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 RESULTS FOR THE YEAR ENDED 30 JUNE 2016

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 2016, together with the comparative figures for the year ended 30 June 2015, as follows:

Consolidated statement of profit or loss and other comprehensive income
Year ended 30 June 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**2,319,265**	2,523,369
Cost of sales		**(1,212,364)**	(1,259,342)
Gross profit		**1,106,901**	1,264,027
Other income and gains	*3*	**297,974**	30,174
Selling and distribution expenses		**(828,234)**	(857,152)
Administrative expenses		**(230,999)**	(261,654)
Other operating expenses		**(41,336)**	(42,958)
Profit from operating activities		**304,306**	132,437
Finance costs		**–**	–
Profit before tax	*4*	**304,306**	132,437
Income tax expense	*5*	**(12,185)**	(17,078)
Profit for the year attributable to owners of the Company		**292,121**	115,359

* *For identification purposes only*

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

	Note	**2016** *HK$'000*	2015 *HK$'000*
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Change in fair value of an available-for-sale investment		**(427)**	–
Release of exchange fluctuation reserve upon deregistration of subsidiaries		**(889)**	623
Exchange differences on translation of foreign operations		**(14,316)**	(1,321)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(15,632)**	(698)
Total comprehensive income for the year attributable to owners of the Company		**276,489**	114,661
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		**HK17.87 cents**	HK7.08 cents
Diluted		**HK17.80 cents**	HK6.90 cents

Consolidated statement of financial position
30 June 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**76,118**	105,071
Investment properties		**23,847**	25,615
Trademark		**1,164**	1,164
Available-for-sale investment		**232,568**	–
Deferred tax assets		**9,638**	8,264
Deposits paid		**74,212**	79,578
Prepayments		**–**	9,628
Total non-current assets		**417,547**	229,320
Current assets			
Inventories		**259,803**	287,186
Debtors	*8*	**51,680**	54,996
Bills receivable		**12,351**	29,624
Deposits paid		**34,475**	31,080
Tax recoverable		**4,016**	–
Prepayments and other receivables		**32,434**	40,864
Derivative financial instruments		**18**	161
Pledged bank deposits		**722**	949
Cash and cash equivalents		**510,866**	474,928
Total current assets		**906,365**	919,788
Current liabilities			
Deferred gain		**23,333**	–
Trade creditors, other payables and accruals	*9*	**212,945**	269,655
Bills payable		**30,755**	36,363
Tax payable		**8,222**	20,185
Due to related companies		**7,865**	16,673
Derivative financial instruments		**151**	893
Total current liabilities		**283,271**	343,769
Net current assets		**623,094**	576,019
Total assets less current liabilities		**1,040,641**	805,339
Non-current liabilities			
Deferred tax liabilities		**2,374**	2,374
Other payables		**2,308**	749
Deferred gain		**44,221**	–
Total non-current liabilities		**48,903**	3,123
Net assets		**991,738**	802,216
Equity			
Issued capital		**163,654**	162,960
Reserves		**828,084**	639,256
Total equity		**991,738**	802,216

Notes to the consolidated financial statements

1. Basis of preparation and accounting policies

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 the available-for-sale investment which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies adopted in the preparation of the consolidated financial statements for the current year are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2015.

In addition, the Company has adopted the amendments to the Listing Rules issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

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 Amendments	Amendments to HKAS 1 – *Preparation of Financial Statements – Disclosure Initiative* [1]
HKAS 7 Amendments	Amendments to HKAS 7 – *Cash Flow Statements – Disclosure Initiative* [2]
HKAS 12 Amendments	Amendments to HKAS 12 – *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses* [2]
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* [6]
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 2 Amendments	Amendments to HKFRS 2 – *Classification and Measurement of Share-based Payment Transactions* [3]
HKFRS 9	*Financial Instruments* [3]
HKFRS 11 Amendments	Amendments to HKFRS 11 – *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* [1]
HKFRS 14	*Regulatory Deferral Accounts* [5]
HKFRS 15	*Revenue from Contracts with Customers* [3]
HKFRS 15 Amendments	Amendments to HKFRS 15 – *Revenue from Contracts with Customers* [3]
HKFRS 16	*Leases* [4]
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs [1]

1. Basis of preparation and accounting policies (continued)

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
[6] No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKAS 1 Amendments include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 July 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

HKAS 16 and HKAS 38 Amendments clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

1. **Basis of preparation and accounting policies (continued)**

The HKAS 28 (2011) and HKFRS 10 Amendments address an inconsistency between the requirements in HKAS 28 (2011) and HKFRS 10 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 July 2016.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 July 2018. The Group is currently assessing the impact of the standard.

The HKFRS 11 Amendments require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 July 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 July 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

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

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 2016 and 2015.

	Hong Kong and Macau		Mainland China		Taiwan		Singapore		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	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	**1,625,354**	1,759,902	**325,567**	345,873	**181,791**	202,413	**186,553**	215,181	**2,319,265**	2,523,369
Other income and gains	**288,300**	15,969	**1,476**	2,625	**698**	350	**1,527**	1,571	**292,001**	20,515
Total	**1,913,654**	1,775,871	**327,043**	348,498	**182,489**	202,763	**188,080**	216,752	**2,611,266**	2,543,884
Segment results	**349,979**	154,841	**(22,970)**	(7,618)	**(23,062)**	(10,887)	**(5,614)**	(13,558)	**298,333**	122,778
Interest income									**5,973**	9,659
Profit from operating activities									**304,306**	132,437
Finance costs									**–**	–
Profit before tax									**304,306**	132,437
Income tax expense									**(12,185)**	(17,078)
Profit for the year									**292,121**	115,359

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

	Hong Kong and Macau 2016	Hong Kong and Macau 2015	Mainland China 2016	Mainland China 2015	Taiwan 2016	Taiwan 2015	Singapore 2016	Singapore 2015	Consolidated 2016	Consolidated 2015
Segment assets	**991,386**	664,127	**203,530**	343,925	**55,046**	59,680	**60,296**	73,112	**1,310,258**	1,140,844
Unallocated assets									**13,654**	8,264
Total assets									**1,323,912**	1,149,108
Segment liabilities	**270,952**	256,215	**28,873**	43,824	**13,299**	13,466	**8,454**	10,828	**321,578**	324,333
Unallocated liabilities									**10,596**	22,559
Total liabilities									**332,174**	346,892
Other segment information:										
Capital expenditure *	**46,856**	51,027	**3,346**	7,880	**4,536**	3,157	**1,408**	6,509	**56,146**	68,573
Depreciation	**45,441**	42,736	**6,422**	5,068	**3,055**	1,766	**2,455**	4,665	**57,373**	54,235
Impairment of items of property, plant and equipment	**16,659**	6,000	**–**	–	**–**	–	**600**	871	**17,259**	6,871
Loss/(gain) on disposal/write-off of items of property, plant and equipment, net	**(265,148)**	(6)	**2**	(53)	**125**	104	**218**	76	**(264,803)**	121
Provision/(write-back of provision) for inventories	**(4,268)**	3,957	**3,642**	(10,073)	**376**	162	**(1,979)**	161	**(2,229)**	(5,793)
Impairment of debtors	**1**	–	**1**	81	**–**	–	**–**	–	**2**	81
Non-current assets **	**321,971**	123,655	**2,810**	7,423	**4,933**	3,909	**3,983**	6,491	**333,697**	141,478

* Capital expenditure consists of additions of property, plant and equipment.

** The non-current asset information above is based on the locations of assets and excludes deferred tax assets and the non-current portion of deposits paid.

Information about a major customer:

Revenue of approximately HK$333,735,000 (2015: HK$359,568,000) was derived from sales by the Hong Kong and Macau segment to a single customer.

3. Revenue, other income and gains

Revenue represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue:		
Retailing and distribution of garments	**2,319,265**	2,523,369
Other income and gains:		
Interest income	**5,973**	9,659
Claims received	**134**	29
Royalty income	**6,937**	6,342
Gross rental income	**7,579**	6,584
Gain on disposal of items of property, plant and equipment, net	**264,803**	–
Amortisation of deferred gain	**2,446**	–
Others	**10,102**	7,560
	297,974	30,174
	2,617,239	2,553,543

4. Profit before tax

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

	2016	2015
	HK$'000	*HK$'000*
Cost of sales:		
Cost of inventories sold	**1,214,593**	1,265,135
Write-back of provision for inventories	**(2,229)**	(5,793)
	1,212,364	1,259,342
Depreciation	**57,373**	54,235
Impairment of items of property, plant and equipment	**17,259**	6,871
Loss/(gain) on disposal/write-off of items of property, plant and equipment, net	**(264,803)**	121
Impairment of debtors	**2**	81
Net rental income	**(7,552)**	(6,555)
Fair value gains, net on derivative financial instruments – transactions not qualifying as hedges	**(2,555)**	(5,827)

5. **Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

	2016	2015
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**11,106**	17,137
Overprovision in prior years	**(265)**	(46)
Current – Elsewhere		
Charge for the year	**2,694**	2,575
Underprovision/(overprovision) in prior years	**24**	(1,682)
Deferred	**(1,374)**	(906)
Total tax charge for the year	**12,185**	17,078

6. **Dividends**

	2016	2015
	HK$'000	*HK$'000*
Interim – Nil (2015: HK2.70 cents per ordinary share)	**–**	43,991
Special interim – HK1.22 cents per ordinary share (2015: Nil)	**19,962**	–
Proposed final – Nil (2015: HK4.38 cents per ordinary share)	**–**	71,376
Proposed special final – HK1.22 cents per ordinary share (2015: Nil)	**19,966**	–
	39,928	115,367

The proposed special final dividend of HK$19,966,000 (2015: proposed final dividend of HK$71,376,000) for the year is calculated based on 1,636,535,394 (2015: 1,629,595,394) shares of the Company in issue and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. **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 ordinary equity holders of the Company of HK$292,121,000 (2015: HK$115,359,000), and the weighted average number of ordinary shares of 1,634,430,257 (2015: 1,628,590,545) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$292,121,000 (2015: HK$115,359,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,634,430,257 (2015: 1,628,590,545) during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 6,854,611 (2015: 42,125,133) 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. 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. The Group does not hold any collateral or other credit enhancements over its trade debtor balances. Trade debtors are non-interest-bearing.

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:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**44,675**	42,796
1 to 2 months	**3,441**	3,516
2 to 3 months	**845**	191
Over 3 months	**2,719**	8,493
	51,680	54,996

9. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$58,248,000 (2015: HK$84,243,000).

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

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**21,185**	35,844
1 to 2 months	**30,841**	35,895
2 to 3 months	**1,663**	3,238
Over 3 months	**4,559**	9,266
	58,248	84,243

DIVIDENDS

The Board has resolved to recommend a special final dividend of HK1.22 cents (2015: final dividend of HK4.38 cents) per ordinary share for the year ended 30 June 2016 at the forthcoming annual general meeting to be held on 15 November 2016 ("AGM"). The special final dividend, if approved by the members, will be paid on 1 December 2016 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 23 November 2016.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Tuesday, 15 November 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 10 November 2016 to Tuesday, 15 November 2016, 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 Wednesday, 9 November 2016.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The Company's Register of Members will be closed from Monday, 21 November 2016 to Wednesday, 23 November 2016, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed special final 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 Friday, 18 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The world economy has seen modest growth throughout the financial year 2015/16, yet this has been tempered by an increase in uncertainty. Asia has remained the engine of global growth, but the increased risks of weaker growth scenarios are becoming more tangible. A number of external challenges were faced by the region, such as slow growth in advanced economies, a broad slowdown across emerging markets, a weakened global trade, constantly low commodity prices and increasingly volatile global financial markets. These factors, combined with the necessary restructuring of mainland China's economy, continue to present challenges for Asia Pacific.

In Hong Kong, the retail industry has continued to decline in the year under review. According to the data from Hong Kong Special Administrative Region Government's report on Monthly Survey of Retail Sales, the value of total retail sales in Hong Kong for the financial year 2015/16 (for 12 months from July 2015 to June 2016) witnessed a decline of 8.1% compared to the financial year 2014/15. Competition within the wearing apparel industry has remained fierce, and this was fuelled by unseasonably warm winter weather during late 2015.

Facing these challenges, the Group experienced a decrease in total revenue of 8%, and there was a same-store sales decline of 6%. However, the second half of the financial year under review recorded a narrowed decline of 1% in same-store sales which was an improvement on the first half of the financial year when the same-store sales figure stood at 12% decline. All regions recorded improvements in same-store sales in the second half when compared with the first half of the financial year.

In addition, the Group launched several licensing programmes in conjunction with its partners during the year under review, all of which have received enthusiastic responses from the general public. Added to this, the Group continued to expand the export franchising business, by adding 28 stores with footprint across 28 countries.

Notwithstanding the challenges, the Group's financial position remains healthy. The year saw a record-high net cash position of HK$512 million (2015: HK$476 million). And there was also an improvement in inventory turnover days of 78 days (2015: 83 days).

Financial Performance

The Group's revenue for the year under review decreased by 8% to HK$2,319 million (2015: HK$2,523 million), and gross profit fell 12% to HK$1,107 million (2015: HK$1,264 million), representing a 2% points reduction in gross margin to 48% (2015: 50%). The decrease in revenue and gross profit was attributed to several factors. Throughout the financial year 2015/16 there were fewer visitors to Hong Kong and Macau and this, coupled with a strong Hong Kong dollar, led to reduced consumption from visitors in Hong Kong and Macau. Compounding this, weak local sentiment, unseasonably warm winter weather during late 2015 in Hong Kong and Macau and intensified competition in our core markets added further to the challenges faced.

The Group's operating profit for the year under review was HK$304 million (2015: HK$132 million), with an operating margin of 13% (2015: 5%). EBITDA was HK$356 million (2015: HK$177 million). Profit for the year attributable to owners totalled HK$292 million (2015: HK$115 million), with basic earnings per share at HK17.87 cents (2015: HK7.08 cents). After excluding a gain of HK$268 million (2015: Nil) on the disposal of property and leaseback arrangement recognised in profit and loss in the year under review, the profit attributable to owners would be HK$25 million (2015: HK$115 million).

As at 30 June 2016, cash and bank balances were HK$512 million (2015: HK$476 million), which also represented a record high in terms of net cash balance of HK$512 million (2015: HK$476 million), with 8% increase compared to last year.

Operating Efficiencies

For the year under review, the Group recorded a reduction in operating profit (after excluding the gain on the disposal of property and leaseback arrangement), mainly attributable to the downturn in our Hong Kong and Macau retailing business. Same-store sales for the Group declined by 6% (2015: 1% growth). In Hong Kong and Macau, same-store sales fell by 9% (2015: flat), while in mainland China, same-store sales decreased 5% (2015: 6% growth). In Taiwan, same-store sales declined by 6% (2015: 7% growth), and Singapore recorded same-store sales growth of 6% (2015: 2% decline).

As of 30 June 2016, the total retail floor area of the Group grew by 10%, a significant increase, to 491,400 sq. ft. (2015: 444,900 sq. ft.), and the sales per sq. ft. decreased to HK$3,600 (2015: HK$4,200). The Group's operating expenses for the year under review were 48% (2015: 46%) of total revenue. The following table provides a breakdown of the operating expenses of the Group:

Operating Expenses Analysis

	For the year ended 30 June				
	2016		2015		
	HK$ million	**% of revenue**	HK$ million	% of revenue	**Change (%)**
Revenue	**2,319**	**100%**	2,523	100%	**–8%**
Selling and distribution expenses	**829**	**36%**	857	34%	**–3%**
Administrative expenses	**231**	**10%**	262	10%	**–12%**
Other operating expenses	**41**	**2%**	43	2%	**–4%**
Total operating expenses	**1,101**	**48%**	1,162	46%	**–5%**

BUSINESS REVIEW

Distribution Network

As of 30 June 2016, the group had a presence in 32 countries and regions around the world and the total number of stores had increased to 947 (2015: 938). Among these, 280 (2015: 257) were directly managed stores and 667 (2015: 681) were franchised stores.

The Hong Kong and Macau market remained the core market and biggest contributor to the Group's total revenue, enhanced by the opening of 2 further stores during the year under review, bringing the total number of stores in the region to 42 (2015: 40). The export franchising business net increased 28 stores, bringing to the total of 628 stores (2015: 600). In mainland China, the Group reduced its number of stores by 15 to 186 (2015: 201), while 147 (2015: 120) were directly managed stores and 39 (2015: 81) were franchised stores. In Taiwan, the Group brought the number of stores up to 70 (2015: 69), while the number of stores in Singapore was reduced to 21 (2015: 28).

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

	30 June 2016		30 June 2015	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong and Macau	**42**	**–**	40	–
Mainland China	**147**	**39**	120	81
Taiwan	**70**	**–**	69	–
Singapore	**21**	**–**	28	–
Other countries and regions	**–**	**628**	–	600
Total	**280**	**667**	257	681

Marketing and Branding

Throughout the financial year, the Group continued to work on strengthening its brand and strived to gain recognition as a quality everyday wear brand. In addition, a number of initiatives were launched to share the core brand value of "be happy" with customers and business partners.

Co-branded and Licensed Products

During the year under review, working with globally recognised licensing partners to create co-branded and licensed merchandise continued to be a key strategy for the Group. These products enriched our in-store offerings and played a crucial role in delivering the "be happy" core brand value to the public at large.

Building on the success witnessed by previous collaborations, we launched the *bossini x Frozen Collection* – for boys and girls – in July 2015 to tie in with Disney's smash hit 2013 movie Frozen. We incorporated some of its characters into this new range. Key themes included "ice blue" and "snowy scene" and added "emerald green" and "spring flowers" to offer a refreshing style.

The Group also collaborated with Ocean Park Halloween Bash once again during the year under review and presented various holiday-themed costumes, including printed T-shirts, capes, leggings and skirts, with spooky Halloween-themed designs.

Furthermore, we launched the *bossini x STAR WARS Collection* of clothing and accessories. Set to accommodate with the release of the ever-popular STAR WARS film series, our range incorporated many of the famous characters and iconic images from the movie. Enthusiastic response was received from the public.

Several collaborative projects were launched in the second half of the financial year 2015/16. The first was *bossini x Sanrio Characters*, a partnership with Sanrio which is the Japanese company that brings Hello Kitty to adoring fans across the world. The range aimed at kids and teenagers, and included all their favourite characters on a number of colourful T-shirts.

Also the Group cooperated with the famous candy brand Skittles specially launched the *Yb by bossini x Skittles & Doublemint* crossover series, as a diffusion line "Yb by bossini" for young boys and girls this summer.

The third was the *bossini x Finding Dory Collection*. In collaboration with makers of the much-loved summer 2016 movie Finding Dory, we created a range of clothing for kids, including Dory print T-shirts for girls and boys, summer dresses for girls and beach shorts for boys, plus a range of accessories such as beach pouches and socks.

Operational Performance by Market

The Hong Kong and Macau segment accounted for 70% (2015: 69%) of the Group's consolidated revenue, while mainland China contributed to 14% (2015: 14%) of consolidated revenue. Taiwan and Singapore contributed to 8% (2015: 8%) and 8% (2015: 9%) respectively. As the main segment of our Group, the Hong Kong and Macau segment witnessed a decline in top-line performance, which led to an overall decline in operating profit (excluding the gain on the disposal of property and leaseback arrangement) of the Group for the year under review.

Hong Kong and Macau

Hong Kong and Macau continued to see a fall in the number of visitors – particularly those from mainland China, which had less intention to choose Hong Kong as a vacation destination due to political tension, the weakened Renminbi and the strong Hong Kong dollar. Other external factors included the restructuring of mainland China's economy, which led to a drop in footfall for the year under review.

Total revenue for the segment, which includes retail and export franchising business, was HK$1,625 million (2015: HK$1,760 million), which represented an 8% decrease. Same-store sales recorded 9% decline (2015: flat) for the year, but this was tempered by a second-half improvement to 3% decline compared to the decline of 14% in the first half of the financial year. Comparatively, according to the data from Hong Kong Special Administrative Region Government's report on Monthly Survey of Retail Sales, the value of total retail sales in Hong Kong for the financial year 2015/16 (for 12 months from July 2015 to June 2016) witnessed a decline of 8.1% compared to the financial year 2014/15, while the total retail sales in Hong Kong of the first half of 2016 fell by 10.5% in value compared with the same period in 2015. Total retail floor area was 157,200 sq. ft. (2015: 141,400 sq. ft.), which was a growth of 11% year-on-year, while the sales per sq. ft. declined by 15% to HK$7,200 (2015: HK$8,500) and the number of directly managed stores increased to 42 (2015: 40). The operating profit, included the gain on the disposal of property and leaseback arrangement of HK$268 million (2015: Nil), for the segment for the year was HK$353 million (2015: HK$158 million) and the operating margin was 22% (2015: 9%).

During the year under review, export franchising business of the Group added 28 stores, bringing the total number of stores to 628 (2015: 600) across 28 countries.

Mainland China

Mainland China's economic growth remains slow as it undergoes a transformation from one based on manufacturing and investment to services and consumption. In addition, the weakened Renminbi has dampened consumer spending. The uncertain future prospect in the economy has negatively impacted the purchasing desire of consumers, leading to a challenging retail market during the year under review.

The Group's operations in mainland China recorded a total revenue of HK$326 million (2015: HK$346 million), a decrease of 6%. Same-store sales recorded 5% decline (2015: 6% growth) for the year, but the same-store sales during the second half of the financial year improved to 3% decline compared to same-store sales of 8% decline in the first half of the financial year. Total retail floor area was 226,300 sq. ft. (2015: 189,500 sq. ft.), a significant increase of 19%, and the number of stores was 186 (2015: 201), while 147 (2015: 120) were directly managed stores and 39 (2015: 81) were franchised stores. The sales per sq. ft. decreased by 14% to HK$1,200 (2015: HK$1,400). Total operating loss for the segment for the year was HK$20 million (2015: HK$1 million loss), and the operating margin was negative 6% (2015: 0%).

Taiwan

Taiwan, as an export-reliant economy, has seen very low levels of economic growth during the year under review. Total revenue in Taiwan stood at HK$182 million (2015: HK$202 million), which represented a 10% decrease. Total retail floor area was 80,000 sq. ft. (2015: 81,300 sq. ft.), a decrease of 2%, and the number of directly managed stores was 70 (2015: 69). Same-store sales recorded 6% decline (2015: 7% growth), but the second half of the financial year saw an improvement of same-store sales to 2% growth compared to the first half of 14% decline. Sales per sq. ft. decreased by 9% to HK$2,100 (2015: HK$2,300). Total operating loss for the segment for the year was HK$23 million (2015: HK$11 million loss), and the operating margin was negative 13% (2015: negative 5%).

Singapore

Singapore's export-based economy is heavily reliant on mainland China as the latter is its biggest trading partner, and so is vulnerable to swings in demand. For the year under review, the Group's operation in Singapore recorded total revenue of HK$187 million (2015: HK$215 million), a decrease of 13%. Total retail floor area was 27,900 sq. ft. (2015: 32,700 sq. ft.), a reduction of 15%; sales per sq. ft. declined by 2% to HK$6,000 (2015: HK$6,100). The number of directly managed stores fell by 7 to 21 (2015: 28).

Singapore recorded an overall same-store sales growth of 6% (2015: 2% decline) for the year under review – the second half of the financial year rising to 14% growth from a position of 1% decline in the first half of the financial year. Total operating loss for the segment for the year was HK$6 million (2015: HK$14 million loss), and the operating margin was negative 3% (2015: negative 7%).

Liquidity and Financial Resources

As of 30 June 2016, the Group's financial position remained healthy. Cash and bank balances were HK$512 million (2015: HK$476 million) and the net cash balance was HK$512 million (2015: HK$476 million), both achieved record high for the year. The current ratio was 3.20 times (2015: 2.68 times) and total liabilities to equity ratio was 33% (2015: 43%). No bank borrowing was recorded as of 30 June 2016 (2015: Nil). The gearing ratio as determined by bank borrowings divided by total equity was nil (2015: Nil). The Group had banking facilities of HK$438 million (2015: HK$438 million) of which HK$35 million (2015: HK$44 million) had been utilised.

The Group has investments and operations in countries that use currencies other than United States dollar and 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 United States dollar and Hong Kong dollar.

As of 30 June 2016, the Group had inventory turnover days[#] of 78 days (2015: 83 days). The Group's return on equity ratio for the year under review was 33% (2015: 14%).

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

Disposal of Property and Leaseback Arrangement

On 3 March 2016, the Group entered into a provisional agreement for sale and purchase with an independent third party to dispose of a property in Macau, at a cash consideration of HK$350 million. In addition, pursuant to the aforesaid agreement, upon completion of the transaction, the Group continued to occupy the property by entering into a tenancy agreement with the purchaser in respect of the property for three years commencing from the date of completion, 23 May 2016. Upon expiry of the three-year term, the Group has an option to renew the tenancy agreement for another fixed term of three years. This sale and leaseback arrangement resulted in a gain of HK$268 million recognised in profit and loss during the year under review.

Assessment of Property, Plant and Equipment

During the year ended 30 June 2016, the Group considered that certain items of property, plant and equipment were subject to impairment due to poor outlook of the Hong Kong and Macau retail market and non-performing cash generating units of those items of property, plant and equipment in Singapore. As a result, impairment of HK$17 million (2015: HK$6 million) and HK$0.6 million (2015: HK$0.9 million) were recorded for Hong Kong and Macau segment and Singapore segment for the year respectively.

Contingent Liabilities

	2016	2015
	HK$'000	*HK$'000*
Bank guarantees given in lieu of utility and property rental deposits	**4,439**	7,516

Human Capital

As of 30 June 2016, the Group employed 2,200 (2015: 2,300) full-time equivalent employees in Hong Kong and Macau, mainland China, Taiwan and Singapore.

We maintained a policy of developing, training and retaining talented employees within the Company, and offered rewarding careers in a positive working environment. Throughout the year, we offered regular training programmes, including the "7 Habits®" and the "7 Practices" courses. These two programmes define our vision, mission and core values in the "bossini way" and help to guide our operations and anchor our corporate culture across all levels.

We also continued to remunerate employees based on performance, including discretionary bonuses, share options and wide-ranging employee benefits such as insurance and retirement schemes.

OUTLOOK

Undoubtedly, businesses everywhere face uncertain times ahead. The International Monetary Fund notched down its global growth estimates for 2016 and 2017 by 0.1% point. This is on par with last year's pace, representing another slow annual growth since the financial crisis in 2008.

However, it also warned that a host of threats – including geopolitical turmoil, a rise in protectionism and an increase in acts of terrorism – could push growth back into a rut. There is little doubt that the United Kingdom's Brexit vote in June 2016 will have an adverse impact on the growth of the global economy. This severe uncertainty is felt globally, and the shock could potentially increase via several channels: banking stress, financial market turbulence and postponed investment and consumer expenditure. For these reasons, confidence is still fragile in many economies around the world.

For the economy of the United States, the immediate result of the Brexit referendum is that the Federal Reserve Bank has kept interest rate hikes on hold – largely due to turbulence abroad – but this measure may continue for considerably longer than was originally anticipated. Brexit will also exacerbate the impact of the United States' export sector due to inevitable slow growth in Europe.

In mainland China, the short-term implications of Brexit are that its economy, like other major economies, will be troubled by the financial disarray stemming from Europe. The weakened European economy will harm Chinese exports to the region, which will inevitably plague Chinese investments there.

Hong Kong is already struggling with mounting economic challenges and its strong currency – pegged to the United States dollar. Compounding this is the fact that mainland Chinese tourists now have less intention to consider Hong Kong as a vacation destination amid rising political tensions. The near-term outlook for retail sales is still subject to a large degree of uncertainty, attributable to the drag caused not only by the slowdown in inbound tourism, but also a more cautious local consumer sentiment amid the current challenging economic climate.

To cope with the challenges we are now facing, we have developed future plans and strategies that address key areas of concern. Expanding our market share for young adults is a crucial area of growth, and the Group will develop more products with focus on better functionality, of which the market demand is solid. The Group is targeting a wider consumer segment by refining our current product fit and grading system. Related to this, the Group will further grow our line of clothing for kids. On the supply chain side, we will strengthen the way we manage it to increase overall operational efficiency. We also plan to nurture several export markets with high-growth potential, and implement cost control initiatives across the Group, such as negotiating for lower rent, simplifying shop renovation and furniture and fixtures for cost savings.

Last but not least, the Group will develop more iconic collections in collaboration with new and existing partners. To date, these have bolstered the "be happy" core brand value and identity – which will remain fundamental as the Group will face challenges in path and continue to build "bossini"'s reputation as a vibrant, valued and competitive go-to brand, striving for sustainable growth, profitability and customer satisfaction.

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 – Corporate Governance Code and Corporate Governance Report (the "CG Code") of the Listing Rules. The Audit Committee has reviewed the financial results for the year ended 30 June 2016. 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.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 30 June 2016 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

CORPORATE GOVERNANCE

The Company was in compliance with the code provisions as set out in the CG Code for the year ended 30 June 2016, 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.

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, the Directors have complied with the required standard set out in the Model Code, throughout the year ended 30 June 2016.

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

The annual results announcement for the year ended 30 June 2016 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 annual report for the year ended 30 June 2016 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, 21 September 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.