

**bossini**

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

# Annual Results 2005/06 Corporate Presentation

July 2006



2001 2002 2003 2004 2005 2006 2007  
1994 1995 1996 1997 1998 1999 2000 2001  
1987 1988 1989 1990 1991 1992 1993 1994

The logo for the brand 'bossini' is displayed in white lowercase letters on a dark blue rectangular background.

# Agenda

A large, light blue 'bossini' logo is positioned on the right side of the blue header bar.

- ▶ **Results Highlights**
- ▶ **Review of Operations**
- ▶ **Future Plans and Strategies**

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## Results Highlights

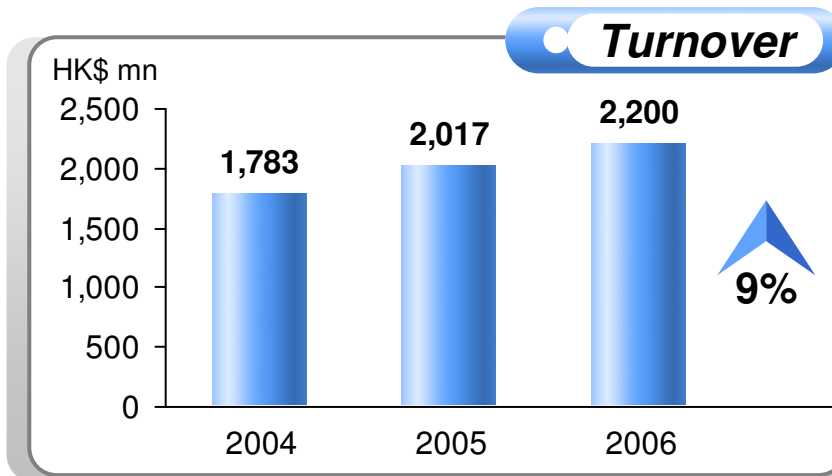


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19941995199619971998199920002  
19871988198919901991199219931



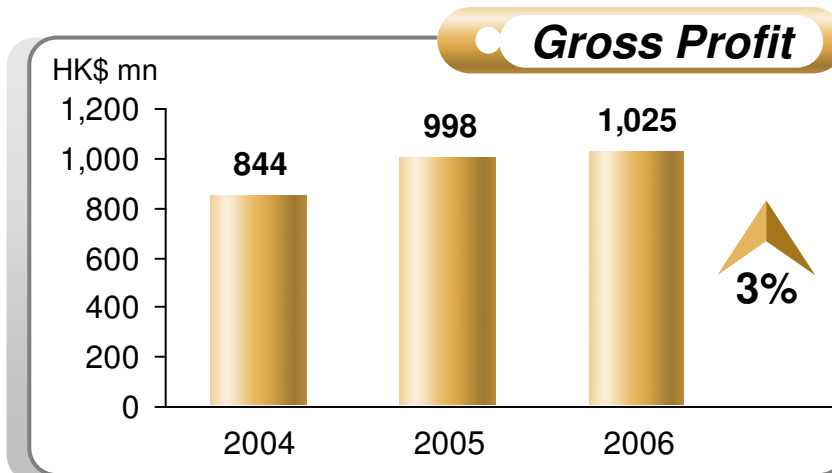
# Results Highlights

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▶ Relatively flat top line growth as compared to previous years mainly due to:

- Increasingly acute competition
- Unseasonable weather
- Continual interest rate hikes

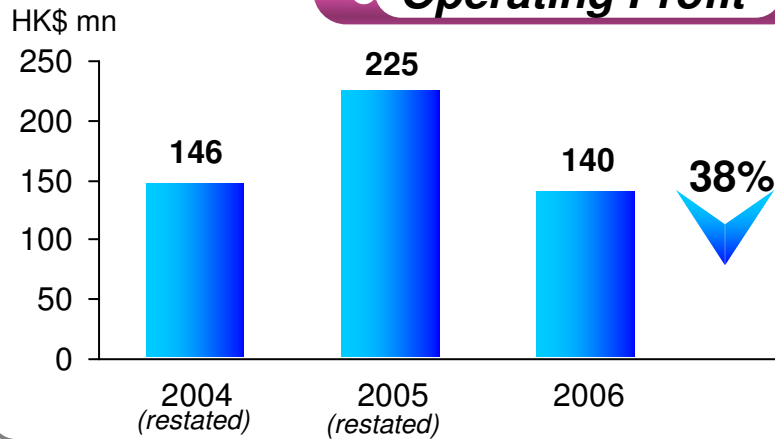




# Results Highlights

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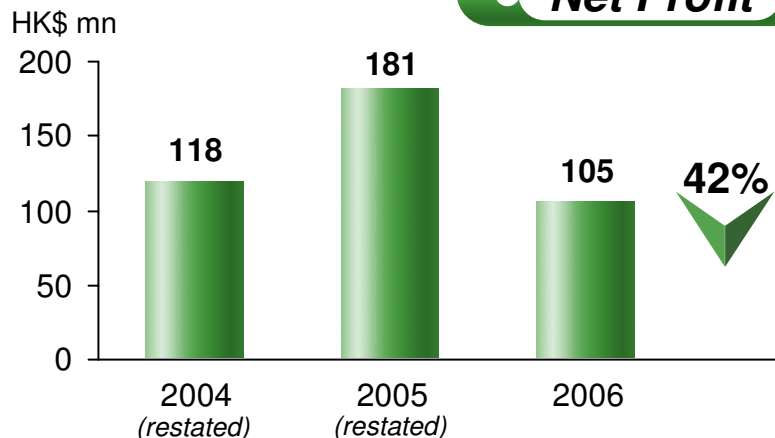
## Operating Profit



▶ Negative growth in bottom line as a result of:

- Unsatisfactory sales performance
- Steeper discounts eroded margins
- Rising costs, especially rentals

## Net Profit

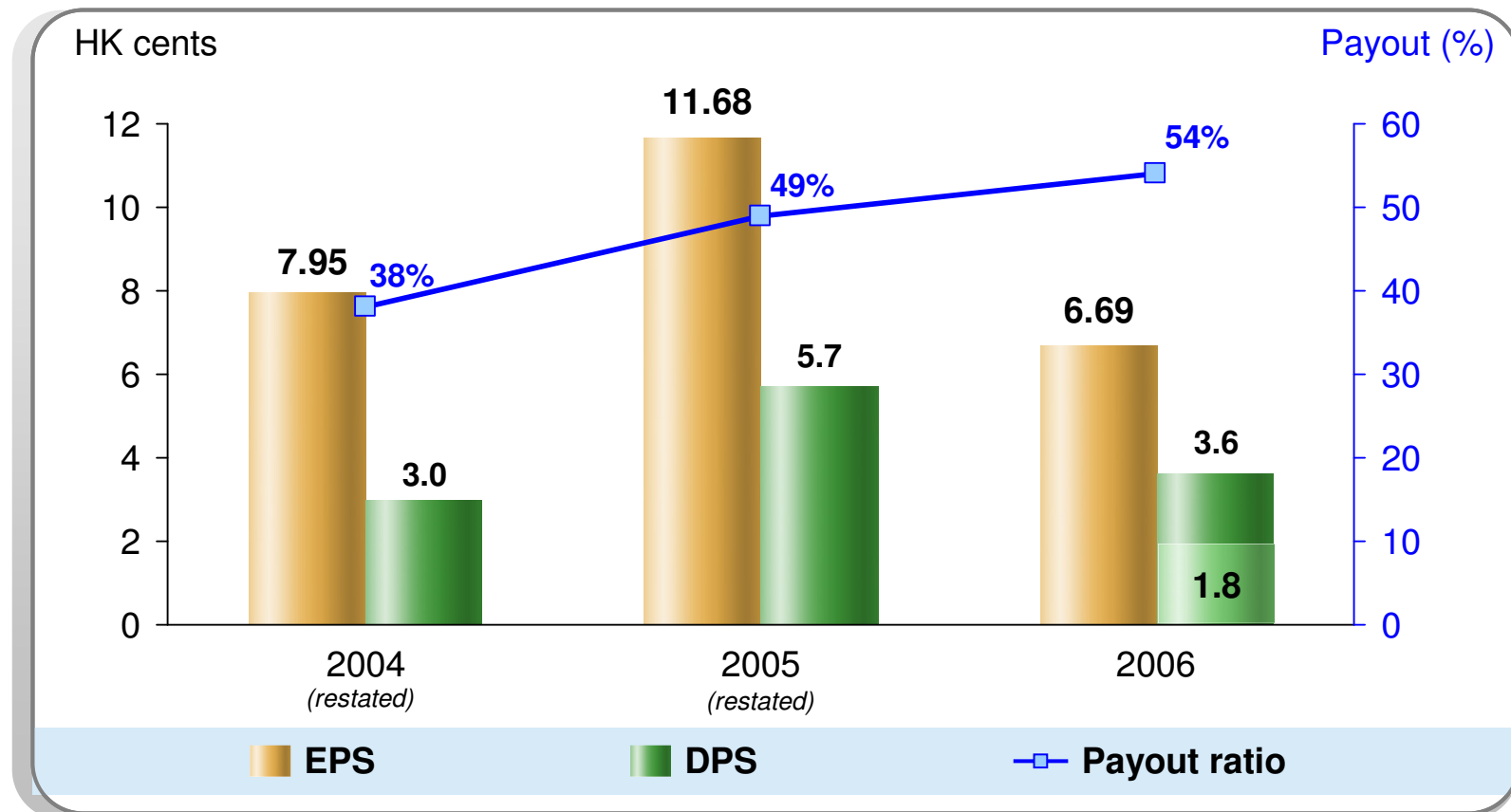




# Dividend Payout



▶ Final dividend per share: HK1.8 cents

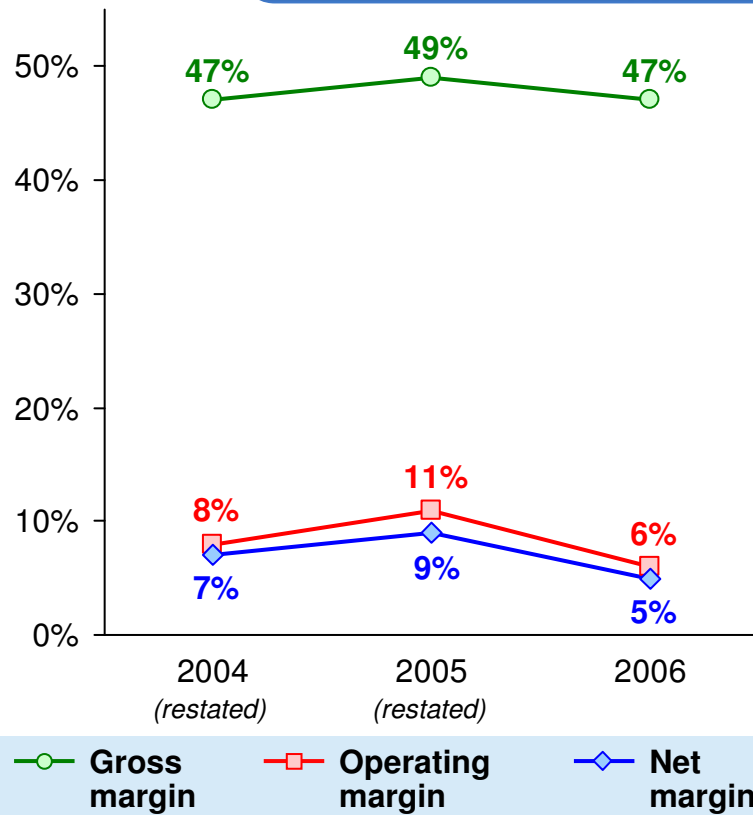




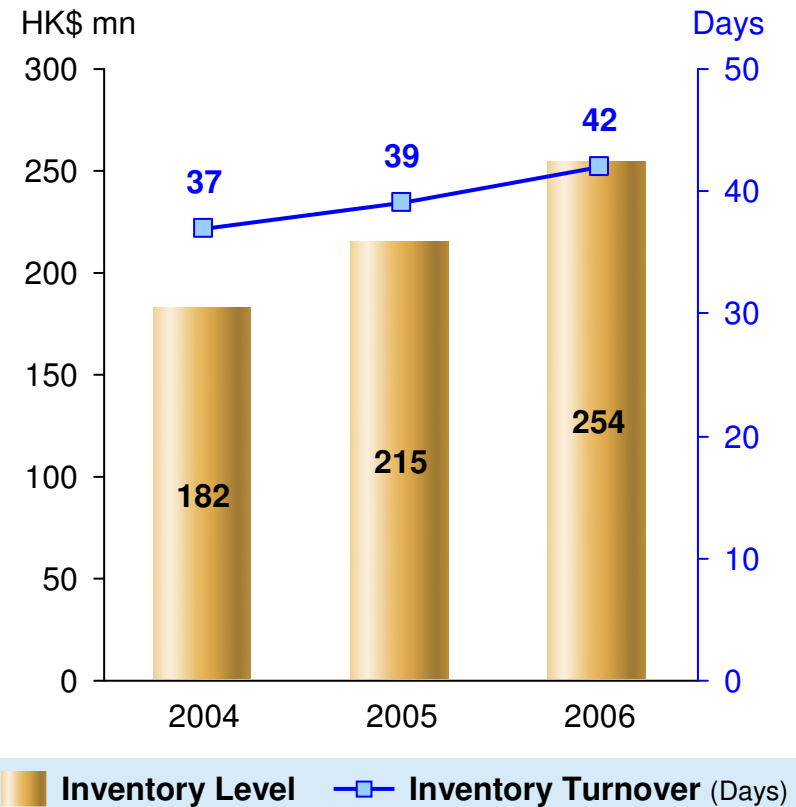
# Operational Indicators



### Margin Overview



### Inventory Level





## Solid Financial Position

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As at 31 Mar	2006	2005 (restated)
<b>Current ratio (times)</b>	<b>2.35</b>	2.53
<b>Cash and bank balances (HK\$ mn)</b>	<b>244</b>	326
<b>Net cash* (HK\$ mn)</b>	<b>244</b>	311
<b>Total liabilities to equity ratio (%)</b>	<b>46%</b>	47%
<b>Return on equity</b>	<b>18%</b>	36%
<b>Capital expenditure (HK\$ mn)</b>	<b>81</b>	50

\* Time deposit, cash and bank balances less bank loans



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## Review of Operations



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19941995199619971998199920002  
19871988198919901991199219931



# Strategies and Developments

## Strategies

- ▶ Adopted a pragmatic expansion approach in most of the core markets
- ▶ Deployed additional resources to develop export franchising business
- ▶ Enhanced product designs and strengthened product and brand promotion
- ▶ Provided comprehensive staff training to enhance service quality and efficiency

## Results

- ▶ Network expansion well on track, especially in Mainland China
  - Added 241 new outlets, totaling 1,068 outlets covering about 20 countries worldwide
- ▶ Export franchising achieved remarkable performance
  - Impressive sales growth of 33%, outperforming target

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# Marketing and Brand Building

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- ▶ Cross regional events
- ▶ Celebrity endorsement
- ▶ Licensed apparel





# Distribution Network in 2005/06

1,068 outlets (Mar 2005: 827) in about 20 countries



**628 (477)**  
Mainland China  
(including both directly managed and franchise outlets)

**263 (215)**  
Export franchised outlets (in approx 18 countries)

**177 (135)**  
Other directly managed outlets in Hong Kong, Taiwan, Singapore and Malaysia

As at 31 March 2006 (Corresponding figures for 2005 in brackets)



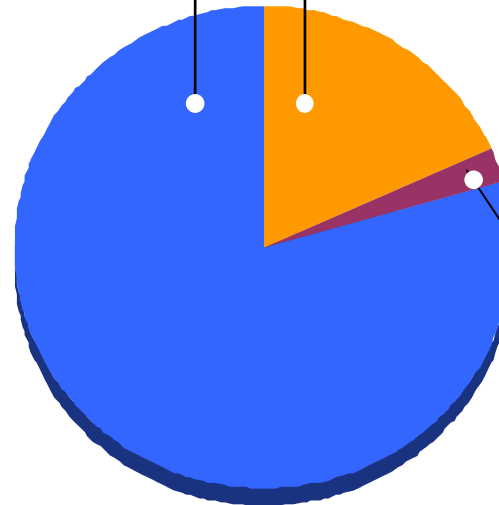
# Turnover Analysis

As a percentage of total turnover

Hong Kong	37%
Mainland China	16%
Taiwan	17%
Singapore and Malaysia	9%

**Retailing**  
79%

**Franchising**  
18%



As a percentage of total turnover

Mainland China	5%
Overseas (18 countries)	13%

**Others**  
3%

For the year ended 31 March 2006



# Retail Performance by Region



<i>Retail sales (HK\$ mn)</i> <i>For the year ended 31 March</i>	2006	2005	Change	Same store sales growth 2006
<b>Hong Kong</b>	<b>815</b>	803	<b>+ 1%</b>	<b>- 5%</b>
<b>Mainland China</b>	<b>351</b>	331	<b>+ 6%</b>	<b>- 9%</b>
<b>Taiwan</b>	<b>379</b>	348	<b>+ 9%</b>	<b>- 11%</b>
<b>Singapore</b>	<b>200</b>	191	<b>+ 5%</b>	<b>+ 3%</b>
<b>Malaysia</b>	<b>1</b>	–	<b>n/a</b>	<b>n/a</b>
<b>Total</b>	<b>1,746</b>	1,673	<b>+ 4%</b>	<b>- 5%</b>



# Franchise Performance by Region

**Franchise Sales (HK\$m)**

**No. of Franchised Outlets**

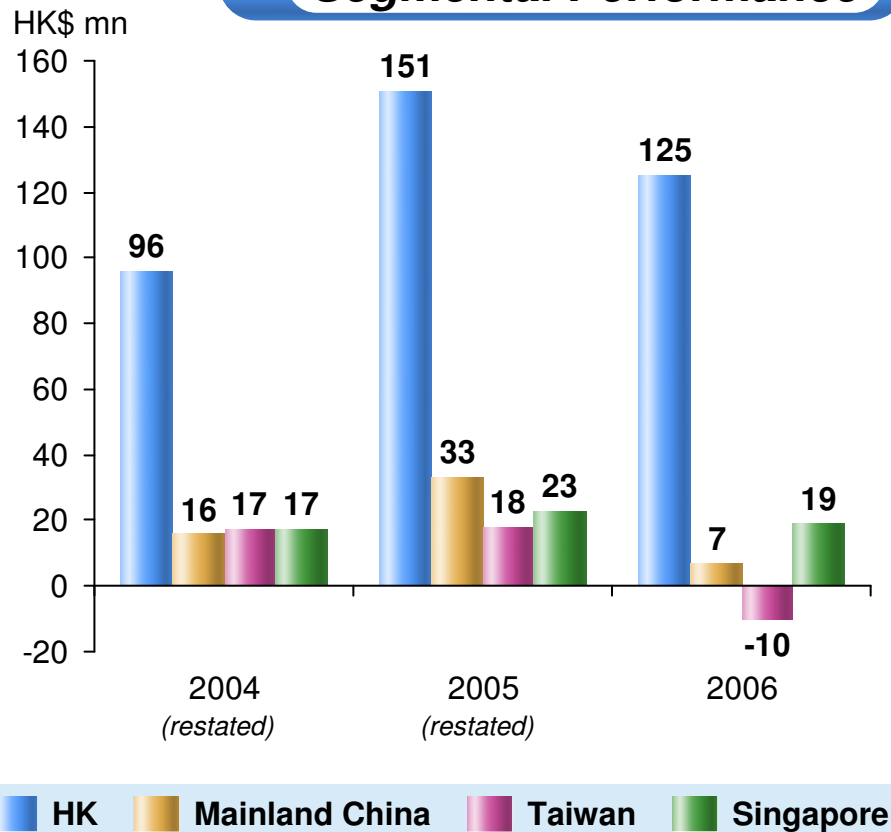
<i>For the year ended 31 March</i>	2006	2005	Change	2006	2005	Change
<b>Overseas</b> (18 countries)	<b>291</b>	218	<b>+33%</b>	<b>263</b>	215	<b>+ 48</b>
<b>Mainland China</b>	<b>110</b>	97	<b>+ 13%</b>	<b>284</b>	203	<b>+ 81</b>
<b>Total</b>	<b>401</b>	315	<b>+ 27%</b>	<b>547</b>	418	<b>+ 129</b>



# Operating Profit by Segment



## Segmental Performance



## Operating Profit Margins

For the year ended 31 March	2006	2005
Hong Kong	11%	15%
Mainland China	1%	7%
Taiwan	-3%	5%
Singapore	10%	12%
Consolidated	6%	11%





## Cost Breakdown

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- ▶ Total operating expenses increased to 41% of total turnover

<i>(HK\$ mn)</i> <i>For the year ended 31 March</i>	2006		2005 <i>(restated)</i>		Change
<b>Turnover</b>	<b>2,200</b>	<b>100%</b>	2,017	100%	<b>+ 9%</b>
<b>Selling and distribution costs</b>	<b>661</b>	<b>30%</b>	575	28%	<b>+ 15%</b>
<b>Administrative expenses</b>	<b>202</b>	<b>9%</b>	179	9%	<b>+ 13%</b>
<b>Other operating expenses</b>	<b>39</b>	<b>2%</b>	37	2%	<b>+ 4%</b>
<b>Total operating expenses</b>	<b>902</b>	<b>41%</b>	791	39%	<b>+ 14%</b>

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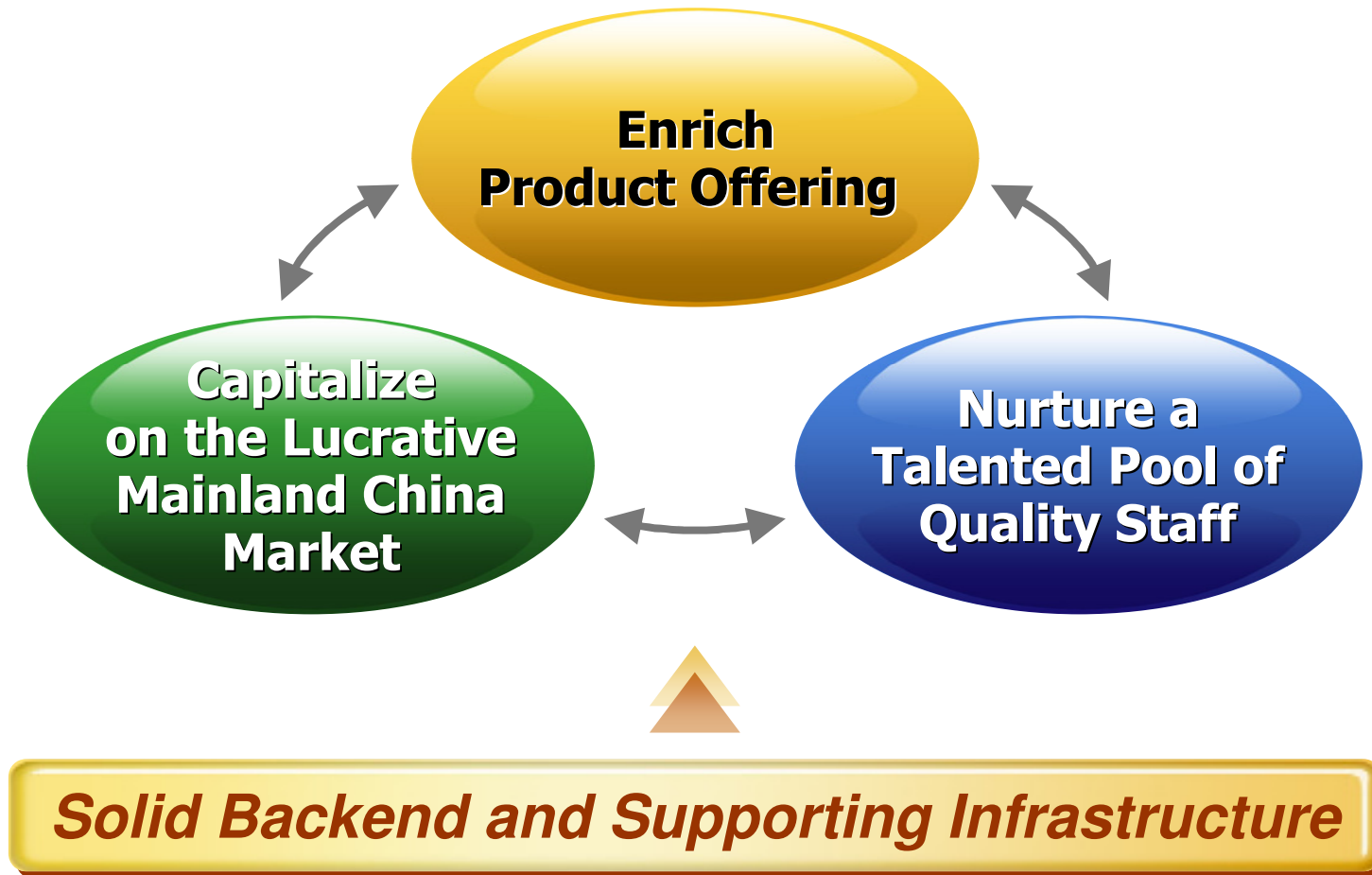
## Future Plans and Strategies



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19941995199619971998199920002  
19871988198919901991199219931



## Major Focuses for 06/07





## Enrich Product Offering

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- ▶ HKSAR Government and large commercial corporations advocate smart casual wear at office, offering new opportunities for bossini
- ▶ Enhance and enrich product portfolio
- ▶ Extend and revitalize product lines to include new products and new marketable designs using functional fabrics
- ▶ Increase the selection of licensing products



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## Brand Building Program

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- ▶ Introduce revolutionary shop concept
- ▶ Revamp logo mark
- ▶ Implement innovative and cost effective marketing campaigns





# Global Network Expansion



- ▶ Progressive expansion plan in Mainland China
- ▶ Strengthen relationships with franchisees and export partners
- ▶ Extend market penetration into India and Korea
- ▶ Continue to explore overseas markets with untapped opportunities

## Expansion Plan in 2006/07

	No. of Outlets
<b>Hong Kong</b>	<b>5</b>
<b>Mainland China</b>	
– “bossini”	30
– “bossini style”	40
– “sparkle”	30
<b>Total</b>	<b>100</b>
<b>Taiwan</b>	–
<b>Singapore</b>	<b>2</b>
<b>Malaysia</b>	<b>7</b>



# Efficiency Optimization

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**Strengthen  
supply chain  
management**

**Implement  
world-class  
financial  
management  
system**

**Install powerful  
warehouse  
management  
system**

**Upgrade  
POS system**

- ▶ Strengthen internal control
- ▶ Improve operation efficiency, inventory management and logistic controls
- ▶ Shorten production cycle
- ▶ Expedite demand-responding processes and time-to-market
- ▶ Re-engineered in-store operational process to increase productivity



## Capex Plan in 2006/07

Items	HK\$ mn
▶ Shop renovation	70
▶ I.T. investment	20
▶ Others	10
<b>Total</b>	<b>100</b>





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## Long Term Targets

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*Achieve sustainable turnover and profit growth*

*Continue to seek progressive global network expansion, especially in the lucrative Mainland China Market*

*Maintain double-digit sales growth in export franchising*

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# OPEN FORUM



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