BOSSINI INTERNATIONAL HOLDINGS LIMITED

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

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2011

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 2011, together with the comparative figures for the year ended 30 June 2010, as follows:

Consolidated statement of comprehensive income

Year ended 30 June 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Revenue	2,3	**2,641,967**	2,306,260
Cost of sales		**(1,287,740)**	(1,116,115)
Gross profit		**1,354,227**	1,190,145
Other income	3	**21,213**	11,497
Selling and distribution costs		**(891,841)**	(790,677)
Administrative expenses		**(284,199)**	(254,126)
Other operating expenses		**(31,833)**	(42,418)
Profit from operating activities		**167,567**	114,421
Finance costs	4	**(7,548)**	(4,939)
Profit before tax	5	**160,019**	109,482
Income tax expense	6	**(29,906)**	(19,031)
Profit for the year attributable to owners of the Company		**130,113**	90,451

Consolidated statement of comprehensive income (continued)

	Note	**2011** **HK$'000**	2010 *HK$'000*
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations		**309**	(1,947)
Deferred tax relating to revaluation of leasehold land and buildings		**–**	95
Other comprehensive income/(loss) for the year, net of tax		**309**	(1,852)
Total comprehensive income for the year attributable to owners of the Company		**130,422**	88,599
Earnings per share attributable to ordinary equity holders of the Company	*8*		
Basic		**HK 8.07 cents**	HK5.66 cents
Diluted		**HK 7.97 cents**	HK5.64 cents

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 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment		**147,634**	129,248
Investment properties		**32,686**	34,454
Trademark		**1,164**	1,164
Deferred tax assets		**1,101**	1,637
Deposits paid		**74,759**	63,989
Total non-current assets		**257,344**	230,492
Current assets			
Inventories		**412,166**	300,480
Debtors	*9*	**71,248**	59,778
Bills receivable		**7,033**	11,283
Deposits paid		**36,510**	35,538
Prepayments and other receivables		**75,992**	52,338
Structured deposit		**15,858**	15,440
Derivative financial instruments		**–**	695
Tax recoverable		**–**	582
Pledged bank deposits		**1,701**	1,523
Cash and cash equivalents		**458,042**	461,068
Total current assets		**1,078,550**	938,725
Current liabilities			
Trade creditors, other payables and accruals	*10*	**292,369**	271,284
Bills payable		**46,107**	35,034
Tax payable		**53,505**	43,117
Due to related companies		**12,734**	21,458
Derivative financial instruments		**1,241**	256
Interest-bearing bank borrowings		**127,484**	60,655
Provision		**2,747**	3,643
Total current liabilities		**536,187**	435,447
Net current assets		**542,363**	503,278
Total assets less current liabilities		**799,707**	733,770
Non-current liabilities			
Deferred tax liabilities		**1,893**	1,997
Other payable		**380**	–
		2,273	1,997
Net assets		**797,434**	731,773
Equity			
Issued capital		**161,918**	160,192
Reserves		**635,516**	571,581
Total equity		**797,434**	731,773

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

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, and investment properties which have been carried at revalued amounts less accumulated depreciation. 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 and revised HKFRSs for the first time for the current year's financial statements.

HKAS 32 Amendment	Amendment to HKAS 32 – *Financial Instruments: Presentation – Classification of Rights Issues*
HKFRS 1 Amendment	Amendment to HKFRS 1 – *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKFRS 1 Amendments	Amendments to HKFRS 1 – *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 – *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 – *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of amendments to HKAS 7 included in *Improvements to HKFRSs 2009*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendment most applicable to the Group are as follows:

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

- HKAS 7 – *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

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* [4]
HKAS 12 Amendments	Amendments to HKAS 12 – *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [3]
HKAS 19 (2011)	*Employee Benefits* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [1]
HKAS 27 (2011)	*Separate Financial Statements* [5]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [5]
HKFRS 1 Amendments	Amendments to HKFRS 1 – *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 – *Financial Instruments: Disclosures – Transfer of Financial Assets* [2]
HKFRS 9	*Financial Instruments* [5]
HKFRS 10	*Consolidated Financial Statements* [5]
HKFRS 11	*Joint Arrangements* [5]
HKFRS 12	*Disclosure of Interests in Other Entities* [5]
HKFRS 13	*Fair Value Measurements* [5]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 – *Prepayments of a Minimum Funding Requirement* [1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKAS 1, HKAS 34, HKFRS 1, HKFRS 7 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2011
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2012
4 Effective for annual periods beginning on or after 1 July 2012
5 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKAS 1 (Revised), HKAS 12 Amendments, HKAS 19 (2011), HKAS 27 (2011), HKFRS 9, HKFRS 10, HKFRS 12 and HKFRS 13, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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 tax recoverable and 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 2011 and 2010.

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**1,410,166**	1,280,717	**655,770**	527,618	**292,658**	260,319	**283,373**	237,606	**2,641,967**	2,306,260
Other income	**9,432**	5,829	**7,564**	2,559	**751**	1,157	**264**	33	**18,011**	9,578
Total	**1,419,598**	1,286,546	**663,334**	530,177	**293,409**	261,476	**283,637**	237,639	**2,659,978**	2,315,838
Segment results	**222,984**	169,282	**(58,464)**	(38,228)	**(4,895)**	(4,031)	**4,740**	(14,521)	**164,365**	112,502
Interest income									**3,202**	1,919
Profit from operating activities									**167,567**	114,421
Finance costs									**(7,548)**	(4,939)
Profit before tax									**160,019**	109,482
Income tax expense									**(29,906)**	(19,031)
Profit for the year									**130,113**	90,451

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

	Hong Kong		Mainland China		Taiwan		Singapore & Malaysia		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Segment assets	**710,476**	722,939	**388,255**	265,699	**118,302**	81,635	**117,760**	96,725	**1,334,793**	1,166,998
Unallocated assets									**1,101**	2,219
Total assets									**1,335,894**	1,169,217
Segment liabilities	**219,493**	189,840	**90,175**	109,595	**30,878**	24,185	**15,032**	8,055	**355,578**	331,675
Unallocated liabilities									**182,882**	105,769
Total liabilities									**538,460**	437,444
Other segment information:										
Capital expenditure *	**38,784**	26,145	**23,040**	19,562	**18,297**	10,531	**9,619**	3,834	**89,740**	60,072
Depreciation	**31,301**	32,798	**24,237**	24,142	**11,204**	7,807	**8,992**	8,680	**75,734**	73,427
Loss on disposal/ write-off of items of property, plant and equipment	**143**	181	**388**	377	**210**	712	**695**	971	**1,436**	2,241
Provision/(write-back of provision) for inventories	**1,997**	3,322	**7,568**	5,617	**1,694**	(2,410)	**(163)**	607	**11,096**	7,136
Impairment of debtors	**203**	11	**92**	474	**–**	–	**–**	5	**295**	490
Non-current assets **	**163,201**	143,538	**30,867**	33,741	**30,255**	19,996	**31,920**	31,580	**256,243**	228,855

* 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

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:

	2011	2010
	HK$'000	*HK$'000*
Revenue:		
Retailing and distribution of garments	**2,641,967**	2,306,260
Other income:		
Interest income	**3,202**	1,919
Claims received	**6,765**	1,917
Royalty income	**3,736**	2,831
Gross rental income	**3,408**	1,543
Others	**4,102**	3,287
	21,213	11,497
	2,663,180	2,317,757

4. Finance costs

	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**7,548**	4,939

5. Profit before tax

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

	2011	2010
	HK$'000	*HK$'000*
Cost of sales:		
Cost of inventories sold	**1,276,644**	1,108,979
Provision for inventories	**11,096**	7,136
	1,287,740	1,116,115
Depreciation	**75,734**	73,427
Loss on disposal/write-off of items of property, plant and equipment	**1,436**	2,241
Net rental income	**(3,152)**	(1,322)
Fair value loss/(gain) on a structured deposit	**(433)**	139
Fair value losses, net on derivative financial instruments – transactions not qualifying as hedges	**4,202**	990

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**29,919**	22,036
Underprovision/(overprovision) in prior years	**13**	(223)
Current – Elsewhere		
Charge for the year	**4,049**	3,405
Overprovision in prior years	**(4,507)**	(8,401)
Deferred	**432**	2,214
Total tax charge for the year	**29,906**	19,031

7. Dividends

	2011	2010
	HK$'000	*HK$'000*
Interim – HK2.20 cents (2010: HK1.10 cents) per ordinary share	**35,583**	17,595
Proposed final – HK3.03 cents (2010: HK2.30 cents) per ordinary share	**49,061**	36,844
Proposed special – HK1.20 cents (2010: HK0.30 cent) per ordinary share	**19,430**	4,806
	104,074	59,245

The proposed final dividend is not reflected as a dividend payable as of 30 June 2011, but will be recorded as a distribution of retained earnings for the year ended 30 June 2011. The proposed final dividend of HK$49,061,000 and the proposed special dividend of HK$19,430,000 for the year are calculated based on 1,619,179,394 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$130,113,000 (2010: HK$90,451,000), and the weighted average number of ordinary shares of 1,611,690,901 (2010: 1,596,913,569) in issue during the year.

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

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of HK$130,113,000 (2010: HK$90,451,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,611,690,901 (2010: 1,596,913,569) during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 21,075,739 (2010: 7,391,929) 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 individually nor collectively considered to be impaired, based on the payment due date, is as follows:

	2011	2010
	HK$'000	*HK$'000*
Neither past due nor impaired	**53,569**	50,902
Less than 1 month past due	**5,397**	3,997
1 to 2 months past due	**2,684**	1,344
2 to 3 months past due	**3,362**	768
Over 3 months past due	**6,236**	2,767
	71,248	59,778

10. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$83,792,000 (2010: HK$105,281,000).

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

	2011	2010
	HK$'000	*HK$'000*
Current	**46,573**	57,791
0 to 30 days	**22,449**	40,548
31 to 60 days	**6,091**	2,908
61 to 90 days	**1,191**	926
Over 90 days	**7,488**	3,108
	83,792	105,281

DIVIDENDS

The Board has resolved to recommend a final dividend of HK3.03 cents (2010: HK2.30 cents) per ordinary share and a special dividend of HK1.20 cents (2010: HK0.30 cent) per ordinary share for the year ended 30 June 2011 at the forthcoming annual general meeting to be held on 16 November 2011 ("AGM"). The final dividend and special dividend, if approved by the members, will be paid on 2 December 2011 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 2011.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Wednesday, 16 November 2011. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 11 November 2011 to Wednesday, 16 November 2011, 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 Thursday, 10 November 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The Company's Register of Members will be closed from Tuesday, 22 November 2011 to Thursday, 24 November 2011, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed final dividend and special 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 Monday, 21 November 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The financial year 2010/11 was another rewarding year with encouraging results for Bossini, despite the business environment remained challenging. The deteriorating economic conditions in the United States and weakened financial status in Europe remained obstacles for the recovery of the global economy. Although some of the Asian and emerging markets saw modest growth driven by strong domestic consumption, the retail environment in many of the Asian regions remained gloomy without a visible rebound in consumer confidence and purchasing power.

During the year under review, the Group continued to effectively implement its business strategies, namely, enhancement of its core brand value "be happy"; optimisation of internal operational efficiencies, particularly in supply chain management; and pragmatic network expansion to markets with promising growth potential. We are pleased that these strategies continued to render positive results during the year under review. The Group's revenue increased by double digits and achieved record high, while the bottom line also delivered respectable growth against the previous year.

The Hong Kong market delivered record highs in both top line and bottom line. Revenue in mainland China also posted a record high, while the Singapore market experienced a turnaround in operating profit. The operating loss in Malaysia was also reduced significantly during the year under review. These evidenced that our implementation of business strategies were gradually taking effect, resulting in notable improvements in respective market segments.

Financial Performance

The Group's revenue for the year ended 30 June 2011 recorded encouraging growth of 15% to HK$2,642 million (2010: HK$2,306 million). Gross profit increased 14% to HK$1,354 million (2010: HK$1,190 million), while the gross margin was 51.3% (2010: 51.6%), slightly lower than last year, owing to a faster pace of expansion for our franchise businesses. Operating profit increased 46% to HK$168 million (2010: HK$114 million), while the operating margin increased 1% point to 6% (2010: 5%). EBITDA for the year under review rose 29% to HK$240 million (2010: HK$186 million) and accounted for 9% (2010: 8%) of the Group's total revenue. Profit for the year attributable to owners increased considerably to HK$130 million (2010: HK$90 million). Basic earnings per share was HK8.07 cents (2010: HK5.66 cents).

The Group maintained a healthy financial position with cash and bank balances of HK$460 million (2010: HK$463 million) and net cash balance of HK$332 million as of 30 June 2011 (2010: HK$402 million).

Operating Efficiencies

The Group achieved modest same-store sales growth of 10% (2010: 5% growth) in the year under review, with double-digit growth in same-store sales in Hong Kong, mainland China and Singapore markets.

Total retail floor area increased to 815,700 sq. ft. (2010: 769,300 sq. ft.) as of 30 June 2011, a 6% increase or 46,400 sq. ft. more than that of 30 June 2010. Net sales per sq. ft. increased by 4% to HK$2,500 (2010: HK$2,400).

Under its stringent cost control measures to enhance cost effectiveness, the Group's operating expenses for the year ended 30 June 2011 accounted for 46% of total revenue (2010: 47%), while the operating margin increased by 1% point to 6% (2010: 5%).

Operating Costs Analysis

	For the year ended 30 June				
	2011		2010		
	HK$ million	***% of revenue***	*HK$ million*	*% of revenue*	***Change (%)***
Revenue	**2,642**	**100%**	2,306	100%	**+15%**
Selling and distribution costs	**892**	**34%**	791	34%	**+13%**
Administrative expenses	**284**	**11%**	254	11%	**+12%**
Other operating expenses	**32**	**1%**	42	2%	**–25%**
Total operating expenses	**1,208**	**46%**	1,087	47%	**+11%**

Business Review

Network Expansion

Ever since its beginnings in 1987, the Group has held on to the vision of developing "bossini" into a top-of-mind preferred brand leader. During the year under review, the Group achieved robust expansion in its regional network. The Group has presence in 36 countries and regions. As of 30 June 2011, the Group had a total of 1,475 (2010: 1,361) stores, an increase of 114 stores compared to 30 June 2010. Of this total, 639 (2010: 611) were directly managed stores and 836 (2010: 750) were franchised stores.

As consumer sentiment improved during the fiscal year 2010/11 in the Group's export franchising markets, the Group seized opportunities for network expansion by adding 68 stores to its existing network, bringing the total number of export franchised stores to 521 (2010: 453) at 30 June 2011.

Owing to the downsizing of the number of "bossinistyle" stores before its major revamp in the year 2011/12, only a net total of 38 new stores were opened in mainland China during the year under review. There were an addition of 72 "bossini" stores together with a reduction of 34 "bossinistyle" stores. As of 30 June 2011, the Group had 771 (2010: 733) stores in mainland China, of which 456 (2010: 436) were directly managed stores and 315 (2010: 297) were franchised stores.

The Group added 8 stores in Taiwan, bringing the total to 94 (2010: 86) at 30 June 2011.

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

	30 June 2011		30 June 2010	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong	**39**	**–**	41	–
Mainland China	**456**	**315**	436	297
Taiwan	**94**	**–**	86	–
Singapore	**29**	**–**	26	–
Malaysia	**21**	**–**	22	–
Other countries and regions	**–**	**521**	–	453
Total	**639**	**836**	611	750

Co-branded and Licensed Products

Our co-branded licensing programme remained the Group's distinctive brand-building strategy. During the fiscal year 2010/11, we continued working with internationally renowned licensing partners who share common values and target customer groups with Bossini. We launched a number of well-received campaigns which contributed to strengthen our "be happy" brand value and enhance overall brand awareness.

Following a successful collaboration in 2007, "bossini" once again teamed up with M&M's in Fall/Winter 2010, and was welcomed by fans of all ages. The campaign was highly anticipated by the market, resulting in limited edition items being sold out in a flash. Besides, "bossini" also joined hands with the classic comic and television character, the Smurfs to launch a brand-new collection in March 2011, which was also well received by the market. In June 2011, "bossini" launched a summer collection featuring the popular cartoon figure SpongeBob. It offers clothing items in vibrant summer colours, and successfully impressed the market with its energetic, lively and cheerful designs and characteristics.

Operational Performance by Market

Hong Kong, where our businesses comprise both retail and export franchising sales, remained the Group's primary market and the major revenue contributor, accounting for 53% (2010: 55%) of the Group's consolidated revenue during the year under review. This was followed by mainland China, Taiwan, Singapore and Malaysia, which accounted for 25% (2010: 23%), 11% (2010: 11%), 9% (2010: 9%) and 2% (2010: 2%), respectively, of the Group's overall consolidated revenue.

Hong Kong

Having recovered from the global recession in 2009, Hong Kong retail market experienced an upturn and continued to be an important driving force for the Group. In addition to effective implementation of business strategies together with focused branding and marketing initiatives and enhanced service quality, the Group was able to obtain decent results in Hong Kong market. During the year under review, the Group recorded a robust retail performance in Hong Kong market and also enjoyed a strong rebound in export franchising sales, resulting in record high bottom line. Revenues generated from the Hong Kong market increased by 10% to yet another record high of HK$1,410 million (2010: HK$1,281 million).

The total number of directly managed stores and total retail floor area in Hong Kong were 39 (2010: 41) stores and 140,400 sq. ft. (2010: 145,300 sq. ft.), respectively. Same-store sales achieved an encouraging double-digit growth for two consecutive years, reaching 11% (2010: 11%) in the year under review, while net sales per sq. ft. grew by 8% to HK$6,700 (2010: HK$6,200).

Bolstered by satisfactory sales growth, strong brand equity and effective cost management, operating profit from Hong Kong reached a record high of HK$225 million (2010: HK$170 million), with an operating margin of 16% (2010: 13%).

During the year under review, economies in emerging markets saw stable growth with improving consumer sentiment. The Group seized market opportunities for export franchising and continued its expansion mode during the year under review. An additional 68 stores were opened in the fiscal year 2010/11, bringing the total number to 521 (2010: 453) in 31 countries.

Mainland China

Though competition in the retail industry remained fierce in the year under review, the economy of mainland China benefitted from strong domestic consumption together with proper implementation of our business strategies and enhanced marketing efforts, the Group managed to achieve record high in sales in the mainland China market, with same-store sales posting a modest 11% growth (2010: 1% decline).

As of 30 June 2011, the number of directly managed stores and franchised stores reached 456 (2010: 436) and 315 (2010: 297), respectively, adding a total of 38 stores during the year under review. Total retail floor area rose to 486,300 sq. ft. (2010: 445,300 sq. ft.). Net sales per sq. ft. increased to HK$1,000 (2010: HK$900), while revenue generated from mainland China achieved record high of HK$656 million (2010: HK$528 million), an increase of 24% year-on-year.

The Group has been expanding pragmatically its "bossini" stores while consolidating its "bossinistyle" stores as a prelude of its major revamp in Fall 2011. As at 30 June 2011, a total of 615 (2010: 543) stores were operated under the "bossini" brand and 156 (2010: 190) stores were operated under the "bossinistyle" label.

The Group recorded an operating loss in mainland China market which amounted to HK$58 million (2010: HK$38 million loss), representing an operating margin of negative 9% (2010: negative 7%). The widening of operating loss was attributable to the "bossinistyle" shop consolidating manoeuvre.

During the year under review, the Group continued to target different market segments through offering multi-branded products including "bossini", "bossini ladies", "bossinistyle", "Yb" and "bossini kids" brands in the mainland China market.

Taiwan

During the year under review, same-store sales in the Taiwan market posted an increase of 3% (2010: 4% decline), while net sales per sq. ft. increased to HK$2,400 (2010: HK$2,200).

The Group added 8 new stores this year, taking the total number of stores and total retail floor area in Taiwan to 94 (2010: 86) stores and 125,600 sq. ft. (2010: 117,900 sq. ft.), respectively. The Group's network expansion contributed to a 13% increase in revenue to HK$293 million (2010: HK$260 million).

The Group's operating loss in Taiwan amounted to HK$4 million (2010: HK$3 million loss), while an operating margin of negative 1% (2010: negative 1%) was recorded.

Singapore

Singapore's economy made positive progress during the year under review. Leveraging on revived consumer confidence and flourishing tourism in Singapore, the Group achieved notable growth in this market with a turnaround in operating profit during the year under review. The Group recorded HK$235 million (2010: HK$197 million) in revenue for the Singapore market in the fiscal year 2010/11. Same-store sales also posted an encouraging growth of 14% (2010: 1% decline) while net sales per sq. ft. rose to HK$7,100 (2010: HK$6,200). As of 30 June 2011, there were 29 (2010: 26) directly managed stores in Singapore, with a total retail floor area of 35,600 sq. ft. (2010: 30,600 sq. ft.).

During the year under review, the Group recorded an operating profit of HK$9 million (2010: HK$8 million loss) in Singapore. The operating margin was positive 4% (2010: negative 4%).

Malaysia

During the year under review, the Group recorded satisfactory growth in Malaysia due to government policies that boosted domestic demand and a revival of strong export performance. Revenue generated from this market posted a record high of HK$48 million (2010: HK$41 million). Same-store sales recorded an increase of 8% (2010: 12% decline), while net sales per sq. ft. increased to HK$1,700 (2010: HK$1,400). As of 30 June 2011, the number of stores was 21 (2010: 22) and the total retail floor area amounted to 27,800 sq. ft. (2010: 30,200 sq. ft.).

Operating loss was significantly reduced to HK$4 million (2010: HK$7 million loss) in this market. The operating margin was negative 8% (2010: negative 17%).

Liquidity and Financial Resources

As of 30 June 2011, the Group's cash and bank balances amounted to HK$460 million (2010: HK$463 million), while the net cash balance came to HK$332 million (2010: HK$402 million). The Group's current ratio was 2.01 times (2010: 2.16 times) and the total liabilities to equity ratio was 68% (2010: 60%).

The Group had bank borrowings of HK$127 million (2010: HK$61 million) payable within one year. The gearing ratio as of 30 June 2011, calculated on the basis of bank borrowings over total equity, was 16% (2010: 8%), compared to 22% as at 31 December 2010.

The Group has some exposures to foreign currency risk. Such exposures have arisen from the sales and investments in foreign operations using currencies other than the United States dollar and the Hong Kong dollar. It is the Group's policy to enter into forward currency contracts to mitigate foreign exchange risk arising from material transactions denominated in currencies other than the United States dollar and the Hong Kong dollar.

The Group maintained inventory turnover days[#] of 57 days (2010: 48 days). The return on equity ratio was 17% (2010: 13%).

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

Contingent Liabilities

	2011	2010
	HK$'000	*HK$'000*
Bank guarantees given in lieu of utility and property rental deposits	**5,438**	7,108

The Company has given guarantees in favour of banks to the extent of HK$694 million (2010: HK$617 million) with respect to banking facilities granted to certain subsidiaries. These facilities were utilised to the extent of HK$179 million (2010: HK$103 million) as of 30 June 2011.

Human Capital

As of 30 June 2011, the Group employed a total of 4,400 (2010: 4,400) full-time equivalent employees in Hong Kong, mainland China, Taiwan, Singapore and Malaysia. To promote "the Bossini way", we continued to offer regular training and focused programmes on our unique corporate culture – "7 Habits®" and "7 Practices". Moreover, the Group has a performance-based and share option remuneration system, and offers benefits including insurance and retirement schemes as well as discretionary performance bonuses.

Outlook

The global economy is facing a number of challenges created by the European debt crisis and the economic uncertainties in the United States. Certain Asian countries with open economies are expected to experience a slowdown. Hong Kong, our primary market, would probably be affected with a deteriorating consumer sentiment and retail business environment. The Singapore market would also be affected as the potential downturn in the global economy would hinder the rejuvenation of the Singapore market.

On the other hand, some of the emerging countries in which we have footprints, are less exposed to the financial crisis. Government policies which are anticipated to stimulate domestic consumption would favour the growth of the retail industry. Considering both the challenges and opportunities ahead, the Group will maintain a pragmatic and prudent approach towards achieving its business objectives.

Strong GDP growth and rising domestic consumption power in mainland China translate to increasing demand for global branded fashion. As per capita income in mainland China is expected to rise further, average spending by consumers on retail products is also expected to continue the upward trend. Considering the enormous growth potential in mainland China, the Group will step up its efforts in network expansion to strengthen its foothold and increase market share in mainland China.

In the coming fiscal year 2011/12, the Group plans to open an additional 294 new stores, of which 225 stores will be located in the mainland China market, which will bring the total number of stores to about 1,000 by the next fiscal year. Another 6 stores will be added in Hong Kong. For the export franchising markets, we believe it is in the Group's best interest to grow continuously at a pragmatic pace. A total of 46 new stores will be added in the coming fiscal year.

A brand-new "b.style de flyblue" label will be launched to phase out "bossinistyle" in mainland China with a more trendy and fashionable touch in style and product design. Store renovation will be modified to complement the new brand, which is particularly targeting at the Chinese customers.

2011/12 marks the 25th anniversary of Bossini's establishment, which is an important milestone for the Group in its business development. The Group will capitalise on this special occasion to launch a major branding campaign in 2012.

To further optimise internal operational efficiency, expedite our response to market changes and fully support our expansion plan, we will further strengthen our supply chain capability in the coming fiscal year. These objectives are critical to our target of delivering sustainable growth in the years ahead.

We believe that sustainable growth and profitability can only be realised when the Group's business visions are supported by our most valuable asset – our employees. It is through the hard work of our staff that our brand image is strengthened and further enhanced. Our "be happy" corporate culture not only applies to our brand but also to our employees. We believe that committed staff will in turn deliver better products with greater innovation and the highest level of customer service, thus rewarding our customers for their ongoing support and loyalty to our brand.

In conclusion, our management team remains confident and optimistic about the promising outlook of our business, which will enable us to excel in the industry in the coming fiscal year. We will continue to consolidate Bossini as one of the most valued apparel brand owners, retailers and franchisers in the Asia-Pacific region. By accomplishing these key initiatives, we are dedicated to achieving higher profitability in the years ahead. Our ultimate goal is to maintain our dividend payout ratio at over 50% to reward our shareholders with fruitful long-term returns.

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 2011. 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.

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 2011, 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.

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 2011.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report for the year ended 30 June 2011 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, 21 September 2011

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.