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**Bossini International Holdings Limited**

**12 Months Results ended 31 March 2007**

**Corporate Presentation**

**June 2007**



# Agenda



- ⑧ **Results Highlights**
- ⑧ **Review of Operations**
- ⑧ **Future Plans and Strategies**

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# Results Highlights

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# Results Highlights



	2007 (HK\$ mn)	2006 (HK\$ mn)	Change
<i>For the 12 months ended 31 March</i>			
<b>Revenue</b>	<b>2,105</b>	2,200	<b>-4%</b>
<b>Gross profit</b>	<b>990</b>	1,025	<b>-3%</b>
<b>EBITDA</b>	<b>102</b>	191	<b>-47%</b>
<b>Operating profit</b>	<b>44</b>	140	<b>-68%</b>
<b>Profit attributable to equity holders</b>	<b>20</b>	105	<b>-81%</b>
<b>Basic EPS (HK cents)</b>	<b>1.26</b>	6.69	<b>-81%</b>
<b>DPS (HK cents)</b>	<b>nil</b>	3.60	<b>n.a.</b>

*Note: Adjustment in respect of change in stock provision policy taken into account in 2007*

- ⊖ **Sluggish sales in 3Q, but modest pickup in 4Q with the progressive launching of spring / summer 2007 collection**
- ⊖ **Surge in rental and staff cost exerted pressure on operating margins**
- ⊖ **Keen competition due to increased number of international market entrants**
- ⊖ **Export franchising remained a growth driver**

# Revenue Analysis



***As a percentage of Consolidated Revenue***

Hong Kong	35%
Mainland China	17%
Taiwan	17%
Singapore and Malaysia	10%

**Retailing**

**79%**

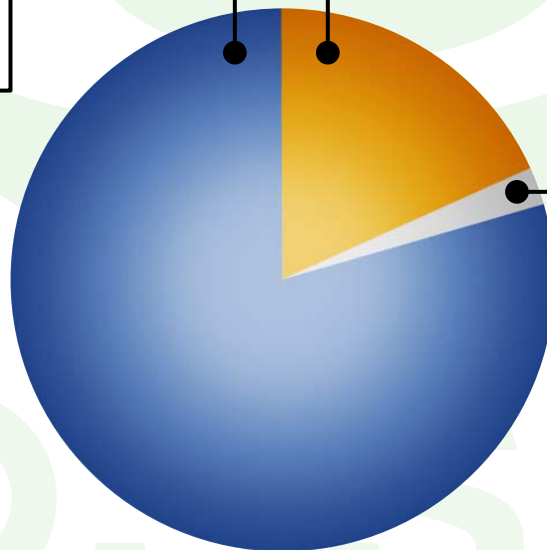
**Franchising**

**19%**

Mainland China	4%
Overseas (20 countries)	15%

**Others**


**2%**



*For 12 months ended 31 March 2007*

# Operational Indicators




	2007	2006	Change
<i>For the 12 months ended 31 March</i>			
<b>Gross margin (%)</b>	<b>47</b>	47	-
<b>EBITDA margin (%)</b>	<b>5</b>	9	<b>-4% pts</b>
<b>Operating margin (%)</b>	<b>2</b>	6	<b>-4% pts</b>
<b>Net margin (%)</b>	<b>1</b>	5	<b>-4% pts</b>
<b>Inventory turnover (days)</b>	<b>41</b>	42	<b>-1 day</b>

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# Strong Financial Position



	2007	2006
<i>As at 31 March</i>		
<b>Current ratio (times)</b>	<b>2.27</b>	2.35
<b>Cash and bank balances (HK\$ mn)</b>	<b>199</b>	244
<b>Net cash* (HK\$ mn)</b>	<b>195</b>	244
<b>Total liabilities to equity ratio (%)</b>	<b>45</b>	46
<b>Return on equity (%)</b>	<b>3</b>	18
<b>Capital expenditure (HK\$ mn)</b>	<b>93</b>	81

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





# **Review of Operations**

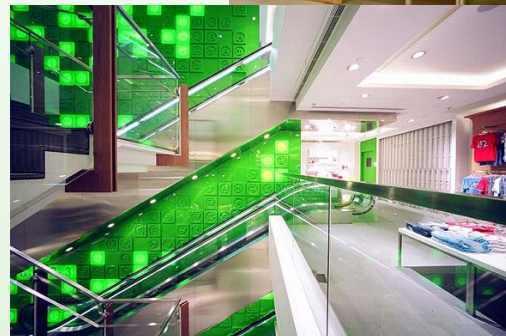
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# New Corporate Positioning



- ⑥ A family-fit brand with a diverse range of products for every family member
- ⑥ A brand revamp program launched in late March 2007 marked by the opening of a new 4-storey flagship store in Hong Kong



# Product Line Enrichment

- Three new product lines launched to target a wider group of customers

## Youth



## Baby



## Maternity



# Integrated Marketing and Advertising Program



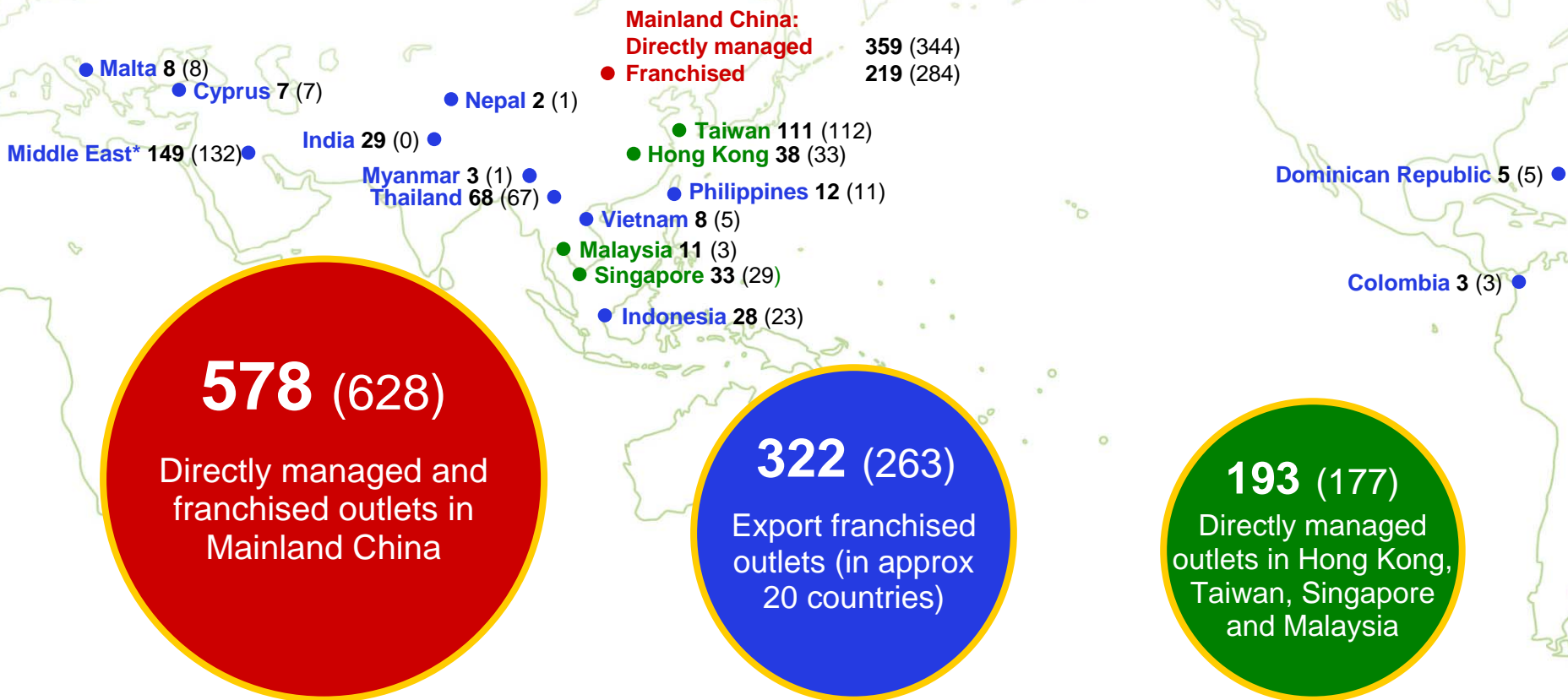
- ⑤ An integrated marketing and advertising program encompassing print and electronic media rolled out to enhance brand profile and exposure since March 2007
- ⑤ Innovative marketing events for new product lines



# Distribution Network in 2006/07



- Entered India and Oman markets
- A total of 1,093 outlets (2006: 1,068), covering more than 20 countries and regions
- Total floor space increased by 5% to 663,100 sq. ft




As at 31 March 2007 (comparative figures as at 31 March 2006 in brackets)

\* The Middle East includes UAE, Qatar, Lebanon, Bahrain, Kuwait, Iran, Jordan, Saudi Arabia and Oman

# Retail Performance by Region



	Retail Sales				No. of Retail Outlets		
	2007 (HK\$ mn)	2006 (HK\$ mn)	Change	Same store sales growth 2007	2007	2006	Change
<i>For 12 months ended 31 March</i>							
Hong Kong	745	815	-9%	-8%	38	33	+5
Mainland China	356	351	+1%	-	359	344	+15
Taiwan	349	379	-8%	-16%	111	112	-1
Singapore	197	200	-2%	-14%	33	29	+4
Malaysia	13	1	+1,200%	n.a.	11	3	+8
<b>Total</b>	<b>1,660</b>	<b>1,746</b>	<b>-5%</b>	<b>-9%</b>	<b>552</b>	<b>521</b>	<b>+31</b>

# Franchise Performance



☉ Satisfactory export franchising sales



## Franchise Sales

## No. of Franchise Outlets



**2007**  
(HK\$ mn)

**2006**  
(HK\$ mn)

**Change**

**2007**

**2006**

**Change**

*For 12 months ended 31 March*

**Overseas**  
(20 countries)

**309**

291

**+6%**

**322**

263

**+59**

**Mainland China**

**95**

110

**-14%**

**219**

284

**-65**

**Total**

**404**

401

**+1%**

**541**

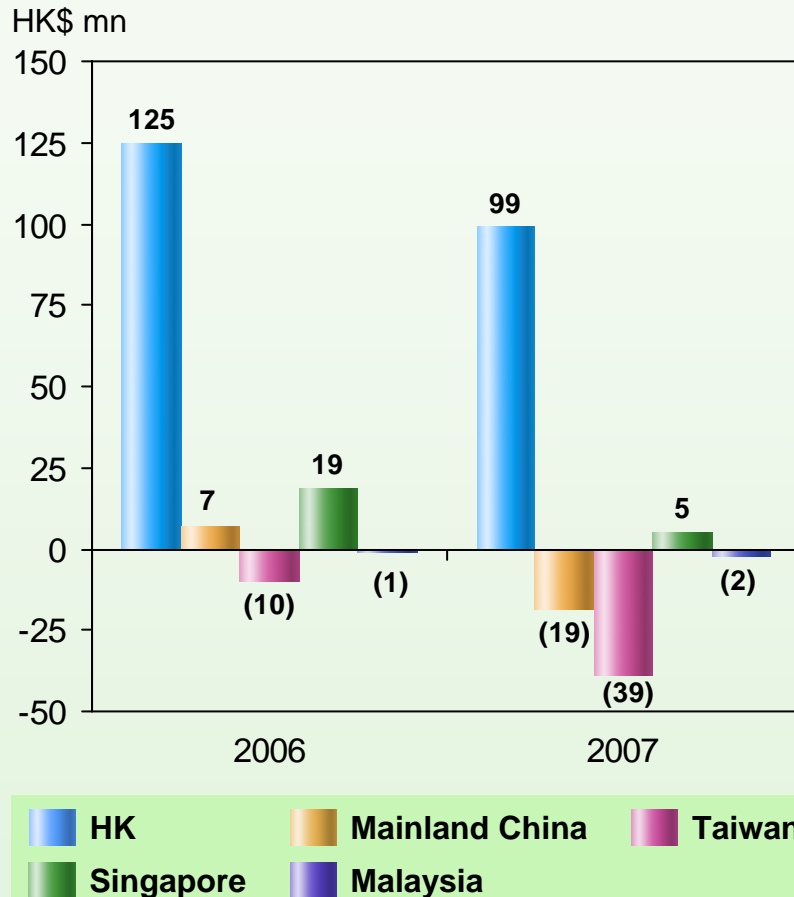
547

**-6**

# Operating Profit by Segment



## Segmental Performance



For the 12 months ended 31 March


## Operating Margins

	2007	2006
<i>For 12 months ended 31 March</i>		
Hong Kong	9%	11%
Mainland China	-4%	1%
Taiwan	-11%	-3%
Singapore	3%	10%
Malaysia	-15%	-100%
Consolidated	2%	6%

# Cost Breakdown




- Total operating expenses increased as a percentage of consolidated revenue due to rising rental and staff costs

	2007 (HK\$ mn)		2006 (HK\$ mn)		Change
<i>For the 12 months ended 31 March</i>					
<b>Revenue</b>	<b>2,105</b>	<b>100%</b>	2,200	100%	<b>-4%</b>
<b>Selling and distribution costs</b>	<b>704</b>	<b>33%</b>	661	30%	<b>+7%</b>
<b>Administrative expenses</b>	<b>219</b>	<b>11%</b>	202	9%	<b>+8%</b>
<b>Other operating expenses</b>	<b>31</b>	<b>1%</b>	39	2%	<b>-21%</b>
<b>Total operating expenses</b>	<b>954</b>	<b>45%</b>	902	41%	<b>+6%</b>



# Capex



 For the period ended 31 Mar 2007 (12 months)	
<i>HK\$ mn)</i>	
<b>Shop renovation</b>	<b>75</b>
<b>I.T. investment</b>	<b>13</b>
<b>Others</b>	<b>5</b>
<b>Total</b>	<b>93</b>



# **Future Plans and Strategies**

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# Business Initiatives in 2007/08



# Expansion Roadmap



	
<b>Hong Kong</b>	<ul style="list-style-type: none"><li>☉ Focus on profitability and efficiency</li><li>☉ 4-5 stores to be opened in coming months following the positive response to new brand and new product lines</li></ul>
<b>Mainland China</b>	<ul style="list-style-type: none"><li>☉ Expected to be a growth driver with double-digit same store sales in 4Q of 2006/07</li><li>☉ Realignment of the “sparkle” operation with the cutting of 40 loss-making outlets in 2007/08 to reduce cost and redeploy resources</li></ul>
<b>Taiwan</b>	<ul style="list-style-type: none"><li>☉ Plans to reduce the number of outlets by 27, bring it down to 84 outlets in total</li></ul>
<b>Singapore and Malaysia</b>	<ul style="list-style-type: none"><li>☉ 3 outlets will be added in Singapore</li><li>☉ Promising outlook for Malaysia, 12 outlets to be opened</li></ul>
<b>Export Franchising</b>	<ul style="list-style-type: none"><li>☉ Plan to enter 5 countries</li><li>☉ New “Youth” line launched received highly encouraging response to form a new revenue stream</li></ul>

# Enrich Product Offering



- ⑤ Strengthen design team with the addition of new talent to offer a wider range of products with more choices
- ⑤ Increase the number of collections from 8 to 12 per annum to enable new product launch every month in 2007/08
- ⑤ Increase offering of sporadic products in response to latest fashion trends
- ⑤ Continue to focus on the existing “basic”, “easy to mix-and-match” and value-for-money products, with appropriate but not excessive fashion touch





**OPEN FORUM**

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