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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 2014

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 2014, together with the comparative figures for the six months ended 31 December 2013, as follows:

Condensed consolidated statement of profit or loss and other comprehensive income

		Six months ended 31 December	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	2	**1,319,463**	1,272,568
Cost of sales		**(654,875)**	(644,975)
Gross profit		**664,588**	627,593
Other income	3	**14,000**	9,660
Selling and distribution expenses		**(428,749)**	(388,934)
Administrative expenses		**(131,305)**	(129,938)
Other operating expenses		**(14,171)**	(28,105)
Profit from operating activities		**104,363**	90,276
Finance costs		**–**	–
Profit before tax	4	**104,363**	90,276
Income tax expense	5	**(16,889)**	(15,753)
Profit for the period attributable to owners of the Company		**87,474**	74,523

* *For identification purposes only*

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

	Note	Six months ended 31 December 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(823)**	1,978
Total comprehensive income for the period attributable to owners of the Company		**86,651**	76,501
Earnings per share attributable to ordinary equity holders of the Company	*7*		
Basic		**HK5.37 cents**	HK4.60 cents
Diluted		**HK5.33 cents**	HK4.59 cents

Details of the dividend for the period are disclosed in note 6 to the financial statements.

Condensed consolidated statement of financial position

	Notes	At 31 December 2014 (Unaudited) *HK$'000*	At 30 June 2014 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**89,633**	96,169
Investment properties		**26,499**	27,382
Trademark		**1,164**	1,164
Deferred tax assets		**7,176**	7,290
Deposits paid		**74,797**	81,383
Total non-current assets		**199,269**	213,388
Current assets			
Inventories		**329,623**	286,595
Debtors	*8*	**80,724**	52,549
Bills receivable		**24,844**	58,849
Deposits paid		**40,066**	30,363
Prepayments and other receivables		**60,241**	57,892
Derivative financial instruments		**2,599**	309
Pledged bank deposits		**931**	1,831
Cash and cash equivalents		**444,997**	452,477
Total current assets		**984,025**	940,865
Current liabilities			
Trade creditors, other payables and accruals	*9*	**278,690**	254,436
Bills payable		**59,056**	46,334
Tax payable		**19,589**	28,439
Due to related companies		**7,511**	17,478
Derivative financial instruments		**724**	1,137
Total current liabilities		**365,570**	347,824
Net current assets		**618,455**	593,041
Total assets less current liabilities		**817,724**	806,429
Non-current liabilities			
Deferred tax liabilities		**2,306**	2,306
Other payables		**–**	1,874
Total non-current liabilities		**2,306**	4,180
Net assets		**815,418**	802,249
Equity			
Issued capital		**162,931**	162,693
Reserves		**652,487**	639,556
Total equity		**815,418**	802,249

Notes to the condensed consolidated interim financial statements

1. Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards

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 accounting policies and basis of preparation 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 2014, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 19 Amendments	Amendments to HKAS 19 – *Employee Benefits – Defined Benefit Plans: Employee Contributions*
HKAS 32 Amendments	Amendments to HKAS 32 – *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 – *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HKAS 27 (2011), HKFRS 10 and HKFRS 12 Amendments	Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12 – *Investment Entities*
HK(IFRIC)-Int 21	*Levies*
Annual Improvements 2010 – 2012 Cycle	Amendments to a number of HKFRSs issued in January 2014
Annual Improvements 2011 – 2013 Cycle	Amendments to a number of HKFRSs issued in January 2014

The adoption of the above new and revised HKFRSs has had no significant impact on the Group's results of operations and financial position.

1. **Basis of preparation and impact of new and revised Hong Kong Financial Reporting Standards (continued)**

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 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]
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* [4]
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 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] 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

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 30 June 2015. The Group is in the process of making an assessment of the impact of these changes.

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 and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets 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 segment for the six months ended 31 December 2014, together with the comparative figures for the corresponding period in 2013, is as follows:

	Hong Kong and Macau		Mainland China		Taiwan		Singapore		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	(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	**921,231**	888,545	**175,346**	153,568	**103,839**	108,533	**119,047**	121,922	**1,319,463**	1,272,568
Other income	**8,168**	6,291	**314**	580	**246**	675	**608**	218	**9,336**	7,764
Total	**929,399**	894,836	**175,660**	154,148	**104,085**	109,208	**119,655**	122,140	**1,328,799**	1,280,332
Segment results	**109,725**	106,114	**(706)**	(5,375)	**(6,918)**	(9,049)	**(2,402)**	(3,310)	**99,699**	88,380
Interest income									**4,664**	1,896
Profit from operating activities									**104,363**	90,276
Finance costs									**–**	–
Profit before tax									**104,363**	90,276
Income tax expense									**(16,889)**	(15,753)
Profit for the period									**87,474**	74,523

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

The following table presents certain asset and liability information for the Group's geographical segments at 31 December 2014, together with the comparative figures at 30 June 2014.

	Hong Kong and Macau		Mainland China		Taiwan		Singapore		Consolidated	
	At 31 December 2014	At 30 June 2014	**At 31 December 2014**	At 30 June 2014	**At 31 December 2014**	At 30 June 2014	**At 31 December 2014**	At 30 June 2014	**At 31 December 2014**	At 30 June 2014
	(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	**674,169**	714,393	**344,472**	280,994	**71,655**	55,090	**85,822**	96,486	**1,176,118**	1,146,963
Unallocated assets									**7,176**	7,290
Total assets									**1,183,294**	1,154,253
Segment liabilities	**264,413**	258,662	**48,269**	38,339	**21,597**	16,826	**11,702**	7,432	**345,981**	321,259
Unallocated liabilities									**21,895**	30,745
Total liabilities									**367,876**	352,004

3. Other income

	Six months ended 31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income	**4,664**	1,896
Royalty income	**3,047**	2,486
Gross rental income	**3,292**	2,643
Others	**2,997**	2,635
	14,000	9,660

4. Profit before tax

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

	Six months ended 31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Write-back of provision for inventories	**(8,739)**	(25,155)
Depreciation	**28,043**	28,781
Fair value losses/(gains), net on derivative financial instruments – transactions not qualifying as hedges	**(3,218)**	407

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**14,975**	13,668
Current – Elsewhere		
Charge for the period	**1,800**	2,227
Overprovision in prior periods	**–**	(55)
Deferred	**114**	(87)
Tax charge for the period	**16,889**	15,753

6. Dividend

	Six months ended 31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend declared – HK2.70 cents (2013: HK2.30 cents) per ordinary share	**43,991**	37,343

The interim dividend is not reflected as a dividend payable as of 31 December 2014, but will be recorded as a distribution of retained earnings for the year ending 30 June 2015. The interim dividend of HK$43,991,000 (2013: HK$37,343,000) for the six months ended 31 December 2014 is calculated based on 1,629,313,394 (2013: 1,623,639,394) 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 owners of the Company for the six months ended 31 December 2014 of HK$87,474,000 (2013: HK$74,523,000) and the weighted average number of ordinary shares of 1,627,837,024 (2013: 1,620,779,394) in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company for the six months ended 31 December 2014 of HK$87,474,000 (2013: HK$74,523,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue of 1,627,837,024 (2013: 1,620,779,394) during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 11,811,882 (2013: 3,979,006) 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 2014 (Unaudited) ***HK$'000***	At 30 June 2014 (Audited) *HK$'000*
Within 1 month	**72,854**	34,814
1 to 2 months	**3,779**	8,995
2 to 3 months	**762**	3,068
Over 3 months	**3,329**	5,672
	80,724	52,549

9. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK$89,671,000 (30 June 2014: HK$75,515,000).

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

	At 31 December 2014 (Unaudited) *HK$'000*	At 30 June 2014 (Audited) *HK$'000*
Within 1 month	**27,844**	45,693
1 to 2 months	**51,664**	18,983
2 to 3 months	**3,756**	6,548
Over 3 months	**6,407**	4,291
	89,671	75,515

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.70 cents (2013: HK2.30 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 24 March 2015. The interim dividend will be paid on or before 8 April 2015.

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Thursday, 19 March 2015 to Tuesday, 24 March 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 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, 18 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The world economy continued to pick up in the second half of 2014 but the recovery remained fragile, with many high-income countries continuing to grapple with legacies from the global financial crisis and emerging economies proving less dynamic than in previous years. Tensions between Russia and other developed nations, as well as renewed conflict in the Middle East, also created headwinds.

Global GDP growth picked up only marginally for 2014 overall but there were divergent trends beneath the headline numbers. Activity in the United States gathered momentum, with employment levels up and monetary policy remaining supportive; however, the recovery faltered in the Eurozone and Japan. Disappointing growth in other developing countries reflected weak external demand, but also domestic policy tightening, political uncertainties and supply-side constraints.

GDP growth in Asia's powerhouse economy, mainland China, slowed to 7.4% for the year against a backdrop of economic reforms, but there are signs that its deceleration is being managed well as it tries to contain financial vulnerabilities. The apparel retail environment continued to be highly competitive across the Group's major markets, with new players in the industry and the expansion of e-tailing giving consumers a plethora of choice. In Hong Kong, meanwhile, the Occupy Protest presented challenges for retailers in the fourth quarter of 2014.

Despite these economic and political factors, both sales and same-store sales of the Group recorded growth of 4%. Record-high sales were registered in the Hong Kong and Macau retail operation, an achievement with 22 consecutive quarters of positive same-store sales growth.

A milestone was achieved for mainland China operations as our efforts to increase shop productivity and adopt stringent cost control measures in the preceding financial year helped us to achieve a turnaround in operating profit and achieve 7 consecutive quarters of positive same-store gross profit growth.

Taiwan also recorded an improved performance, helped again by ongoing efforts to enhance shop productivity and implement cost-control measures, which let us experience 5 consecutive quarters of positive same-store sales growth.

Our export franchising business achieved record-high sales in the first half of financial year 2014/15. Meanwhile, the Group improved on an already strong net cash position and achieved an improved inventory turnover days year-on-year.

To meet the ongoing challenges in the retail sector, the Group has focused on a number of strategies to improve both efficiency and customer engagement. Popular licensed product programmes again helped to enhance our "be happy" brand identity and energetic, colourful image. We have continued to offer our customers vital shopping experiences across our network. Meanwhile, we have also boosted our competitive edge by fine-tuning our collections of apparel with a wide diversity ranging from the men's, ladies' to kids' line.

Financial Performance

Revenue for the Group for the six months ended 31 December 2014 increased by 4% year-on-year to HK$1,319 million (2013: HK$1,273 million). Gross profit for the period under review was HK$665 million (2013: HK$628 million), with a slightly improved gross margin, up by 1% point to 50% (2013: 49%). Operating profit was HK$104 million (2013: HK$90 million), which resulted in an operating margin of 8% (2013: 7%). Profit for the period attributable to owners was HK$87 million (2013: HK$75 million), while basic earnings per share was HK5.37 cents (2013: HK4.60 cents).

The Group's financial position remained healthy, with cash and bank balances of HK$446 million (2013: HK$352 million) and a net cash balance of HK$446 million (2013: HK$352 million) as of 31 December 2014, representing a year-on-year increase of 27%.

Operating Efficiencies

Overall same-store sales for the Group during the period under review grew by 4% (2013: 7% growth). The Hong Kong and Macau retail operation achieved record-high sales, with same-store sales growth of 5% (2013: 11% growth). The mainland China business segment meanwhile achieved a turnaround in operating profit, with same-store sales growth of 2% (2013: 12% growth). The Taiwan market also enjoyed a reduction in operating loss, with 10% increment in sales per sq. ft. and same-store sales growth of 8% (2013: 6% decline).

The total retail floor area of the Group's directly managed stores decreased slightly year-on-year as of 31 December 2014 to 460,000 sq. ft. (2013: 470,000 sq. ft.) subsequent to consolidation of non-performing stores in 2014. Shop productivity was improved, with overall sales per sq. ft. increasing 5% to reach HK$4,300 (2013: HK$4,100). The Group's operating expenses for the period accounted for 44% (2013: 43%) of total revenue. The following table provides a breakdown of our operating expenses:

Operating Expenses Analysis

	For the six months ended 31 December				
	2014		2013		
	HK$ million	**% of revenue**	HK$ million	% of revenue	**Change (%)**
Revenue	**1,319**	**100%**	1,273	100%	**+4%**
Selling and distribution expenses	**429**	**33%**	389	31%	**+10%**
Administrative expenses	**131**	**10%**	130	10%	**+1%**
Other operating expenses	**14**	**1%**	28	2%	**–50%**
Total operating expenses	**574**	**44%**	547	43%	**+5%**

BUSINESS REVIEW

Distribution Network

During the six months under review, the Group maintained a cautious approach to expansion in the face of ongoing global uncertainty. The Group had presence in 35 countries and regions worldwide as of 31 December 2014. The overall store count decreased by 13 against the previous year to 949 (30 June 2014: 962), of which 268 (30 June 2014: 267) were directly managed and 681 (30 June 2014: 695) were franchised.

Hong Kong and Macau remained the Group's core market and the foremost contributor to Bossini's overall revenues. Its total number of stores remained the same at 41 (30 June 2014: 41). The store count in overseas market decreased slightly to 594 (30 June 2014: 599). After reducing the number of its stores in mainland China continually in 2014, the Group consolidated its market presence to some extent. As of 31 December 2014, there were 214 (30 June 2014: 220) stores in mainland China, 127 (30 June 2014: 124) were directly managed and 87 (30 June 2014: 96) were franchised. The Group also reduced its stores in Taiwan slightly, to 70 (30 June 2014: 72), while the number of stores in Singapore remained the same at 30 (30 June 2014: 30).

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

	31 December 2014		30 June 2014	
	Directly managed stores	**Franchised stores**	Directly managed stores	Franchised stores
Hong Kong and Macau	**41**	**–**	41	–
Mainland China	**127**	**87**	124	96
Taiwan	**70**	**–**	72	–
Singapore	**30**	**–**	30	–
Other countries and regions	**–**	**594**	–	599
Total	**268**	**681**	267	695

Marketing and Branding

We continue to focus on promoting and reinforcing our "be happy" core brand value both among customers and our business partners. The Group has gained a recognisable position in the market by producing attractive, quality everyday wear, complemented by popular co-branded and licensed merchandise in partnership with renowned brands. This approach has helped to bolster public awareness of our brand by offering customers differentiated products, while enhancing our distinctive "be happy" identity.

Co-branded and Licensed Products

Cooperating with internationally-renowned licensing partners to create co-branded and licensed merchandise remains a key strategy for the Group. These products form a significant part of our in-store mix and play an important role in stimulating public awareness of our "be happy" brand philosophy. Building on the success of previous collaborations, once again the Group partnered with two popular and iconic companies to develop lively promotions and enhance brand awareness. During the period under review, the Group worked with Disney again to release the exuberant *bossini x Disney Classic Collection* for kids and youth, featuring many of the corporation's most famous animated characters on clothing and a range of accessories. We also launched a brightly-coloured *bossini x Snoopy* range of exclusive clothing, accessories and premiums featuring the much-loved cartoon figure. Both initiatives enjoyed an enthusiastic response from media and consumers.

Operational Performance by Market

The Group's Hong Kong and Macau segment encompasses directly managed retail business and the export franchising business. The segment provided our major source of revenue as in previous years, accounting for 70% (2013: 69%) of the Group's consolidated revenue for the period under review. The mainland China market comprised 13% (2013: 12%) of consolidated revenue, Taiwan 8% (2013: 9%) and Singapore the remaining 9% (2013: 10%).

During the period under review, the Hong Kong and Macau segment delivered record-high sales, with same-store sales hitting growth of 5% (2013: 11% growth) for the retail operation. Same-store sales in mainland China grew by 2% (2013: 12% growth). Following the closure of non-performing stores in Taiwan in the previous financial year, the segment showed significantly improved productivity, with a 10% year-on-year increase in sales per sq. ft..

Hong Kong and Macau

The segment continued to register satisfactory growth, bolstered by export demand and relatively stable market conditions for Hong Kong in the first quarter of the financial year 2014/15. Footfall and therefore spending was dented in the second quarter due to disruption caused by the Occupy Protest, which caused deceleration in retail sales growth towards the end of 2014. Same-store sales achieved 11% growth in the first quarter of financial year 2014/15, but in the second quarter slowed to 1% growth, resulting in 5% growth (2013: 11% growth) overall.

Nevertheless, total revenue for the period under review broke records with amount of HK$921 million (2013: HK$888 million), an increase of 4%. The total retail floor area in Hong Kong and Macau amounted to 143,500 sq. ft. (2013: 134,400 sq. ft.), while the number of directly managed stores remained stable at 41 (30 June 2014: 41). Sales per sq. ft. slightly declined year-on-year by 1% to HK$8,800 (2013: HK$8,900). While operating profit was HK$111 million (2013: HK$107 million), with an operating margin of 12% (2013: 12%).

During the period under review, the Group consolidated its export franchising business, bringing the total store count to 594 (30 June 2014: 599) across 31 countries.

Mainland China

GDP growth of 7.4% in 2014 was the lowest rate in mainland China for 24 years, as economic reforms and property cooling measures were felt. The blossoming of e-commerce and intense competition in the apparel sector generally mean the operating environment remains challenging. However, in the first half of financial year 2014/15, the Group achieved a turnaround in operating profit in mainland China. Having progressively closed underperforming stores in the previous financial years, and implemented stringent cost control measures focused on improving shop productivity, this strategy brought rewards as the segment saw revenue increase by 14% year-on-year to HK$175 million (2013: HK$154 million).

Same-store sales grew by 2% (2013: 12% growth), taking the segment to 7 consecutive quarters of positive same-store gross profit growth. The store count was further reduced to 214 (30 June 2014: 220), with 3 new directly managed stores and reached 127 (30 June 2014: 124), but franchised stores down by 9 to 87 (30 June 2014: 96). Total retail floor area meanwhile decreased by 2% to 196,800 sq. ft. (2013: 201,100 sq. ft.) as of 31 December 2014. Sales per sq. ft. remained stable at HK$1,400 (2013: HK$1,400) and operating profit of HK$2 million (2013: HK$5 million loss) resulted in an operating margin of positive 1% (2013: negative 3%).

Taiwan

The Taiwan segment recorded a stable performance after suffering in the financial year 2013/14 as Asian markets slowed. Expanded exports and imports contributed to a more positive economic outlook, while analysts anticipate improved employment and consumption figures in the first half of 2015. Our efforts to enhance shop productivity bore fruit, the same-store sales grew by 8% (2013: 6% decline) in the first half of financial year 2014/15. Sales per sq. ft. improved significantly to HK$2,300 (2013: HK$2,100).

Revenue in the period under review recorded HK$104 million (2013: HK$109 million), as the store count in the segment declined further to 70 (30 June 2014: 72), with the total retail floor area dropping 13% to 84,600 sq. ft. (2013: 97,100 sq. ft.). The operating loss was HK$7 million (2013: HK$9 million loss), resulting in an operating margin of negative 7% (2013: negative 8%).

Singapore

Total revenue for Singapore during the period under review was HK$119 million (2013: HK$122 million), while the total retail floor area decreased to 35,100 sq. ft. (2013: 37,400 sq. ft.), with the number of directly managed stores staying the same at 30 (30 June 2014: 30). Same-store sales growth was flat (2013: 3% decline); however, sales per sq. ft. fell by 6% to HK$6,700 (2013: HK$7,100). The operating loss was HK$2 million (2013: HK$3 million loss), resulting in an operating margin of negative 2% (2013: negative 2%).

Liquidity and Financial Resources

The Group's cash and bank balances as of 31 December 2014 were HK$446 million (2013: HK$352 million), with a net cash balance of HK$446 million (2013: HK$352 million), representing an increase of 27%. The current ratio for the Group was 2.69 times (2013: 2.43 times) and the ratio of total liabilities to equity was 45% (2013: 51%).

No bank borrowings were recorded as of 31 December 2014 (2013: nil). The Group's gearing ratio as determined by bank borrowings divided by total equity was nil (2013: 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 limited 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 2014, the Group had a significantly reduced inventory turnover days[#] of 92 days (2013: 99 days). The Group's return on equity ratio for the period under review was 21% (2013: 19%).

[#] *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 2014.

Human Capital

The Group employed 2,400 (30 June 2014: 2,400) full-time equivalent employees in Hong Kong, Macau, mainland China, Taiwan and Singapore as of 31 December 2014.

We uphold an unfaltering commitment to developing, retaining and training talented employees and to providing dynamic career paths and positive working environments. In the period under review, the Group continued to offer regular training programmes, including the "7 Habits®" and "7 Practices" courses which together define the vision, mission and core values of the "bossini way". These principles help guide our operations as a whole and anchor our corporate culture at all levels.

The Group also continued to offer performance-based remuneration that includes discretionary bonuses, share options and comprehensive benefits such as insurance and retirement schemes.

OUTLOOK

Having emerged from a protracted recession, the world economy showed relative stability in 2014. Although US economy is expected to be on a stable growth trajectory in the coming year supported by the decline of oil prices and an accommodating monetary policy stance, growth in mainland China is expected to slow further as the country pivots towards domestic consumption and away from the real estate sector and shadow banking. The boost from lower crude oil prices could be also offset by dimmer economic prospects for Russia, the Eurozone, Japan and major oil producers, which are expected to record only anaemic growth and risked by financial turmoil stemming from an increase in US interest rates. The worldwide economy is still facing significant challenges in an environment of considerable uncertainty.

The apparel retailing sector remains highly competitive throughout the region. Established global brands continue to be drawn to invest in expanding Asian markets, while discounting policies in some markets and the growth of online retail platforms is putting pressure on margins. In Hong Kong, local political issues that affected sales in the fourth quarter of 2014 have not been resolved, creating some ongoing uncertainty. The Group will continue to monitor the impact of all these factors, whilst remaining confident that it is pursuing the appropriate strategies to mitigate external risks.

In terms of its management policies, the Group will focus on continuing to streamline productivity in our existing stores, enhancing both efficiency and our overall services in order to provide memorable and vital shopping experiences which reinforce our dynamic and energetic brand image. This includes further rolling out our latest store concept and further developing our kids' line. In mainland China, Taiwan and Singapore, meanwhile, we will continue to implement best practice solutions which have proven successful in our Hong Kong operation.

Going forward, we will also continue to expand our footprint in export markets which show good potential for growth and to partner with well-known brands to launch co-branded and licensed clothing and merchandise that extends and enhances our brand visibility and stature. 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 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 2014. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Ms. LEUNG Mei Han, Mr. 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 2014, 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, all the Directors have complied with the required standard set out in the Model Code, throughout the six months ended 31 December 2014.

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

The interim results announcement and Interim Report for the six months ended 31 December 2014 of the Company containing all the information required by the Listing Rules will be published on the website of the Company (www.bossini.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and despatched to shareholders in due course.

By Order of the Board
TSIN Man Kuen Bess
Chairman

Hong Kong, 25 February 2015

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