

[For Immediate Release]



Bossini International Holdings Limited

Bossini Announces 2011/12 Annual Results

Profit Decreased Substantially Mainly due to Mainland China Operation Hong Kong Retail and Export Remains Encouraging Financial Position Stays Solid

Results Highlights

<i>For the year ended 30 June</i>	2012	2011
Revenue	HK\$2,744 mn	HK\$2,642 mn
Gross profit	HK\$1,294 mn	HK\$1,354 mn
Gross margin	47%	51%
Profit attributable to owners	HK\$16 mn	HK\$130 mn
Basic EPS attributable to ordinary equity holders	HK0.99 cent	HK8.07 cents
Dividend per share		
- interim	HK1.10 cents	HK2.20 cents
- final	Nil	HK3.03 cents
- special	Nil	HK1.20 cents

	At 31 August 2012	At 30 June 2012	At 30 June 2011
Cash and bank balances	HK\$376 mn	HK\$274 mn	HK\$460 mn
Net cash*	HK\$376 mn	HK\$249 mn	HK\$332 mn

*Time deposits, cash and bank balances less bank borrowings

(Hong Kong, 19 September 2012) – **Bossini International Holdings Limited** (“Bossini” or the “Group”; HKSE stock code: 592) announced today its annual results for the year ended 30 June 2012.

The financial year 2011/12 was a challenging year for Bossini as continued global economic downturn and uncertainty affected the Group’s operating environment. Revenue for the year ended 30 June 2012 reached HK\$2,744 million (2011: HK\$2,642 million), a new record high and a 4% increment over the previous fiscal year. Gross profit decreased 4% to HK\$1,294 million (2011: HK\$1,354 million), while the gross margin was lowered to 47% (2011: 51%) due to the intensified competition and the temporary surge in production cost. Profit for the year attributable to owners decreased 88% to HK\$16 million (2011: HK\$130 million). This resulted in lower basic earnings per share of HK0.99 cent (2011: HK8.07 cents). The Board of Directors did not recommend payment of a final dividend for the year ended 30 June 2012; interim dividend was HK1.10 cents per share; the total dividends for the year under review amounted to HK1.10 cents per share. Total dividend payout ratio for the year was 111%.

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As of 30 June 2012, the Group maintained a solid financial position with cash and bank balances of HK\$274 million (2011: HK\$460 million). Net cash balance amounted to HK\$249 million (2011: HK\$332 million) as of 30 June 2012 and further rose to HK\$376 million as of 31 August 2012. Meanwhile, inventory turnover days was decreased considerably by 8 days to 49 days (2011: 57 days).

The Group's mainland China operation in fiscal year 2011/12 was seriously affected by the economic slowdown and macroeconomic uncertainties. Moreover, government policies to control inflation have resulted in a tighter monetary policy and a slowdown in domestic demand. Sluggish recoveries and renewed throttled export demand slowed employment growth and shaken consumer confidence. Our operating loss there was widened to HK\$156 million (2011: HK\$58 million loss), mainly due to the wind down of its underperforming "b.style de flyblue" stores, together with the market's slowing demand and fierce competition, which caused the gross margin to be severely suppressed by the clearance of excess inventory purchased prior to the economic downturn as part of a planned but later unexecuted network expansion.

The Group managed to achieve remarkable results in our Hong Kong retail and export businesses, delivering record-high top and bottom line, and a third consecutive year of double-digit same-store sales growth, reaching 13% (2011: 11%) in the year under review. Operating profit generated from the Hong Kong segment increased 11% to HK\$250 million (2011: HK\$225 million).

During the year under review, difficult market conditions and intensified competition were continuously placing pressure on our retail performance. Hence, the Group has started to retrench and consolidate its network. As part of the process, the Group has been winding down "b.style de flyblue" and closing certain underperforming "bossini" stores. On the other hand, the Group capitalised on opportunities in certain promising markets to add 22 franchised stores for a total of 543 (2011: 521) by 30 June 2012, including 19 stores converted after the Group restructured its Malaysian business from a directly managed to an export franchising mode of operation. As of 30 June 2012, the Group has presence in 36 countries and regions with a total of 1,314 (2011: 1,475) stores. Of this total, 523 (2011: 639) were directly managed stores and 791 (2011: 836) were franchised stores.

Operationally, the Group will introduce a brand new store concept to create a more comfortable and appealing shopping experience for customers while boosting operating efficiency at the store level. With major new features like a giant LED storefront wall, a new racking system and an eye-catching interior design, the new stores will improve product presentation and further enhance the brand image. At the same time, the Group will partner with a strategic supplier to enhance the supply chain capabilities and ensure quicker responsiveness to market trends.

Mr. Edmund Mak, Executive Director and Chief Executive Officer of Bossini, said, "The global economy is facing a number of challenges while some of the emerging countries in which we have footprints, are less exposed to the financial crisis. Considering both the challenges and opportunities ahead, the Group will maintain a pragmatic approach towards achieving our business objectives. The year 2011/12 is the 25th anniversary of Bossini, which is an important milestone for the Group in its business development. To commemorate our silver anniversary, we will continue to mark the occasion with various events and new product launches designed to boost awareness of the "be happy" brand value and celebrate this important milestone with our customers and stakeholders."

Mr. Mak concluded, "Our management team remains cautious but confident about the business outlook in the coming year. The specter of deepening global economic woes is balanced for the Group by its presence in the continuously growing Asian markets. While competition is heating up across all its markets, the Group will continue to build Bossini as one of the most valued apparel brands wherever it is present."

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

	At 30 June 2012		At 30 June 2011	
	Directly managed stores	Franchised stores	Directly managed stores	Franchised stores
Hong Kong	41	--	39	--
Mainland China	350	248	456	315
Taiwan	102	--	94	--
Singapore	30	--	29	--
Malaysia [^]	--	19	21	--
Other countries and regions	--	524	--	521
Total	523	791	639	836

[^] Starting from November 2011, the Malaysian business was changed from directly managed to export franchising mode of operation.

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 1,314 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 ladies', men's, young and kids' wear, which are designed to fit customer needs.

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