BOSSINI INTERNATIONAL HOLDINGS LIMITED
堡獅龍國際集團有限公司*

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

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

FINANCIAL RESULTS

The board of directors (the "Board") of **Bossini International Holdings Limited** (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group" or "Bossini") for the six months ended 31 December 2015, together with the comparative figures for the six months ended 31 December 2014, as follows:

Condensed consolidated statement of profit or loss and other comprehensive income

		Six months ended 31 December	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*2*	**1,146,243**	1,319,463
Cost of sales		**(603,589)**	(654,875)
Gross profit		**542,654**	664,588
Other income	*3*	**15,144**	14,000
Selling and distribution expenses		**(407,444)**	(428,749)
Administrative expenses		**(119,858)**	(131,305)
Other operating expenses		**(5,233)**	(14,171)
Profit from operating activities		**25,263**	104,363
Finance costs		**–**	–
Profit before tax	*4*	**25,263**	104,363
Income tax expense	*5*	**(11,185)**	(16,889)
Profit for the period attributable to owners of the Company		**14,078**	87,474

* *For identification purposes only*

Condensed consolidated statement of profit or loss and other comprehensive income (continued)

		Six months ended 31 December	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Other comprehensive loss			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Release of exchange fluctuation reserve upon deregistration of a subsidiary		**(889)**	–
Exchange differences on translation of foreign operations		**(12,651)**	(823)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(13,540)**	(823)
Total comprehensive income for the period attributable to owners of the Company		**538**	86,651
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		**HK0.86 cent**	HK5.37 cents
Diluted		**HK0.84 cent**	HK5.33 cents

Condensed consolidated statement of financial position

	Notes	**At 31 December 2015 (Unaudited)** ***HK$'000***	At 30 June 2015 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**108,248**	105,071
Investment properties		**24,731**	25,615
Trademark		**1,164**	1,164
Deferred tax assets		**8,356**	8,264
Deposits paid		**81,956**	79,578
Prepayments		**–**	9,628
Total non-current assets		**224,455**	229,320
Current assets			
Inventories		**374,998**	287,186
Debtors	*8*	**67,210**	54,996
Bills receivable		**17,958**	29,624
Deposits paid		**25,987**	31,080
Prepayments and other receivables		**37,492**	40,864
Derivative financial instruments		**2,412**	161
Tax recoverable		**9,370**	–
Pledged bank deposits		**896**	949
Cash and cash equivalents		**338,767**	474,928
Total current assets		**875,090**	919,788
Current liabilities			
Trade creditors, other payables and accruals	*9*	**260,125**	269,655
Bills payable		**75,932**	36,363
Tax payable		**12,351**	20,185
Due to related companies		**9,263**	16,673
Derivative financial instruments		**446**	893
Total current liabilities		**358,117**	343,769
Net current assets		**516,973**	576,019
Total assets less current liabilities		**741,428**	805,339
Non-current liabilities			
Deferred tax liabilities		**2,374**	2,374
Other payables		**2,308**	749
Total non-current liabilities		**4,682**	3,123
Net assets		**736,746**	802,216
Equity			
Issued capital		**163,620**	162,960
Reserves		**573,126**	639,256
Total equity		**736,746**	802,216

Notes to the condensed consolidated interim financial statements

1. Basis of preparation and accounting policies

These condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The basis of preparation and accounting policies adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 30 June 2015.

The Group has not applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations), that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendments	Amendments to HKAS 1 – *Preparation of Financial Statements – Disclosure Initiative* [1]
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 – *Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 – *Agriculture: Bearer Plants* [1]
HKAS 27 (2011) Amendments	Amendments to HKAS 27 (2011) – *Separate Financial Statements – Equity Method in Separate Financial Statements* [1]
HKAS 28 (2011) and HKFRS 10 Amendments	Amendments to HKAS 28 (2011) and HKFRS 10 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [1]
HKAS 28 (2011), HKFRS 10 and HKFRS 12 Amendments	Amendments to HKAS 28 (2011), HKFRS 10 and HKFRS 12 – *Investment Entities: Applying the Consolidation Exception* [1]
HKFRS 9	*Financial Instruments* [2]
HKFRS 11 Amendments	Amendments to HKFRS 11 – *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* [1]
HKFRS 14	*Regulatory Deferral Accounts* [3]
HKFRS 15	*Revenue from Contracts with Customers* [2]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs [1]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for the first annual HKFRS financial statements for a period beginning on or after 1 January 2016 and not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would 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 and Macau
(b) Mainland China
(c) Taiwan
(d) Singapore

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 is excluded from such measurement.

Segment assets exclude deferred tax assets and tax recoverable as these assets are managed on a group basis.

Segment liabilities exclude 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

An analysis of the Group's revenue and profit/(loss) by geographical segments for the six months ended 31 December 2015, together with the comparative figures for the corresponding period in 2014, is as follows:

	Hong Kong and Macau		Mainland China		Taiwan		Singapore		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	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	**808,735**	921,231	**158,771**	175,346	**82,402**	103,839	**96,335**	119,047	**1,146,243**	1,319,463
Other income	**8,963**	8,168	**913**	314	**674**	246	**589**	608	**11,139**	9,336
Total	**817,698**	929,399	**159,684**	175,660	**83,076**	104,085	**96,924**	119,655	**1,157,382**	1,328,799
Segment results	**55,654**	109,725	**(14,815)**	(706)	**(15,537)**	(6,918)	**(4,044)**	(2,402)	**21,258**	99,699
Interest income									**4,005**	4,664
Profit from operating activities									**25,263**	104,363
Finance costs									**–**	–
Profit before tax									**25,263**	104,363
Income tax expense									**(11,185)**	(16,889)
Profit for the period									**14,078**	87,474

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

The following table presents certain asset and liability information for the Group's geographical segments at 31 December 2015, together with the comparative figures at 30 June 2015.

	Hong Kong and Macau		Mainland China		Taiwan		Singapore		Consolidated	
	At 31 December 2015	At 30 June 2015	**At 31 December 2015**	At 30 June 2015	**At 31 December 2015**	At 30 June 2015	**At 31 December 2015**	At 30 June 2015	**At 31 December 2015**	At 30 June 2015
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**644,541**	664,127	**277,459**	343,925	**76,521**	59,680	**83,298**	73,112	**1,081,819**	1,140,844
Unallocated assets									**17,726**	8,264
Total assets									**1,099,545**	1,149,108
Segment liabilities	**274,622**	256,215	**41,918**	43,824	**21,762**	13,466	**9,772**	10,828	**348,074**	324,333
Unallocated liabilities									**14,725**	22,559
Total liabilities									**362,799**	346,892

3. Other income

	Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**4,005**	4,664
Royalty income	**3,333**	3,047
Gross rental income	**3,847**	3,292
Others	**3,959**	2,997
	15,144	14,000

4. Profit before tax

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

	Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Write-back of provision for inventories	**(4,262)**	(8,739)
Depreciation	**28,945**	28,043
Fair value gains, net on derivative financial instruments		
– transactions not qualifying as hedges	**(3,954)**	(3,218)

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**11,096**	14,975
Overprovision in prior periods	**(230)**	–
Current – Elsewhere		
Charge for the period	**411**	1,800
Deferred	**(92)**	114
Total tax charge for the period	**11,185**	16,889

6. Dividend

	Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend declared – Nil (2014: HK2.70 cents per ordinary share)	**–**	43,991
Special interim dividend declared – HK1.22 cents per ordinary share (2014: Nil)	**19,962**	–
	19,962	43,991

The special interim dividend is not reflected as a dividend payable as of 31 December 2015, but will be recorded as a distribution of retained earnings for the year ending 30 June 2016. The special interim dividend of HK$19,962,000 (2014: interim dividend of HK$43,991,000) for the six months ended 31 December 2015 is calculated based on 1,636,195,394 (2014: 1,629,313,394) shares of the Company in issue.

7. Earnings per share attributable to ordinary equity holders of the Company

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company for the six months ended 31 December 2015 of HK$14,078,000 (2014: HK$87,474,000), and the weighted average number of ordinary shares of 1,632,667,677 (2014: 1,627,837,024) in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company for the six months ended 31 December 2015 of HK$14,078,000 (2014: HK$87,474,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,632,667,677 (2014: 1,627,837,024) during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 39,739,430 (2014: 11,811,882) assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

8. Debtors

Other than cash and credit card sales, the Group normally grants credit periods of up to 60 days to its trade customers.

An aged analysis of debtors as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	At 31 December 2015 (Unaudited) *HK$'000*	At 30 June 2015 (Audited) *HK$'000*
Within 1 month	**53,591**	42,796
1 to 2 months	**2,243**	3,516
2 to 3 months	**5,035**	191
Over 3 months	**6,341**	8,493
	67,210	54,996

9. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$95,577,000 (30 June 2015: HK$84,243,000).

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

	At 31 December 2015 (Unaudited) *HK$'000*	At 30 June 2015 (Audited) *HK$'000*
Within 1 month	**37,848**	35,844
1 to 2 months	**43,390**	35,895
2 to 3 months	**4,596**	3,238
Over 3 months	**9,743**	9,266
	95,577	84,243

INTERIM DIVIDEND

The Board has declared a special interim dividend of HK1.22 cents (2014: interim dividend of HK2.70 cents) per ordinary share to shareholders 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 22 March 2016. The special interim dividend will be paid on or before 6 April 2016.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Thursday, 17 March 2016 to Tuesday, 22 March 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the special interim 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 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 16 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The world economy remained subdued in the second half of 2015, punctuated by market volatility across the globe. For the fifth year in a row, growth in emerging markets and developing economies continued to decline, while for advanced economies, there were signs of a moderate and uneven recovery. Overall, global growth projected for 2016 is slower than expected when first projected last year.

As with the wider global economy, the Asia-Pacific region has been affected by three major factors. The first is that mainland China's economy had undergone a major slowdown and rebalancing of economic activity away from investment and manufacturing towards consumption and services. Second, energy, particularly oil, is now much cheaper. Third, the United States dollar continued to remain strong and has continued to create challenges in Asia-Pacific.

Hong Kong's economy continued to be affected by the reduced number of visitors. This in turn has led to a decrease in the number of transactions being made in the retail industry. According to the data from Hong Kong Special Administrative Region Government's latest Report on Monthly Survey of Retail Sales of December 2015, retail sales on wearing apparel were down by 11% year-on-year for the second half of 2015.

Because of these economic challenges, together with the unseasonably warm winter weather during late 2015 in several core markets where the Group operated, competition within the apparel retail industry became fiercer. This was reflected in the Group's figures: overall sales decreased by 13% year-on-year, while gross margin down by 3% points.

Despite this, the Group was still in a healthy financial position with positive net cash balance in the first half of the financial year 2015/16. To meet the ongoing challenges in the retail sector, the Group has focused on a number of strategies and its competitive advantages. The Group continued with the launch of its licensing programmes with STAR WARS Collection and Frozen Collection, and collaborated with Ocean Park Halloween Bash again in the first half of the financial year 2015/16, which received enthusiastic responses. The export franchising business also continued to expand its footprint by adding 15 stores during the period under review.

Financial Performance

Revenue for the Group for the six months ended 31 December 2015 witnessed a decrease of 13% to HK$1,146 million (2014: HK$1,319 million). Gross profit for the period under review was HK$543 million (2014: HK$665 million), with a gross margin down by 3% points to 47% (2014: 50%). Operating profit was HK$25 million (2014: HK$104 million), which resulted in an operating margin of 2% (2014: 8%). Profit for the period attributable to owners of the Company was HK$14 million (2014: HK$87 million), while basic earnings per share was HK0.86 cent (2014: HK5.37 cents).

The Group's financial position remained healthy, with cash and bank balances of HK$340 million (2014: HK$446 million), and a net cash balance of HK$340 million (2014: HK$446 million) as of 31 December 2015.

Operating Efficiencies

During the period under review, the Group recorded a decrease in operating profit, mainly due to the unsatisfactory top-line performance in several core markets. This was reflected in the Hong Kong and Macau retail operation, with same-store sales declined by 14% (2014: 5% growth). Meanwhile, the same-store sales of mainland China dropped by 8% (2014: 2% growth), while Taiwan and Singapore recorded same-store sales of 14% decline (2014: 8% growth) and 1% decline (2014: flat), respectively. Overall same-store sales for the Group fell by 12% (2014: 4% growth).

The total retail floor area of the Group's directly managed stores increased by 3% as of 31 December 2015 to 473,700 sq. ft. (2014: 460,000 sq. ft.). Sales per sq. ft. decreased by 16% to HK$3,600 (2014: HK$4,300). The Group's operating expenses for the period accounted for 46% (2014: 44%) of total revenue. The following table provides a breakdown of the operating expenses:

Operating Expenses Analysis

	For the six months ended 31 December				
	2015		2014		
	HK$ million	**% of revenue**	HK$ million	% of revenue	**Change (%)**
Revenue	**1,146**	**100%**	1,319	100%	**–13%**
Selling and distribution expenses	**408**	**36%**	429	33%	**–5%**
Administrative expenses	**120**	**10%**	131	10%	**–9%**
Other operating expenses	**5**	**0%**	14	1%	**–63%**
Total operating expenses	**533**	**46%**	574	44%	**–7%**

BUSINESS REVIEW

Distribution Network

The Group had presence in 33 countries and regions worldwide as of 31 December 2015. These were represented by a total of 267 (30 June 2015: 257) directly managed stores and 678 (30 June 2015: 681) franchised stores, with the total store count of 945 (30 June 2015: 938) of the Group.

The Hong Kong and Macau market continued to be the Group's core market and the major contributor to total revenue. The total number of stores in this region had risen to 41 (30 June 2015: 40). The export franchising business continued to expand its footprint throughout the period by adding 15 new franchised stores, and brought the total number of stores to 615 (30 June 2015: 600) across 29 countries as of 31 December 2015. The Group had 194 (30 June 2015: 201) stores in mainland China, 131 (30 June 2015: 120) were directly managed and 63 (30 June 2015: 81) were franchised. In Taiwan, the Group brought the number of stores up to 72 (30 June 2015: 69), which was an increase of 3 stores. The number of stores in Singapore reduced to 23 (30 June 2015: 28).

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

	31 December 2015		30 June 2015	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong and Macau	**41**	**–**	40	–
Mainland China	**131**	**63**	120	81
Taiwan	**72**	**–**	69	–
Singapore	**23**	**–**	28	–
Other countries and regions	**–**	**615**	–	600
Total	**267**	**678**	257	681

Marketing and Branding

We continued to focus on promoting and reinforcing our "be happy" core brand value, both among our customers and our business partners. We have gained recognition for our market position by offering appealing, competitive and quality everyday wear, bolstered by popular co-branded and licensed merchandise in partnership with renowned brands. This has helped us to garner public awareness of our brand while reinforcing our unique corporate identity.

Co-branded and Licensed Products

Working with globally recognised licensing partners to create co-branded and licensed merchandise continued to be a key strategy for the Group. These products formed a significant part of our in-store offerings and played a crucial role in delivering our unique brand value to the public at large. Building on the success witnessed by previous collaborations, we launched the *bossini x STAR WARS Collection* of clothing and accessories. Set to tie in with the release of the ever-popular latest instalment of the STAR WARS film series, our range incorporated many of the famous characters and iconic images from the movie. This licensing programme created an enthusiastic response from the public, and was an important factor in driving overall sales and strengthening brand recognition.

In collaboration with Disney's smash hit 2013 movie Frozen, we launched the *bossini x Frozen Collection* – for boys and girls – in July 2015. The popularity of the movie remained undiminished even two years after it was released; we incorporated some of its characters into this new range. Key themes included "ice blue" and "snowy scene", yet we further added "emerald green" and "spring flowers" to offer a refreshing style.

The Group once again collaborated with Ocean Park Halloween Bash and presented various holiday-themed costumes, comprising a range of printed T-shirts, capes, leggings and skirts, featuring spooky Halloween-themed designs, which was well-received by the public.

Operational Performance by Market

The Group's Hong Kong and Macau segment comprises our directly managed retail business and the export franchising business. This segment has consistently been our major source of revenue, which accounted for 71% (2014: 70%) of the Group's consolidated revenue during the period under review. Mainland China also saw an increase of 1% point to 14% (2014: 13%) of consolidated revenue, while Taiwan and Singapore providing 7% (2014: 8%) and 8% (2014: 9%), respectively.

Overall, the Group recorded a decrease in operating profit. A strong Hong Kong dollar and fewer visitors led directly to less consumption in Hong Kong and Macau. The stronger United States dollar and depreciating Renminbi have also meant that conditions are less favourable for mainland China visitors, sparking a slowdown in their number of visits. Furthermore, the period under review witnessed a warmer-than-usual winter weather in our core markets which weakened the local sentiment, intensified competition and triggered steeper discounts. This was reflected in the reduction in same-store sales and gross margin for Hong Kong, mainland China and Taiwan,

Hong Kong and Macau

For the first time in many years, the number of annual visitors to Hong Kong was lower than 60 million in 2015, representing a slip of 2.5% year-on-year. Furthermore, the city's economy was vulnerable to other external factors over the last year, including the strong United States dollar, interest rate rises and the condition of mainland China's economy. These factors have led to an inevitable drop in footfall over the period and affected sales.

Total revenue for the segment during the period under review was HK$809 million (2014: HK$921 million), a decrease of 12%, while the same-store sales for the period declined by 14% (2014: 5% growth). The total retail floor area in Hong Kong and Macau was 155,400 sq. ft. (2014: 143,500 sq. ft.), which represented an increase of 8%, and the number of directly managed stores finished at 41 (30 June 2015: 40). Sales per sq. ft. declined by 20% to HK$7,000 (2014: HK$8,800). Operating profit was HK$56 million (2014: HK$111 million), and the operating margin was 7% (2014: 12%).

During the period under review, the Group continued to expand its export franchising footprint, bringing the total number of franchised stores to 615 (30 June 2015: 600) across 29 countries.

Mainland China

Mainland China's economy continued to slowdown and its Gross Domestic Product growth rate slowed to 6.9% in 2015, down from 7.3% in 2014, which was mainly attributable to volatility of global economy and domestic economic restraints. This has led to a challenging environment for the retail sector in mainland China.

Same-store sales for the period of the segment decreased by 8% (2014: 2% growth). Total revenue for the segment was HK$159 million (2014: HK$175 million), a decrease of 9%. Store count was slightly reduced to 194 (30 June 2015: 201), which comprised 131 (30 June 2015: 120) directly managed stores and 63 (30 June 2015: 81) franchised stores. Total retail floor area increased 4% to 204,700 sq. ft. (2014: 196,800 sq. ft.) as of 31 December 2015. Sales per sq. ft. decreased slightly to HK$1,200 (2014: HK$1,400). Operating loss was HK$12 million (2014: HK$2 million profit) and the operating margin was negative 8% (2014: positive 1%).

Taiwan

The export-reliant economy of Taiwan has grown at the slowest rate since 2010 due to softer global demand on the electronic components and the rising threats from mainland China's expansion in the technology supply chain industry. With economic growth less than 1% in 2015 and forecast to grow by less than 2% in 2016, Taiwan is expected to be heavily dependent on the fortune of mainland China's economy for its own success.

As anticipated with this economic environment, same-store sales in the segment dropped 14% (2014: 8% growth), while sales per sq. ft. also declined to HK$1,900 (2014: HK$2,300). Revenue during the period was recorded as HK$82 million (2014: HK$104 million) and the store count increased to 72 (30 June 2015: 69). The total retail floor area in Taiwan decreased by 1% to 83,500 sq. ft. (2014: 84,600 sq. ft.). The total operating loss for the period was HK$15 million (2014: HK$7 million loss), which gave an operating margin of negative 18% (2014: negative 7%).

Singapore

Singapore's export-oriented economy grew at the slowest pace for six years in 2015. With mainland China as its largest export partner, it is vulnerable to swings in demand. The total revenue for Singapore was HK$96 million (2014: HK$119 million) during the period under review, while total retail floor area decreased to 30,100 sq. ft. (2014: 35,100 sq. ft.). The number of directly managed stores decreased to 23 (30 June 2015: 28) due to the consolidation of non-performing stores in the segment during the period under review. Same-store sales remained relatively steady, declined by 1% (2014: flat), and sales per sq. ft. fell to HK$5,900 (2014: HK$6,700). The total operating loss for the period was HK$4 million (2014: HK$2 million loss), which gave an operating margin of negative 4% (2014: negative 2%).

Liquidity and Financial Resources

The Group's cash and bank balances, as of 31 December 2015, were HK$340 million (2014: HK$446 million), with a net cash balance of HK$340 million (2014: HK$446 million). The current ratio for the Group was 2.44 times (2014: 2.69 times) and the total liabilities to equity ratio was 49% (2014: 45%).

No bank borrowings were recorded as of 31 December 2015 (2014: Nil). The Group's gearing ratio as determined by bank borrowings divided by total equity was nil (2014: Nil).

The Group has investments and operations in countries that use currencies other than the United States dollar and the Hong Kong dollar. As such, the Group is exposed to a certain extent to foreign currency risk, which it mitigates by entering into forward currency contracts to reduce exposure to exchange rate fluctuations in material transactions denominated in currencies other than the United States dollar and the Hong Kong dollar.

As of 31 December 2015, the Group had an inventory turnover days[#] of 113 days (2014: 92 days). The Group's return on equity ratio for the period under review was 4% (2014: 21%).

[#] *Inventory held at period end divided by annualised cost of sales times 365 days*

Contingent Liabilities

During the period under review, the Group had no material changes in contingent liabilities since 30 June 2015.

Human Capital

As of 31 December 2015, the Group employed 2,300 (30 June 2015: 2,300) full-time equivalent employees in Hong Kong, Macau, mainland China, Taiwan and Singapore.

We maintained our dedication to developing, training and retaining talented individuals within the organisation, and to offering dynamic careers in a positive working environment. During the period under review, we continued to provide regular training programmes, including the "7 Habits®" and the "7 Practices" courses. Together they define our vision, mission and core values in the "bossini way", and help guide our operations overall and underpin our corporate culture at all levels.

We also continued with performance-based remuneration, including discretionary bonuses, share options and comprehensive employee benefits such as insurance and retirement schemes.

OUTLOOK

The International Monetary Fund has recently announced that global growth will slow slightly due to mainland China's ongoing economic transition. Mainland China's economy is predicted to slow to 6.3% growth in 2016, down from 6.9% growth in 2015, and this will be felt by economies across the world. Furthermore, in this environment of declining commodity prices, reducing capital flows to emerging markets, pressure on currencies and increasing market volatility, the prospect of downside risks has arisen.

In Hong Kong, the retail environment is expected to remain difficult. The strengthening of Hong Kong dollar and the weakening of Asian currencies, including the Renminbi, have prompted both tourists and local people to visit other locations around the region and resulted in the plunge in consumer spending in Hong Kong. We anticipate that this situation will remain constant for some time to come. Nevertheless, should the currencies continue with these directions, we would benefit from lower production costs across the whole Group, which could partially negate the potential detriment aforementioned.

Due to the anticipated continuation of slowing economies globally, we expect the demand for value-for-money apparel to grow. To cope with this, we intend to offer more items which are easy for mix-and-matching, as well as products with better functions under a more competitive pricing strategy over the coming years. The Group will also continue to implement further cost control measure in the future, and focus on expanding our operations further afield of Hong Kong and Macau to achieve a more balanced portfolio. We shall also continue to devote energy to expanding our apparel lines for kids, which has consistently been our competitive edge and would perfectly complement the recently announced end to the one-child policy in mainland China. Furthermore, we will launch "bossini" eyewear in mainland China through franchise arrangements, which would help diversify our revenue streams and enhance our brand penetration, leveraging on a vast network of third-party optical stores.

Operationally, the Group will continue to create appealing, competitive and quality everyday wear that drives sustainable growth, profitability and customer satisfaction. With a firm focus on our "be happy" core brand value, we will continue to strengthen our competitive edge and endeavour to enhance the value that we offer to our shareholders.

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 period.

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 – Corporate Governance Code and Corporate Governance Report (the "CG Code") of the Listing Rules. The Audit Committee has reviewed the unaudited interim financial results for the six months ended 31 December 2015. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Ms. LEUNG Mei Han, Dr. LEE Man Chun Raymond and Prof. SIN Yat Ming.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions as set out in the CG Code for the six months ended 31 December 2015, except for the following deviation:

– 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.

Currently, there are four Board committees, namely, Audit Committee, Remuneration Committee, Nomination Committee and Management Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules 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, all the Directors have complied with the required standard set out in the Model Code, throughout the six months ended 31 December 2015.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE STOCK EXCHANGE'S WEBSITE

The interim results announcement for the six months ended 31 December 2015 of the Company is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.bossini.com. The interim report for the six months ended 31 December 2015 of the Company, containing information required by the Listing Rules, will be despatched to shareholders and published on the above websites in due course.

By Order of the Board
TSIN Man Kuen Bess
Chairman

Hong Kong, 24 February 2016

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 Dr. LEE Man Chun Raymond, Ms. LEUNG Mei Han and Prof. SIN Yat Ming.