



**bossini**

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

**Annual Results Announcement**  
For the year ended 31st March 2005

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**Corporate Presentation**

5<sup>th</sup> July 2005

# Agenda

- **Results Highlights**
- **Review of Operations**
- **Commitment to Future Growth**

# RESULTS HIGHLIGHTS



# Another Year of Record Highs ...

- **Double digit growth in both top and bottom line, meeting the goals set for 04/05**
- **Widening profit margins**
- **47% sales growth in export franchise business**
- **Impressive network expansion in Mainland China**

# Financial Highlights

	2005 HK\$mn	2004 HK\$mn	Change
Turnover	2,017	1,783	↑ 13%
Gross profit	998	844	↑ 18%
Operating profit	226	146	↑ 54%
Net profit attributable to shareholders	182	118	↑ 54%
Basic EPS (HK cents)	11.74	7.97*	↑ 47%
Interim dividend per share (HK cents)	1.8	Nil	N/A
Final dividend per share (HK cents)	3.9	3.0*	↑ 30%
Payout ratio (%)	49%	39%	↑ 10%pts

\* Adjusted to reflect the bonus shares issued



For the year ended 31 March

# Key Financial Indicators

	<i>As at Mar 2005</i>	<i>As at Mar 2004</i>	<i>Change</i>
Inventory turnover (days)	39	37	↑ 2 days
Return on equity	36%	33%	↑ 3% pts
Current ratio (times)	2.53	2.72	↓ 7%
Cash and bank balances (HK\$m)	326	225	↑ 45%
Net cash* (HK\$m)	311	190	↑ 63%
Total liabilities to equity ratio (%)	47%	43%	↑ 4% pts
Capital expenditure (HK\$m)	50	34	↑ 45%

\* Cash and bank balances less bank loans

# Enhanced Cost Effectiveness – Widening Margins

	<b>2005</b> <i>HK\$mn</i>	<b>2004</b> <i>HK\$mn</i>	<b>Change</b>
<b>Gross margin</b>	<b>49%</b>	47%	<b>↑ 2% pts</b>
<b>Operating margin</b>	<b>11%</b>	8%	<b>↑ 3% pts</b>
<b>Net margin</b>	<b>9%</b>	7%	<b>↑ 2% pts</b>
<b>EBITDA</b>	<b>273</b>	196	<b>↑ 39%</b>
<b>EBITDA margin</b>	<b>14%</b>	11%	<b>↑ 3% pts</b>
<b>Effective tax rate</b>	<b>19%</b>	17%	<b>↑ 2% pts</b>

# Enhanced Cost Effectiveness – Controlled Total Operating Cost

- Effective cost control measures, with total operating cost reduced to 39% of total turnover

HK\$ mn	2005		2004		Change
<b>Turnover</b>	<b>2,016.9</b>	<b>100%</b>	1,783.4	100%	<b>+13%</b>
<b>Selling and distribution costs</b>	<b>575.1</b>	<b>28.5%</b>	508.9	28.5%	<b>+13%</b>
<b>Administrative expenses</b>	<b>177.5</b>	<b>8.8%</b>	158.1	8.9%	<b>+12%</b>
<b>Other operating expenses</b>	<b>37.4</b>	<b>1.9%</b>	42.7	2.4%	<b>-12%</b>
<b>Total operating expenses</b>	<b>790.0</b>	<b>39.2%</b>	709.7	39.8%	<b>+11%</b>

*For the year ended 31 March*



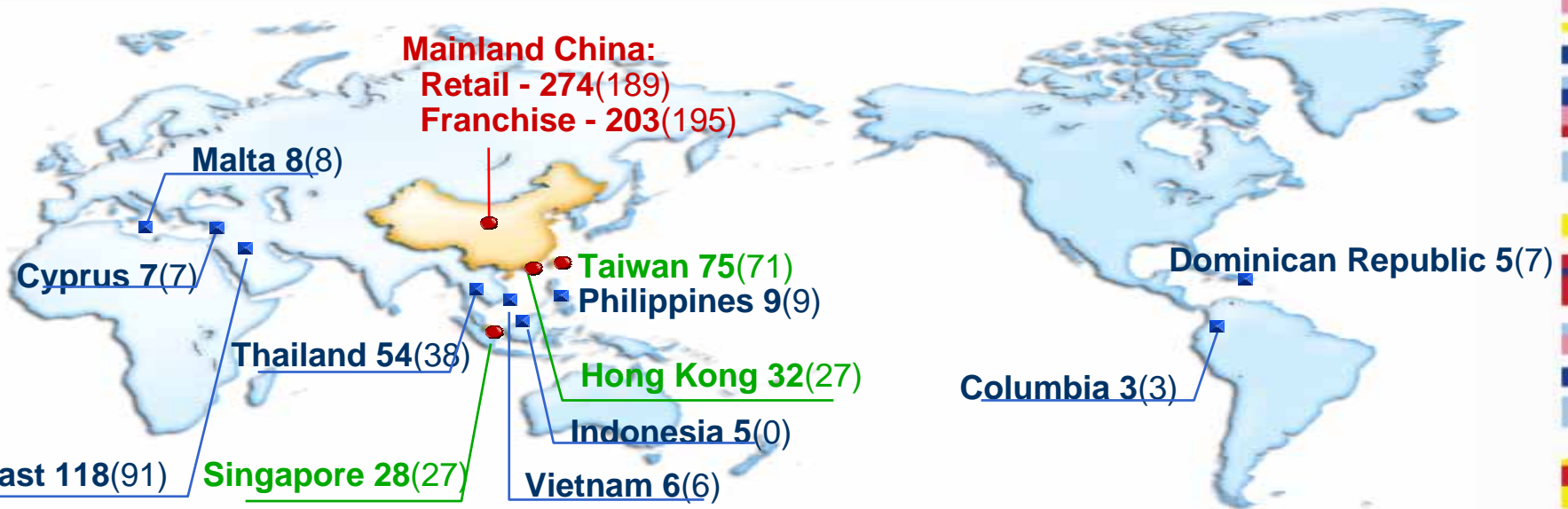
# Pragmatic Network Expansion Strategy for 04/05

**827 (2004: 678) outlets in about 20 countries:**

**477 (2004: 384) in Mainland China**

**215 (2004: 169) export franchise outlets**

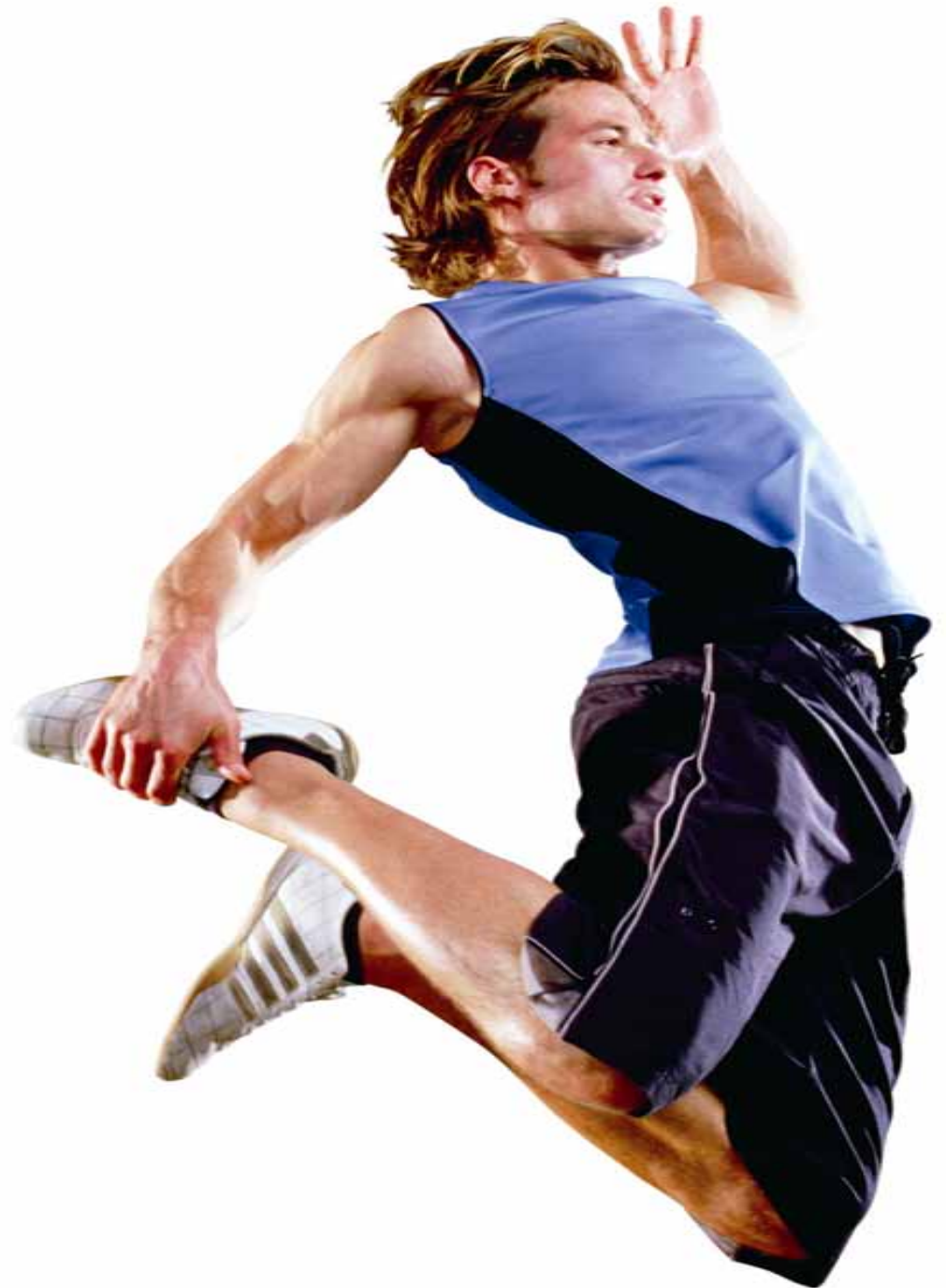
**135 (2004: 125) in other core retail markets of HK, Taiwan, and Singapore**



*For the year ended 31 March 2005*

*03/04 figures are shown in brackets*

# REVIEW OF OPERATIONS



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# Retail Performance by Region

## Same Store Sales Growth

	<i>2005</i>	<i>2004</i>	<i>Change</i>
<b>Hong Kong</b>	<b>+11%</b>	+23%	<b>-12% pts</b>
<b>Mainland China</b>	<b>+11%</b>	-19%	<b>+30% pts</b>
<b>Taiwan</b>	<b>+6%</b>	+15%	<b>-9% pts</b>
<b>Singapore</b>	<b>+12%</b>	+6%	<b>+6% pts</b>
<b>Total</b>	<b>+11%</b>	+10%	<b>+1% pts</b>

# Retail Performance by Region

- Cautious expansion in floor area to boost sales after successful turnaround in 03/04
- Satisfactory growth in net sales per sq. ft. across all core markets supported by innovative marketing and branding strategies, enhancements in IT systems and customer service quality, etc.

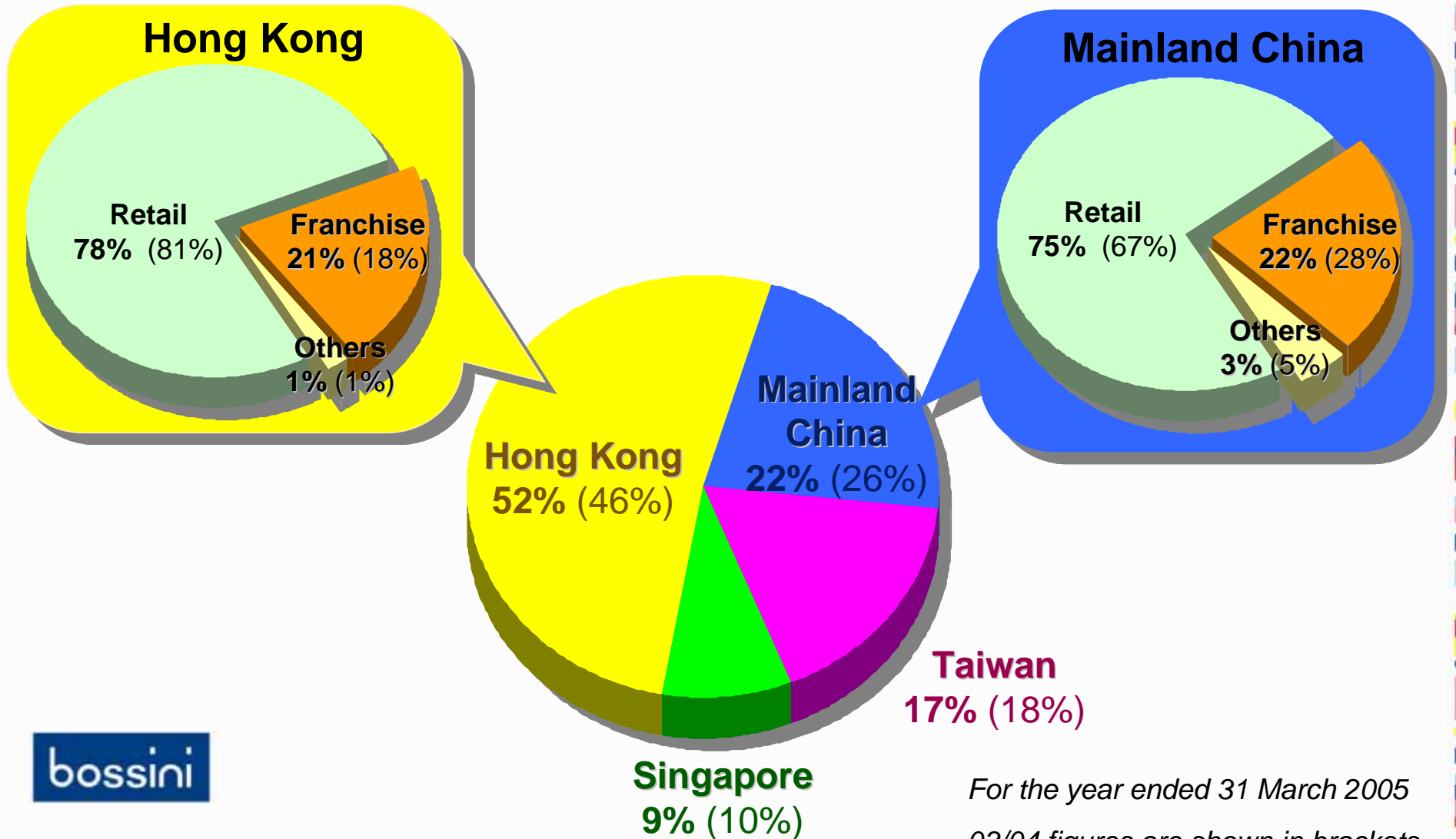
	<i>No. of Directly Managed Outlets</i>			<i>Floor Area (Sq. Ft.)</i>		
	<i>2005</i>	<i>2004</i>	<i>Change</i>	<i>2005</i>	<i>2004</i>	<i>Change</i>
<b>Hong Kong</b>	<b>32</b>	<b>27</b>	<b>+ 5</b>	<b>112,000</b>	98,600	<b>+ 14%</b>
<b>Mainland China</b>	<b>274</b>	<b>189</b>	<b>+ 85</b>	<b>276,400</b>	235,600	<b>+ 17%</b>
<b>Taiwan</b>	<b>75</b>	<b>71</b>	<b>+ 4</b>	<b>124,100</b>	119,500	<b>+ 4%</b>
<b>Singapore</b>	<b>28</b>	<b>27</b>	<b>+ 1</b>	<b>30,200</b>	28,900	<b>+ 4%</b>
<b>Total</b>	<b>409</b>	<b>314</b>	<b>+ 95</b>	<b>542,700</b>	482,600	<b>+ 12%</b>

	<i>Retail Sales (HK\$m)</i>			<i>Net Sales Per Sq. Ft. (HK\$)</i>		
	<i>2005</i>	<i>2004</i>	<i>Change</i>	<i>2005</i>	<i>2004</i>	<i>Change</i>
<b>Hong Kong</b>	<b>803</b>	678	<b>+ 18%</b>	<b>7,700</b>	6,800	<b>+ 13%</b>
<b>Mainland China</b>	<b>331</b>	309	<b>+ 7%</b>	<b>1,300</b>	1,200	<b>+ 8%</b>
<b>Taiwan</b>	<b>348</b>	315	<b>+ 10%</b>	<b>2,800</b>	2,600	<b>+ 8%</b>
<b>Singapore</b>	<b>191</b>	174	<b>+ 10%</b>	<b>6,600</b>	5,400	<b>+ 22%</b>
<b>Total</b>	<b>1,673</b>	1,476	<b>+ 13%</b>	<b>3,300</b>	2,800	<b>+ 18%</b>

# Franchise Performance by Region

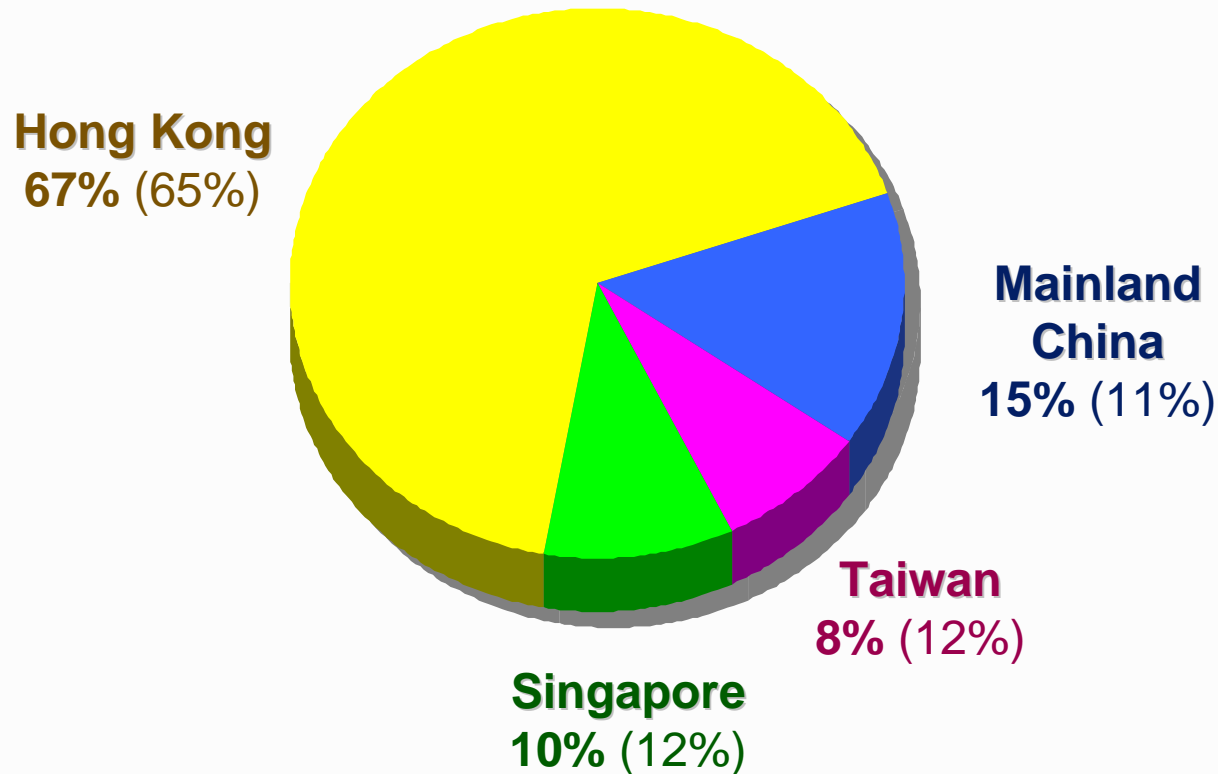
	<i>Franchise Sales (HK\$mn)</i>			<i>No. of Franchised Outlets</i>		
	<i>2005</i>	<i>2004</i>	<i>Change</i>	<i>2005</i>	<i>2004</i>	<i>Change</i>
<b>Hong Kong - Export</b>	<b>218</b>	148	<b>+ 47%</b>	<b>215</b>	169	<b>+46</b>
<b>Mainland China</b>	<b>97</b>	129	<b>- 25%</b>	<b>203</b>	195	<b>+8</b>
<b>Total</b>	<b>315</b>	277	<b>+ 14%</b>	<b>418</b>	364	<b>+54</b>

# Turnover by Geographical Market



For the year ended 31 March 2005  
03/04 figures are shown in brackets

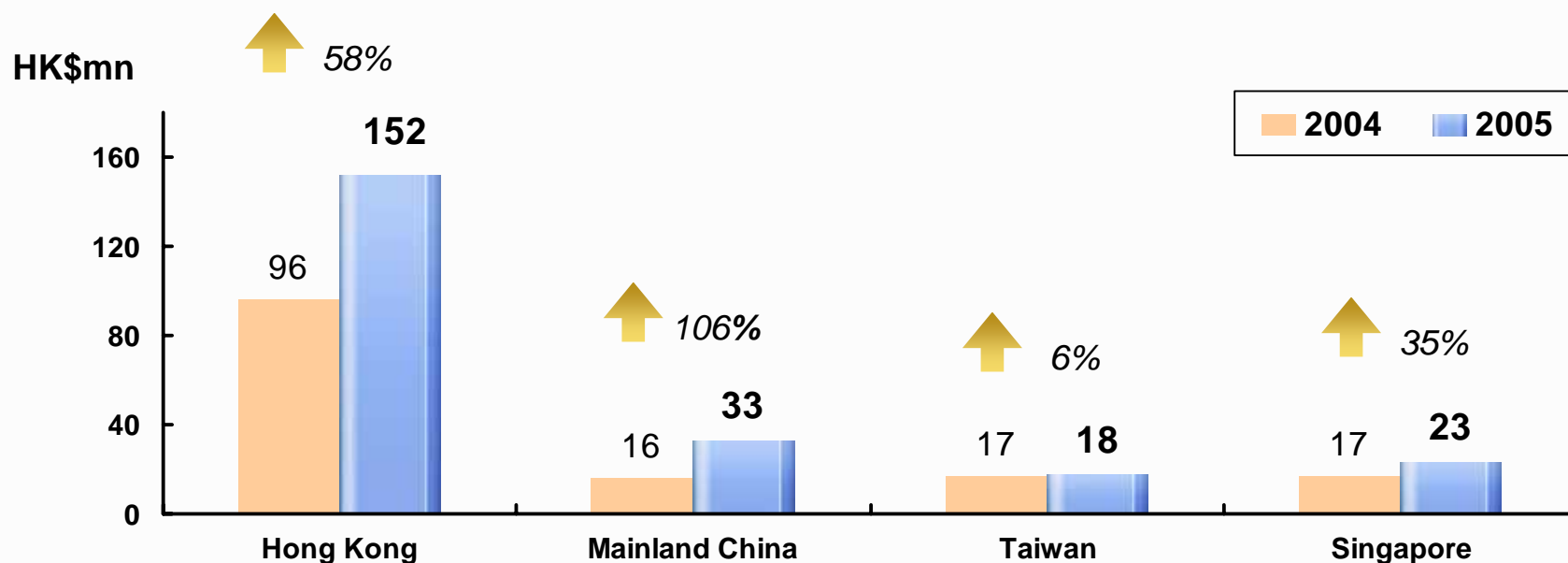
# Segmental Operating Profit by Geographical Market



# Segmental Results

## Segmental Operating Profit

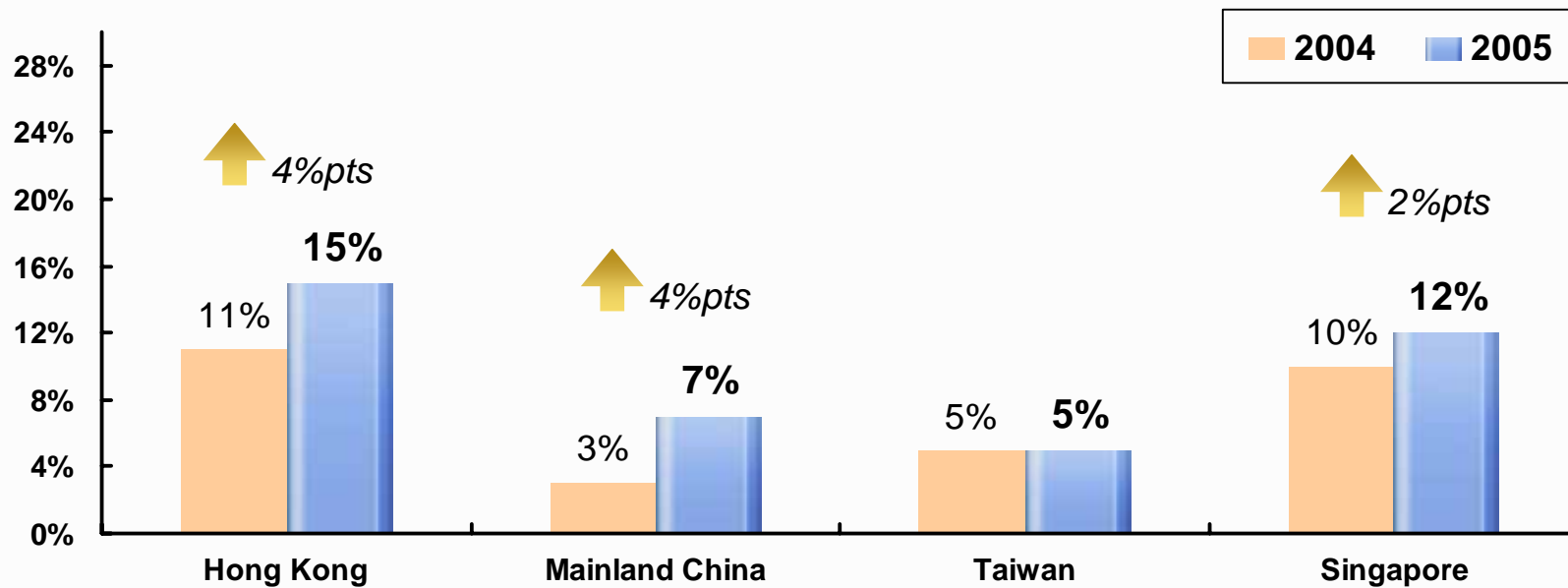
- Significant improvements in most of the core markets





# Segmental Results

## Segmental Operating Margin



# Review of Operations Hong Kong

	<b>Total</b>		<i>% on Group's</i>
	<b>2005</b>	<b>Change</b>	<i>Total</i>
<b>Turnover (HK\$m)</b>	<b>1,035</b>	<b>+24%</b>	52%
<b>Operating Profit (HK\$m)</b>	<b>152</b>	<b>+58%</b>	67%
<b>Operating Margin</b>	<b>15%</b>	<b>+ 4% pts</b>	

	<i>Retail</i>		<i>Export (Franchise)</i>		<i>Others / Corporate Exp.</i>	
	<i>2005</i>	<i>Change</i>	<i>2005</i>	<i>Change</i>	<i>2005</i>	<i>Change</i>
<b>Turnover (HK\$m)</b>	803	+18%	218	+47%	14	+56%
<b>Operating Profit (HK\$m)</b>	97	+43%	65	+59%	-10	+23%
<b>Operating Margin</b>	12%	+2% pts	30%	+2% pts	N/A	N/A
<b>No. of outlets</b>	32	+5	215	+46	N/A	N/A

# Review of Operations Mainland China

	<b>2005</b>	<b>Total Change</b>	<i>% of Groups Total</i>
<b>Turnover (HK\$m)</b>	443	-3%	22%
<b>Operating Profit (HK\$m)</b>	33	+106%	15%
<b>Operating Margin</b>	7%	+4% pts	
<b>No. of outlets</b>	477	+93	

	<i>Retail</i>		<i>Franchise</i>		<i>Others</i>	
	2005	Change	2005	Change	2005	Change
<b>Turnover (HK\$m)</b>	331	+7%	97	-25%	15	-29%
<b>Operating Profit (HK\$m)</b>	9	N/A	23	-30%	1	-80%
<b>Operating Margin</b>	3%	+10% pts	24%	-2% pts	7%	-17% pts
<b>No. of outlets</b>	274	+85	203	+8	N/A	N/A

# Review of Operations Taiwan

	<b>2005</b>	<b>Change</b>	<i>% on Group's Total</i>
<b>Turnover (HK\$m)</b>	<b>348</b>	<b>+10%</b>	<b>17%</b>
<b>Operating Profit (HK\$m)</b>	<b>18</b>	<b>+6%</b>	<b>8%</b>
<b>Operating Margin</b>	<b>5%</b>	<b>nil</b>	
<b>No. of outlets</b>	<b>75</b>	<b>+4</b>	

# Review of Operations Singapore

	<b>2005</b>	<b>Change</b>	<i>% of Group's Total</i>
<b>Turnover (HK\$m)</b>	<b>191</b>	<b>+10%</b>	<b>9%</b>
<b>Operating Profit (HK\$m)</b>	<b>23</b>	<b>+35%</b>	<b>10%</b>
<b>Operating Margin</b>	<b>12%</b>	<b>+2% pts</b>	
<b>No. of outlets</b>	<b>28</b>	<b>+1</b>	

# COMMITMENT TO FUTURE GROWTH

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# Competitive Strengths

## Network

- A strong foothold in core markets
- An established global distribution platform

## Product

- Full product offering with abundant choices in style and colour
- Good value for money

## Branding

- Well recognized “*bossini*” brand
- Innovative marketing strategies to increase brand value

## Management

- Effective strategies in cost management
- Solid knowledge about core markets
- Strong corporate culture to foster growth

# Targets for 05/06

- **Maintain double digit growth in both top and bottom line**
- **More aggressive network expansion, especially in Mainland China**
- **30% sales growth in export franchise business**



# 05/06 Plans – by market

## Hong Kong

### Retail business

- Continue to optimize floor area utilization
- To open 3 to 5 new stores mainly in residential areas to benefit fully from rebounding consumer sentiment as a result of Disneyland opening

### Export franchise business

- To achieve at least a 30% annual sales growth
- To start franchise business in Nepal
- To encourage further expansion plan in existing export franchise markets especially the Middle East and Thailand
- To explore market potential in India, Korea and Japan

# 05/06 Plans – by market

## Mainland China

- **Leverage on huge growth potential of domestic economy**
- **More aggressive network expansion plan – to add more than 150 outlets, a fair combination of directly managed and franchise outlets**
- **Benefits of franchise business transformation expect to appear progressively**
- **To be number one contributor in turnover and profit to the Group in medium term**

# 05/06 Plans – by market

## Taiwan

- To introduce franchise business
- To add more than 20 directly managed and/or franchise outlets

## Singapore

- Continue to enhance sales
- Preparation for achieving its target of number one retailer in terms of market share in 5 years
- To start retail business in Malaysia by leveraging success of Singapore operation

# Future Growth Drivers

## Mainland China and franchising as the growth engines in medium term

- Further enhancement in effectiveness and cost efficiencies
  - ▣ To implement world-class IT systems to enhance internal operations, inventory management, merchandise planning and budgeting
  - ▣ To improve supply chain and logistics management
- To enrich existing product offerings and develop new product lines
- To intensify marketing and branding activities to enhance the “*bossini*” brand
- To adopt a multi-brand strategy in the medium term

# Ultimate Goals

- **To sustain double-digit growth in both turnover and profits**
- **To reward shareholders with consistent dividend payout ratio with at least 50% annually**
- **To become a dominant global player in the mass casual wear market**

# OPEN FORUM

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