



**bossini**

**Bossini International Holdings Limited**

**15 Months Results ended 30 June 2007**

**Corporate Presentation**

**October 2007**

# Agenda



- ① Results Highlights
- ② Review of Operations
- ③ Future Plans and Strategies

# Results Highlights

# Results Highlights



|  | For the 15 months<br>ended 30 June 2007 | For the 12 months<br>ended 31 March 2006 |
|--|---|--|
| <i>(HK\$ mn)</i>                             |   |  |
| <b>Revenue</b>                               | <b>2,568</b>                            | 2,200                                    |
| <b>Gross profit</b>                          | <b>1,270</b>                            | 1,025                                    |
| <b>EBITDA</b>                                | <b>110</b>                              | 191                                      |
| <b>Operating profit</b>                      | <b>37</b>                               | 140                                      |
| <b>Profit attributable to equity holders</b> | <b>9</b>                                | 105                                      |
| <b>Basic EPS (HK cents)</b>                  | <b>0.59</b>                             | 6.69                                     |
| <b>DPS (HK cents)</b>                        | <b>-</b>                                | 3.60                                     |

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

- ⊖ **Retail sales remained sluggish for the review period, yet progressive launch of the spring / summer 2007 collection started to gather momentum**
- ⊖ **Surging rental and staff costs exerted pressure on operating margins**
- ⊖ **Keen competition due to increased number of international market entrants**
- ⊖ **Export franchising remained a growth driver**

# Revenue Analysis



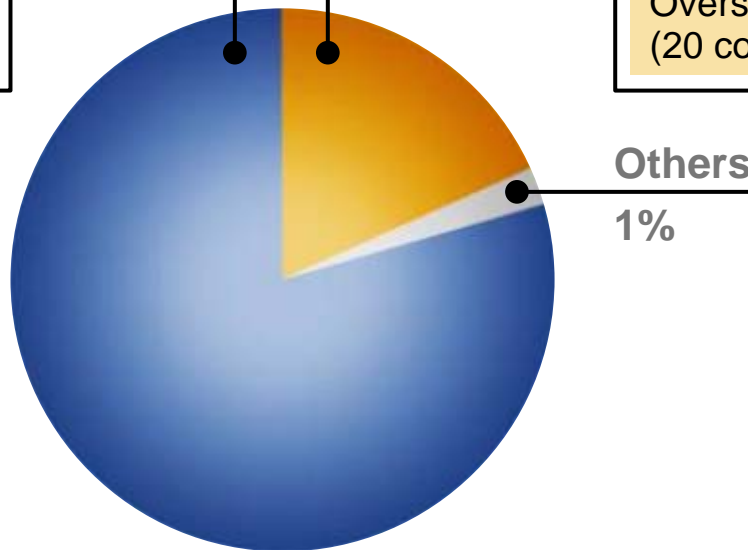
**As a percentage of Consolidated Revenue**

|                        |     |
|------------------------|-----|
| Hong Kong              | 36% |
| Mainland China         | 17% |
| Taiwan                 | 16% |
| Singapore and Malaysia | 11% |

**Retailing**  
80%

**Franchising**  
19%

|                         |     |
|-------------------------|-----|
| Mainland China          | 4%  |
| Overseas (20 countries) | 15% |



For 15 months ended 30 June 2007

# Operational Indicators




|                                   | For the 15 months ended 30 June 2007 | For the 12 months ended 31 March 2006 | Change         |
|-----------------------------------|--------------------------------------|---------------------------------------|----------------|
| <b>Gross margin (%)</b>           | <b>49</b>                            | 47                                    | <b>+2% pts</b> |
| <b>EBITDA margin (%)</b>          | <b>4</b>                             | 9                                     | <b>-5% pts</b> |
| <b>Operating margin (%)</b>       | <b>1</b>                             | 6                                     | <b>-5% pts</b> |
| <b>Net margin (%)</b>             | <b>0.4</b>                           | 5                                     | <b>-5% pts</b> |
| <b>Inventory turnover* (days)</b> | <b>54</b>                            | 42                                    | <b>12 days</b> |

\* Inventory held at period end divided by annualised revenue times 365 days

# Healthy Financial Position



|  | For the 15 months ended 30 June 2007         | For the 12 months ended 31 March 2006 |      |
|--|--|---------------------------------------|------|
|  | <b>Current ratio (times)</b>                 | <b>2.28</b>                           | 2.35 |
|  | <b>Cash and bank balances (HK\$ mn)</b>      | <b>132</b>                            | 244  |
|  | <b>Net cash* (HK\$ mn)</b>                   | <b>132</b>                            | 244  |
|  | <b>Total liabilities to equity ratio (%)</b> | <b>47</b>                             | 46   |
|  | <b>Return on equity (%)</b>                  | <b>1</b>                              | 18   |
|  | <b>Capital expenditure (HK\$ mn)</b>         | <b>106</b>                            | 81   |

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

# Review of Operations



# New Brand Image and Positioning



- ⑤ A family-fit brand with a diverse range of products to care for the needs of every family member
- ⑤ An integrated 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



- Reinforced bossini's new positioning by launching three product lines
- New lines received encouraging response from customers



# 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 Continued to implement various campaigns to further penetrate into different market segments and increase brand awareness



# Distribution Network in 2006/07



- Entered India, Oman and Reunion Island markets
- A total of 1,051 outlets (2006: 1,068), covering more than 20 countries and regions
- Total retail floor space increased by 1% to 636,900 sq. ft



**551**  
(628)

● Directly managed and franchised outlets in Mainland China

**322**  
(263)

● Export franchised outlets

**178**  
(177)

● Directly managed outlets in Hong Kong, Taiwan, Singapore and Malaysia

**1051**  
(1068)

Outlets in about 20 countries

At 30 June 2007 (comparative figures 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



|                       | <b>Retail Sales</b>                  |                                       |                              |  | <b>No. of Retail Outlets</b> |                  |            |
|-----------------------|--------------------------------------|---------------------------------------|------------------------------|--|------------------------------|------------------|------------|
|                       | For the 15 months ended 30 June 2007 | For the 12 months ended 31 March 2006 | Same-store sales growth 2007 | Same-store sales growth (Apr-Jun) 2007 | At 30 June 2007              | At 31 March 2006 | Change     |
| (HK\$ mn)             |                                      |                                       |                              |  | (No. of outlets)             |                  |            |
| <b>Hong Kong</b>      | <b>935</b>                           | 815                                   | <b>-7%</b>                   | <b>0%</b>                              | <b>41</b>                    | 33               | <b>+8</b>  |
| <b>Mainland China</b> | <b>425</b>                           | 351                                   | <b>-1%</b>                   | <b>-2%</b>                             | <b>346</b>                   | 344              | <b>+2</b>  |
| <b>Taiwan</b>         | <b>416</b>                           | 379                                   | <b>-14%</b>                  | <b>-4%</b>                             | <b>93</b>                    | 112              | <b>-19</b> |
| <b>Singapore</b>      | <b>245</b>                           | 200                                   | <b>-13%</b>                  | <b>-5%</b>                             | <b>33</b>                    | 29               | <b>+4</b>  |
| <b>Malaysia</b>       | <b>18</b>                            | 1                                     | <b>n/a*</b>                  | <b>n/a*</b>                            | <b>11</b>                    | 3                | <b>+8</b>  |
| <b>Total</b>          | <b>2,039</b>                         | 1,746                                 | <b>-8%</b>                   | <b>-1%</b>                             | <b>524</b>                   | 521              | <b>+3</b>  |

\* No comparison for Malaysia as the operation in financial year 2005/06 was not on a full year term

# Franchise Performance



- Double-digit growth in export franchise revenue in the last three months (April – June 2007) as the Group's major growth driver in the future



## Franchise Sales

## No. of Franchise Outlets

For the 15 months  
ended 30 June  
2007

For the 12 months  
ended 31 March  
2006

At 30 June  
2007

At 31 March  
2006

Change

(HK\$ mn)

(No. of outlets)

**Overseas**  
(20 countries)

**389**

291

**322**

263

**+59**

**Mainland China**

**112**

110

**205**

284

**-79**

**Total**

**501**

401

**527**

547

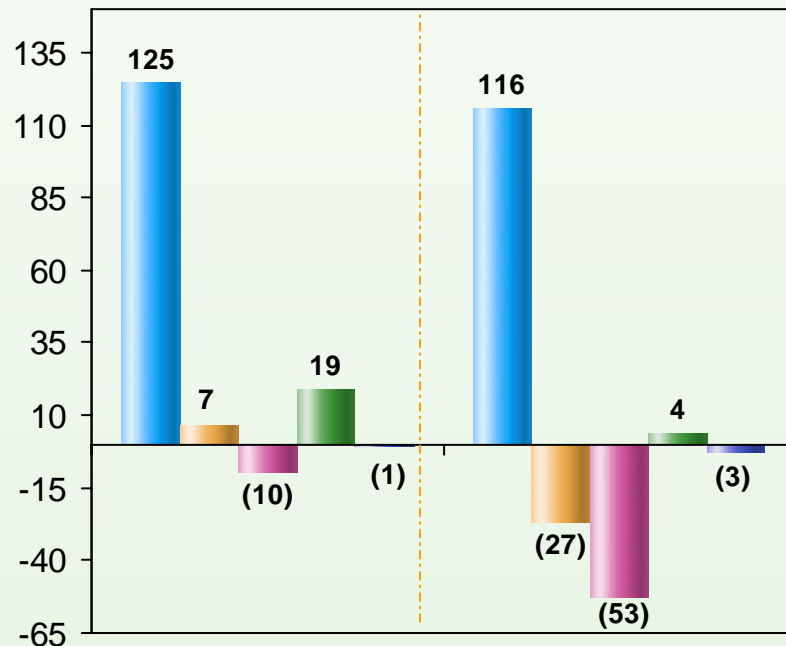
**-20**

# Operating Profit by Segment



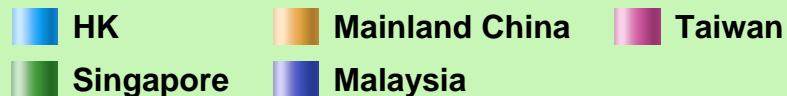
## Segmental Performance

HK\$ mn



For the 12 months ended 31 March 2006

For the 15 months ended 30 June 2007



## Operating Margins

For the 15 months ended 30 June 2007

For the 12 months ended 31 March 2006

|                       |             |              |
|-----------------------|-------------|--------------|
| <b>Hong Kong</b>      | <b>9%</b>   | <b>11%</b>   |
| <b>Mainland China</b> | <b>-5%</b>  | <b>1%</b>    |
| <b>Taiwan</b>         | <b>-13%</b> | <b>-3%</b>   |
| <b>Singapore</b>      | <b>2%</b>   | <b>10%</b>   |
| <b>Malaysia</b>       | <b>-17%</b> | <b>-100%</b> |
| <b>Consolidated</b>   | <b>1%</b>   | <b>6%</b>    |

# Cost Breakdown



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

|                                       | For the 15 months ended 30 June 2007 |             | For the 12 months ended 31 March 2006 |      |
|---------------------------------------|--------------------------------------|-------------|---------------------------------------|------|
| <i>(HK\$ mn)</i>                      |                                      |             |                                       |      |
| <b>Revenue</b>                        | <b>2,568</b>                         | <b>100%</b> | 2,200                                 | 100% |
| <b>Selling and distribution costs</b> | <b>904</b>                           | <b>35%</b>  | 661                                   | 30%  |
| <b>Administrative expenses</b>        | <b>289</b>                           | <b>11%</b>  | 202                                   | 9%   |
| <b>Other operating expenses</b>       | <b>53</b>                            | <b>2%</b>   | 39                                    | 2%   |
| <b>Total operating expenses</b>       | <b>1,246</b>                         | <b>48%</b>  | 902                                   | 41%  |

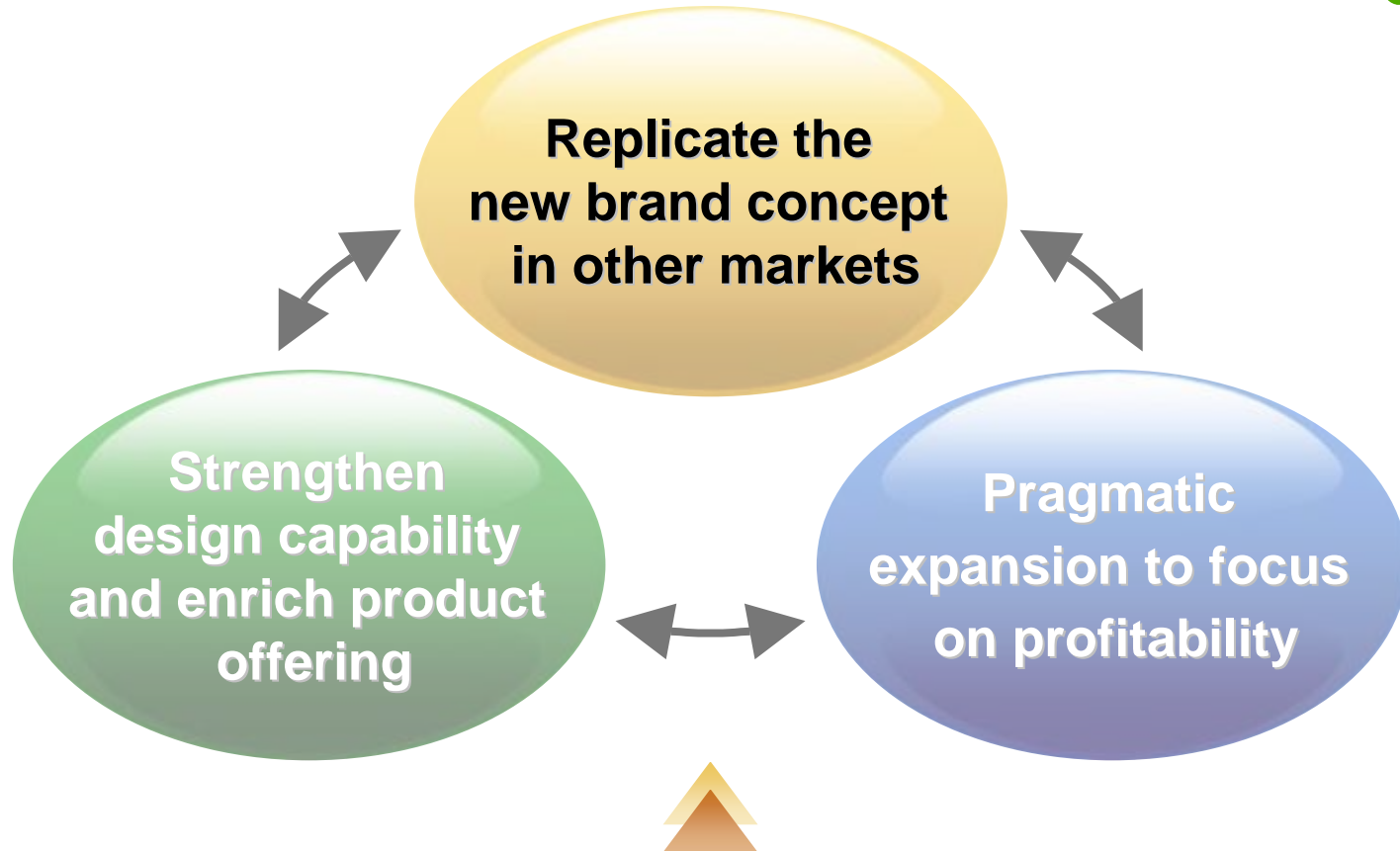


# Capex

|                        | For the period ended<br>30 June 2007 (15 months) |
|------------------------|--|
| <i>(HK\$ mn)</i>       |  |
| <b>Shop renovation</b> | <b>85</b>  |
| <b>I.T. investment</b> | <b>17</b>  |
| <b>Others</b>          | <b>4</b>   |
| <b>Total</b>           | <b>106</b>                                       |

# Future Plans and Strategies

# Business Initiatives in 2007/08



***Heading for a turning point  
in business performance revival***

# Expansion Roadmap



|                               |   |
|-------------------------------|---|
| <b>Hong Kong</b>              | <ul style="list-style-type: none"> <li>⌚ Emphasize on profitability and efficiency</li> <li>⌚ 2-4 stores to be opened during 2007/08 so as to further penetrate into mass market</li> </ul>   |
| <b>Mainland China</b>         | <ul style="list-style-type: none"> <li>⌚ Plan to open at least two new flagship stores during 2007/08</li> <li>⌚ “sparkle” operation to be gradually converted into the new young line “Yb by bossini”</li> </ul>   |
| <b>Taiwan</b>                 | <ul style="list-style-type: none"> <li>⌚ Plan to further reduce the number of outlets by 9, bring it down to 84 outlets in total, and redeploy its resources to other markets</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 Franchise</b>       | <ul style="list-style-type: none"> <li>⌚ Plan to enter into 5 countries</li> <li>⌚ Well-received new “Young” line to diversify revenue stream and customer base</li> <li>⌚ Expect to continue its solid growth momentum as the Group’s growth driver</li> </ul> |

# Enrich Product Offering

- ④ Strengthen design team with the addition of new talent to offer a wider range of products with more choices
- ④ Increase the number of collections from 8 to 12 per annum to enable new product launch every month in 2007/08
- ④ Increase offering of sporadic products in response to latest fashion trends
- ④ Continue to focus on the existing “comfortable”, “easy to mix-and-match” and value-for-money products, with appropriate but not excessive fashion touch



# Growth Drivers Summary



- ⑤ The revamp program to be implemented in overseas market, replicating the new brand concept and enhancing market awareness
- ⑤ Continue to extend and revitalise product lines to stimulate demand, complementing with upcoming large scale cooperation for licensed products
- ⑤ Positive momentum in the export franchise business
- ⑤ Target to breakeven in the next financial year in Mainland China



# OPEN FORUM