

boon
Mainland China market and
export franchise business
are our future growth engines

中國大陸市場和出口特許經營業務

是本集團未來增長動力



Management discussion and analysis 管理層討論及分析

Financial performance

The Group was successful in achieving double-digit growth in both turnover and profits during the year under review. The pragmatic growth strategy in network expansion plus the improved economic environment in all of the Group's four core markets accounted for the Group's outstanding business performance in the year under review.

With clear corporate objectives and well-executed business strategies, the Group achieved another year of record high results. The consolidated turnover surged 13% from HK\$1.78 billion to HK\$2.02 billion. With a two-percentage-point growth in gross margin to 49%, gross profit grew 18% to HK\$998 million (2004: HK\$844 million). Focused on effective cost management, the Group's operating profit rose to HK\$226 million (2004: HK\$146 million), a 54% increase over that of 2003/2004. Operating margin also improved from the prior year's 8% to 11% this year.

Net profit increased a substantial 54% to HK\$182 million (2004: HK\$118 million). This indicated our ability to achieve sustainable growth even when gross margin was slightly affected by the unseasonably warm weather in the second half of the year. The 9% net margin was two percentage points over that of the prior year.



財務業績

於回顧年內，本集團在營業額及盈利兩方面均取得雙位數字的增長。本集團採取務實的業務增長策略以擴展分銷網絡，加上四個核心市場的經濟狀況均有所改善，促使本集團在回顧年內的整體業績錄得驕人成績。

憑藉清晰的企業目標及有效執行業務策略，本集團的業績再創歷史新高。綜合營業額從港幣17.8億元上升13%至港幣20.2億元。毛利率增長兩個百分點至49%，毛利增長18%至港幣9.98億元（二零零四年：港幣8.44億元），由於本集團致力於有效成本管理，營運溢利較二零零三／二零零四年上升54%至港幣2.26億元（二零零四年：港幣1.46億元），營運溢利率亦從去年的8%上升至11%。

淨溢利錄得54%的重大增長至港幣1.82億元（二零零四年：港幣1.18億元），反映儘管毛利率於下半年度受不利天氣輕微影響，本集團仍能維持盈利增長。淨溢利率較去年增長兩個百分點至9%。

Operating cost analysis 營運成本分析

		2005 二零零五年		2004 二零零四年		Change 轉變
		HK\$ million 港幣百萬元	% of total turnover 佔總營業額%	HK\$ million 港幣百萬元	% of total turnover 佔總營業額%	
Turnover	營業額	2,016.9	100.0%	1,783.4	100.0%	+13%
Selling and distribution costs	銷售及分銷成本	575.1	28.5%	508.9	28.5%	+13%
Administrative expenses	行政開支	177.5	8.8%	158.1	8.9%	+12%
Other operating expenses	其他營運開支	37.4	1.9%	42.7	2.4%	-12%
Total operating expenses	總營運開支	790.0	39.2%	709.7	39.8%	+11%

The Group's operational efficiencies improved prominently during the year under review. The overall same store sales grew 11% with the overall net retail sales per sq. ft. improved by 18% to HK\$3,300 (2004: HK\$2,800). We also managed to reduce the total operating expenses to 39% of our revenue (2004: 40%).

Business review

Since opening its first store in 1987, Bossini has successfully expanded its business to about 20 countries around the globe, from Asia to the Middle East, Central America, and Europe. The Group has been and remains a leading apparel brand owner, retailer, and franchiser in the region. Currently, the Group's apparel brands include its premier "bossini" label, a widely recognised casual wear brand and "sparkle", a younger brand catering only for the Mainland China market at present.

Distribution network expansion

The Group added 149 new outlets in its distribution network, thus increasing the number of outlets from 678 to 827 mainly in Mainland China and its export franchise markets. The Group's directly managed outlets are found exclusively in the four core markets of Hong Kong, Mainland China, Taiwan, and Singapore. In Mainland China, the Group's directly managed outlets cover 8 first tier cities and its franchise business now sells "bossini" and "sparkle" brands in more than 100 second and third tier cities. Other than directly managed outlets, the Group's distribution network also comprises overseas franchised outlets in 16 countries around the world.

本集團在回顧年內的經營效率有顯著的改善。整體同店銷售額增長為11%，而整體每平方呎淨零售銷售額增長18%至港幣3,300元（二零零四年：港幣2,800元）。總營運開支降低至營業額的39%（二零零四年：40%）。

業務回顧

自一九八七年開設首間店舖以來，堡獅龍已成功將業務拓展至全球各地，包括亞洲、中東、中美洲及歐洲等約20個國家，而本集團亦一直為區內具領導地位的品牌擁有人、零售商及特許經營商。目前，本集團旗下的服裝品牌包括國際知名的休閒服裝品牌「bossini」，以及以中國大陸年輕消費者為目標的「sparkle」品牌。

擴充分銷網絡

本集團年內於其分銷網絡增設149間店舖，令店舖總數從678間增加至827間，主要位於中國大陸以及出口特許經營市場。直接管理店舖則設於香港、中國大陸、台灣及新加坡四個核心市場。本集團於中國大陸的直接管理店舖覆蓋8個一線城市，其特許經營業務目前於超過100個國內二及三線城市銷售「bossini」及「sparkle」兩個品牌的產品。其餘的分銷網絡則主要由設於16個國家的海外特許經營店舖組成。

As at 31 March 2005, the Group operated 409 directly managed retail outlets (2004: 314), 95 more than the previous year. The total retail floor area thus grew 12% to 542,700 sq. ft. (2004: 482,600 sq. ft.). After the restructuring of the franchise network in Mainland China, the number of franchised outlets there totalled 203 (2004: 195), 8 more than in 2003/2004. For overseas franchise business, the number of outlets now stands at 215 (2004: 169), with the addition of 46 new outlets mainly in the Middle East and Thailand during the year.

Brand development

Adhering to its brand tagline "Color Our World", Bossini's goal is to raise our brand value by consistently offering a variety of easy to mix-and-match casual wear for its customers. Innovative marketing initiatives were launched in Hong Kong during the year under review and brand awareness campaigns were conducted in Mainland China.

During the year, Hong Kong piloted several innovative retailing concepts including infotainment TV commercials, the introduction of fashion ambassadors at the Group's new flagship store in Hong Kong, and a world-class traffic count system plus some other first-in-town marketing activities.

To further increase brand awareness among consumers in Mainland China, a regional media campaign was launched using TV, magazines, metro and buses to promote "bossini" and "sparkle". Other campaigns included joint promotion and cross-selling with other reputable brands.

於二零零五年三月三十一日，本集團共經營409間直接管理店舖(二零零四年：314間)，數目較上年度增加95間。零售樓面總面積則增加12%至542,700平方呎(二零零四年：482,600平方呎)。在中國大陸的特許經營店舖共有203間(二零零四年：195間)，較二零零三／二零零四年進行重整前增加了8間。海外特許經營店舖現有215間(二零零四年：169間)，年內新增了46間，主要位於中東及泰國。

品牌拓展

以「Color Our World」作為口號，堡獅龍一直以提升品牌價值為目標，並不斷為客戶提供易於配襯的服裝產品。在回顧年內，本集團在香港推行具創意的市場推廣計劃，同時亦在中國大陸舉辦提升品牌知名度的活動。

本集團在年內嘗試不同新穎的零售概念，包括於香港推出資訊性電視廣告片、安排服裝大使於新旗艦店駐守、採用了國際級的客流分析系統，亦推出其他首創的市場推廣活動。

為進一步提高於中國大陸的品牌知名度，一個以電視、雜誌、地下鐵路及公共汽車等媒體推廣「bossini」及「sparkle」品牌的地區性計劃已於回顧年內推行。其他推廣活動包括與其他優質品牌的聯合宣傳及相互推銷。

Management discussion and analysis 管理層討論及分析

Regional performance analyses 按地區表現之分析

Year ended 31 March	截至三月三十一日止年度	Hong Kong 香港			Mainland China 中國大陸			Taiwan 台灣			Singapore 新加坡			Total 合共		
		2005 二零零五年	2004 二零零四年	Change 轉變	2005 二零零五年	2004 二零零四年	Change 轉變	2005 二零零五年	2004 二零零四年	Change 轉變	2005 二零零五年	2004 二零零四年	Change 轉變	2005 二零零五年	2004 二零零四年	Change 轉變
Retail	零售															
Net retail sales (in HK\$ million)	零售淨銷售額 (港幣百萬元)	803	678	+ 18%	331	309	+ 7%	348	315	+ 10%	191	174	+ 10%	1,673	1,476	+ 13%
Operating profit (in HK\$ million)	營運溢利 (港幣百萬元)	97	68	+ 43%	9	-22	N/A	18	17	+ 6%	23	17	+ 35%	147	80	+ 84%
Operating margin (%)	營運溢利率 (%)	12%	10%	+ 2% pts	3%	-7%	+ 10% pts	5%	5%	+ 0% pts	12%	10%	+ 2% pts	9%	5%	+ 4% pts
Retail floor area (sq. ft.) (a)	零售樓面面積 (平方呎) (a)	112,000	98,600	+ 14%	276,400	235,600	+ 17%	124,100	119,500	+ 4%	30,200	28,900	+ 4%	542,700	482,600	+ 12%
Net sales per sq. ft. (in HK\$) (b)	每平方米淨銷售額 (港幣) (b)	7,700	6,800	+ 13%	1,300	1,200	+ 8%	2,800	2,600	+ 8%	6,600	5,400	+ 22%	3,300	2,800	+ 18%
Same store sales growth*	同店銷售額增長*	+ 11%	+ 23%	- 12% pts	+ 11%	- 19%	+ 30% pts	+ 6%	+ 15%	- 9% pts	+ 12%	+ 6%	+ 6% pts	+ 11%	+ 10%	+ 1% pts
No. of outlets	店舖數目	32	27	+ 5	274	189	+ 85	75	71	+ 4	28	27	+ 1	409	314	+ 95
Franchise	特許經營															
Sales	銷售額	218	148	+ 47%	97	129	- 25%	N/A	N/A	N/A	N/A	N/A	N/A	315	277	+ 14%
Operating profit (in HK\$ million)	營運溢利 (港幣百萬元)	65	41	+ 59%	23	33	- 30%	N/A	N/A	N/A	N/A	N/A	N/A	88	74	+ 19%
Operating margin (%)	營運溢利率 (%)	30%	28%	+ 2% pts	24%	26%	- 2% pts	N/A	N/A	N/A	N/A	N/A	N/A	28%	27%	+ 1% pts
No. of outlets	店舖數目	215	169	+ 46	203	195	+ 8	N/A	N/A	N/A	N/A	N/A	N/A	418	364	+ 54
Regional total	區域總計															
Sales	銷售額	1,035	835	+ 24%	443	459	- 3%	348	315	+ 10%	191	174	+ 10%	2,017	1,783	+ 13%
Operating profit (in HK\$ million)	營運溢利 (港幣百萬元)	152	96	+ 58%	33	16	+ 106%	18	17	+ 6%	23	17	+ 35%	226	146	+ 54%
Operating margin (%)	營運溢利率 (%)	15%	11%	+ 4% pts	7%	3%	+ 4% pts	5%	5%	+ 0% pts	12%	10%	+ 2% pts	11%	8%	+ 3% pts
No. of outlets	店舖數目	32 [^]	27 [^]	+ 5	477	384	+ 93	75	71	+ 4	28	27	+ 1	827	678	+ 149
																Consolidated 綜合

Notes 附註：

(a) As at 31 March
於三月三十一日

(b) On weighted average basis
按加權平均基準

* Same store sales growth is the comparison of sales of the same stores having full month operations in comparable periods
同店銷售額增長為相同店舖於比較期內完整月份之銷售額比較

[^] No. of export franchised outlets is not included
不包括出口特許經營店舖數目

Key operations breakdown and analysis

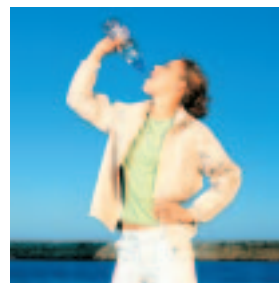
Hong Kong, the Group's primary market includes both its Hong Kong retail business and export franchise business, which accounted for 52% of the Group's turnover and 67% of its operating profit in the year under review. Mainland China was the second largest turnover and operating profit contributor for the year, accounting for 22% and 15% of the Group's total respectively. Taiwan and Singapore contributed 17% and 9% of the consolidated turnover respectively and 8% and 10% respectively of the consolidated operating profit.

Hong Kong

Hong Kong's apparel market is one of the most competitive markets in the world. The valuable retail experience garnered in the Hong Kong market has contributed to the Group's successful expansion into other markets. The Group met its goal of expanding its presence in the region by opening a total of five new outlets, bringing the number of stores to 32 as at 31 March 2005 (2004: 27). The Group performed well in both the retail and export franchise businesses despite that the business environment was not entirely conducive in the second half of the year.

Retail sales for the year under review amounted to HK\$803 million (2004: HK\$678 million), an 18% rise over that of 2003/2004. Retail floor area increased to 112,000 sq. ft., up 14% from 98,600 sq. ft. in the past fiscal year. Same store sales grew 11% during the year. Operating profit amounted to HK\$97 million, up 43% from HK\$68 million in 2003/2004. Operating margin was 12% in the year under review (2004: 10%).

In 2004/2005, the Group's export franchise business recorded under Hong Kong operation had an impressive year, achieving a 47% rise in turnover at HK\$218 million (2004: HK\$148 million), contributing 11% to the Group's overall turnover. Currently, we have 215 export franchised outlets (2004: 169) in 16 countries including the 46 new outlets added during the year under review. Operating profit of this business for the year was HK\$65 million (2004: HK\$41 million), which was up 59% and accounted for 29% of the Group's total operating profit, at the margin of 30% (2004: 28%). At this pace, we are confident in the superb growth potential of this high value business.



主要業務細分及分析

香港為本集團的主要市場，包括香港零售業務及出口特許經營業務，於回顧年內佔總營業額52%及營運溢利67%。中國大陸市場為第二大營業額及盈利貢獻來源，佔總營業額22%及營運溢利15%。台灣及新加坡分別佔本集團綜合營業額的17%及9%，以及綜合營運溢利的8%及10%。

香港

香港的服裝市場為全球競爭最激烈的市場之一。從經營香港零售業務累積所得的寶貴經驗，本集團得以成功擴展至其他市場。本集團於年內合共開設五間新店舖，令於二零零五年三月三十一日的店舖數目增加至32間(二零零四年：27間)，成功達致擴大區內據點的目標。儘管下半年的經營環境未如理想，但本集團的零售及出口特許經營業務仍錄得理想業績。

於回顧年內，零售銷售額較二零零三／二零零四年增加18%，達港幣8.03億元(二零零四年：港幣6.78億元)。零售樓面面積增加至112,000平方呎，較上一財政年度的98,600平方呎增加14%。同店銷售額增長亦較去年增加11%。營運溢利錄得港幣9.7千萬元，較二零零三／二零零四年的港幣6.8千萬元增加43%。於回顧年內，營運溢利率為12%(二零零四年：10%)。

於二零零四／二零零五年，香港的出口特許經營業務錄得47%增長，達港幣2.18億元(二零零四年：港幣1.48億元)，佔本集團總營業額的11%。目前，出口特許經營店舖共215間(二零零四年：169間)，分佈於16個國家，回顧年內增設了46間。營運溢利為港幣6.5千萬元(二零零四年：港幣4.1千萬元)，上升59%，佔本集團總營運溢利的29%，營運溢利率則達30%(二零零四年：28%)。基於此發展速度，本集團對此項高增值業務的潛力充滿信心。



Mainland China

The Group began operations in Mainland China in 1993. Since then, the number of directly managed outlets has increased to 274 (2004: 189), of which 85 were added in the year under review, covering a total of 8 cities. Retail floor area totalled 276,400 sq. ft. as at 31 March 2005 (2004: 235,600 sq. ft.), a 17% increase over the previous year.

The Group's first franchised store in Mainland China was opened in 1995. The Group has now established a franchise distribution network of 203 stores covering over 100 Mainland cities (2004: 195).

As part of its optimisation plan, the Group will continue to improve its operations in Mainland China by strengthening service quality, providing more staff training and facilitating knowledge sharing between the directly managed outlets and franchisees. During the year under review, measures were taken to improve profitability. This was done by providing extensive staff training across the Group from management to sales staff. At the same time, marketing activities were substantially increased to promote the brand awareness in the local market.

中國大陸

自一九九三年於中國大陸開展業務以來，本集團的直接管理店舖已增至274間（二零零四年：189間），其中85間是於回顧年內新增設的店舖，合共覆蓋8個城市。於二零零五年三月三十一日的零售樓面面積合共為276,400平方呎（二零零四年：235,600平方呎），較去年增加17%。

首間中國大陸特許經營店舖於一九九五年開業，現時本集團已於國內擁有203間（二零零四年：195間）覆蓋超過100個城市的特許經營分銷網絡。

作為擴展計劃的一部份，本集團將透過加強服務質素、為員工提供更多培訓機會及增加直接管理店舖和特許經營商之間的交流，繼續推動中國業務的發展。於回顧年內，本集團亦執行各項提升盈利水平的措施，包括為各級員工（由管理層以至零售店舖員工）提供培訓，與此同時，亦積極進行多項市場推廣活動以提升品牌於當地市場之知名度。

MAINLAND

CHINA



During the year, it was witnessed that many franchisees, due to various reasons, failed to satisfactorily manage their business and dropped out. In view of this situation, major transformation of the franchise operation, aiming at streamlining the franchise division and improving distribution efficiency, was started in the year under review. Benefits of the transformation have been realised progressively and will continue to manifest in the medium term. Despite the keen competition in the Mainland market, the Group was able to achieve satisfactory results for the year. As the Group recruits more quality franchisees to its win-win scheme in the coming years, performance of the operation is expected to improve.

Same store sales for the Mainland China market recorded an 11% growth this year. Retail sales surged to HK\$331 million (2004: HK\$309 million), a 7% rise over fiscal year 2003/2004. Operating profit was HK\$9 million, compared with a loss of HK\$22 million last year. An operating profit margin of 3% (2004: -7%) was achieved. However, during this transitional period of transformation, franchise sales dropped by 25% to HK\$97 million (2004: HK\$129 million). This led to a substantial drop in operating profit of 30% to HK\$23 million (2004: HK\$33 million) with an operating margin of 24% (2004: 26%). The overall turnover for the year was thus down slightly to HK\$443 million (2004: HK\$459 million) with an operating margin of 7% (2004: 3%). Nevertheless, due to outstanding margin and cost management plus the successful reforms, the country's operating profit at HK\$33 million (2004: HK\$16 million) more than doubled that of the prior year.

年內，多家特許經營商因種種原因致使管理不善而被淘汰。有鑑於此，大部份的重整工作已於回顧年度開展。進行各主要整頓項目是為了精簡特許經營業務及提升分銷網絡的效率，而重組為本集團帶來的好處將於不久的將來不斷浮現。儘管中國內地市場競爭激烈，但本集團在年內仍達致令人滿意的業績。本集團期望在目前的雙贏制度下，將可吸引更多優質的特許經營商加盟，未來幾年的業績將會更佳。

年內，中國大陸市場的同店銷售額錄得11%增長。零售銷售額較二零零三／二零零四年財政年度增加7%，達港幣3.31億元（二零零四年：港幣3.09億元）。營運溢利為港幣9百萬元，去年則錄得虧損港幣2.2千萬元。營運溢利率為3%（二零零四年：-7%）。由於處於重整的過渡期，特許經營業務的銷售額下跌25%至港幣9.7千萬元（二零零四年：港幣1.29億元），營運溢利亦大幅下降30%至港幣2.3千萬元（二零零四年：港幣3.3千萬元），營運溢利率為24%（二零零四年：26%）。中國大陸市場的總營業額輕微下降至港幣4.43億元（二零零四年：港幣4.59億元）。整體營運溢利率為7%（二零零四年：3%）。但由於出色的邊際利潤及成本管理，加上改革成功，整體營運溢利較去年增長超過一倍達港幣3.3千萬元（二零零四年：港幣1.6千萬元）。



Taiwan

In the fiscal year under review, the Group's Taiwan business recorded a rise in operating profit of 6% over that in 2003/2004 to HK\$18 million (2004: HK\$17 million) with operating profit margin at 5% (2004: 5%). Business was stronger than expected in the first half of the year, but slipped in the second half due to the unseasonably warm weather. Retail floor area increased to 124,100 sq. ft. from 119,500 sq. ft. in 2003/2004. Sales for the year under review amounted to HK\$348 million (2004: HK\$315 million), 10% higher than the prior fiscal year. Same store sales grew 6% for the year.

The Group directly managed 75 outlets (2004: 71) in Taiwan, an increase of 4 over the fiscal year 2003/2004.

Singapore

In Singapore, the Group added one new store during the year, bringing the total number of outlets to 28 (2004: 27) and increasing the retail floor area by 4% to 30,200 sq. ft. (2004: 28,900 sq. ft.). Same store sales grew 12%. Retail sales for the year amounted to HK\$191 million (2004: HK\$174 million), a 10% rise over that of last year with operating profit increased 35% to HK\$23 million (2004: HK\$17 million). Operating profit margin was 12% (2004: 10%).

Liquidity and financial resources

For two years in a row, the Group's cash on hand rose substantially. For the year ended 31 March 2005, it stood at HK\$326 million (2004: HK\$225 million). The Group's current ratio was maintained at a healthy level of 2.5 (2004: 2.7) and total liabilities to equity ratio was 47% (2004: 43%). We managed to maintain consistent quality inventory management as reflected by the inventory turnover period of 39 days, a level close to prior year's 37 days. There was a remarkable improvement in return on equity from 33% to 36%.

As at 31 March 2005, the Group's total assets and liabilities were HK\$824 million (2004: HK\$638 million) and HK\$263 million (2004: HK\$192 million) respectively with equity amounting to HK\$561 million (2004: HK\$446 million). The Group had net cash (total cash on hand minus total bank borrowings) of HK\$311 million (2004: HK\$190 million) with total bank borrowings of HK\$15 million (2004: HK\$35 million).

台灣

於回顧財政年度內，本集團台灣業務的營運溢利較二零零三／二零零四年增加6%至港幣1.8千萬元(二零零四年：港幣1.7千萬元)，並錄得5%的營運溢利率(二零零四年：5%)。上半年的業務較預期為佳，惟下半年業務因天氣異常和暖經歷下滑。零售樓面面積由二零零三／二零零四年的119,500平方呎增加至124,100平方呎。銷售額為港幣3.48億元(二零零四年：港幣3.15億元)，較上一財政年度增加10%。同店銷售額增長則較去年上升6%。

本集團於台灣共開設了75間直接管理店舖(二零零四年：71間)，較二零零三／二零零四年財政年度增加了4間。

新加坡

於回顧年內，本集團在新加坡開設一間新店舖，令店舖總數增加至28間(二零零四年：27間)，零售樓面面積亦增加4%至30,200平方呎(二零零四年：28,900平方呎)，同店銷售額增長為12%。零售銷售額較去年增加10%至港幣1.91億元(二零零四年：港幣1.74億元)。經營溢利則增加35%至港幣2.3千萬元(二零零四年：港幣1.7千萬元)，並錄得12%的營運溢利率(二零零四年：10%)。

流動資金及財政資源

本集團的手持現金連續第二年錄得大幅增長，於二零零五年三月三十一日達港幣3.26億元(二零零四年：港幣2.25億元)。本集團的流動比率維持於2.5倍的穩健水平(二零零四年：2.7倍)，而總負債對股東權益比率為47%(二零零四年：43%)。穩定而優質的存貨管理，使存貨周轉期得以維持於39天的水平，與去年的37天相若。股本回報率亦從33%顯著提升至36%。

於二零零五年三月三十一日，本集團之總資產及總負債分別為港幣8.24億元(二零零四年：港幣6.38億元)及港幣2.63億元(二零零四年：港幣1.92億元)，股東權益總額則為港幣5.61億元(二零零四年：港幣4.46億元)。本集團之現金淨額(即持有之現金總額減去銀行貸款總額)為港幣3.11億元(二零零四年：港幣1.90億元)，而總銀行貸款為港幣1.5千萬元(二零零四年：港幣3.5千萬元)。

Capital expenditure for the year was HK\$50 million (2004: HK\$34 million), mainly for shop renovations in Hong Kong and Mainland China.

Contingent liabilities

The Group had certain contingent liabilities with respect to business tax in Taiwan. The Directors, based on the advice from the local tax representative of the Taiwan Branch, believe that the branch has a valid ground to object the claim from the tax bureau in Taiwan, and accordingly, have not made any provision for the tax claim or any potential additional profits tax liabilities as at 31 March 2005.

Human capital

As of 31 March 2005, the Group employed a total of 3,963 (2004: 3,230) full-time equivalent employees in Hong Kong, Mainland China, Taiwan and Singapore. The Group reimburses its employees on performance basis and offers insurance, retirement plans, share options, and discretionary performance bonuses.

Outlook

With proven impressive profitability in the past two years and recent explosive growth of its export franchise business, the Group is poised to capture growth potential in the near future. The Group expects to meet keen competition in the years head-on as economic globalisation continues. Facing these challenges, Bossini will implement effective purchase management, cost controls, and a cautious global expansion plan.

In spite of the anticipated intense competition, Bossini sees measures of success not only in profitability but also growth in operation and market share. The Group regards its export franchise business and Mainland China market as its future growth engines, and targets Mainland China to be the number one turnover and profit contributor to the Group in the medium term. Bossini is committed to offering more training to and collaborating more closely with its export franchise partners, encouraging their network expansion and enhancing operational efficiency.

The Group expects the Hong Kong retail sector to boom as the economy improves and the number of tourists increases. As the Group has already achieved prime location penetration, three to five new stores will be opened this year mainly in residential areas in Hong Kong in order to benefit fully from the rebounding consumer sentiment.

年內的資本開支約港幣5千萬元(二零零四年：港幣3.4千萬元)，主要用於香港及中國大陸的店舖翻新。

或然負債

本集團就台灣之營業稅有若干或然負債。董事根據台灣分公司之地方稅務代表所提供之意見，相信分行有足夠有效的理據反對台灣稅局之索償，因此，於二零零五年三月三十一日，並無就稅務索償或任何潛在額外利得稅負債提供撥備。

人力資源

於二零零五年三月三十一日，本集團在香港、中國大陸、台灣及新加坡共聘用相等於3,963名(二零零四年：3,230名)全職員工。本集團按員工的工作表現釐定其薪酬，並為員工提供保險、退休計劃、購股權計劃和按表現發放花紅等福利。

未來展望

從過去兩年錄得的可觀盈利和出口特許經營業務近期的迅速發展，可見本集團已為未來的龐大發展商機作好準備。然而，全球化趨勢將激起更劇烈的競爭。為抗衡此等挑戰，本集團將實行有效的購貨管理、成本控制措施，並審慎進行全球性的擴展計劃。

縱使預期未來幾年的市場競爭激烈，但本集團相信企業的成功不僅是以盈利程度衡量，更取決於增長率和市場佔有率。本集團視出口特許經營業務及中國大陸市場為其未來主要的增長動力，並致力將中國大陸市場發展為本集團的主要營業額及盈利貢獻來源。本集團將積極為出口特許經營商提供更多培訓課程，加強雙方的合作，鼓勵彼等進行分銷網絡擴展及增強營運效率。

隨著經濟持續復甦，加上更多遊客來港消費，本集團預期香港零售業將會繼續興旺。由於本集團已於黃金地段設立足夠店舖，本年度將主要於住宅地區開設3至5間新店舖，以抓緊零售市道復甦所帶來的商機。

Adopting a rental renewal strategy that focuses on optimising floor area utilisation, the Group expects rental increment for prime shop sites to be balanced by the mild rental increment for shops in residential areas, hence creating minimal pressure on its overall profitability. The Group also expects its business growth to be in line with rental cost increment in Hong Kong.

The export franchise markets not only provide high growth potential, but also help diversify the Group's business portfolio. Currently, Bossini is investigating market development opportunities in India, Korea, and Japan. The Group will also start its franchise business in Nepal. The Group's goal is to expand its export franchise sales by 30% in the coming year; this logically follows the almost 50% growth achieved in the year under review. The Group will continue to increase the collaborative training offered to franchise partners and encourage export partners especially those in the Middle East and Thailand to expand business, a strategy proven highly successful in 2004/2005.

The retail market and consumer spending in Mainland China is growing as reflected in current economic and retail figures. Mainland China is also adding retail space the fastest in the world. Bossini is well established to take advantage of this emerging market as it matures and aims to add more than 150 outlets in the country via its retail and franchise divisions in the next fiscal year. By providing more staff training and increasing knowledge sharing between directly managed stores and franchisees, service quality of the operations will improve and so will their overall performance.

To foster the Group's growth potential in Taiwan, franchise operation will be introduced. More than 20 directly managed and/or franchised outlets will be added in the coming year, riding on Taiwan's general economic recovery.

Bossini is currently one of the leading apparel retailers in the Singapore market, which is mature and very competitive like Hong Kong. The Group plans to spur sales growth in Singapore by increasing brand development and enhancing outlays. Though the market in Singapore is saturated, the Group believes that profitability gains are attainable by capitalising on enhancement of operational effectiveness and efficiencies in 2004/2005. It is Bossini's goal to capture the lion share of Singapore's apparel market in five years.

本集團以提高樓面面積的使用率作為續訂租約的策略，預期住宅地區相對較為輕微的租金增幅將可減低黃金地段高昂租金的成本壓力，從而盡量減少對本集團整體盈利造成的影響，亦預期業務與租金成本將同步增長。

出口特許經營市場不僅具備龐大的增長潛力，更有助優化本集團的業務組合。本集團目前正研究印度、韓國及日本等市場的發展潛力，並將於尼泊爾開展特許營業務。繼於回顧年內錄得近50%增長，本集團訂下於來年出口特許經營銷售額達30%增長的目標。本集團亦將繼續增加為特許經營商而設的合作培訓課程，並鼓勵他們擴展尤其位於中東及泰國市場的業務，而此策略於二零零四／二零零五年取得空前成功。

現時中國大陸市場的經濟及零售數據反映該市場持續增長，消費亦不斷增加，而中國大陸的零售市場是全球擴展最快的地區。本集團已準備就緒，全面拓展此發展迅速且具有龐大潛力的市場，並計劃透過其零售及特許經營方式，於下一財政年度在中國大陸增設逾150間店舖。本集團亦將繼續為員工提供更多培訓，加強直接管理店舖及特許經營者之間的交流，並提升營運的服務質素，進一步改善中國大陸的業務。

為促進台灣市場的增長，本集團將於來年在台灣引進特許營業務，並計劃增設超過20間直接管理及／或特許經營店舖。預期此策略將受惠於台灣的經濟復甦。

堡獅龍現為新加坡其中一間具領導地位的服裝零售商。與香港相若，新加坡的零售市場已經發展成熟，競爭相當激烈，因此，本集團計劃透過增加品牌拓展活動和改善店舖裝潢來刺激新加坡市場的銷售。儘管此市場已呈飽和，惟本集團相信於二零零四／二零零五年提升營運效益及效率後，盈利將進一步提升。本集團矢志於五年內躍升為新加坡市場最大的服裝零售商。

The Group is also planning to repeat the success of its Singapore operations in Malaysia by operating retail stores in the second half of 2005/2006. The experienced management team in Singapore will directly oversee such operations in Malaysia.

Looking ahead, Bossini will strive to achieve sustainable double-digit growth in both turnover and profits. In the foreseeable future, turnover and profits will continue to be driven by increasing market shares in the Group's core markets and growth of its export franchise business. As a company motivated by profitability, the Group targets an annual dividend payout ratio of at least 50%.

On the operation front, the Group will continue to adopt a series of ongoing initiatives to enhance growth. With cost effectiveness and efficiencies as priorities, the Group plans to implement world-class IT systems to enhance internal operations, inventory management, merchandise planning and forecasting. At the same time, the Group is also evaluating its supply chain and logistic systems for room of further improvement.

Our capital expenditure for the coming year will amount to HK\$60 million of which HK\$50 million will be spent on retail business expansion and shop renovation in Hong Kong, Mainland China, and Taiwan, and HK\$10 million will be spent on IT system enhancement for long-term efficiency gains.

Bossini has in place an organic optimisation plan designed to enhance its position as a dominant global player in the apparel market. Combining consistency, efficiency, quality, and expansion, we aim to achieve increased market share in all core markets and seize development opportunities in new markets. By accomplishing the tasks and goals set forth previously and realising long-term optimisation, the Group expects to further enhance shareholders' value in the years ahead.



本集團亦計劃將新加坡市場成功的經營模式擴展至馬來西亞市場，於二零零五／二零零六年下半年開設零售店舖。馬來西亞業務將由經驗豐富的新加坡管理團隊負責管理。

展望未來，堡獅龍將致力維持營業額及盈利的雙位數字增長，而核心市場和出口特許經營業務的市場佔有率不斷擴大將繼續帶動本集團盈利增長。作為一家以盈利能力為主導的企業，本集團以維持每年最少50%的派息比率為目標。

在營運層面，本集團將繼續推行一連串策略刺激增長。以提升效能及效率為大前題，本集團計劃安裝一些世界級的資訊科技系統，以加強內部營運、存貨管理、採購計劃及預測。同時，本集團亦將評估其供應鏈及物流系統，以作進一步改善。

來年的資本開支合共為港幣6千萬元，其中包括用於香港、中國大陸及台灣的零售擴展及店舖翻新的港幣5千萬元，而港幣1千萬元將用作提升資訊科技系統，以提高長期營運效率。

堡獅龍已制定進取的擴展計劃，銳意鞏固其於全球服裝市場的領導地位。透過提供一致、具效率及優質的服務，加上不斷進行擴展，本集團矢志增加所有核心市場的市場佔有率，並積極抓緊新市場湧現的商機。憑藉完成既定之計劃及目標，並朝著長期增長的方向進發，本集團期望可於未來年間進一步提升股東價值。