



- TOPBI INTERNATIONAL
HOLDINGS LIMITED -

淘帝國際控 股有限公司

Ticker : 2929 TW

Speaker : CEO
Zhou, Zhi Hong
2019/5/17



Company Introduction

Brand Introduction



Topbi International Holdings Limited (Ticker : 2929TW)

◆ Chairman: Zhou, Xun Cai

◆ CEO: Zhou, Zhi Hong

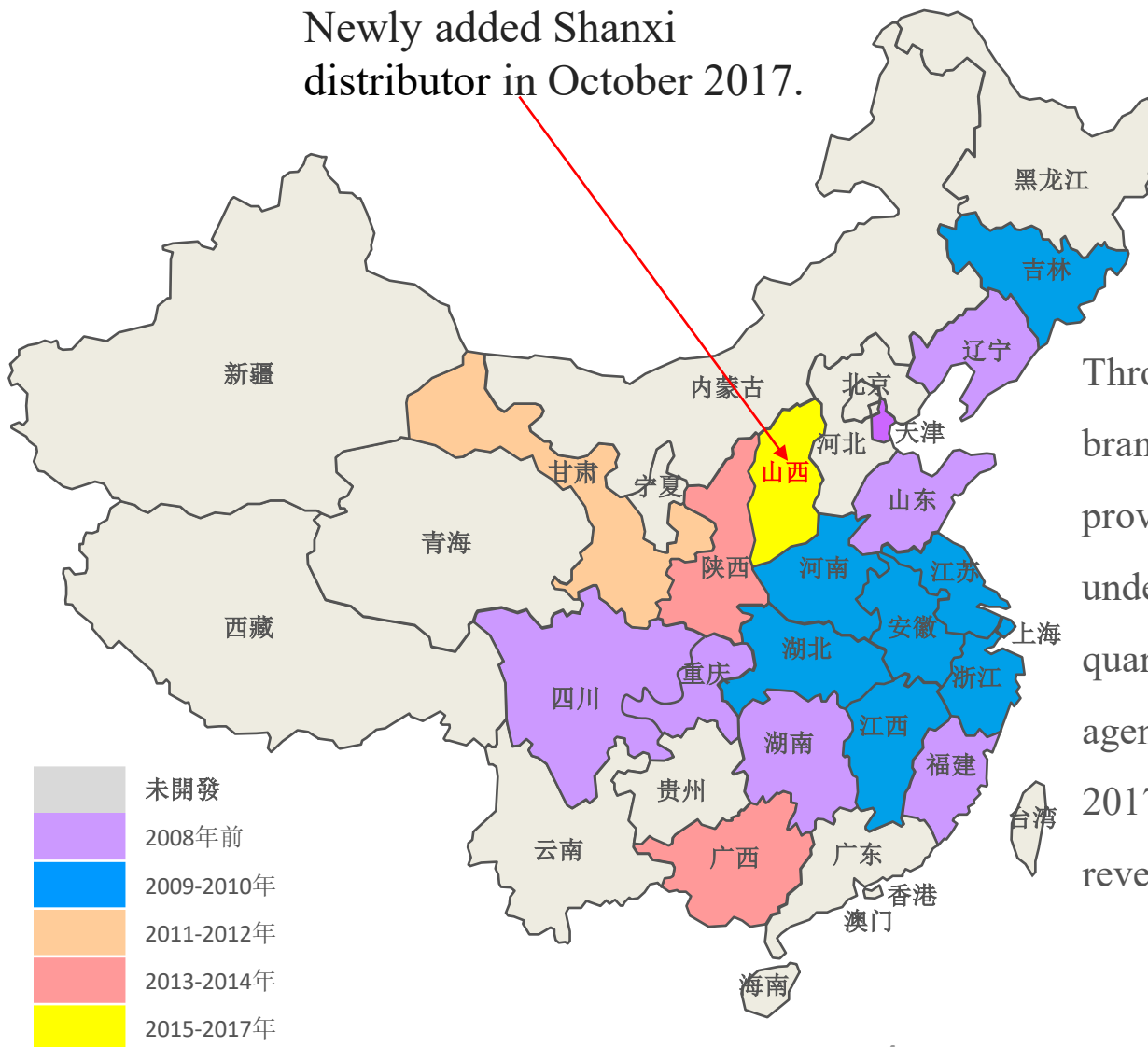
◆ Number of Employees: 177

◆ Capital Sum: NTD\$ 826 million

- The TOPBI brand was founded in 2002 to symbolize the spirit of “Top Kids”.
- TOPBI’s children wear have innovative design and built up a business model that assemble product R&D, design and sales. TOPBI is aimed at aged 1-16 (height 73-170cm) child and teenager of middle-class families.

Distributor

Newly added Shanxi distributor in October 2017.



Through 25 agents in China, TOPBI brand has reached 1,598 sales sites in 16 provinces and 3 municipalities directly under the central government by the first quarter of 2019. In addition, e-commerce agents have been added since the end of 2017, accounting for 7% of e-commerce revenue in the first quarter of 2019.

Competitive Advantage



As Chinese consumers demand more stringent quality standards for children's wear. In January 2017, TOPBI has been recognized by the Ministry of Information and Technology of Peoples Republic of China and China National Textile and Apparel Council, as one of the “2016 Noteworthy Domestic Apparel Brand Enterprises”, as well as the “National Children's Apparel Quality Benchmark Enterprise” by the China National Garment Association. TOPBI has been awarded “The Top 10 Children's Clothing brand” for 13 consecutive years.





Operational Performance

Income Statement

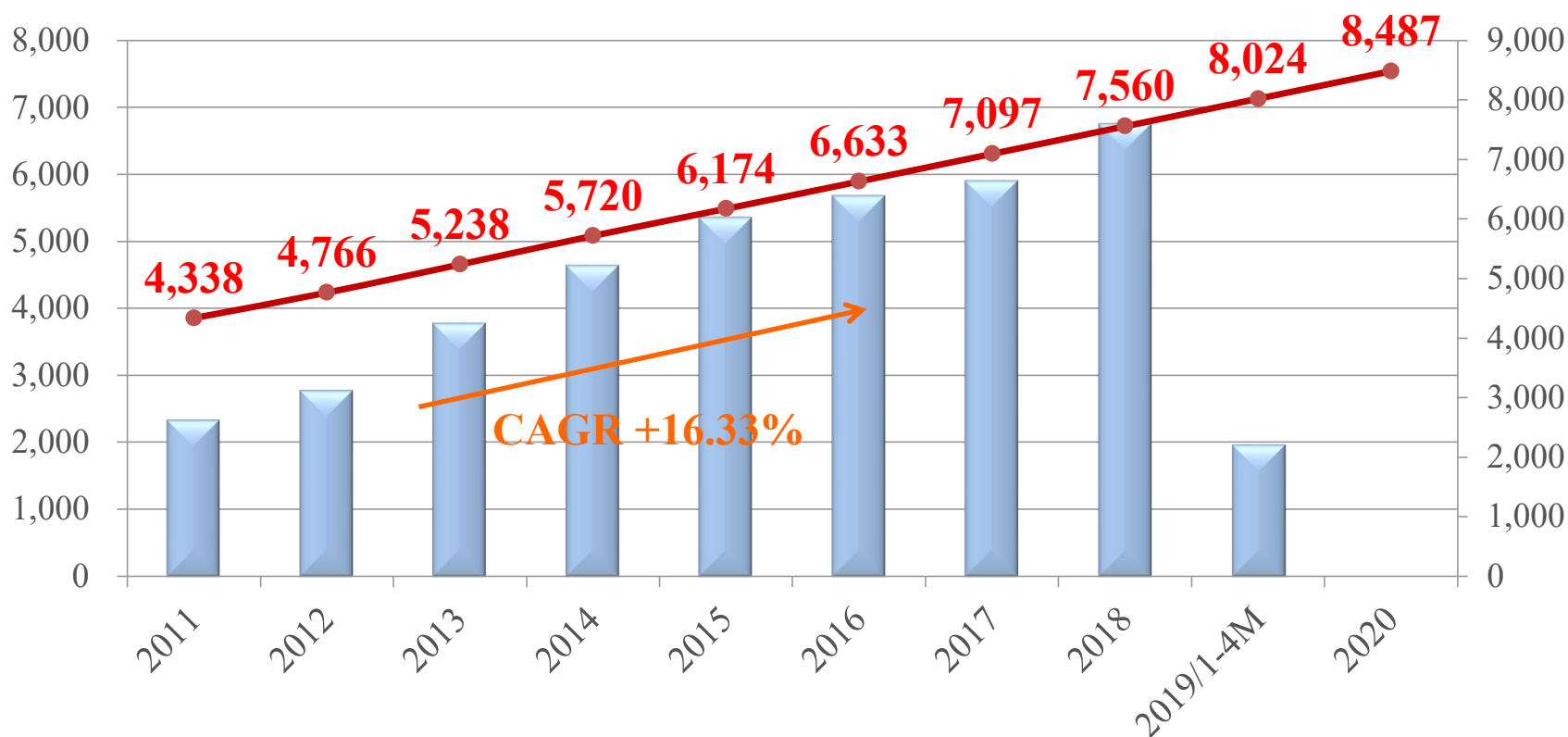


Unit : NTD 1000 · %

Year	1Q19	1Q18	YoY	2018	2017	2016
Revenue	1,342,590	1,238,114	8.44%	6,764,779	5,916,268	5,695,817
Operating Cost	811,959	758,881	6.99%	4,135,772	3,613,793	3,488,434
Gross Profit	530,631	479,233	10.73%	2,629,007	2,302,475	2,207,383
Gross Margin	39.52%	38.71%	-	38.86%	38.92%	38.75%
Operating Expenses	238,738	240,825	(0.87)	1,287,609	1,136,490	1,175,044
Operating Income	291,893	238,408	22.43%	1,341,398	1,165,985	1,032,339
Operating Margin	21.74%	19.26%	-	18.35%	19.71%	18.12%
Non-operating income	35,850	47,867	(25.10)%	-17,544	94,113	8,140
Income Tax	103,140	70,962	45.35%	370,228	347,181	305,229
Net Income	224,603	215,313	4.31%	953,626	912,917	735,250
EPS	2.74	2.63	4.18%	11.56	11.25	9.58

China Children's Apparel Scale Expansion

With the continuous increase in the scale of China children's clothing market, it has created a favorable environment for TOPBI, and the annual compound growth rate of the company revenue from 2011 to 2018 is 16.33%.



Unit : NTD

 Revenue (million)

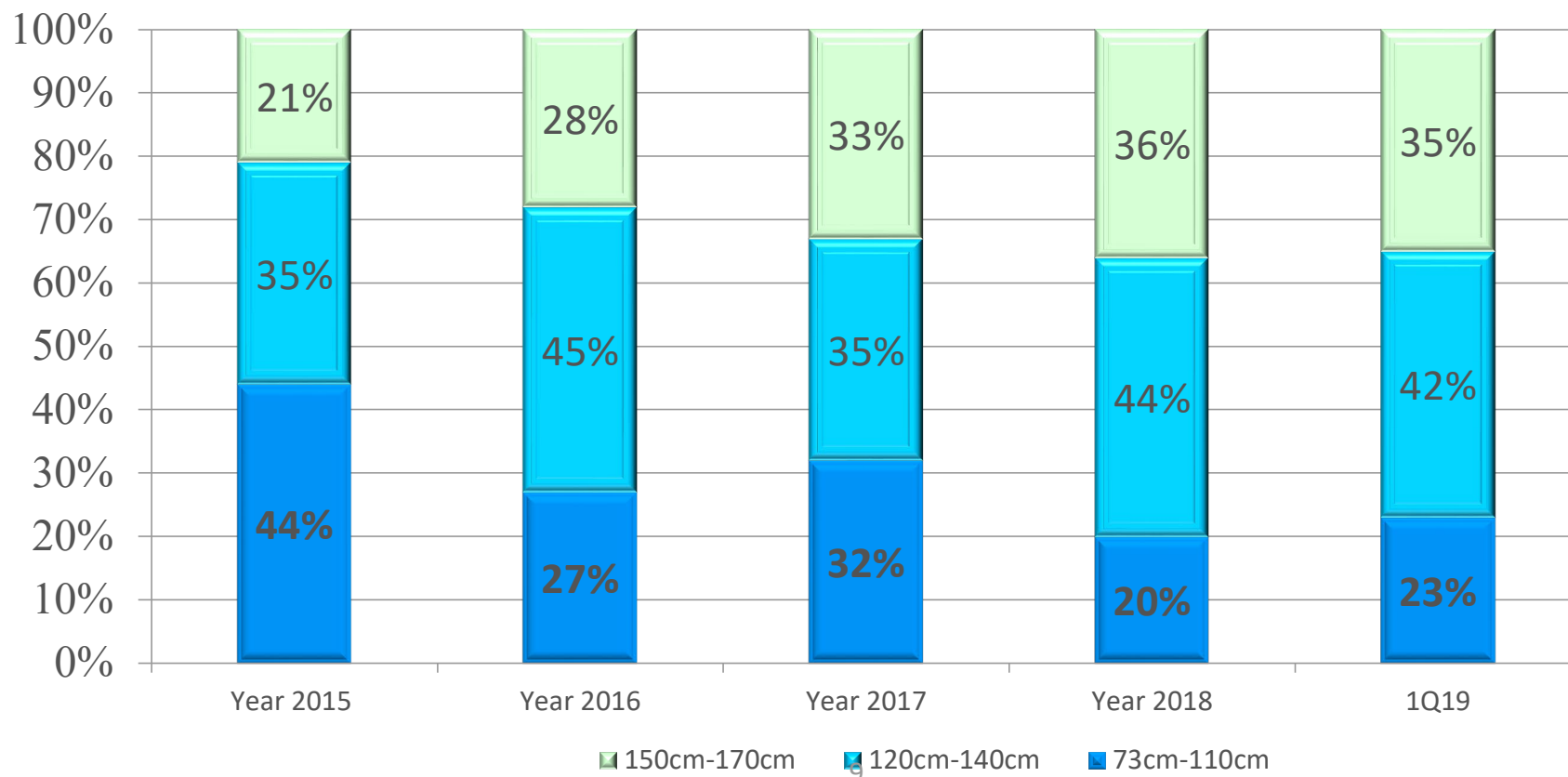
 China Children Wear (100 million)

資料來源：中商產業研究院《2016-2021年中國高端童裝行業調研與投資前景預測報告》

Percentage of product revenue



Topbi has been actively expanding the sales layout of online e-commerce in the past two years, aiming at the transformation of TOPBI brand image and product research and development into fast fashion style, in line with the fashion preferences of the middle and high age children's wear (120cm-170cm) field. In the first quarter of this year, the proportion of TOPBI brand's sales mix of middle and high age children's wear reached 77%.



TOPBI Brand Image Status

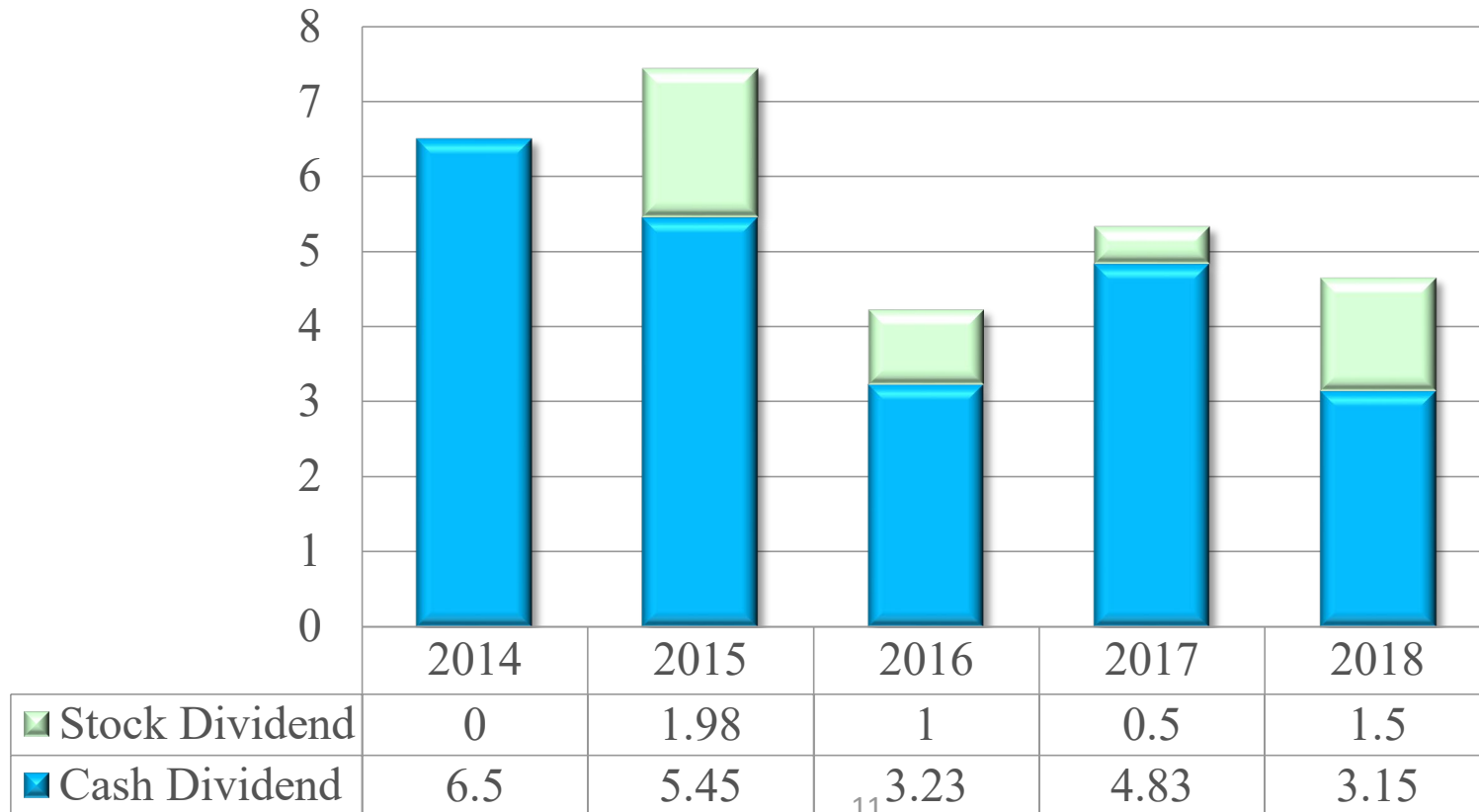


For the development of TOPBI brand, it is oriented towards the “omni-channel” consumer trend layout. In addition to the development of its own official website, APP and new online agents, combined with the distribution channels of offline agents in the whole province of China, TOPBI brand image exposure will be continuously strengthened to drive good sales performance both online and offline, which is expected to expand with the overall sales performance and drive the improvement of profitability.



Dividend Policy

Topbi's operation strategy is to expand retail channels ,refresh product and brand image, manage a flexible supply chain, that maintain growth momentum for the company, also share the operating results with shareholders.



Unit : NTD

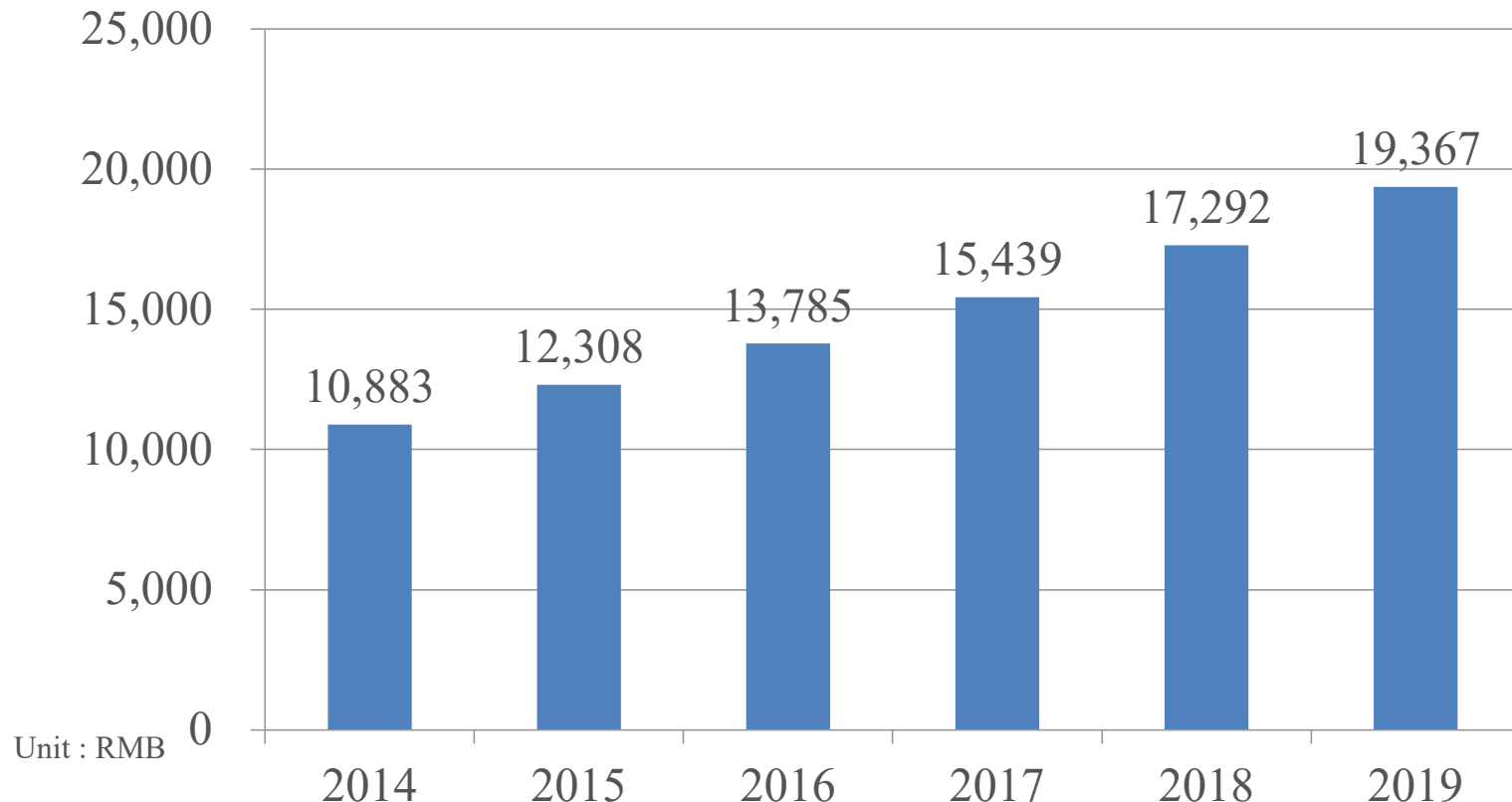
Market Trends



Increase in the average consumption of Baby & Child-specific products in China

According to the US consultancy Frost & Sullivan, by 2019 the average consumption amount would double 2014, reaching RMB\$19,367.

China's Average Consumption of Infant Products



Resource : Frost & Sullivan

Chinese Regulations are Tightening

General Administration of Quality Supervision, Inspection and Quarantine of P.R.C. strictly implements "Infant and Children's Textile Safety Statute". For China children apparel brands, it is necessary to meet the mandatory national standards, such as low chemical composition and safety design, it will help the overall industry to stay strong.

《婴幼儿及儿童纺织产品安全技术规范》部分内容解读

类别	项目	A 类	B 类	C 类
GB 18401 (国家纺织产品 基本安全技术规范)	可分解致癌芳香胺染料	禁用 (≤20mg/kg)		
	甲醛含量	≤20	≤75	≤300
	PH 值	4.0-7.5	4.0-8.5	4.0-9.0
	耐水 (变色、沾色)	≥3-4	≥3	≥3
	耐酸汗渍 (变色、沾色)	≥3-4	≥3	≥3
	耐碱汗渍 (变色、沾色)	≥3-4	≥3	≥3
	耐干摩擦	≥4	≥3	≥3
	耐唾液 (变色、沾色)	≥4	/	/
	异味	无		
织物要求	耐湿摩擦色牢度 %/度	≥3 (深色 2-3)	≥2-3	/
	重金属/(mg/kg)-铅	≤90	/	/
	重金属/(mg/kg)-铬	≤100	/	/
	邻苯二甲酸酯/%	≤0.1	/	/
	燃烧性能	1 级 (正常可燃性)		
填充物	纤维类和羽绒羽毛填充物应符合 GB 18401 中对应的安全技术类别的要求 羽绒羽毛填充物应符合 GB/T 17685 中微生物技术指标的要求			
附件	附件的最大尺寸 (mm)	>6	3-6	≤3
	抗拉强力 (N)	≥70	≥50	/
其他	包装中不应使用金属针等锐利物			
	产品上不允许残留金属针等锐利物			
	对于缝制在可贴身穿着的婴幼儿服装上的耐久性标签, 应置于不与皮肤直接接触的位置			



Future Prospects

Operating Prospects



Upgrade brand image

It is planned to launch the "eighth generation" upgraded store in the second half of the year. The upgraded store takes nature, simplicity and fashion as its design philosophy, which is more fashionable than the past. It highlights the simple, light and fashionable product style of Topbi highlights the dynamic flow and linear layout, and further combines the online sales layout to fully cater to the upgrading of China children's clothing consumption channels.

Launch Mini Topbi sub-brand and product innovation

In order to expand the online sales and the effective division of brand products, Mini Topbi brand is launched. The products focus on children from 80 cm to 120 cm. The style of children's wear continues to be developed and designed towards "fast fashion", and the flexibility of product style design remains at 15%-20%.

Omni Channel Retailing

After the online distributor joined the distribution system, the number of online members of TOPBI has surpassed 230,000. In the 2019 1-4M, e-commerce sales will account for 7% of total revenue and move towards 20% in three years.

1 Upgrade Brand Image



2016

The interior and visual design of the sixth-generation TOPBI retail store is based on the changes in the product image in recent years. It is expected to satisfy the one-stop shopping needs of consumers.



2017

The design concept of the seventh-generation image store is about fashion, trends, and a family interaction area. It launched in September 2017. Up to now, more than 20 new exhibition stores have adopted.

1 Upgrade Brand Image



2018

The “7Plus” image store was launched during 2018Q1. It is different from its predecessors, with the transformation and upgrade of China’s retail stores. It has chosen to enter shopping mall with larger space and a stable flow of people. TOPBI’s design concept and cabinet lighting can be fully presented, also use thee-commerce platform to fully cater to the consumption upgrade in China.



2019

The group is still committed to improving the overall image of TOPBI brand and innovating the store style. It plans to launch a new eighth generation terminal visual image store in the second half of the year. The upgraded stores take nature, simplicity, fashion as the design concept, in order to highlight the simple and light fashion style of Topbi products, highlighting the dynamic flow of linear.

2 Innovation, R&D of TOPBI



Natural and easy-to-move design express comfortable European style.



Vibrant marine colors, complemented by lively elements such as camouflage and interstellar rockets.



Sun protection, quick-drying T-shirts and other outdoor-style new products. There has been 40% more designs than in the past.

2016 S/S Collection

2016 A/W Collection

2017 S/S Collection

2017 A/W Collection

2018 S/S Collection

2018 A/W Collection

Casual & Academic style, interpretation of European children apparel



Series of Beach Sports, Animal City, Playful Holidays, Fantasy Tour, Time Light, and Christmas Carnival



On the fabulous stage, a wealth of new products will be staged.



2 2019 S/S and 2019 A/W Ordering Meeting • topbi

Meeting



2019 S/S Ordering Meeting

With the theme of "childishness, peers", the exhibition will launch new series of children's wear products, including sports, holiday, cool fashion, ocean and other design elements. Up to 40% of these products are designed in the style of fast fashion products. The frequency of agents placing orders has increased from once every six months to once a season, so as to grasp the popular business opportunities in the current season.

2019 A/W Ordering Meeting

With "tide to the future" as the theme of the exhibition, the new series of children's clothing products, including the series of interstellar science fiction and space travel, show the elements of sports, fashion and personalized design style.



2 Production Provider/Distributor Optimization Management



In order to assist distributors to increase retail sales, Topbi dispatches market supervisors every month to conduct inspections of stores and provide marketing programs. Due to the rise of fast fashion, Topbi has also shortened its supply chain lead times by 15% to 20%, while retailing design flexibility. The average unit price was higher, which helped improve profitability.



2 Mini Topbi Brand Layout Online Sales

Mini Topbi

With the gradual opening of online children's wear sales by Topbi, in order to effectively distinguish children's wear products and brand image, we plan to officially launch Mini Topbi brand focusing on online sales in the second half of the year, and its children's wear products will focus on children from 80 cm to 120 cm.

In the process of synchronous development of offline entity TOPBI and e-commerce Mini TOPBI brand, we hope to achieve effective differentiation through accurate brand, image and product positioning, and expand the group's market share of children's wear in China to gradually increase, creating a new growth momentum of the group.



3 Omni Channel Retailing - Online



As the group's transformation into a new retail channel with virtual and real benefits gradually ferments, it not only strengthens the third-party e-commerce platform sales through online agents, but now it has become the largest TOPBI brand agent. In addition, through the promotion of TOPBI brand's online official website and APP through the consumer group of physical stores, the number of online members has also been successfully promoted from 180,000 in 2018 to 230,000, gradually expanding the group's market share of children's wear in China, and continuously moving towards the goal of achieving 20% of e-commerce revenue within three years.

Tmall 天猫



唯品会
vip.com

TOPBI品牌最
大代理商
線上代理商



23 萬人
From
1Q19

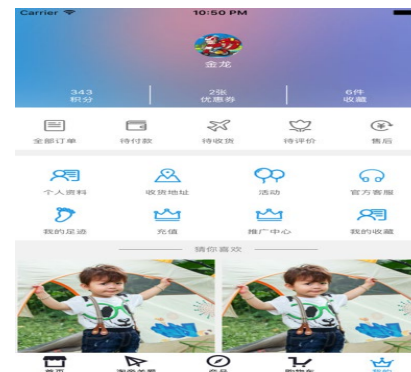
7%

From
2019/1-4M

淘宝网
Taobao.com



TOPBI淘帝童
裝商城



Topbi's First Intelligent Warehousing and Logistics Park



The board of directors decided not to spend more than about NTD \$1.3 billion (about 300 million RMB) to set up the first self-owned intelligent warehousing and logistics center in Suqian, Jiangsu province, China. Topbi is planning to introduce automatic warehousing and logistics design to improve order, purchase, shipment and financial management through ERP system, and improve the efficiency of product delivery in order to meet the future e-commerce and physical retail logistics delivery needs. The target is to be officially launched in 2021. The target of land acquisition within three years after the official opening.

3

Topbi Logistics Industrial Park Construction Efficiency



Suqian, located in the east China, the most developed logistics system in China that close to Jiangsu, Zhejiang and Shanghai, can cover the national market effectively compare with Fuzhou logistics, shorten distribution time and reduce cost of logistics in northern market.



The purpose of e-commerce logistics industrial park construction

With the company's growing strength and the improvement of the marketing network, Topbi strongly support that must have a strong logistics distribution force to further expand and strengthen. Form a modern logistics management mode that integrates information, procurement, transportation, warehousing and other logistics activities.





THANK YOU