



bossini

Bossini International Holdings Limited

2007/08 Interim Results

For the six months ended 31 December 2007

Corporate Presentation

19 March 2008



Agenda

- ⑤ Results Highlights
- ⑤ Review of Operations
- ⑤ Future Plans and Strategies





Results Highlights



Results Highlights



	For the 6 months ended 31 December 2007	For the 6 months ended 30 September 2006	Change
<i>(HK\$ mn)</i>			
Revenue	1,159	970	+19%
Gross profit	579	464	+25%
EBITDA	89	46	+96%
Operating profit	54	19	+189%
Profit attributable to equity holders	40	6	+531%
Basic EPS <i>(HK cents)</i>	2.56	0.41	+524%
Diluted EPS <i>(HK cents)</i>	2.54	0.40	+535%

☉ Revenue regained growth momentum:

- Launch of more competitive 2007 collection based on trendier designs and enhanced merchandise
- Broadening of product offerings that appeal to a larger group of customers
- Improved retail operational productivity
- Positive response to brand revamp programme

☉ Improvement in product design and product mix led to 2%-point gross margin expansion

Revenue Analysis

As a Percentage of Consolidated Revenue

Hong Kong	37%
Mainland China	16%
Taiwan	13%
Singapore and Malaysia	12%

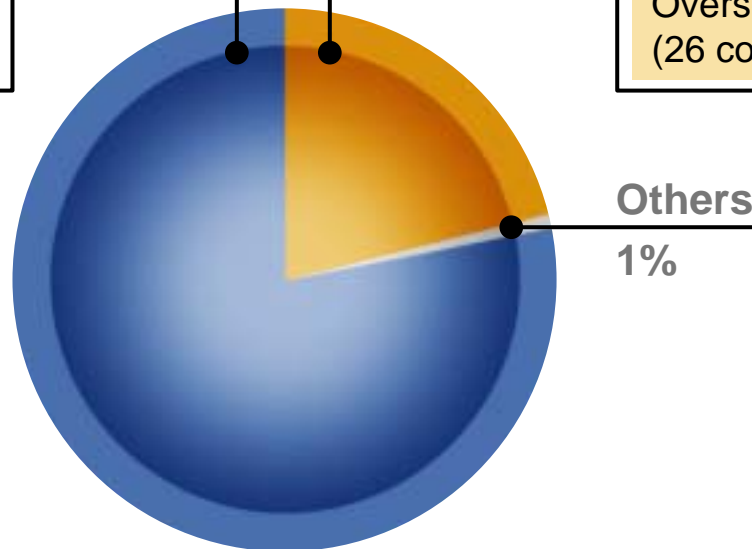
Retailing

78%

Franchising

21%

Mainland China	4%
Overseas (26 countries)	17%



For the 6 months ended 31 December 2007

Operational Indicators



	For the 6 months ended 31 December 2007	For the 6 months ended 30 September 2006	Change
Gross margin (%)	50	48	+2% pts
EBITDA margin (%)	8	5	+3% pts
Operating margin (%)	5	2	+3% pts
Net margin (%)	3	1	+2% pts
Inventory turnover* (days)	65	66	-1 day
Capital expenditure (HK\$ mn)	40	35	+14%

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

Healthy Financial Position

	At 31 December 2007	At 30 September 2006
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Current ratio (<i>times</i>)	1.87	1.99
Cash and bank balances (<i>HK\$ mn</i>)	248	172
Net cash* (<i>HK\$ mn</i>)	168	133
Total liabilities to equity ratio (%)	73	60
Return on equity (%)	13	2

* Time deposits, cash and bank balances less bank loans



Review of Operations



Key Initiatives in 1H2007/08

Holistic 360-degree Brand Revamp Programme



- Continued to roll out brand revamp programme globally to enhance brand values
 - Hong Kong, Taiwan, Singapore and Malaysia completed in 2007
 - Mainland China: completion scheduled by end of year 2008
 - Other overseas markets: completion scheduled by end of year 2008



Key Initiatives in 1H2007/08

Strengthened Product Design and Offering



- Started to increase new product roll-out frequency from 8 collections to 12 collections a year since fall/winter 2007
- Limited edition “bossini X M&M’s” crossover series attracted territory-wide attention in Hong Kong
- Launched the young line “Yb” to export franchisees to develop a new revenue stream



Key Initiatives in 1H2007/08

Realigned Retail Network in Mainland China



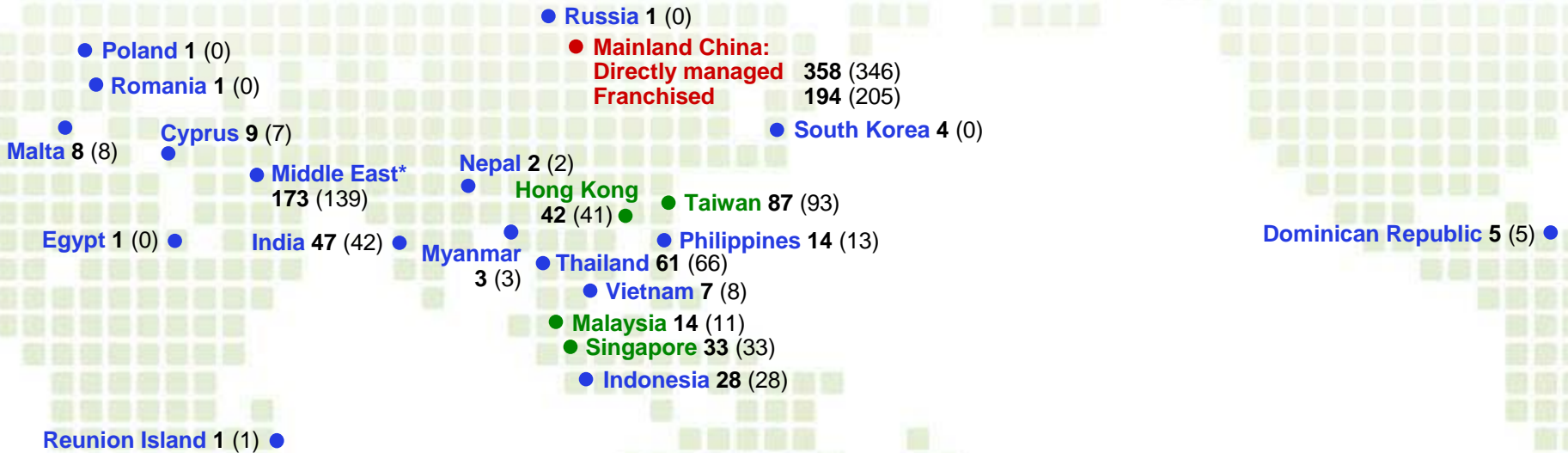
- ⑤ Closed 28 “sparkle” outlets to redeploy resources for the development of “bossini” and “bossinistyle”
- ⑤ Plan to phase out the remaining 106 “sparkle” outlets in 2008



Distribution Network at 31 December 2007



- Entered six new markets, including South Korea, Egypt, Russia, Romania, Syria and Poland
- A total of 1,094 outlets (30 June 2007: 1,051), with presence in about 30 countries and regions
- Total retail floor space increased to 658,400 sq. ft. (30 June 2007: 636,900 sq. ft.)



552
(551)

• Directly managed and franchised outlets in Mainland China

366
(322)

• Export franchised outlets

176
(178)

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

1094
(1051)

Outlets in about 30 countries

At 31 December 2007 (comparative figures at 30 June 2007 in brackets)

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

Retail Performance by Region



Encouraging growth dynamics across all core markets

	Retail Sales					No. of Retail Outlets		
	For the 6 months ended 31 December 2007	For the 6 months ended 30 September 2006	Change	Same store sales growth (Jul-Dec) 2007	Same store sales growth (Apr-Sep) 2006	At 31 December 2007	At 30 September 2006	Change
	(HK\$ mn)					(No. of outlets)		
Hong Kong	424	342	+24%	+6%	-6%	42	37	+5
Mainland China	182	139	+31%	+2%	-9%	358	366	-8
Taiwan	149	167	-11%	+2%	-15%	87	113	-26
Singapore	115	86	+34%	-1%	-12%	33	28	+5
Malaysia	18	4	+350%	+20%	n/a	14	8	+6
Total	888	738	+20%	+4%	-9%	534	552	-18

Franchise Performance



- Export franchising continued to be a growth engine, posting impressive growth of 26%, operating margin maintained at 30%



Franchise Sales



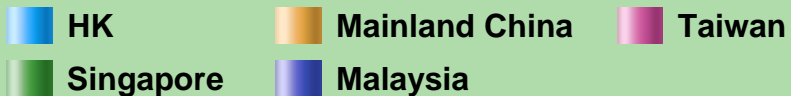
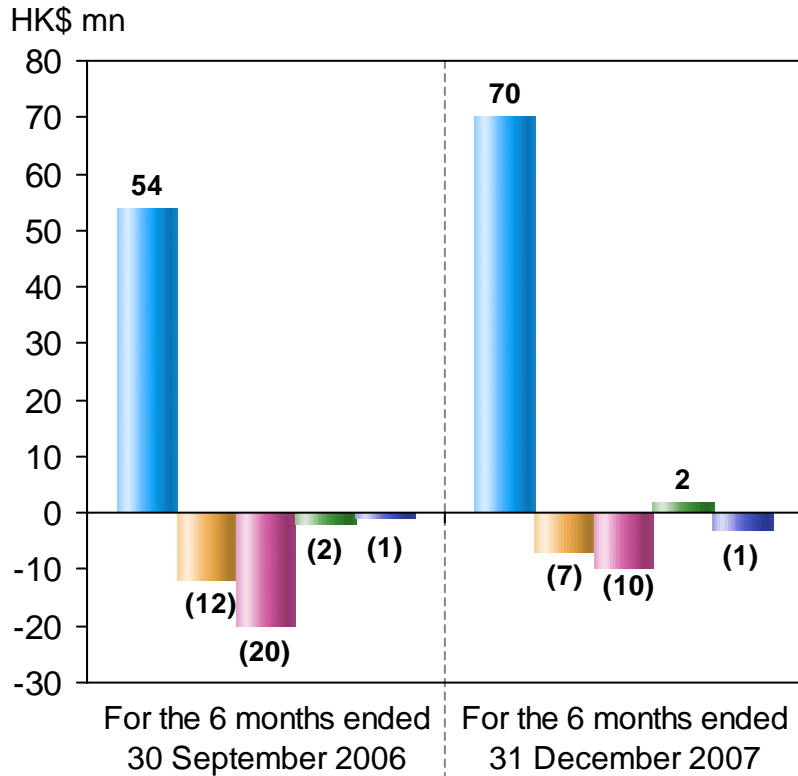
No. of Franchise Outlets

	For the 6 months ended 31 December 2007	For the 6 months ended 30 September 2006	Change (%)	At 31 December 2007	At 30 September 2006	Change
	<i>(HK\$ mn)</i>			<i>(No. of outlets)</i>		
Overseas <i>(26 countries)</i>	199	158	+26	366	295	+71
Mainland China	52	47	+11	194	239	-45
Total	251	205	+22	560	534	+26

Operating Profit by Segment



Segmental Performance



Operating Margins

	For the 6 months ended 31 December 2007	For the 6 months ended 30 September 2006	Change
Hong Kong	11%	11%	0% pt
Mainland China	-3%	-6%	+3% pts
Taiwan	-7%	-12%	+5% pts
Singapore	2%	-2%	+4% pts
Malaysia	-6%	-25%	+19% pts
Consolidated	5%	2%	+3% pts

Cost Breakdown



- Effectively managed operating expenses at a stable level despite pressure from escalating rental and overhead costs

	For the 6 months ended 31 December 2007		For the 6 months ended 30 September 2006		Change (%)
<i>(HK\$ mn)</i>					
Revenue	1,159	100%	970	100%	+19%
Selling and distribution costs	389	34%	328	34%	+19%
Administrative expenses	125	11%	106	11%	+17%
Other operating expenses	17	1%	17	1%	+5%
Total operating expenses	531	46%	451	46%	+18%

Capex

For the 6 months ended
31 December 2007

<i>(HK\$ mn)</i>	
Shop renovation	34
I.T. investment	3
Others	3
Total	40

Awards and Accolades

- ⑤ Awarded as one of the “Excellent Service Brands” by Sing Tao Daily in recognition of its superb customer service



- ⑤ Received the “**Parents' Choice Awards – Kids' Apparel**” by *Three Magazine*, attesting to the strong competitiveness of *bossini's* kids' line



Future Plans and Strategies

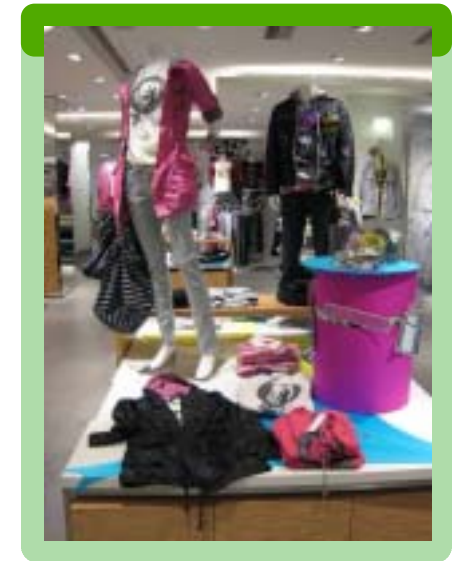
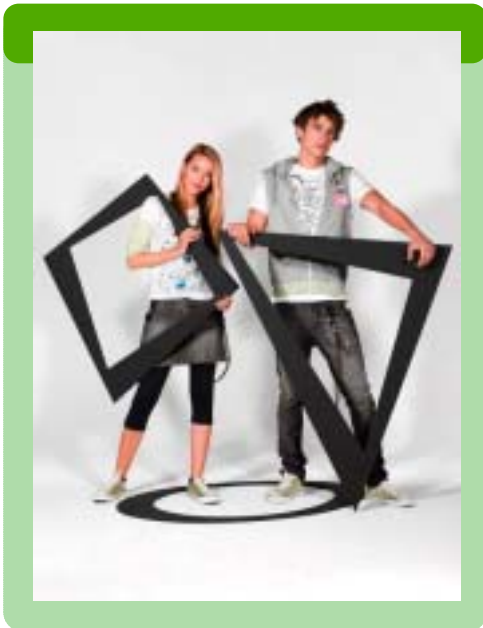


Objectives and Strategies in 2008



Enrich Product Offering

- ⑤ Introduce a store identity called “Yb” to fully capture the potential youth apparel segment
- ⑤ Foster large-scale cooperative agreement to launch appealing licensed items to bolster our product offerings with new attractions to stimulate demand



Expansion Roadmap



Plans

Hong Kong	<ul style="list-style-type: none">• Strong emphasis on profitability and efficiency• An additional outlet will be added in 2H2007/08
Mainland China	<ul style="list-style-type: none">• Realign retail network with the phase out of all “sparkle” outlets• Plan to open at least two new flagship stores during 2007/08 and add 20 stores of “bossini” and “bossinistyle”• Target to achieve breakeven in 2008/09
Taiwan	<ul style="list-style-type: none">• Maintain the number of outlets at 88 while realignment will be carried out to enhance operating efficiencies• Expected to benefit from stabilising political situation
Malaysia	<ul style="list-style-type: none">• 2 outlets will be added in 2H2007/08
Export Franchising	<ul style="list-style-type: none">• Add at least 5 countries per annum



OPEN FORUM

