

[For Immediate Release]

bossini

Bossini International Holdings Limited

Bossini Announces 2020/21 Second Interim Results

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Results Highlights

<i>For the twelve months ended 30 June</i>	2021	2020	Change	
Revenue	HK\$848 mn	HK\$1,092 mn	- HK\$244 mn	- 22%
Gross profit	HK\$431 mn	HK\$534 mn	- HK\$103 mn	- 19%
Gross margin	51%	49%	+ 2% pts	
Loss for the period attributable to owners [#]	(HK\$155 mn)	(HK\$368 mn)	+ HK\$213 mn	+ 58%
Basic loss per share attributable to ordinary equity holders [#]	(HK8.35 cents)	(HK21.83 cents)	+ HK13.48 cents	+ 62%

	At 30 June 2021	At 30 June 2020	Change	
Net cash	HK\$373 mn	HK\$116 mn	+ HK\$257 mn	+ 222%

[#] Including continuing and discontinued operations

(Hong Kong, 13 August 2021) **Bossini International Holdings Limited** ("Bossini" or the "Group"; HKSE stock code: 592) today announces its second interim results for the twelve months ended 30 June 2021.

During the period under review, the Group's revenue decreased by 22% to HK\$848 million (2020: HK\$1,092 million) period-on-period. Gross profit fell by 19% to HK\$431 million (2020: HK\$534 million), while gross margin increased by 2% points to 51% (2020: 49%). Loss for the period attributable to owners was HK\$155 million (2020: HK\$368 million), with HK\$30 million (2020: HK\$115 million) being non-cash impairment on non-financial assets. Basic loss per share amounted to HK8.35 cents (2020 (restated): HK21.83 cents). The Board of Directors does not recommend payment of any second interim dividend (2020: Nil) for the twelve months ended 30 June 2021.

As of 30 June 2021, the Group had net cash of HK\$373 million (2020: HK\$116 million). The Group's inventory turnover days was 136 days (2020: 123 days).

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The pandemic of COVID-19 outbreak continued to adversely affect the local retail sectors and suppress many economic activities globally, despite it started to moderate in some countries with the implementation of vaccination programmes in recent months.

In Hong Kong and Macau, retail sales volume remained far below the pre-pandemic level as inbound tourism remained frozen amid travel restrictions worldwide. According to the statistics from the Census and Statistics Department of The Government of the Hong Kong Special Administrative Region, the wearing apparel retail sales value decreased by 4% on a period-on-period basis for the period from July 2020 to June 2021, and tourist arrivals plunged by 99.6% according to the statistics from the Hong Kong Tourism Board. The third and fourth waves of local COVID-19 infections at alarming levels induced stricter social distancing measures, which sharply reduced shopping activities and foot traffic as a result.

In and out of lockdown ahead of many other countries, the economy in mainland China powered ahead while much of the world was still struggling. However, given the volatility of the pandemic and the increased number of COVID-19 infections towards the end of the period under review, especially in Shenzhen and Guangzhou where most of our retail stores are located, retail sales in mainland China was less than expected. We are focusing on off-season stock clearance and paving the way for the execution of our new product strategy in the near future.

Mr. Chang Min Hwei, Co-Chief Executive Officer of Bossini, said, "We are of the view that the operating environment would continue to be severely challenging with the new norm that the pandemic would linger for a certain period of time, which would result in a prolonged path to thorough recovery. Nevertheless, we have been focusing on improving operating efficiency by reducing excessively loss-making stores, and trimming and simplifying less productive work processes and expenditures in order to lower operating losses as soon as possible. Going forward, the Bossini brand will be repositioned from a lower end fast fashion brand to a street fashion and leisure brand bearing sports vitality. Mainland China remains to be the most crucial market we have confidence in which could accommodate our development strategy. The Group will be investing significantly on new distribution channels under the new brand positioning, mainly through opening directly managed and franchised stores in better shopping malls and distribution channels suitable for a street fashion leisure brand in various provinces and cities. Furthermore, the Group is also committed to further developing its e-commerce business and strengthening cooperation with various e-commerce platforms, aiming to explore in various ways for our e-commerce business. The next few years will be the Group's investment period with devotions in particular on products and channels, which formed the main motive behind the Group's fund-raising initiative through rights issue during the first half of 2021. If the pandemic persists during the investment period, the Group could possibly continue to incur losses."

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