

commit

承諾

BOSSINI



## Chairman's letter to shareholders 主席致股東函件



We are committed to delivering sustainable turnover and profit growth to enhance shareholder value

爭取持續的營業額及盈利增長，  
為股東增值，是我們堅定不移的承諾

On behalf of the Board of Directors, I am pleased to report the annual results of Bossini and its subsidiaries for the year ended 31 March 2006.

In the fiscal year under review, the Group continued to pursue its three major medium- and long-term goals: achieving sustainable turnover and profit growth, actively expanding its export franchise business, and developing Mainland China business into a major revenue stream and profit contributor. The Group accomplished a number of its goals for three consecutive years with the implementation of a range of long-term development initiatives. Nevertheless, impacted by increasingly acute competition and an unseasonable weather in the market, the Group's bottom line performance was adversely affected, posting a decline in net profit during the year under review.

### A Year of Challenge and Progress

The business environment across the Asian region in the year under review was less than agreeable. Overall consumer sentiment was, to a certain extent, impacted by continuous interest rate hikes. Unfavorable weather conditions and new entrants in major markets led to intensified competition, resulting in more frequent and steeper discounts that suppressed profit margins.

本人謹代表董事局，欣然提呈堡獅龍及其附屬公司截至二零零六年三月三十一日止年度之全年業績。

於回顧的財政年度內，本集團繼續向三大中長線目標進發：一、取得營業額及盈利的持續增長；二、積極拓展出口特許經營業務；三、把中國大陸業務發展成為主要的收入及盈利來源。在一系列長遠發展計劃的推動下，本集團連續三年達成多項目標。然而，面對不斷加劇的市場競爭以及不合時令的天氣，本集團的盈利表現因而受到負面影響，回顧期內之純利亦有所下降。

### 迎接挑戰，邁步發展

於回顧年內，亞洲地區的營商環境未如理想，年內利率持續攀升，對整體消費信心造成一定打擊。再者，天氣反覆不定，以及新競爭者加入多個主要市場令競爭白熱化等因素影響下，大幅減價促銷的活動頻繁，最終令邊際利潤受挫。

These challenges notwithstanding, the Group continued to broaden its international footprint with the addition of 241 new outlets worldwide, including both directly managed and franchised outlets, which added up to 1,068 outlets as at 31 March 2006. Boosted by the extended network, the Group's consolidated turnover rose by 9% to HK\$2,200 million (2005: HK\$2,017 million).

Gross profit margin and operating profit margin, however, were down by 2 percentage points and 5 percentage points, respectively, to 47% (2005: 49%) and 6% (2005 restated: 11%) in the year under review. Operating profit was HK\$140 million (2005 restated: HK\$225 million). Profit attributable to equity holders recorded a negative growth of 42% to HK\$105 million during the year (2005 restated: HK\$181 million). Basic earnings per share amounted to HK6.69 cents (2005 restated: HK11.68 cents). The Board has recommended a final dividend of HK1.8 cents per share. Together with an interim dividend of HK1.8 cents per share, the total dividend for the year amounted to HK3.6 cents per share, which is equivalent to a payout ratio of 54% (2005 restated: 49%).

## Long-term Growth Initiatives: Well Thought-out Expansion

Adopting a prudent and well thought-out strategy in the face of keen competition, the Group placed strong emphasis on quality, efficiency and profitability to bolster its competitiveness. Product designs were enhanced to offer a wider array of colorful, easy to mix-and-match apparel to fit customer needs. Innovative cross-regional marketing activities were launched to leverage on its extensive network in core markets to boost the "bossini" brand awareness.

Some of the most valuable assets of Bossini are its well-trained staff and the unique learning culture that continuously drives us ahead in search of excellence in all aspects. A broad range of training was offered to front line as well as back office staff to ensure superior customer service, and knowledge and experience sharing was fostered within the Group and with franchisees.

While maintaining a stable growth in Hong Kong and Singapore, the Group further extended its geographical reach in Mainland China and Taiwan at a phenomenal pace. Although the majority of these new locations have yet to make a contribution, the Group is optimistic that these outlets will prove to be an important investment to drive future growth and solidify its presence in increasingly competitive markets.

儘管此等挑戰當前，本集團仍然保持其國際性網絡的擴充步伐，於年內在 全球增加241間新店舖，當中包括直接管理店舖及特許經營店舖，令本集團 於二零零六年三月三十一日的店舖總數達1,068間。在業務網絡覆蓋面擴大 的帶動下，本集團的綜合營業額上升9%至港幣22.00億元（二零零五年： 港幣20.17億元）。

雖然營業額保持增長，但本集團於回顧年內的毛利率及營運溢利率分別下跌 2個百分點及5個百分點至47%（二零零五年：49%）及6%（二零零五年 重列：11%）。營運溢利為港幣1.40億元（二零零五年重列：港幣2.25億 元）。於回顧年內，權益持有人應佔溢利錄得負增長42%至港幣1.05億元 （二零零五年重列：港幣1.81億元）。每股基本盈利為6.69港仙（二零零五 年重列：11.68港仙）。董事局建議派發末期股息每股1.8港仙，連同中期 股息每股1.8港仙，全年股息總額為每股3.6港仙，相等於54%的派息比率 （二零零五年重列：49%）。

## 計劃審慎周詳，長遠增長之道

面對市場競爭漸趨白熱化，本集團採取審慎而周詳的策略，致力提高產品 質素、提升營運效率及增強盈利能力，藉以鞏固自身的競爭力。為了迎合 顧客的需求，本集團優化產品設計，提供多元化、色彩鮮艷及易於配襯之 服裝系列。回顧年內，本集團推行了創新的跨地域市場推廣活動，旨在 通過其廣泛的市場網絡，提高「bossini」品牌的知名度。

訓練有素的員工團隊及終生學習的獨特企業文化是堡獅龍最寶貴的資產之一， 亦是我們不斷精益求精、力臻完美的動力來源。本集團為前線以至後勤員工 提供全面的培訓，以確保本集團能提供優質卓越的顧客服務，並鼓勵員工 之間以及與特許經營商互相交流，分享知識及經驗。

本集團一方面在香港及新加坡市場維持穩定的增長，另一方面亦全速拓展 中國大陸及台灣市場的業務網絡。雖然這些新開店舖於現階段尚未有顯著的 盈利貢獻，但本集團對未來前景感到樂觀，並相信此等店舖是保持長遠增長 的一項重要投資，有助鞏固本集團在競爭激烈市場上的領導地位。

The Group aspires to develop Mainland China into one of the most important revenue and profit contributors in the medium-term. Presented with such a huge market, the Group recorded notable network expansion by adding directly managed outlets and through partnership with quality franchisees. With a wealth of experience and in-depth understanding of consumer needs in Mainland China, the Group is well positioned to tap opportunities in this lucrative market.

### The Key to Future Growth: the Export Franchise Business

Seeing enormous opportunities in the export market, the Group has deployed additional resources towards the development of its export franchise business since fiscal year 2004/05. The remarkable performance of this business reflects the fact that management has been steering the Group in the right direction. In the year under review, sales from export franchising surged by 33%, outperforming the pre-set target of 30%.

With a presence in about 20 countries worldwide, the Group will continue to harness the potential of existing markets while further extending its reach to new markets. As a key to success in this business rests in the choice of appropriate franchisee partners, the Group will sustain its collaboration with competent franchisees. Enjoying a relatively higher margin as compared to the retail business, export franchising is expected to be a key growth engine in the years ahead. To further capitalize on this high-margin and high-return business, the Group will extend its reach to new markets. As at the end of June 2006, there were 7 outlets in 6 cities in India. New store opening in Korea is also scheduled in the second half of fiscal year 2006/07. Going forward, the Group is committed to achieving double-digit sales growth annually in this business in future years.

### Efficiency Measures: Building a Solid Foundation for Future Growth

In an effort to temper anticipated cyclical fluctuations, the Group will take active steps to streamline internal management and increase productivity. A set of plans will be put in place to enhance its supply chain management in a bid to shorten the product cycle from design to store. The Group will also develop stronger ties with suppliers to ensure better control of its time-to-market, so as to respond to customer needs and market changes in a proactive manner.

Setting its priorities on maximizing efficiency and cost effectiveness, the Group will upgrade its information technology system to set a solid foundation to propel its future growth. World-class financial management and warehouse management systems will be implemented to provide a platform for optimizing internal management, inventory and logistic controls. The point-of-sales system will also be upgraded to expedite the market-demand-responding processes.

中線而言，本集團的目標是把中國大陸市場發展成為重要的收入及盈利來源之一。面對這個潛力優厚的市場，本集團將雙管齊下，透過增設直接管理店舖及與優質特許營運商合作，積極拓展業務網絡。憑藉豐富的經驗，以及對中國大陸市場顧客的深入了解，本集團當可把握有利的市場機遇，再創高峰。

### 出口特許經營業務，未來增長關鍵所在

有見出口市場商機處處，本集團自二零零四/零五年財政年度起，已經投放更多資源發展出口特許經營業務。此業務於回顧年內表現出色，反映本集團在管理層帶領下的發展方向正確。回顧年度內，出口特許經營業務之銷售收入顯著增加33%，超越年增長30%的預定目標。

本集團的業務網絡覆蓋全球約二十個國家，在這個基礎上，本集團將繼續開拓現有市場的發展潛力，並進一步將網絡伸延至新市場。合適的合作夥伴是出口特許經營業務成功的關鍵，本集團將繼續與具才能的特許經營商建立良好的合作關係。出口特許經營業務的邊際利潤高於零售業務，預期將成為未來的主要增長動力來源。為了進一步發展這項高邊際利潤及高回報的業務，本集團將會繼續拓展新市場。於二零零六年六月底，本集團已進軍印度市場，於當地6個城市共開設7個銷售點，並計劃於二零零六/零七年下半年開拓韓國市場。展望未來，本集團將致力在此業務上取得每年雙位數字的銷售增長。

### 提高營運效率 奠立穩健增長基石

為減低未來週期性的波動，本集團將採取積極的措施，精簡內部管理及提升生產力，並制定一套改善供應鏈管理的計劃，縮短由產品設計至推出市場銷售的週期。本集團亦將與供應商建立更緊密的聯繫，確保能緊貼市場脈搏，掌握產品推出市場的時機，以主動積極的態度回應顧客需求及市場變化。

一直以來，本集團致力提升營運效率及成本效益，透過進行資訊科技系統升級工程，本集團銳意為未來增長奠定穩健的基石。本集團將透過安裝世界級的財務管理及庫存管理系統，構建理想的營運平台，優化內部管理、加強對存貨及物流的控制。與此同時，本集團亦會將銷售點管理系統升級，以加快回應市場轉變的速度。

The “bossini” brand has a history of almost two decades. It has witnessed changes of consumer appetite and adapted to market challenges over the years. To further enhance the competitiveness of this well recognized brand, the Group will conduct a brand building program to introduce a revolutionary store concept and new logo mark to revitalize and bring out the core values of the Group and its brand, i.e., bringing a colorful and energetic world to customers.

While the prevailing operating environment might continue, the Group's proven business strategies and valuable experience garnered over the past years are central to setting a solid foundation to weather market fluctuations and to ensuring that the Group remains on a profitable track going forward.

## Create Incremental Value Every Day in Every Way

Spearheaded by a dedicated and experienced management team, the Group has defined three major focuses for fiscal year 2006/07 – product, the Mainland China market and people. Its objectives are to offer even better products to customers, further develop the lucrative Mainland China market, and to uphold the spirit of a learning organization by offering development opportunities for its people to grow altogether, as well as nurturing a pool of talented staff. These initiatives aim at realizing the Group's motto of “creating incremental value for the brand every day in every way”, and fulfilling its commitment to maximizing shareholders' value. The goals of achieving sustainable turnover and profit growth remain firm. These new business focuses will enable the Group to hone its edge and sharpen its saw to excel in the coming years.

## Appreciation

I would like to take this opportunity to express my gratitude to all the staff who have contributed tremendous effort and dedication toward steering “bossini” on its steady path of long-term growth.

**LAW Ka Sing**  
Chairman

Hong Kong  
18 July 2006

「堡獅龍」品牌經歷了接近二十個寒暑，期間見證了消費者品味的變化，亦對瞬息萬變的市場及不同的挑戰作出適當之回應。為了進一步提升這個深入民心、家傳戶曉的品牌之競爭力，本集團將會進行一項全面的品牌建立計劃，包括引進店舖新概念及革新品牌標誌，務求以嶄新的形象反映本集團為世界帶來豐富色彩的企業信念。

本集團預期目前的經營環境仍會持續，本集團行之有效的業務策略及過往多年獲得的寶貴經驗將有助我們建立堅實的基礎，跨越市場波動，並確保盈利重拾升軌。

## 每天每處不斷增值

在經驗豐富及充滿幹勁的管理團隊帶領下，本集團已經為二零零六/零七年財政年度制定三大主要發展重點：產品、中國大陸市場和人才。我們的目標是為顧客提供更優質的產品；進一步開拓潛力龐大的中國大陸市場商機；為員工提供發展機會，推廣終身學習的企業精神，並培育優秀人才。此等措施旨在體現本集團「每天每處不斷為品牌增值」的企業使命，並表明我們為股東帶來豐碩回報的決心。我們將繼續堅守目標，矢志令營業額及盈利持續不斷地增長。此等新的業務目標將有助堡獅龍加強競爭力，養精蓄銳，精益求精。

## 致謝

本人謹藉此機會向全體員工致以深切的謝意，感謝他們為推動「bossini」長遠增長的不懈努力和寶貴貢獻。

主席  
**羅家聖**

香港  
二零零六年七月十八日