mass apparel industry.

Although there are signs that an economic recovery is under way, it is still early to predict when an era of real sustainable growth will begin. In the coming quarters, global macro-economic conditions will remain a challenge. Nevertheless, we are cautiously optimistic about next year, considering our proper mix of products, good value for money proposition, and strong international network.

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 2009. 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 2009, 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 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 2009.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report for the year ended 30 June 2009 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
CHAN So Kuen
Deputy Chairman and Chief Executive Officer

Hong Kong, 22 October 2009

As at the date of this announcement, the Board comprises three Executive Directors, namely Ms. CHAN So Kuen, Ms. CHAU Wai Man Pansy and Mr. MAK Tak Cheong Edmund 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.