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# bossini

## 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 PERIOD FROM 1 JULY 2020 TO 31 DECEMBER 2021

#### 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 period from 1 July 2020 to 31 December 2021 (“Period”), together with the comparative figures for the year ended 30 June 2020, as follows:

#### Consolidated statement of profit or loss and other comprehensive income

Period from 1 July 2020 to 31 December 2021

	Notes	Period ended 31 December 2021 HK\$'000	Year ended 30 June 2020 HK\$'000
<b>Continuing operations</b>			
Revenue	3	1,164,075	1,091,631
Cost of sales		(567,816)	(557,514)
<b>Gross profit</b>		<b>596,259</b>	534,117
Other income	3	56,517	32,033
Selling, distribution and other operating expenses		(702,486)	(680,373)
Administrative expenses		(272,689)	(204,908)
<b>Loss from operating activities</b>		<b>(322,399)</b>	(319,131)
Finance costs	4	(14,768)	(16,182)
<b>Loss before tax from continuing operations</b>	5	<b>(337,167)</b>	(335,313)
Income tax expense	6	(2,892)	(12,183)
<b>Loss for the period/year from continuing operations</b>		<b>(340,059)</b>	(347,496)
<b>Discontinued operation</b>			
Loss for the period/year from a discontinued operation	7	(378)	(20,239)
<b>Loss for the period/year attributable to owners of the Company</b>		<b>(340,437)</b>	(367,735)

\* For identification purposes only

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

*Period from 1 July 2020 to 31 December 2021*

	<b>Period ended 31 December 2021</b>	Year ended 30 June 2020
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income/(loss)</b>		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of a financial asset	–	1,367
Reclassification adjustment for a foreign operation deregistered during the period/year	<b>(625)</b>	932
Exchange differences on translation of foreign operations	<b>15,299</b>	(13,151)
<b>Net other comprehensive income/(loss)</b>	<b>14,674</b>	(10,852)
<b>Total comprehensive loss for the period/year attributable to owners of the Company</b>	<b>(325,763)</b>	(378,587)
<b>Loss per share attributable to ordinary equity holders of the Company</b>	<b>9</b>	(restated)
Basic		
– For loss for the period/year	<b>(HK16.52 cents)</b>	(HK21.83 cents)
– For loss from continuing operations	<b>(HK16.50 cents)</b>	(HK20.63 cents)
Diluted		
– For loss for the period/year	<b>(HK16.52 cents)</b>	(HK21.83 cents)
– For loss from continuing operations	<b>(HK16.50 cents)</b>	(HK20.63 cents)

## Consolidated statement of financial position

		At 31 December 2021 HK\$'000	At 30 June 2020 HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		27,206	25,520
Investment properties		4,687	16,776
Right-of-use assets		112,261	164,732
Trademark		–	1,164
Deferred tax assets		311	386
Deposits		33,811	35,766
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>178,276</b>	244,344
<b>Current assets</b>			
Inventories		186,592	209,679
Debtors	10	25,393	48,441
Tax recoverable		–	4,484
Prepayments, deposits and other receivables		75,551	90,141
Financial assets at fair value through profit or loss		–	593
Pledged bank deposits		1,959	56
Cash and cash equivalents		266,655	176,339
		<hr/>	<hr/>
		556,150	529,733
Assets classified as held for sale		9,437	–
		<hr/>	<hr/>
<b>Total current assets</b>		<b>565,587</b>	529,733
<b>Current liabilities</b>			
Trade creditors, other payables and accruals	11	210,324	118,686
Contract liabilities		3,464	3,584
Bills payable		11,693	12,277
Tax payable		2,635	7,739
Due to fellow subsidiaries		5,377	–
Due to related companies		–	71
Lease liabilities		91,844	154,068
Financial liabilities at fair value through profit or loss		–	7
Interest-bearing bank borrowings		–	59,721
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>325,337</b>	356,153
<b>Net current assets</b>		<b>240,250</b>	173,580
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>418,526</b>	417,924
<b>Non-current liabilities</b>			
Deferred tax liabilities		1,254	773
Lease liabilities		155,783	133,016
Other payables		2,469	2,675
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>159,506</b>	136,464
<b>Net assets</b>		<b>259,020</b>	281,460
		<hr/>	<hr/>
<b>Equity</b>			
Issued capital	12	246,575	164,134
Reserves		12,445	117,326
		<hr/>	<hr/>
<b>Total equity</b>		<b>259,020</b>	281,460
		<hr/>	<hr/>

## Notes to the consolidated financial statements

### 1. Basis of preparation

#### (a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“HKCO”). The consolidated financial statements have been prepared on a historical cost convention, except for financial assets/liabilities at fair value through profit or loss which have been measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

#### (b) Change of financial year end date

On 25 February 2021, the Board announced that the financial year end date of the Company has been changed from 30 June to 31 December commencing from the financial period ended 31 December 2021 in order to align its financial year end date with the controlling shareholder of the Company. Accordingly, the accompanying consolidated financial statements for the current financial period covers an eighteen months period from 1 July 2020 to 31 December 2021. The comparative figures, however, are for twelve months from 1 July 2019 to 30 June 2020, and hence are not directly comparable.

#### (c) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2020:

HKAS 1 and HKAS 8 (Amendments)	Amendments to HKAS 1 and HKAS 8 – <i>Definition of Material</i>
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 – <i>Interest Rate Benchmark Reform</i>
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 – <i>Interest Rate Benchmark Reform – Phase 2</i>
HKFRS 3 (Amendments)	Amendments to HKFRS 3 – <i>Definition of a Business</i>
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendments to HKFRS 16 set out above.

## 1. Basis of preparation (continued)

### (c) New and amended standards adopted by the Group (continued)

The Group also elected to early adopt the following amendment:

HKFRS 16 (2021 Amendments)	2021 Amendments to HKFRS 16 – <i>Covid-19-related Rent Concessions beyond 30 June 2021</i>
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The amendment provides an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totalling HK\$24,447,000 have been accounted for as negative variable lease payments and recognised in the consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2021.

## 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 three reportable operating segments as follows:

- (a) Hong Kong and Macau
- (b) Mainland China
- (c) Singapore

The Group has discontinued the business in Taiwan segment during the year ended 30 June 2020. Accordingly, certain segment information related to the Taiwan segment is classified as “loss for the period/year from a discontinued operation” in the consolidated statement of profit or loss and other comprehensive income (note 7).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted loss before tax from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group’s loss before tax from continuing operations except that interest income and non-lease-related finance costs are excluded from such measurement.

## 2. Operating segment information (continued)

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

Segment liabilities exclude deferred tax liabilities, tax payable and interest-bearing bank borrowings 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.

### Geographical segments

The following tables present revenue, profit/loss and certain asset, liability and expenditure information of the Group's geographical segments for the period ended 31 December 2021 and the year ended 30 June 2020.

	Hong Kong and Macau		Mainland China		Singapore		Consolidated	
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Sales to external customers from continuing operations	680,919	715,617	362,863	296,297	120,293	79,717	1,164,075	1,091,631
Other income from continuing operations	46,673	27,723	3,515	1,615	3,363	132	53,551	29,470
<b>Total</b>	<b>727,592</b>	<b>743,340</b>	<b>366,378</b>	<b>297,912</b>	<b>123,656</b>	<b>79,849</b>	<b>1,217,626</b>	<b>1,121,101</b>
<b>Segment results</b>	<b>(168,881)</b>	<b>(199,450)</b>	<b>(179,884)</b>	<b>(101,621)</b>	<b>10,513</b>	<b>(35,964)</b>	<b>(338,252)</b>	<b>(337,035)</b>
Interest income							2,966	2,563
Loss from operating activities							(335,286)	(334,472)
Finance costs (other than interest on lease liabilities)							(1,881)	(841)
Loss before tax from continuing operations							(337,167)	(335,313)
Income tax expense							(2,892)	(12,183)
Loss for the period/year from continuing operations							<b>(340,059)</b>	<b>(347,496)</b>

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

## 2. Operating segment information (continued)

### Geographical segments (continued)

	Hong Kong and Macau		Mainland China		Singapore		Consolidated	
	At	At	At	At	At	At	At	At
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>377,038</u>	<u>437,783</u>	<u>278,917</u>	<u>252,738</u>	<u>87,597</u>	<u>63,067</u>	<u>743,552</u>	<u>753,588</u>
Unallocated assets							311	4,870
Assets related to a discontinued operation							-	15,619
Total assets							<u>743,863</u>	<u>774,077</u>
Segment liabilities	<u>252,248</u>	<u>270,632</u>	<u>182,322</u>	<u>98,912</u>	<u>46,384</u>	<u>46,558</u>	<u>480,954</u>	<u>416,102</u>
Unallocated liabilities							3,889	68,233
Liabilities related to a discontinued operation							-	8,282
Total liabilities							<u>484,843</u>	<u>492,617</u>
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>								
From continuing operations:								
Impairment of right-of-use assets	42,105	59,757	52,367	24,241	-	18,308	94,472	102,306
(Gain)/loss on disposal/write-off of property, plant and equipment, net	(224)	2	584	908	9	5	369	915
(Write-back of provision)/provision for inventories	(4,828)	(407)	(7,506)	10,202	786	799	(11,548)	10,594
Impairment of debtors	90	-	158	-	-	-	248	-
Impairment of trademark	1,164	-	-	-	-	-	1,164	-
Impairment of deposits and other receivables	878	-	321	-	151	-	1,350	-
Loss on disposal of a financial asset	-	2,473	-	-	-	-	-	2,473
Capital expenditure*								
- from continuing operations	5,445	12,456	38,154	6,044	205	2,648	43,804	21,148
- from a discontinued operation							-	129
							<u>43,804</u>	<u>21,277</u>

## 2. Operating segment information (continued)

### Geographical segments (continued)

	Hong Kong and Macau		Mainland China		Singapore		Consolidated	
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment and investment properties								
– from continuing operations	17,624	21,454	6,716	4,478	1,779	2,109	26,119	28,041
– from a discontinued operation							-	1,314
							<u>26,119</u>	<u>29,355</u>
Depreciation of right-of-use assets								
– from continuing operations	117,372	142,470	22,410	13,814	18,090	31,254	157,872	187,538
– from a discontinued operation							86	3,416
							<u>157,958</u>	<u>190,954</u>
Impairment of property, plant and equipment								
– from continuing operations	7,845	9,095	13,703	1,675	-	2,198	21,548	12,968
– from a discontinued operation							-	1
							<u>21,548</u>	<u>12,969</u>
Non-current assets**								
– from continuing operations	<u>64,735</u>	<u>159,268</u>	<u>45,020</u>	<u>26,956</u>	<u>34,399</u>	<u>21,968</u>	<u>144,154</u>	<u>208,192</u>

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

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

#### Information about a major customer:

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue during the period ended 31 December 2021 and the year ended 30 June 2020.



### 3. Revenue and other income

An analysis of the Group's revenue and other income from continuing operations is as follows:

#### Revenue from contracts with customers

	<b>Period ended 31 December 2021 HK\$'000</b>	Year ended 30 June 2020 HK\$'000
Retailing and distribution of garments	<b>1,164,075</b>	1,091,631

#### Other income

	<b>Period ended 31 December 2021 HK\$'000</b>	Year ended 30 June 2020 HK\$'000
Interest income	<b>2,966</b>	2,563
Royalty income	<b>17,348</b>	9,315
Gross rental income	<b>15,037</b>	8,993
Government grants (note)	<b>14,543</b>	3,077
Compensation income due to a fire accident	–	5,000
Others	<b>6,623</b>	3,085
	<b>56,517</b>	32,033

*Note:*

The amounts for the period ended 31 December 2021 and the year ended 30 June 2020 mainly represented the subsidy granted by The Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. This is a wage subsidy for eligible employers to retain their employees subject to certain conditions. There was no unfulfilled conditions and other contingencies attached to the receipts of those grants.

### 4. Finance costs

	<b>Period ended 31 December 2021 HK\$'000</b>	Year ended 30 June 2020 HK\$'000
Interest on lease liabilities	<b>12,887</b>	15,341
Interest on loan from immediate holding company (note)	<b>1,679</b>	–
Interest on bank loans	<b>202</b>	841
	<b>14,768</b>	16,182

*Note:*

The amount for the period ended 31 December 2021 was incurred from the loan from immediate holding company of HK\$100,000,000 which was fully repaid during the period.

## 5. Loss before tax from continuing operations

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	<b>Period ended 31 December 2021 HK\$'000</b>	Year ended 30 June 2020 HK\$'000
Cost of sales:		
Cost of inventories sold	<b>579,364</b>	546,920
(Write-back of provision)/provision for inventories	<b>(11,548)</b>	10,594
	<b>567,816</b>	557,514
Depreciation of right-of-use assets	<b>157,872</b>	187,538
Depreciation of property, plant and equipment and investment properties	<b>26,119</b>	28,041
Impairment of right-of-use assets	<b>94,472</b>	102,306
Impairment of property, plant and equipment	<b>21,548</b>	12,968
Impairment of trademark	<b>1,164</b>	–
Impairment of debtors	<b>248</b>	–
Impairment of deposits and other receivables	<b>1,350</b>	–
Write-off of deposits and other receivables	<b>132</b>	6,419
Loss on disposal/write-off of property, plant and equipment, net	<b>369</b>	915
Loss on disposal of a financial asset	–	2,473
Fair value losses/(gains), net on financial assets/liabilities at fair value through profit or loss		
– transactions not qualifying as hedges	<b>586</b>	(792)
Compensation income due to a fire accident (note)	–	(5,000)

*Note:*

For the year ended 30 June 2020, the compensation income due to a fire accident of HK\$5,000,000 was included in “other income” on the face of the consolidated statement of profit or loss and other comprehensive income.

## 6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (for the year ended 30 June 2020: 16.5%) on the estimated assessable profit for the period. The mainland China Corporate Income Tax provision in respect of the operation in mainland China is calculated based on the statutory tax rate of 25% on the estimated profits for the period based on existing legislation, interpretations and practices in respect thereof (for the year ended 30 June 2020: 25%). Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	<b>Period ended 31 December 2021 HK\$'000</b>	Year ended 30 June 2020 HK\$'000
Current income tax		
– Hong Kong profits tax	<b>1,291</b>	1,844
– Overseas taxation	<b>664</b>	473
	<b>1,955</b>	2,317
Under/(over) provision in prior period/year		
– Hong Kong profits tax	<b>381</b>	(46)
	<b>2,336</b>	2,271
Deferred income tax	<b>556</b>	9,912
	<b>2,892</b>	12,183

## 7. Discontinued operation

On 2 March 2020, the Group announced a plan to wind down the Group's retail operation in Taiwan (the "Taiwan segment") considering that it was not optimistic about the near term prospect of the Taiwan segment and the cessation of Taiwan segment operation could enable the Group to better utilise its resources in its other segments. As at 31 December 2021, all retail shops in Taiwan had ceased operation. The Taiwan segment was thus classified as discontinued operation and no longer included in the note for operating segment information. Further details of the above were set out in the Company's announcement dated 2 March 2020.

**7. Discontinued operation (continued)**

The results of the discontinued operation for the period/year are presented as below:

	<b>Period ended 31 December 2021 HK\$'000</b>	Year ended 30 June 2020 HK\$'000
Revenue	–	136,836
Cost of sales	–	(66,282)
Gross profit	–	70,554
Other income	17	855
Selling, distribution and other operating expenses	–	(68,366)
Administrative expenses	(395)	(23,059)
Loss from operating activities from a discontinued operation	(378)	(20,016)
Finance costs	–	(223)
Loss before tax from a discontinued operation	(378)	(20,239)
Income tax expense	–	–
Loss for the period/year from a discontinued operation	<u>(378)</u>	<u>(20,239)</u>

**8. Dividend**

No final dividend was proposed for the period ended 31 December 2021 and for the year ended 30 June 2020.

## 9. Loss per share attributable to ordinary equity holders of the Company

The calculation of basic loss per share is based on the loss for the period/year attributable to ordinary equity holders of the Company from continuing operations of HK\$340,059,000 (for the year ended 30 June 2020: HK\$347,496,000) and the loss from a discontinued operation of HK\$378,000 (loss from a discontinued operation for the year ended 30 June 2020: HK\$20,239,000), and the weighted average number of ordinary shares of 2,061,332,475 (for the year ended 30 June 2020 (restated): 1,684,526,378) in issue during the period.

### Weighted average number of the ordinary shares

	2021	2020 (restated)
Issued shares at 1 July	1,641,333,394	1,641,333,394
Effect of share options exercised	1,135,677	–
Effect of rights issue including bonus elements	<u>418,863,404</u>	<u>43,192,984</u>
Weighted average number of shares at 31 December/30 June	<u><u>2,061,332,475</u></u>	<u><u>1,684,526,378</u></u>

The diluted loss per share for the period ended 31 December 2021 and for the year ended 30 June 2020 equals to the basic loss per share as the impact of dilution of the share options is anti-dilutive.

The basic and diluted loss per share for the year ended 30 June 2020 were restated by adjusting the weighted average number of ordinary shares in issues for the bonus element due to the rights issue completed on 12 April 2021.

## 10. 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. Debtors are non-interest-bearing and stated at net of loss allowance.

	At 31 December 2021 HK\$'000	At 30 June 2020 HK\$'000
Debtors	25,646	48,441
Less: Loss allowance	<u>(253)</u>	<u>–</u>
	<u><u>25,393</u></u>	<u><u>48,441</u></u>

## 10. Debtors (continued)

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

	At 31 December 2021 <i>HK\$'000</i>	At 30 June 2020 <i>HK\$'000</i>
Within 1 month	21,205	39,607
1 to 2 months	2,980	3,714
2 to 3 months	147	565
Over 3 months	1,061	4,555
	<u>25,393</u>	<u>48,441</u>

## 11. Trade creditors, other payables and accruals

Included in trade creditors, other payables and accruals is a trade creditors balance of HK\$83,144,000 (as at 30 June 2020: HK\$16,682,000).

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

	At 31 December 2021 <i>HK\$'000</i>	At 30 June 2020 <i>HK\$'000</i>
Within 1 month	33,874	3,319
1 to 2 months	29,847	10,715
2 to 3 months	18,875	1,314
Over 3 months	548	1,334
	<u>83,144</u>	<u>16,682</u>

The trade creditors are non-interest bearing and are normally settled on terms of 30 to 60 days.

## 12. Issued capital

### Shares

	At 31 December 2021 HK\$'000	At 30 June 2020 HK\$'000
Authorised:		
3,000,000,000 (as at 30 June 2020: 2,000,000,000) ordinary shares of HK\$0.10 each (note a)	<u>300,000</u>	<u>200,000</u>
Issued and fully paid:		
2,465,750,091 (as at 30 June 2020: 1,641,333,394) ordinary shares of HK\$0.10 each	<u>246,575</u>	<u>164,134</u>

During the period, the movements in issued capital were as follows:

	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 July 2019, 30 June 2020 and 1 July 2020	1,641,333,394	164,134	29,020	193,154
Exercise of share options (note b)	2,500,000	249	603	852
Rights issue (note c)	821,916,697	82,192	213,698	295,890
Transaction costs incurred in respect of rights issue	—	—	(1,859)	(1,859)
At 31 December 2021	<u>2,465,750,091</u>	<u>246,575</u>	<u>241,462</u>	<u>488,037</u>

#### Notes:

- (a) On 4 March 2021, the Company passed an ordinary resolution to approve the authorised share capital of the Company be increased from HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each to HK\$300,000,000 divided into 3,000,000,000 shares by the creation of an additional 1,000,000,000 shares.
- (b) The subscription rights attaching to 2,500,000 share options were exercised at the subscription price of HK\$0.275 per share, resulting in the issue of 2,500,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$688,000, and the related share option reserve of HK\$164,000 was transferred to the share premium account upon the exercise of these share options.
- (c) After the completion of the rights issue on 12 April 2021, the Company raised gross proceeds of HK\$295,890,000 before expenses by issuing 821,916,697 rights shares at a price of HK\$0.360 per rights share on the basis of one (1) rights share for every two (2) then existing shares to the qualifying shareholders. The weighted average number of ordinary shares in issue for the purpose of calculation of basic and diluted loss per share has been adjusted for the bonus element of the rights issue.

### **13. Event after the reporting period**

Subsequent to the period ended 31 December 2021, the Group completed the disposal of the properties (the “Disposal”) on 15 March 2022. The net proceeds arising from the Disposal was approximately HK\$183 million (after deducting the expected expenses in relation to the Disposal). Based on the net proceeds of the Disposal amounting to approximately HK\$183 million and the carrying amount of the properties of HK\$9.4 million as at 31 December 2021, a gain on disposal of approximately HK\$174 million will be recognised in the consolidated financial statements for the year ending 31 December 2022.



## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the period ended 31 December 2021 (for the year ended 30 June 2020: Nil).

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The 2021 adjourned Annual General Meeting and 2022 Annual General Meeting (“AGMs”) of the Company are scheduled to be held on Tuesday, 14 June 2022. For determining the entitlement to attend and vote at the AGMs, the register of members of the Company will be closed from Thursday, 9 June 2022 to Tuesday, 14 June 2022, both days inclusive. During this period, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGMs, 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, 8 June 2022.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OVERVIEW**

The financial year end date of the Company has been changed from 30 June to 31 December since the financial period 2020/21 (for details, please refer to the Company’s announcement dated 25 February 2021). Accordingly, the results covered 18-month period from 1 July 2020 to 31 December 2021 (“period ended 31 December 2021”). It should be noted that the financial data presented herein are being compared with that for financial year 2019/20, the year ended 30 June 2020. The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

Group revenue for the period ended 31 December 2021 was HK\$1,164 million (for the year ended 30 June 2020: HK\$1,092 million) at a gross margin of 51% (for the year ended 30 June 2020: 49%). Table 1 provides details of the Group’s results of continuing operations in core markets. Loss attributable to owners of the Company for the period under review was HK\$340 million (for the year ended 30 June 2020: HK\$368 million). The Group’s same-store sales and same-store gross profit were down by 17% (for the year ended 30 June 2020: 14% decline) and 16% (for the year ended 30 June 2020: 21% decline) respectively. Net cash balance was HK\$269 million (as at 30 June 2020: HK\$116 million) as at 31 December 2021.

## RESULTS OF CONTINUING OPERATIONS

**Table 1: Group's results of continuing operations**

	For the period ended 31 December 2021		For the year ended 30 June 2020		Change
	<i>HK\$ mn</i>	<i>% to sales</i>	<i>HK\$ mn</i>	<i>% to sales</i>	
Hong Kong and Macau	<b>681</b>	<b>59%</b>	716	66%	(5%)
Mainland China	<b>363</b>	<b>31%</b>	296	27%	23%
Singapore	<b>120</b>	<b>10%</b>	80	7%	50%
Group revenue	<b>1,164</b>	<b>100%</b>	1,092	100%	7%
Gross profit	<b>596</b>	<b>51%</b>	534	49%	12%
Total operating expenses	<b>(975)</b>	<b>(84%)</b>	(885)	(81%)	(10%)
Loss from operating activities	<b>(322)</b>	<b>(28%)</b>	(319)	(29%)	(1%)
Finance costs	<b>(15)</b>	<b>(1%)</b>	(16)	(1%)	9%
EBITDA	<b>(141)</b>	<b>(12%)</b>	(106)	(10%)	(33%)
Loss attributable to owners	<b>(340)</b>	<b>(29%)</b>	(368)	(34%)	7%
Group same-store sales growth*	<b>(17%)</b>		(14%)		
Group same-store gross profit growth*	<b>(16%)</b>		(21%)		
Net cash at 31 December/ 30 June*	<b>269</b>		116		132%
Inventory level at 31 December/30 June*	<b>187</b>		210		(11%)
Inventory turnover (days) at 31 December/30 June*	<b>180</b>		123		57

\* Including continuing and discontinued operations

### **Revenue and gross profit**

The development of COVID-19 pandemic combined with the threat of the more infectious variants, especially the lately known Omicron variant, continued to inflict severe negative impacts on the retail sectors and post downside risks to the global economic outlook. During the period under review, the Group recorded revenue of HK\$1,164 million (for the year ended 30 June 2020: HK\$1,092 million). Gross profit was HK\$596 million (for the year ended 30 June 2020: HK\$534 million), with gross margin increased by 2% points to 51% (for the year ended 30 June 2020: 49%).

### **Total operating expenses and loss from operating activities**

The total operating expenses to sales ratio increased to 84% (for the year ended 30 June 2020: 81%). The pandemic had a negative impact on the assessment of the Group's assets and impact on the results for the period under review. Consequently, the Group recognised non-cash impairment on assets of HK\$119 million (for the year ended 30 June 2020: HK\$115 million) during the period under review.

### **Finance costs**

Finance costs were HK\$15 million (for the year ended 30 June 2020: HK\$16 million), which comprised of interest on loan from immediate holding company, interest on bank loans and interest on lease liabilities. The interest on lease liabilities of HK\$13 million (for the year ended 30 June 2020: HK\$15 million) was due to the imputed interest expense accrued on the outstanding balance of the lease liabilities.

### **Loss attributable to owners of the Company**

Loss attributable to owners of the Company was HK\$340 million (for the year ended 30 June 2020: HK\$368 million), as shown in Table 1. Net margin was negative 29% (for the year ended 30 June 2020: negative 34%). The preceding commentaries cite the reasons.

### **DISTRIBUTION NETWORK**

As at 31 December 2021, the Group had a presence in 24 countries and regions around the world, and had 698 (as at 30 June 2020: 982) stores comprised of 159 (as at 30 June 2020: 209) directly managed stores and 539 (as at 30 June 2020: 773) franchised stores.

**Table 2: Store composition by type and geographical location**

	At 31 December 2021			At 30 June 2020		
	Directly managed stores	Franchised stores	Total	Directly managed stores	Franchised stores	Total
Hong Kong and Macau	26	–	26	38	–	38
Mainland China	119	–	119	154	–	154
Singapore	14	–	14	17	–	17
Other countries	–	539	539	–	773	773
<b>Total</b>	<b>159</b>	<b>539</b>	<b>698</b>	<b>209</b>	<b>773</b>	<b>982</b>

**ANALYSIS BY MARKET****Hong Kong and Macau**

During the period under review, the pandemic of COVID-19 continued to wreak havoc worldwide and brought unprecedented challenges to the retail industry. Although the retail sector has shown signs of recovery since the first quarter of 2021, retail sales volume remained far below the pre-pandemic level as inbound tourism remained frozen, posing a constraint on the pace of recovery in the retail industry. For the period from July 2020 to December 2021, tourist arrivals plunged by 99.4% on a period-on-period basis according to the statistics from the Hong Kong Tourism Board.

The pandemic of COVID-19 has severely affected the retail consumption in Hong Kong and Macau. Travel restrictions and border control were in force, while a series of social-distancing measures were imposed, which consequentially impaired the consumer sentiment and stifled customer traffic. During the period under review, the third to the fifth waves of local COVID-19 infections at alarming levels induced stricter social distancing measures, which sharply reduced shopping activities and foot traffic as a result.

During the period under review, revenue in Hong Kong and Macau including the retail and export franchising business was HK\$681 million (for the year ended 30 June 2020: HK\$716 million). Same-store sales for directly managed stores fell 17% (for the year ended 30 June 2020: 19% decline) while same-store gross profit declined 17% (for the year ended 2020: 27% decline). Total net retail floor area decreased to 69,800 sq. ft. (as at 30 June 2020: 109,500 sq. ft.), and sales per sq. ft. was HK\$4,800 (for the year ended 30 June 2020: HK\$5,500). The number of directly managed stores was 26 (as at 30 June 2020: 38). Segment result was HK\$169 million loss (for the year ended 30 June 2020: HK\$199 million loss).

The export franchising business operated a total number of stores to 539 (as at 30 June 2020: 773) with a footprint across 21 countries in the period under review. The Group maintained its cautious yet strategic international expansion programme to tap opportunities in the emerging markets.

### **Mainland China**

During the period under review, in and out of lockdown ahead of many other countries, the economy in mainland China powered ahead while much of the world was still struggling. However, given the volatility of the pandemic and the emergence of infectious variants, recovery in mainland China market has once again dampened.

Revenue in mainland China was HK\$363 million (for the year ended 30 June 2020: HK\$296 million). Same-store sales dropped 19% (for the year ended 30 June 2020: 8% decline) and same-store gross profit registered a 17% decline (for the year ended 30 June 2020: 14% decline). Sales per sq. ft. was HK\$1,400 (for the year ended 30 June 2020: HK\$1,500) while total net retail floor area increased by 15% to 162,200 sq. ft. (as at 30 June 2020: 140,700 sq. ft.). There was a total of 119 (as at 30 June 2020: 154) directly managed stores in mainland China. Segment result was HK\$180 million loss (for the year ended 30 June 2020: HK\$102 million loss).

### **Singapore**

The revenue of Singapore operation was HK\$120 million (for the year ended 30 June 2020: HK\$80 million) during the period under review. Same-store sales registered a 9% decline (for the year ended 30 June 2020: 11% decline). Same-store gross profit recorded a 4% decline (for the year ended 30 June 2020: 13% decline). Total net retail floor area decreased by 20% to 17,800 sq. ft. (as at 30 June 2020: 22,200 sq. ft.). Sales per sq. ft. was HK\$3,900 (for the year ended 30 June 2020: HK\$3,400). The number of directly managed stores was 14 (as at 30 June 2020: 17). The segment result was HK\$11 million profit (for the year ended 30 June 2020: HK\$36 million loss).

## **Discontinued operation**

### **Taiwan**

The Group had ceased its retail operation in Taiwan by end of June 2020. Taiwan commenced operation in 1992 and had a significant role in promoting the brand name of the Group in the Southeast Asia region, thus spearheading the Group's presence in the Greater China region. However, due to the continuing sluggish consumer market in Taiwan over the last two decades, the Taiwan segment has been loss making since the financial year of 2005/06. In the face of the challenging market conditions prevailing in Hong Kong and mainland China, the two main retailing divisions of the Group, the Group believes that it is in the best interests of the Company and its shareholders to cease the Taiwan operation so that the Group can better utilise its resources in its other core markets.

## **CHANGE OF FINANCIAL YEAR END DATE**

The financial year end date of the Company has been changed from 30 June to 31 December commencing from the financial period 2020/21 (for details, please refer to the Company's announcement dated 25 February 2021). Accordingly, this set of results covered the period from 1 July 2020 to 31 December 2021. The comparative figures, however, are for the year ended 30 June 2020, and hence are not directly comparable. The annual report for the period ended 31 December 2021 will be distributed on or before 30 April 2022.

## **FINANCIAL POSITION**

### **Liquidity and Financial Resources**

As at 31 December 2021, the Group had cash and bank balances of HK\$269 million (as at 30 June 2020: HK\$176 million) and net cash balance at HK\$269 million (as at 30 June 2020: HK\$116 million). The current ratio was at 1.74 times (as at 30 June 2020: 1.49 times) with a total liabilities to equity ratio at 187% (as at 30 June 2020: 175%). No bank borrowings was recorded as at 31 December 2021. As at 30 June 2020, bank borrowings of HK\$60 million were recorded and the gearing ratio determined by bank borrowings divided by total equity was 21%.

The Group had investments and operations in countries that use currencies other than United States dollar and Hong Kong dollar, and therefore mitigated its foreign currency risk by entering into forward currency contracts to reduce exposure to exchange rate fluctuations in material transactions denominated in those currencies.

As at 31 December 2021, the Group's inventory turnover days<sup>#</sup> was 180 days, compared to 123 days as at 30 June 2020. The return on equity ratio for the period under review was negative 126% (for the year ended 30 June 2020: negative 75%).

<sup>#</sup> *Inventory held at period/year end divided by annualised cost of sales times 365 days*

## Contingent Liabilities

	<b>At 31 December 2021 HK\$'000</b>	At 30 June 2020 HK\$'000
Bank guarantee given in lieu of utility and property rental deposits	<u><u>1,047</u></u>	<u><u>5,697</u></u>

## Human Capital

As at 31 December 2021, the Group employed 1,000 (as at 30 June 2020: 1,500) full-time equivalent employees in Hong Kong and Macau, mainland China and Singapore.

The Group adhere to a policy of acquiring, nurturing and retaining talented employees. We treasure and promote the team spirit, and strive to cultivate a proactive and ever-improving culture. Workshops in effective management and certified programmes were offered for office and shop staff at all levels.

We believe a vibrant and competent workforce is indispensable in driving business growth. We treasure knowledge sharing and life-long learning. We encourage employees to progress and excel every day through the “bossini e-academy”, our e-platform which is devised to offer practical and experience-based knowledge and skills in customer service, retailing, products, and other latest marketing information.

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.

## USE OF PROCEEDS FROM RIGHTS ISSUE

On 12 April 2021, the Company issued 821,916,697 rights shares, on the basis of one (1) rights share for every two (2) then existing shares, at a price of HK\$0.360 per rights share (the “Rights Issue”). Upon completion of the Rights Issue, the Company received net cash proceeds of approximately HK\$294 million (the “Net Proceeds”). The Company intended to apply the Net Proceeds as to: (i) approximately HK\$100 million for the repayment of shareholder’s loan; and (ii) approximately HK\$194 million for general working capital.

The following table sets forth the information in relation to the use of the Net Proceeds raised from the Rights Issue:

<b>Intended use of Net Proceeds as disclosed in the prospectus dated 17 March 2021</b>	<b>Actual use of Net Proceeds up to 31 December 2021 as originally intended</b>	<b>Unutilised Net Proceeds as at 31 December 2021</b>	<b>Intended use and expected timeline</b>
HK\$100 million for repayment of shareholder's loan	HK\$100 million	–	–
HK\$60 million for the Group's capital expenditure for its expansion in the mainland China	HK\$33 million	HK\$27 million	From May 2021 to April 2022 according to the Group's network expansion timeline
HK\$10 million to upgrade the Group's information technology systems	HK\$7 million	HK\$3 million	During the second half of 2021 and throughout 2022
HK\$124 million for the Group's additional expenses in light of the Group's branding and network expansion in the mainland China	HK\$104 million	HK\$20 million	From May 2021 to April 2022

## **OUTLOOK**

During the period under review, we have started establishing strategies on Bossini's new brand positioning and product direction, while allocated more resources on product development, team reconstruction and related activities. The "bossini" brand is currently going through a repositioning process. Meanwhile, the Group continued to improve its operating efficiency by adjusting the combination and roles and responsibilities of the senior management, reducing excessively loss-making stores, and trimming and simplifying less productive work processes and expenditures with an objective to lower operating losses as soon as possible.



The operating environment throughout the period under review continued to be challenging. The COVID-19 pandemic has disrupted global economic and retail activities. Although mainland China's retail sector recorded positive sales growth in 2021, the slowdown towards the end of year underlined risks and challenges ahead as the Omicron variant COVID-19 infections has brought new and unknown risks going forward. For Hong Kong, the fifth and most severe wave of COVID-19 outbreak to date has led to further tightening on various social activities and controls on international travel would likely undermine the retail growth prospects in 2022. The recent developments were pushing back the start date for the planned quarantine-free travel corridor between Hong Kong and mainland China, which would weaken the near-term retail consumption from cross-boundary leisure travel and business and hence the recovery of Hong Kong's retail industry. Despite this challenging operating environment, we are still encountering several landlords unwilling to provide reasonable rent concessions for our stores.

In spite of the unfavourable external factors, the Group has started establishing new distribution channels in mainland China with shops carrying the new brand "bossini.X" and exhibiting Bossini's new image and character. Going forward, the execution of our network expansion strategy in mainland China would mainly through opening directly managed and franchised stores in appropriate shopping malls and distribution channels in various provinces and cities.

Since "bossini.X" is set to have a fresh brand positioning, we are targeting at whole new distribution channels, and the products will be substantially different from the brand "bossini". We expect that this investment period would span over the next few years with focus in particular on product development and channel expansion, while we also anticipate the potential downside risks involved. Taking these internal and external factors into account, we are in the view that the Group could possibly continue to incur losses during the investment period.

## **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 financial results for the period ended 31 December 2021. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. LEE Kwok Ming, Mr. CHEONG Shin Keong and Prof. SIN Yat Ming.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

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 period from 1 July 2020 to 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the period. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the preliminary announcement.

## **CORPORATE GOVERNANCE**

The Company was in compliance with the code provisions as set out in the CG Code for the period ended 31 December 2021.

Currently, there are three Board committees, namely, Audit Committee, Remuneration Committee and Nomination 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 period ended 31 December 2021.

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

The annual results announcement for the period ended 31 December 2021 of the Company is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.bossini.com](http://www.bossini.com). The annual report for the period ended 31 December 2021 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  
**Bossini International Holdings Limited**  
**Mr. Victor HERRERO**  
*Chairman and Non-executive Director*

Hong Kong, 18 March 2022

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. CHEUNG Chi (Co-Chief Executive Officer), Mr. ZHAO Jianguo and Mr. CHAN Cheuk Him Paul, two non-executive directors, namely Mr. Victor HERRERO (Chairman) and Mr. LAW Ching Kit Bosco, and three independent non-executive directors, namely Mr. LEE Kwok Ming, Prof. SIN Yat Ming and Mr. CHEONG Shin Keong.*