



Bossini International Holdings Limited

Bossini Announces 2013/14 Annual Results

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Profit for the Year Attributable to Owners Attained Nearly Six-Fold against Prior Year

Results Highlights

<i>For the year ended 30 June</i>	2014	2013	Change
Revenue	HK\$2,548 mn	HK\$2,517 mn	+1%
Gross profit	HK\$1,301 mn	HK\$1,199 mn	+8%
Gross margin	51%	48%	+3% pts
Profit for the year attributable to owners	HK\$127 mn	HK\$22 mn	+472%
EBITDA	HK\$213 mn	HK\$113 mn	+87%
Basic EPS attributable to ordinary equity holders	HK7.83 cents	HK1.37 cents	+471%
Dividend per share			
- Interim	HK2.30 cents	HK0.63 cent	+265%
- Special interim	Nil	HK1.05 cents	-100%
- Final	HK3.17 cents	HK0.60 cent	+428%
- Special final	HK1.56 cents	HK0.60 cent	+160%

	At 30 June 2014	At 30 June 2013
Cash and bank balances	HK\$454 mn	HK\$339 mn
Net cash*	HK\$454 mn	HK\$339 mn

*Time deposits, cash and bank balances less bank borrowings

(Hong Kong, 17 September 2014) – **Bossini International Holdings Limited** (“Bossini” or the “Group”; HKSE stock code: 592) announced today its annual results for the year ended 30 June 2014.

The Group’s revenue slightly increased 1% to HK\$2,548 million (2013: HK\$2,517 million) for the year under review. Gross profit rose 8% to HK\$1,301 million (2013: HK\$1,199 million), as did the gross margin, by 3% points, to 51% (2013: 48%). EBITDA was HK\$213 million (2013: HK\$113 million); profit for the year attributable to owners totalled HK\$127 million (2013: HK\$22 million) and basic earnings per share was HK7.83 cents (2013: HK1.37 cents). The Board of Directors recommended payment of a final dividend of HK3.17 cents (2013: HK0.60 cent) per share and a special final dividend of HK1.56 cents (2013: HK0.60 cent) per share. Together with the interim dividend, the total dividends for the year under review amounted to HK7.03 cents (2013: HK2.88 cents) per share, equivalent to total dividend payout ratio of 90% (2013: 210%).

The Group's financial position continued to strengthen, ended the year with cash and bank balances of HK\$454 million (2013: HK\$339 million), a pronounced increase from last year. Net cash balance was also higher by the same amount and margin compared to the previous year, at HK\$454 million (2013: HK\$339 million). Meanwhile, the Group's inventory turnover days slightly improved to 84 days (2013: 85 days) compared with last year.

During the year under review, although the Group's revenue slightly increased 1%, profit for the year attributable to owners attained nearly six-fold against last year. The consolidation process has for the most part ended, and the shop productivity has gained momentum in the aftermath and enjoyed 9% same-store sales growth overall on Group level.

The Hong Kong segment has regained its growth momentum as evidenced in its year-on-year bottom-line improvement in the second half of financial year 2013/14. Both Hong Kong retail and export franchising operations delivered record-high sales. The same-store sales growth for Hong Kong retail business was 12% (2013: 3% growth), representing positive growth for the fifth consecutive year. The mainland China segment recorded substantial reduction in operating loss as a result of improved shop productivity, with same-store sales achieving double-digit growth of 12% (2013: 4% decline), plus higher sales per sq. ft. year-on-year. In addition, the closure of underperforming stores and introduction of stringent cost-control measures contributed to these favourable results.

During the year under review, the Group had its footprint in 36 countries and regions around the world. The total store count declined by 55 to 962 (2013: 1,017) following the consolidation and reduction of underperforming shops in mainland China and Taiwan. Of the existing stores, 267 (2013: 300) were directly managed, and 695 (2013: 717) were franchised as of 30 June 2014.

The Group again embarked on mutually beneficial product partnerships. The *bossini x Sesame Street* crossover series continued to prove popular as it featured the show's famous characters. Ocean Park's annual Halloween is legendary in Hong Kong, the Group collaborated with Ocean Park Halloween Bash and presented a variety of holiday-themed costumes, and sold both at "bossini" stores across Hong Kong and in Ocean Park's bustling souvenir shop. In addition, to celebrate Disney's 90th anniversary, our *Let's Party with Mickey Mouse* collection debuted in 2014 and delivered highly welcome excitement, pairing Disney's most beloved character with our "be happy" brand value. Overall, the co-branding and licensing programmes remained popular among the Group's target customers while enhancing our brand equity and driving sales. Such initiatives will continue as a core strategy of the Group.

Mr. Edmund Mak, Chief Executive Officer and Executive Director of Bossini, said, "We are prudently optimistic about upcoming market prospects. We expect growth to pick up moderately in line with the steadily gathering global recovery, headed by advanced economies. Yet the retail market is expected to remain challenging in the coming year, especially in Hong Kong as evidenced by the recent decrease in retail sales after a prolonged growth period and the potential administrative measures to restrict the number of visitors from mainland China. Steep price discounting to clear excessive inventory by some retailers is expected to linger. Nevertheless, our inventory remained at a healthy level and hence we would face less price pressure in the near future compared to our competitors."

Mr. Mak concluded, "Looking ahead, we intend to allocate additional resources to facilitate expansion of our export franchising business. In addition, we will focus efforts on developing our kid's line, a time-tested source of success and competitive advantage particularly for our Hong Kong operations. We also plan to continue rolling out of our latest generation of store concept to improve shop productivity in the year ahead. Meanwhile, we will stay committed to investing in our people, cultivating our "be happy" core brand value. Amid global uncertainties, we would continue with our strategies and formulas which are proven successful and rewarding over the past years, and endeavor to further enhance shareholders' value in the future."

Appendix - Store composition by type and geographical location listed as below:

	At 30 June 2014		At 30 June 2013	
	Directly managed stores	Franchised stores	Directly managed stores	Franchised stores
Hong Kong	41	--	41	--
Mainland China	124	96	144	156
Taiwan	72	--	85	--
Singapore	30	--	30	--
Other countries and regions	--	599	--	561
Total	267	695	300	717

About Bossini International Holdings Limited

Bossini is a leading apparel brand owner, retailer and franchiser in the region. Headquartered in Hong Kong, Bossini launched its first retail store in 1987. Over the past two decades, the Group has rapidly established an extensive international operating platform and distribution network that extends to 962 stores covering about 36 countries and regions worldwide.

Renowned for its comfortable, easy to mix-and-match, colourful and energetic style, Bossini offers a full range of good value for money, casual wear apparel products including men's, ladies', youth and kids' wear, which are designed to fit customer needs.

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