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# Corporate Presentation

2014/2015 Interim Results

25 February 2015



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# Agenda

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Financial Review

Review of Operations

Future Plans and Strategies

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# Financial Review



# 1H 2014/15 Highlights

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-  Profit for the period attributable to owners increased 17% year-on-year, while basic earnings per share up 17% to HK5.37 cents
-  Record-high sales were registered in the Hong Kong and Macau retail operation, an achievement with 22 consecutive quarters of positive same-store sales growth
-  Mainland China operations achieved a turnaround in operating profit
-  Export franchising business achieved record-high sales
-  Maintained a strong financial position with net cash of HK\$446 million and healthy inventory level



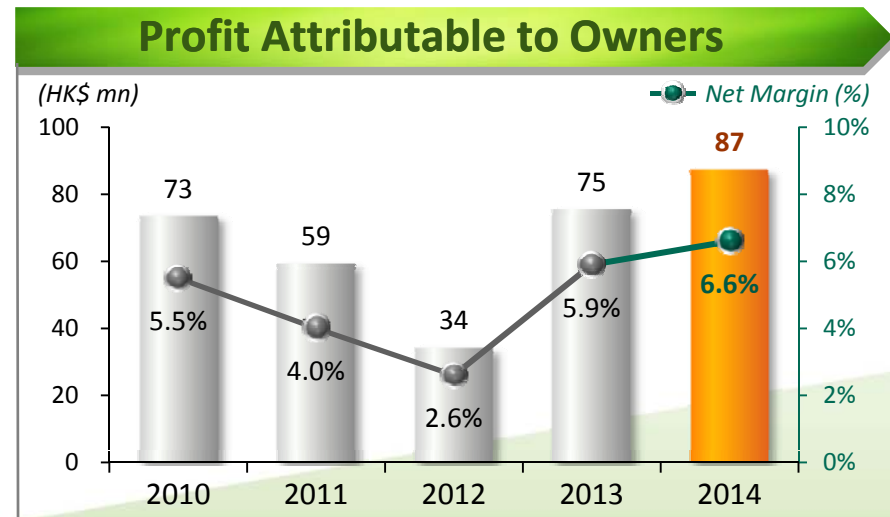
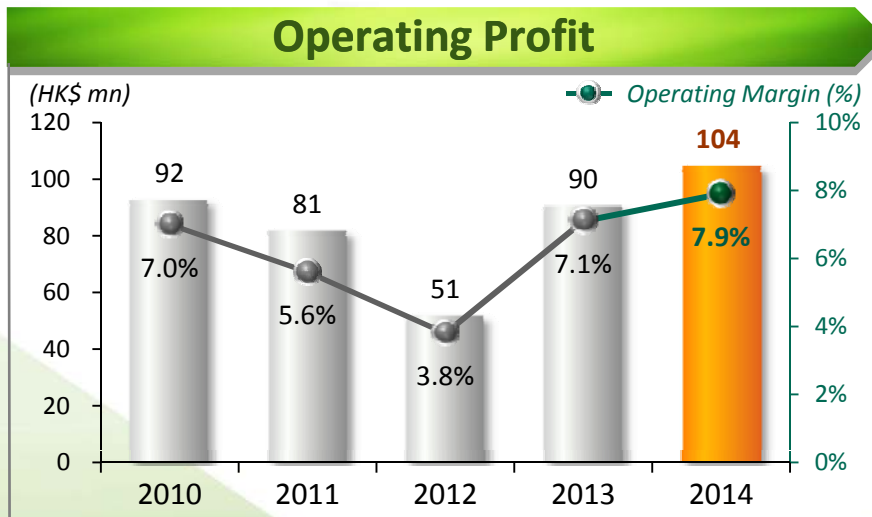
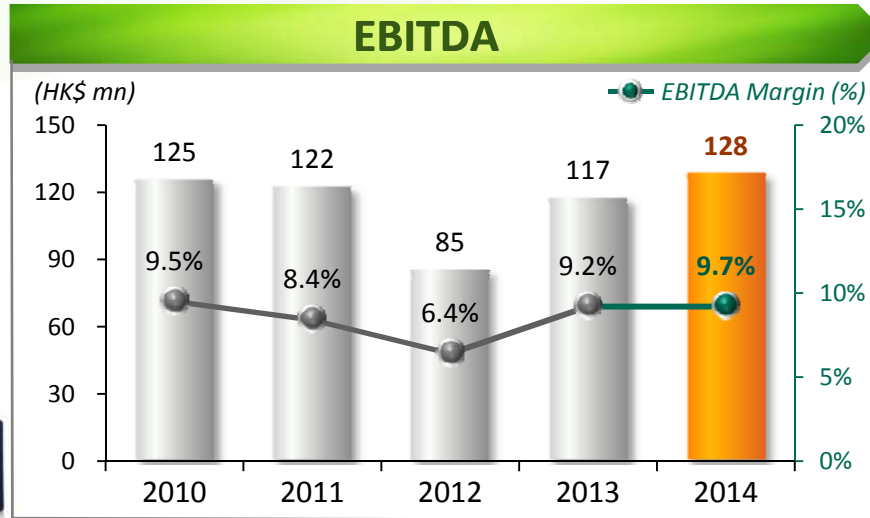
# Results Highlights

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	For the six months ended 31 Dec		
(HK\$ mn)	2014	2013	Change
Revenue	1,319	1,273	+4%
Gross profit	665	628	+6%
Gross margin (%)	50%	49%	+1% pt
EBITDA	128	117	+9%
Operating profit	104	90	+16%
Profit for the period attributable to owners	87	75	+17%
Basic EPS (HK cents)	5.37	4.60	+17%
Interim dividend per share (HK cents)	2.70	2.30	+17%

# Profitability

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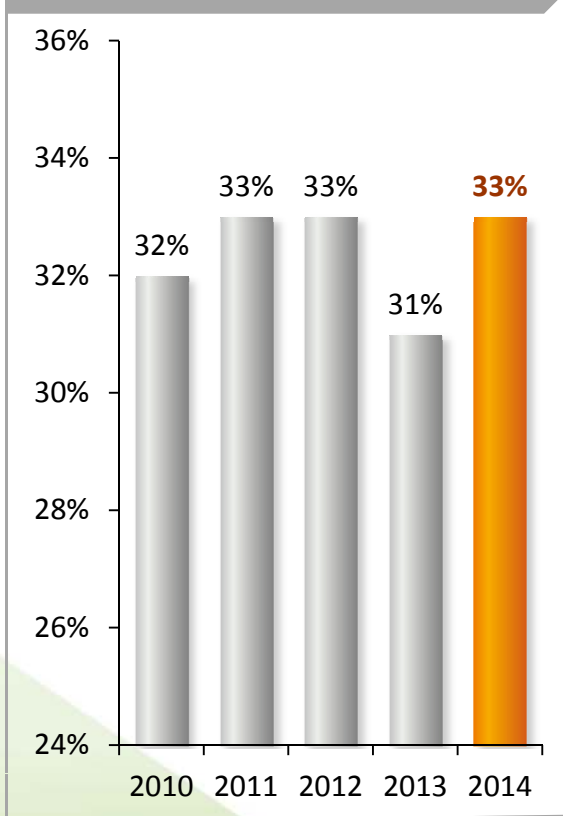
For the six months ended 31 Dec

# Operating Expenses Breakdown

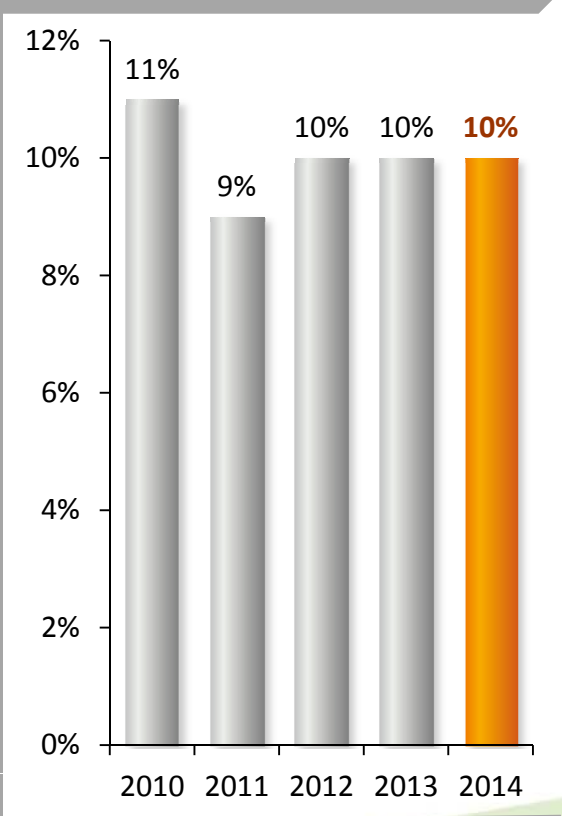
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Total operating expenses accounted for 44% (2013: 43%) of total revenue

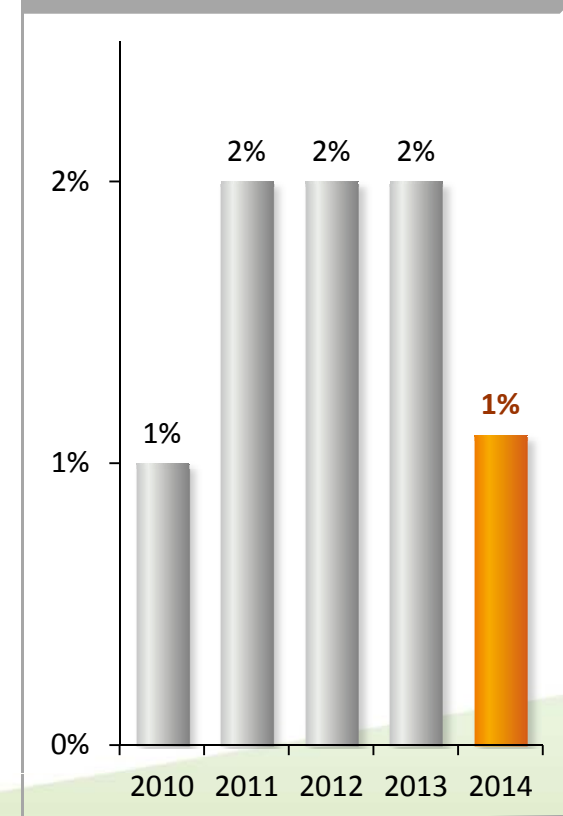
## Selling and Distribution Expenses as a % of revenue



## Administrative Expenses as a % of revenue



## Other Operating Expenses as a % of revenue



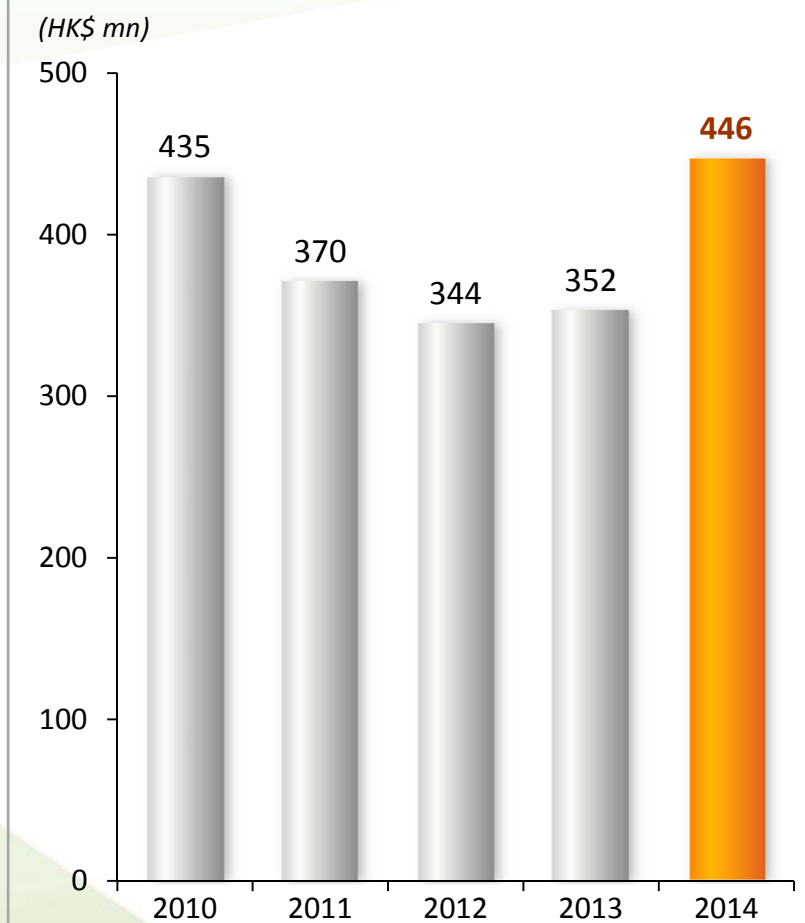
For the six months ended 31 Dec



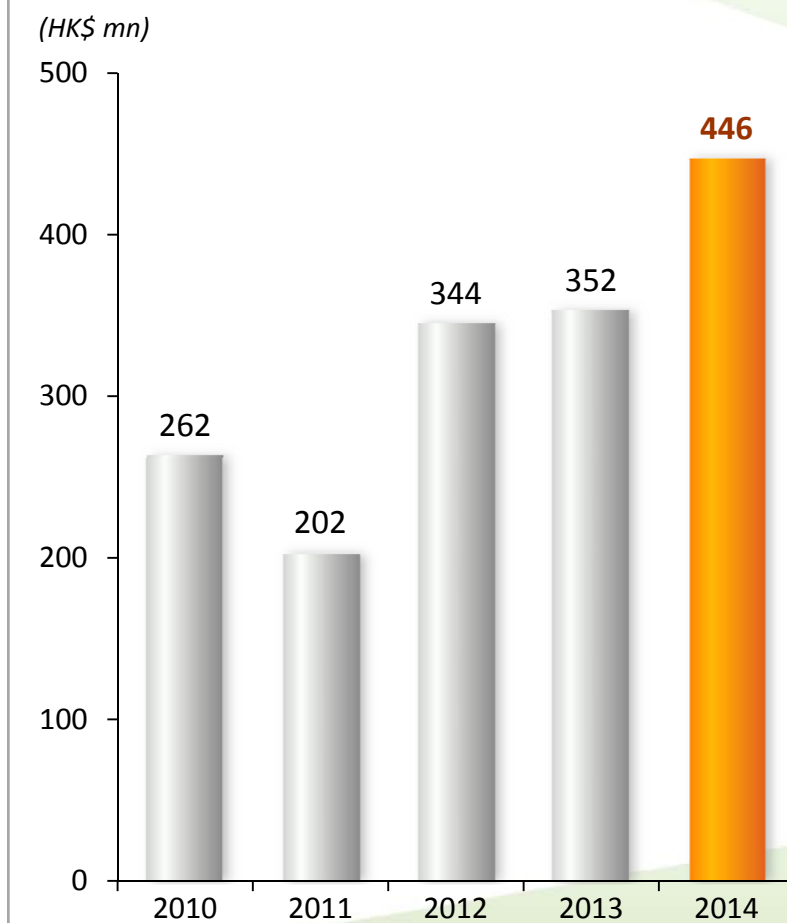
# Solid Financial Position

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## Cash and Bank Balances



## Net Cash\*



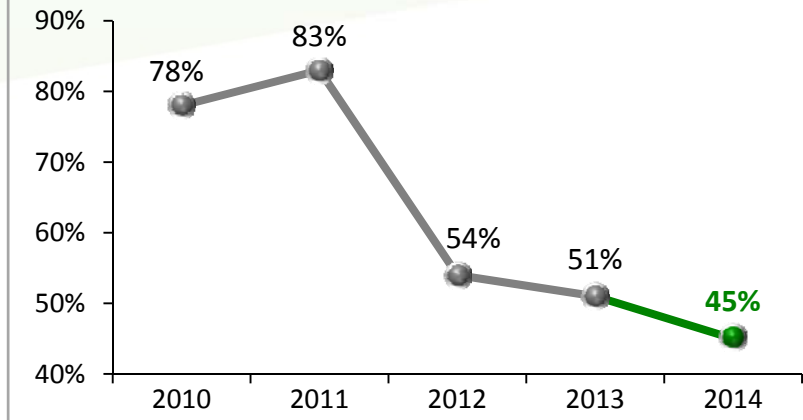
\* Time deposits, cash and bank balances less bank borrowings

At 31 Dec

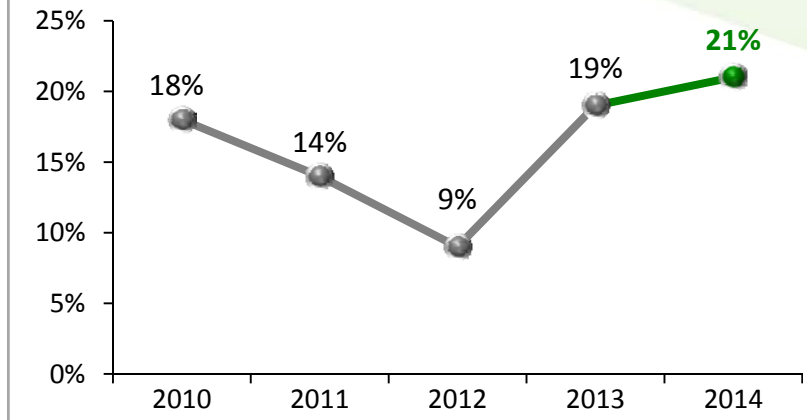
# Solid Financial Position

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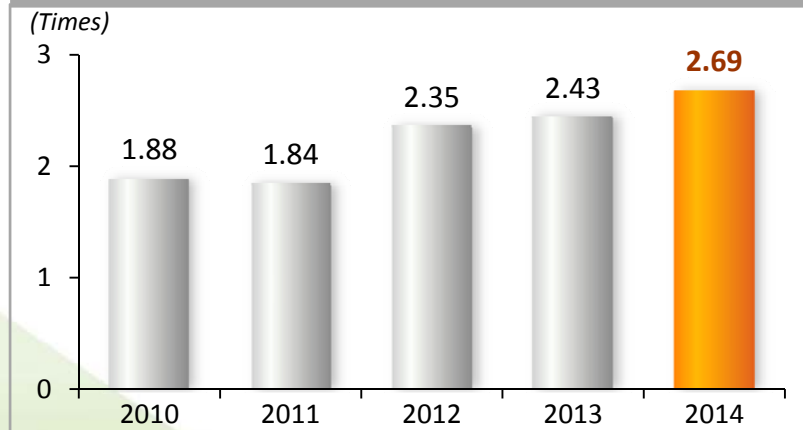
## Total Liabilities to Equity Ratio



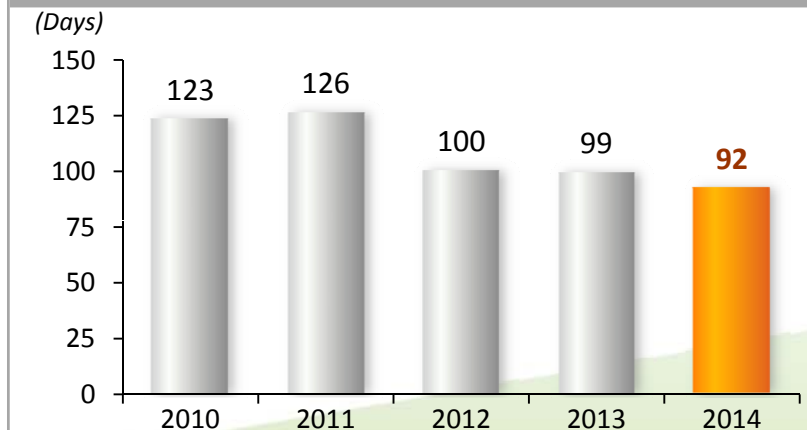
## Return on Equity



## Current Ratio



## Inventory Turnover<sup>#</sup>



<sup>#</sup> Inventory held at period end divided by annualised cost of sales times 365 days

At 31 Dec

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# Review of Operations



# Operating Environment in 1H 2014/15 **bossini**

**Global economy faced uncertainty as the recovery dragged down in the Eurozone and Japan**

**Emerging economies have experienced a relatively slowdown**

**Political disputes laid challenges ahead of Hong Kong apparel retailing industry**

**Increasing fierce competition caused by new players and expansion of e-tailing business**



# Revenue Analysis

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## Revenue by Geographical Market

*For the six months ended 31 Dec 2014  
(Comparative figures for the six months  
ended 31 Dec 2013 in brackets)*

**Mainland China**

**13%** (12%)

**Taiwan**

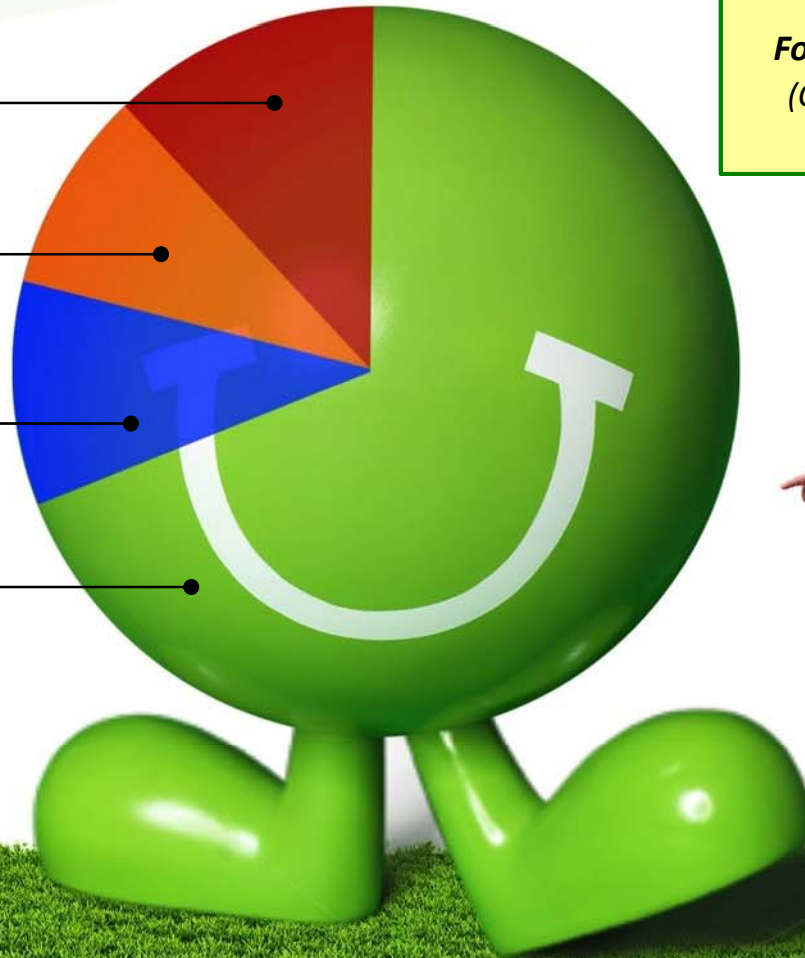
**8%** (9%)

**Singapore**

**9%** (10%)

**Hong Kong  
and Macau**

**70%** (69%)



# Performance by Segment

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- Overall same-store sales during the period under review grew by 4% (2013: 7% growth)

	<b>Same-store Sales Growth*</b>		<b>Operating Margin</b>			<b>Operating Profit (HK\$ mn)</b>		
	<i>For the six months ended 31 Dec</i>		<i>For the six months ended 31 Dec</i>			<i>For the six months ended 31 Dec</i>		
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Hong Kong and Macau</b>	5%	11%	12%	12%	0 pt	111	107	+4%
<b>Mainland China</b>	2%	12%	1%	-3%	+4% pts	2	(5)	+140%
<b>Taiwan</b>	8%	-6%	-7%	-8%	+1% pt	(7)	(9)	+22%
<b>Singapore</b>	0%	-3%	-2%	-2%	0 pt	(2)	(3)	+33%
<b>Total</b>	<b>4%</b>	<b>7%</b>	<b>8%</b>	<b>7%</b>	<b>+1% pt</b>	<b>104</b>	<b>90</b>	<b>+16%</b>

\* For directly managed stores only

# No. of Stores by Region

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	At 31 Dec 2014	At 30 Jun 2014	Change
<i>No. of Directly Managed Stores</i>			
Hong Kong and Macau	41	41	0
Mainland China	127	124	+3
Taiwan	70	72	-2
Singapore	30	30	0
<b>Sub-total</b>	<b>268</b>	<b>267</b>	<b>+1</b>
<i>No. of Franchised Stores</i>			
Mainland China	87	96	-9
Other countries	594	599	-5
<b>Sub-total</b>	<b>681</b>	<b>695</b>	<b>-14</b>
<b>Total</b>	<b>949</b>	<b>962</b>	<b>-13</b>

# International Footprint

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A total of 949 (30 Jun 2014: 962) stores with presence in 35 countries and regions



**214** (220)

Directly managed and franchised stores in mainland China

**141** (143)

Directly managed stores in Hong Kong, Macau, Taiwan and Singapore

**594** (599)

Export franchised stores

**949** (962)

Stores in about 35 countries and regions

At 31 Dec 2014 (comparative figures at 30 Jun 2014 are shown in brackets)

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



# Marketing and Branding

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- Partnered with **Disney** and **Snoopy**, successfully reach out to new audiences with ranges that appeal to shoppers
- Renowned star Ms. Priscilla Wong(黃翠如) served as the ambassador for the opening ceremony of the licensing programme of **Find the Snoopy**



# Co-branded and Licensed Products

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Disney Classic Collection



# Co-branded and Licensed Products

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# Co-branded and Licensed Products **bossini**

Disney Classic Collection



# Multi-Brand Strategy

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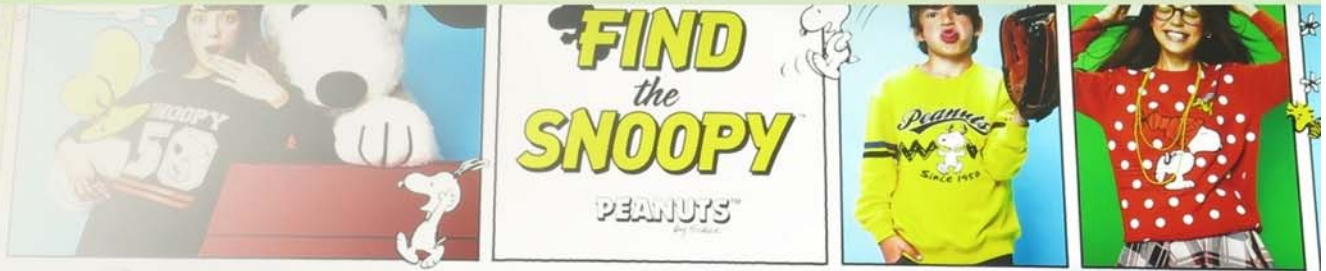
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# Capex

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(HK\$ mn)		For the six months ended 31 Dec 2014
Shop and office renovation		17
I.T. investment		4
<b>Total</b>		<b>21</b>

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# Future Plans and Strategies



# Business Strategies in 2014/15

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Further rolling out latest generation of store concept and developing kids' line



In mainland China, Taiwan and Singapore, implementing best practice solutions which have proven successful in our Hong Kong operation



Continuing the expansion in export markets that have shown good potential for growth



Partnering with well-known brands to launch crossover licensed programmes that enhances brand visibility







# Our Commitments

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## *Vision*

 To be the most preferred everyday wear brand


## *Corporate Culture*

 Continue to live the “7 Habits®” and cultivate “be happy” brand value

## *Dividend Payment*

 Strive to maintain dividend payout ratio above 50%

## *Human Capital*

 The Company and employees are bonded to serve each other’s interests in the best way possible



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# Open Forum

