

bossini

Bossini International Holdings Limited
堡獅龍國際集團有限公司

Annual Results Announcement

For the year ended 31st March 2004



Corporate Presentation
June 2004



Agenda



- Major Achievements
- Results Highlights
- Review of Operations
- Future Plans and Strategies



Major Achievements



Major Achievements



- A year of successful turnaround with **record high** earnings, margins and turnover
 - Net profit attributable to shareholders recorded HK\$118 million (FY2003: loss of HK\$74 million)
 - Gross profit margin reached 47.3%; up 6%
 - Net margin reached 6.6% (FY2003: loss of 4.4%)
 - Turnover reached HK\$1.8 billion, up 5%
- All core markets turned into profit centres
 - Achieved high operating profits in Hong Kong, Mainland China, Singapore and Taiwan
- Optimized retail floor usage via network restructuring
 - Weighted average sales per sq. ft increased by 8% to HK\$2,800 per sq. ft p.a.



Results Highlights



Financial Highlights



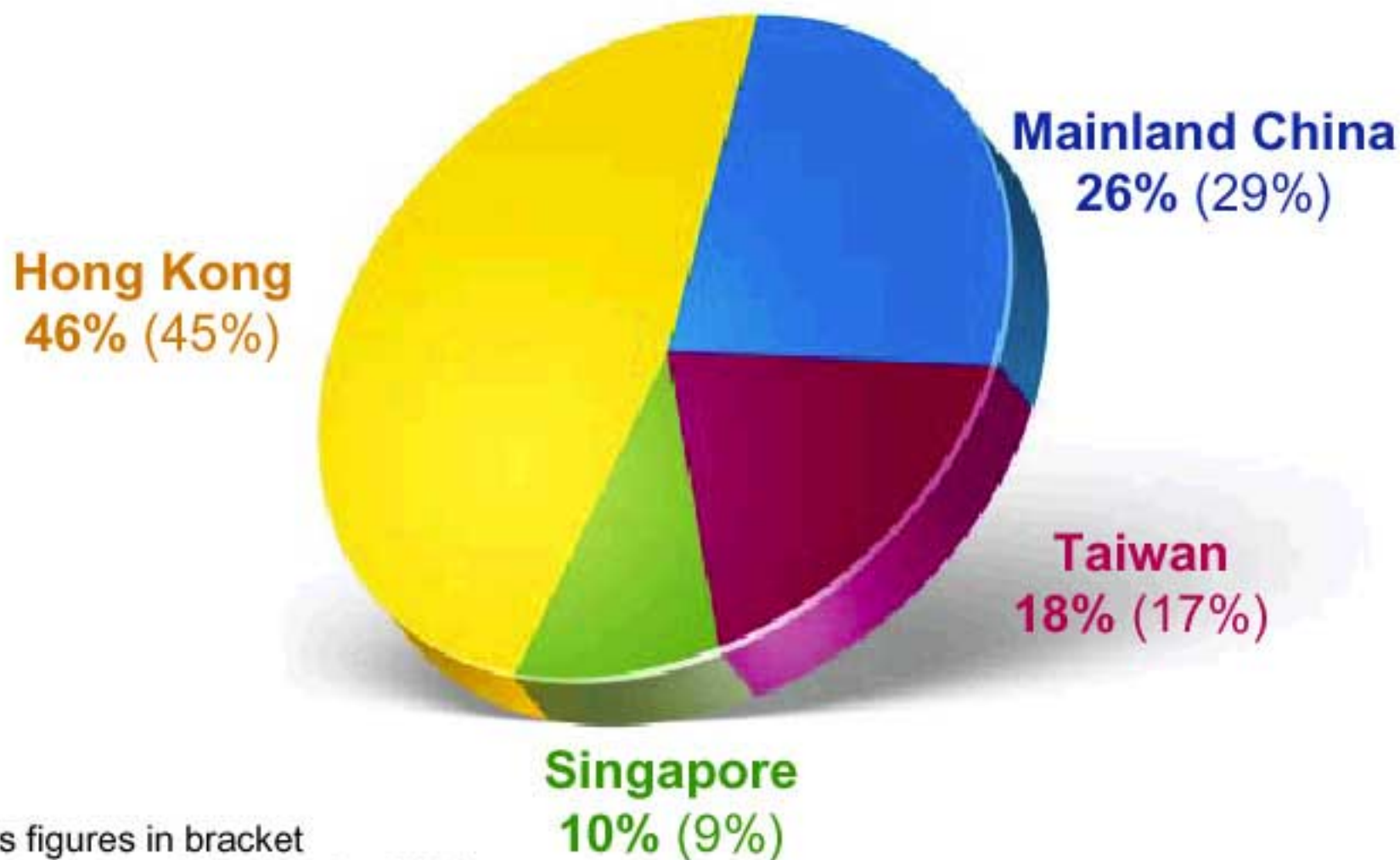
	<i>FY 2004</i> <i>HK\$ mn</i>	<i>FY 2003</i> <i>HK\$ mn</i>	<i>Change (%)</i>
Turnover	1,783	1,691	↑ 5.4%
Gross profit	844	701	↑ 20.4%
Gross margin	47.3%	41.4%	↑ 5.9%
Operating profit / (loss)	146	(66)	N.A.
Net profit / (loss) attributable to Shareholders	118	(74)	N.A.
Basic EPS / (LPS)	15.93 cents	(14.41 cents)	N.A.
Dividend per share	6 cents	N.A.	N.A.
Bonus share	1 for 1	N.A.	N.A.

For the year ended 31st March

Turnover by Geographical Markets



FY2004

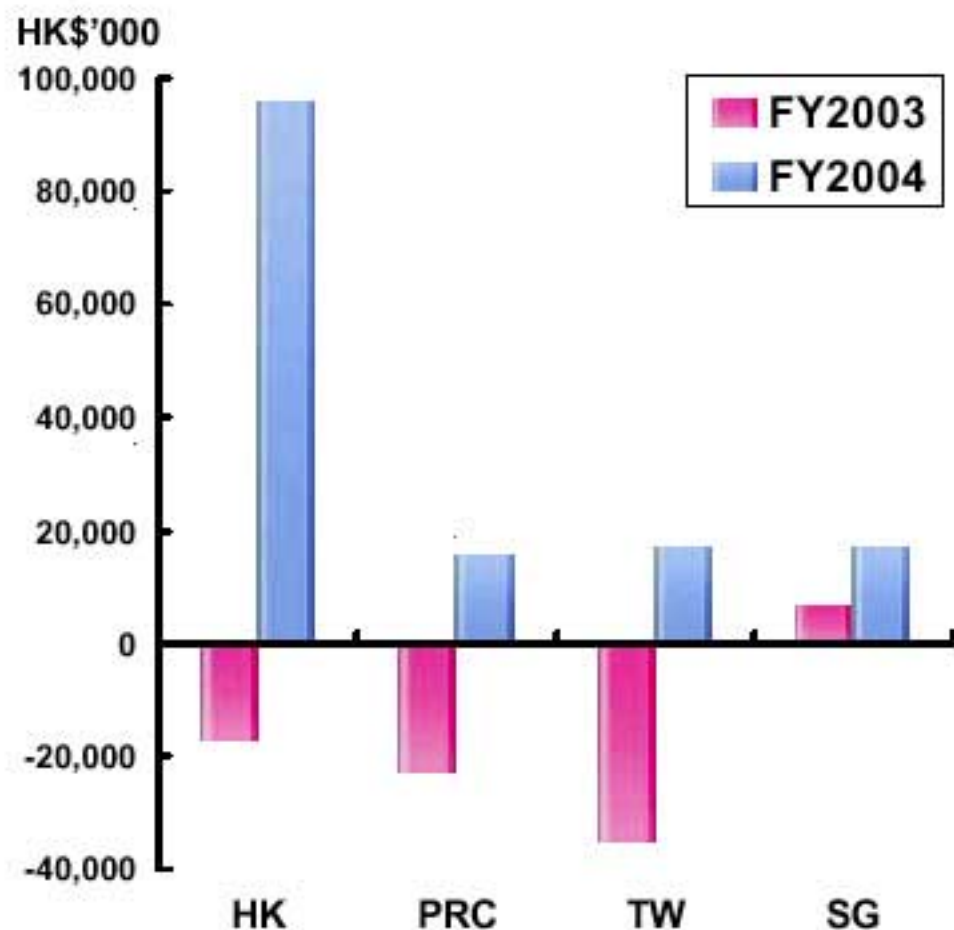


FY2003's figures in bracket
For the year ended 31st March, 2004

Segmental Results



Segmental Operating Profit



For the year ended 31st March

- Profitability in key markets significantly enhanced
- Key attributes:
 - Clear product positioning
 - Improved productivity after network restructuring
 - Enhanced customer service via intensive staff training
 - Revival of global economy
 - Improved retail operating environment in Hong Kong

Key Financial Indicators



	<i>FY 2004</i>	<i>FY 2003</i>	<i>Improved</i>
Inventory turnover (days)	37	50	13 days
Return on equity	32.8%	(24.0%)	N.A.
Payout ratio	39.2%	N.A.	N.A.
Current ratio (times)	2.72	1.42	91.5%
Total liabilities to equity ratio	43.0%	117.7%	74.7%
Cash and bank balance	HK\$225 mn	HK\$76 mn	HK\$149 mn

For the year ended 31st March

Cost Breakdown



- Effective cost control measures paid off

HK\$ mn	FY 2004		FY 2003		Change
Turnover	1,783.4	100.0%	1,691.4	100.0%	+ 5.4%
Selling and distribution expenses	508.9	28.5%	563.1	33.3%	-9.6%
Administrative expenses	158.1	8.9%	160.6	9.5%	-1.5%
Other operating expenses	42.7	2.4%	51.6	3.1%	-17.3%
Total operating expenses	709.7	39.8%	775.3	45.8%	-8.5%

For the year ended 31st March



Review of Operations

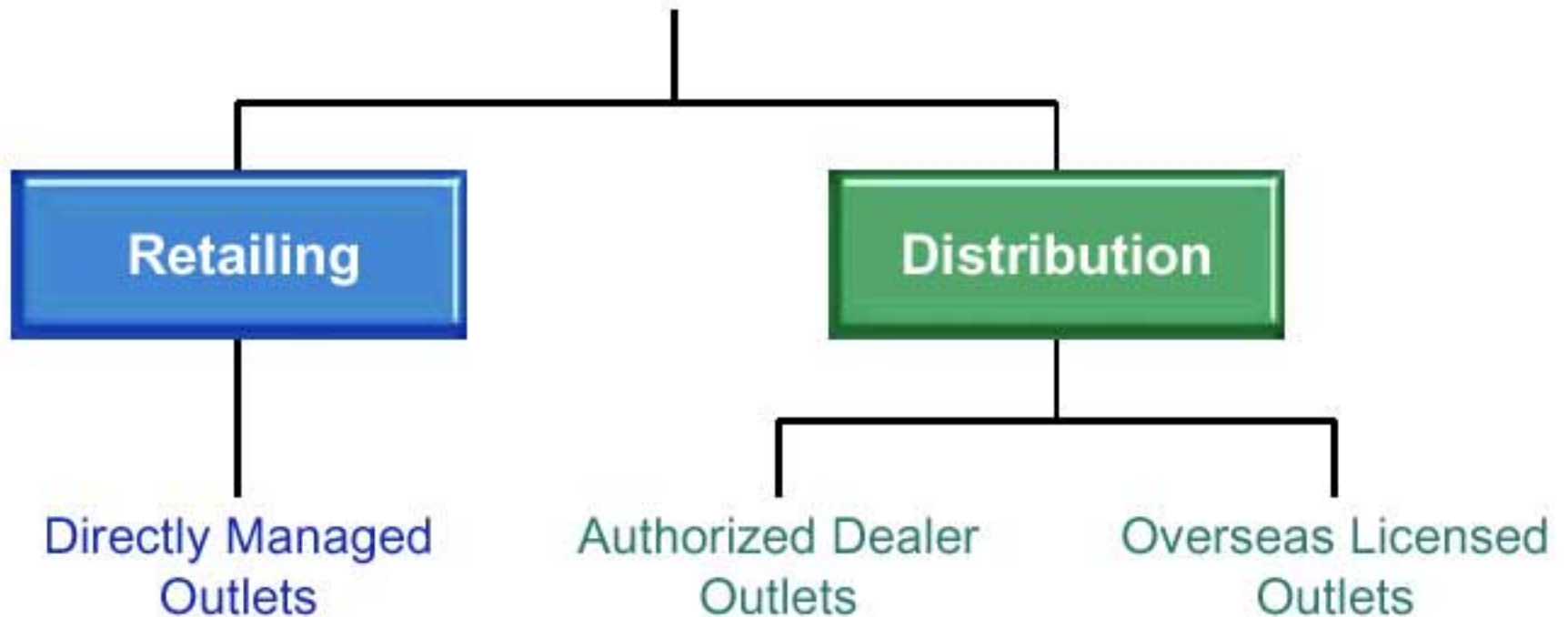


Business Model



bossini

A leading brand owner, retailer, worldwide licensor and distributor of "bossini" and "sparkle" brand apparel



Diversified Product Range



- Comprehensive casual wear apparel products with three distinct regimes which are designed to fit customer needs

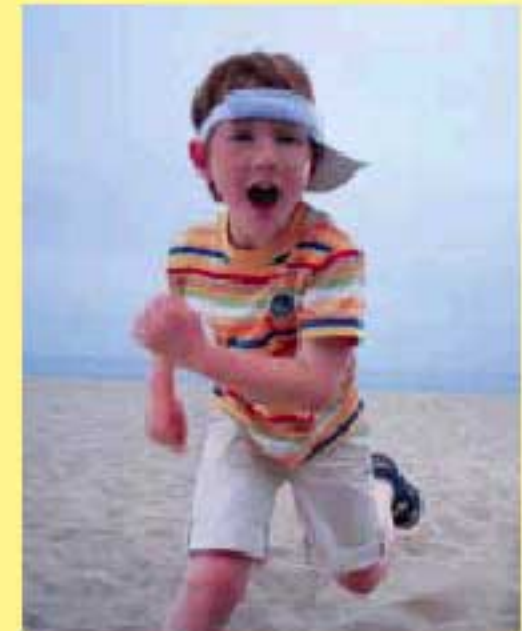
Ladies' Wear



Men's Wear



Kids' Wear



Key Initiatives in 2003/04



Two focuses

- Customer value
 - Continue to offer customer-focused services and products to retain customers and increase market share
- Shareholders' value
 - Driven by profit, with a strong commitment in enhancing profitability
 - Reward shareholders with vibrant and persistent growth
 - Share the fruits with shareholders with consistent dividend policy

Key Initiatives in 2003/04

- Boost earnings capability
- Restructure distribution network
- Refine product positioning

Boost Earnings Capability



● Clear and focused business strategy

- New management members brought in new insights and valuable experiences
- A clear corporate direction is defined
- Focus on comfortable, easy to mix-and-match, good value-for-money apparel

● Effective execution

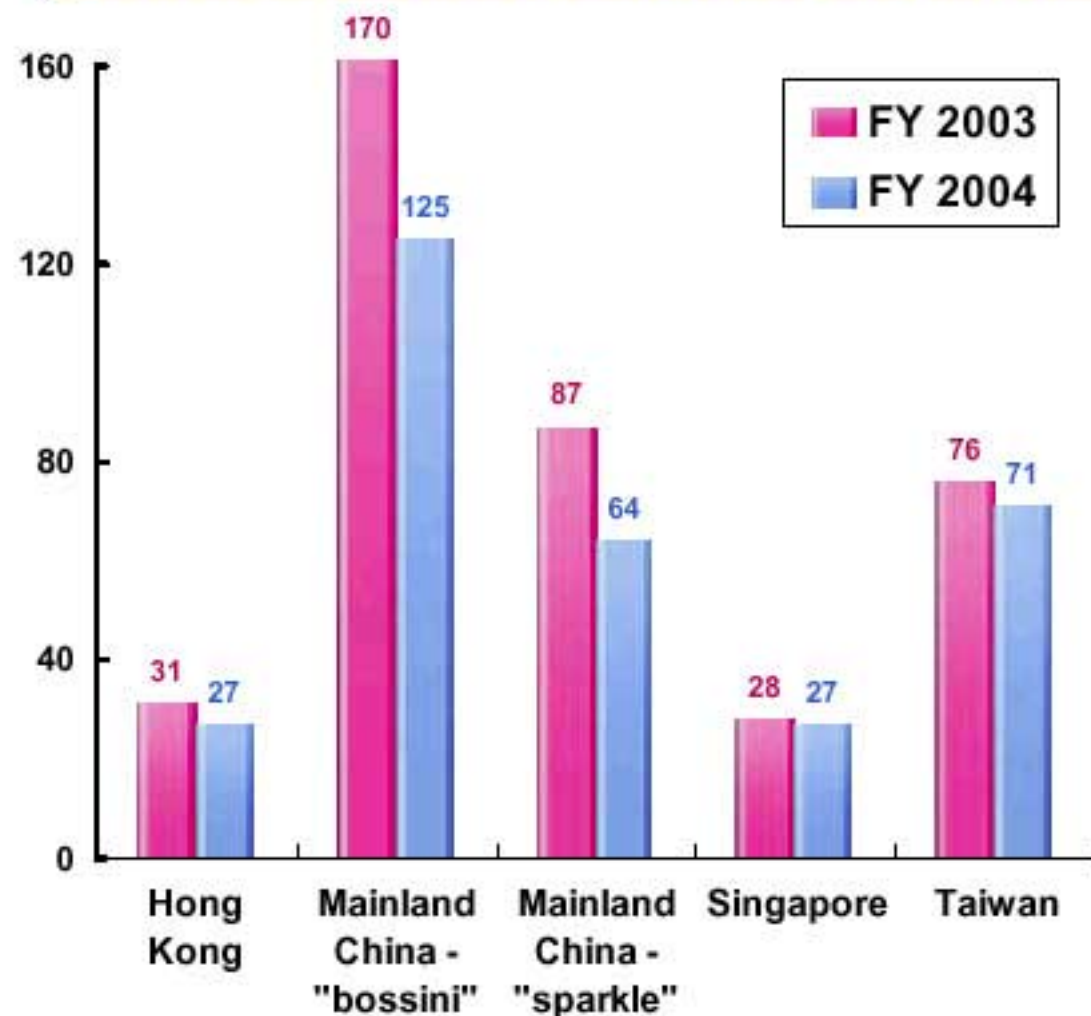
- Effective and efficient operational planning leading to accurate purchases and optimal inventory level
- Quick and timely response to market changes
- Stringent cost control
- Enhanced budgetary and internal control

Restructure Distribution Network



- Thorough evaluation of retail network on profitability metrics
- Strategically restructured distribution network
 - Consolidated unprofitable outlets to reduce rental and operating cost
 - Relocate outlets to strategic locations
 - Leverage on authorized dealership arrangement
- Total number of directly managed outlets reduced by 20% to 314 (FY2003: 392)

Number of Directly Managed Outlets



Refine Product Positioning



- Strengthened product positioning to regain market share

"bossini"

- Comfortable, easy to mix-and-match apparel in colorful and energetic design
- Comprehensive product lines: ladies', men's and kids' wear with optimum choices in color, fabric and style
- Good value-for-money

"sparkle"

- Currently only available in Mainland China
- A contemporary and energetic design with a young-at-heart attitude
- Competitive pricing strategy
- Good value-for-money



Future Plans and Strategies



Competitive Advantages



Comprehensive
product offering

Experienced &
visionary
management

Effective retail
management

bossini

Profit-driven
business model

Worldwide
distribution
network

Inspiring corporate
culture

Market Outlook and Strategies – Hong Kong



● Strong retail environment

- Negative factors started fading out, consumer spending started picking up
- Envisage rapid growth in retail environment
- Continue to benefit from CEPA and the relaxation of travel restrictions of Mainlanders
- Rising tourist arrivals create stronger demand

● Strategy

- Capitalize on growth opportunities by opening 5 new outlets in prime areas
- Strengthen brand image
 - ❖ Embark a three-year brand building program
 - ❖ Open flagship store in Causeway Bay in 3Q 2004

Market Outlook and Strategies – Mainland China



● A promising outlook

- Enormous potential as the world's fourth largest retail market
- Strong growing retail market driven by rising income
- Growing expenditure on clothing

● Strategy

- Network expansion
 - ❖ Expand prudently via directly managed outlets
 - ❖ Expand through authorized dealer outlets to lower capital outlay
 - ❖ Target: add 100 outlets in FY2005, mainly through authorized dealers
- Further enhancement of people quality and internal control system
- Continue to strengthen management team

Market Outlook and Strategies – Taiwan and Singapore



● Taiwan – Optimistic market outlook in FY 2005

- Gradual improvement of economy
- Moderate growth despite political uncertainty

● Singapore – A competitive market

- Saturated market
- Strengthening economy

Strategy

- Continue to offer quality staff training to enhance customer service skills
- Leverage brand presence to optimize shop productivity
- Keep an eye for synergistic expansion opportunities
- Effective cost management

Globalization of business



- Explore overseas markets that offer untapped opportunities
- Develop a global supply chain network
- Enhance brand presence in current markets

Current Worldwide Network:
678 outlets in 4 core markets plus 16 overseas countries



Ultimate Goal



- Committed to enhancing shareholders' value
 - Achieve continual **double-digit** growth in both sales and profit level
 - Dividend policy: reward shareholders with at least a **30% payout ratio**