



TOPBI INTERNATIONAL  
HOLDINGS LIMITED-

# 淘帝國際控股 有限公司

Ticker : 2929TW

Speaker : CEO  
Zhou, Zhi Hong  
2019 / 9 / 12



# Company Introduction

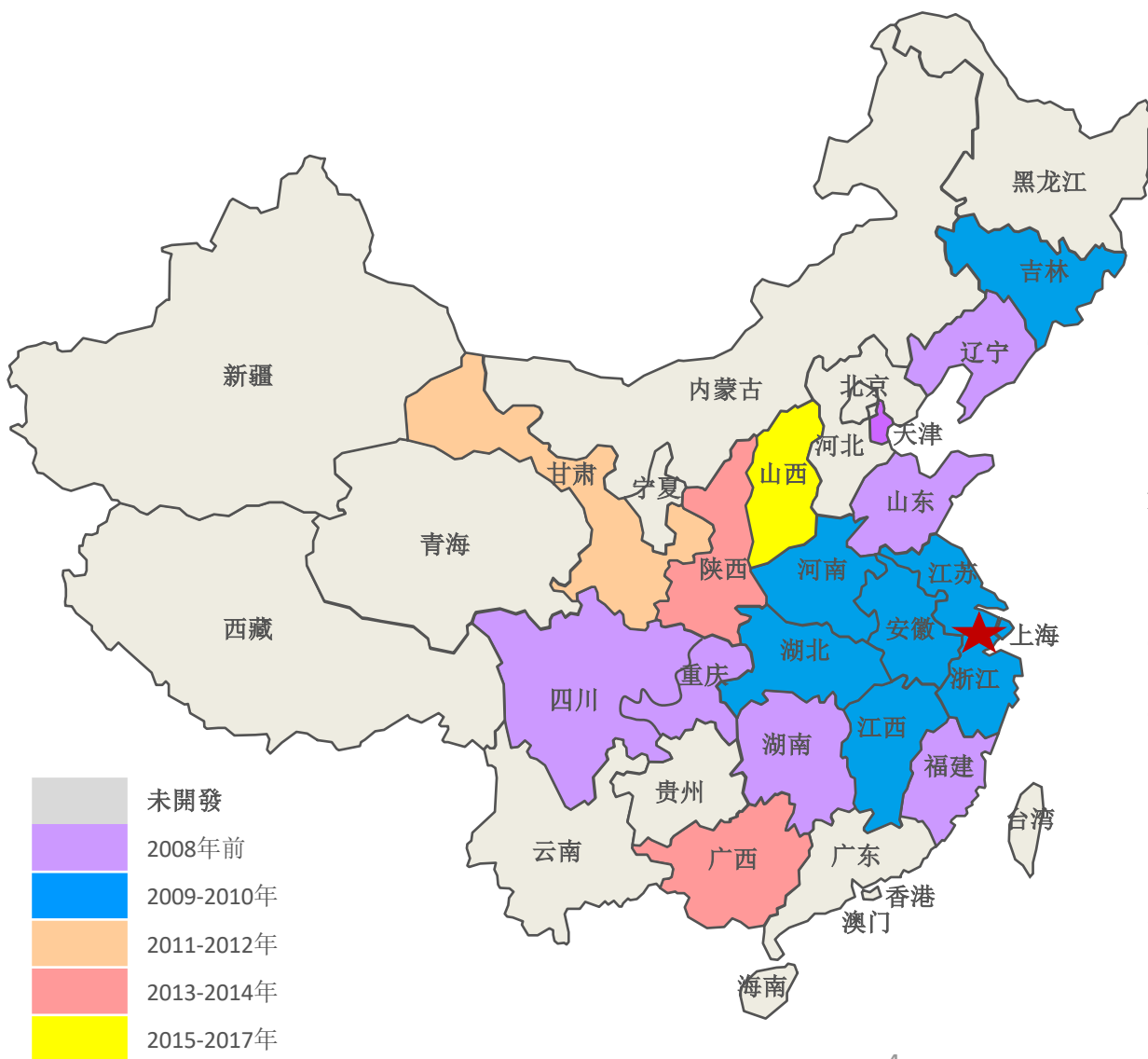
# Brand Introduction



- ◆ 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



Through 25 agents in China, TOPBI brand has reached 1,615 sales sites in 16 provinces and 3 municipalities directly under the central government by the second quarter of 2019. In addition, e-commerce agents have been added since the end of 2017, accounting for 8.61% of e-commerce revenue in the second quarter of 2019.

# Competitive Advantage



TOPBI is committed to expanding the market share of children's wear in China, continuously investing in new product research and development, brand marketing, and improving the efficiency of production supply chain. In this year, TOPBI has been recognized by the China's ministry of industry and China's textile industry association, as one of the "2018 key tracking cultivate clothing textile independent brand enterprise", as well as the "China's top 100 apparel enterprises in 2018" recently published by Chinese clothing association, highlight the important position of Topbi in the China's apparel industry, and maximize the value of TOPBI brand.

附件 1:

2018 年服装行业“营业收入”百强企业名单

|    |                 |
|----|-----------------|
| 65 | 深圳市珂莱蒂尔服饰有限公司   |
| 66 | 国人西服有限公司        |
| 67 | 深圳市娜尔思时装有限公司    |
| 68 | 淘帝（中国）服饰有限公司    |
| 69 | 比音勒芬服饰股份有限公司    |
| 70 | 江苏三润服装集团股份有限公司  |
| 71 | 湖南东方时装有限公司      |
| 72 | 深圳华丝企业股份有限公司    |
| 73 | 广州市汇美时尚集团股份有限公司 |
| 74 | 浙江朗莎尔维迪制衣有限公司   |
| 75 | 湖南省忘不了服饰有限公司    |
| 76 | 宜禾股份有限公司        |
| 77 | 上海东隆羽绒制品有限公司    |
| 78 | 安莉芳（上海）有限公司     |
| 79 | 黑牡丹集团进出口有限公司    |
| 80 | 富绅集团有限公司        |
| 81 | 苏州工业园区天源服装有限公司  |
| 82 | 北京雪莲集团有限公司      |

附件 2:

2018 年服装行业“利润总额”百强企业名单

|    |                |
|----|----------------|
| 21 | 迪尚集团有限公司       |
| 22 | 南极电商（上海）有限公司   |
| 23 | 爱慕股份有限公司       |
| 24 | 维格娜丝时装股份有限公司   |
| 25 | 山东桑莎制衣集团有限公司   |
| 26 | 浙江伟星实业发展股份有限公司 |
| 27 | 狮丹努集团股份有限公司    |
| 28 | 常州华利达服装集团有限公司  |
| 29 | 比音勒芬服饰股份有限公司   |
| 30 | 万事利集团有限公司      |
| 31 | 淘帝（中国）服饰有限公司   |
| 32 | 即发集团有限公司       |
| 33 | 安正时尚集团股份有限公司   |
| 34 | 特步（中国）有限公司     |
| 35 | 国人西服有限公司       |
| 36 | 温州法派服饰股份有限公司   |
| 37 | 山东昊宝服饰有限公司     |
| 38 | 深圳市珂莱蒂尔服饰有限公司  |

附件 3:

2018 年服装行业“利润率”百强企业名单

|    |                |
|----|----------------|
| 1  | 地素时尚股份有限公司     |
| 2  | 江苏刘潭集团有限公司     |
| 3  | 九牧王股份有限公司      |
| 4  | 比音勒芬服饰股份有限公司   |
| 5  | 咸阳雅尔艾服装有限公司    |
| 6  | 深圳歌力思服饰股份有限公司  |
| 7  | 淘帝（中国）服饰有限公司   |
| 8  | 雅莹集团股份有限公司     |
| 9  | 国人西服有限公司       |
| 10 | 安正时尚集团股份有限公司   |
| 11 | 爱慕股份有限公司       |
| 12 | 北京红都集团有限公司     |
| 13 | 特步（中国）有限公司     |
| 14 | 深圳市珂莱蒂尔服饰有限公司  |
| 15 | 榆林市七只羊服饰有限责任公司 |
| 16 | 欣贺股份有限公司       |
| 17 | 陕西锦华服装有限责任公司   |
| 18 | 浙江朗莎尔维迪制衣有限公司  |

# Competitive Advantage



In order to improve the visibility of TOPBI children's wear market in China, **we were invited to participate in 2019 China international children's fashion week activity.** Topbi also released TOPBI brand new products for children's wear in autumn and winter 2019 in the exhibition. With the theme of "Fashion · toward the future", it integrates space dream, harmony between human and nature, sports and other elements to display nearly 100 kinds of children's wear products. Moreover, it has won the **fashion award for children's wear brands in China**, highlighting the affirmation of the transformation of Topbi's children's wear style in the past two years.



DREAM PACEAGE  
SUMMER



# Operational Performance

# Income Statement



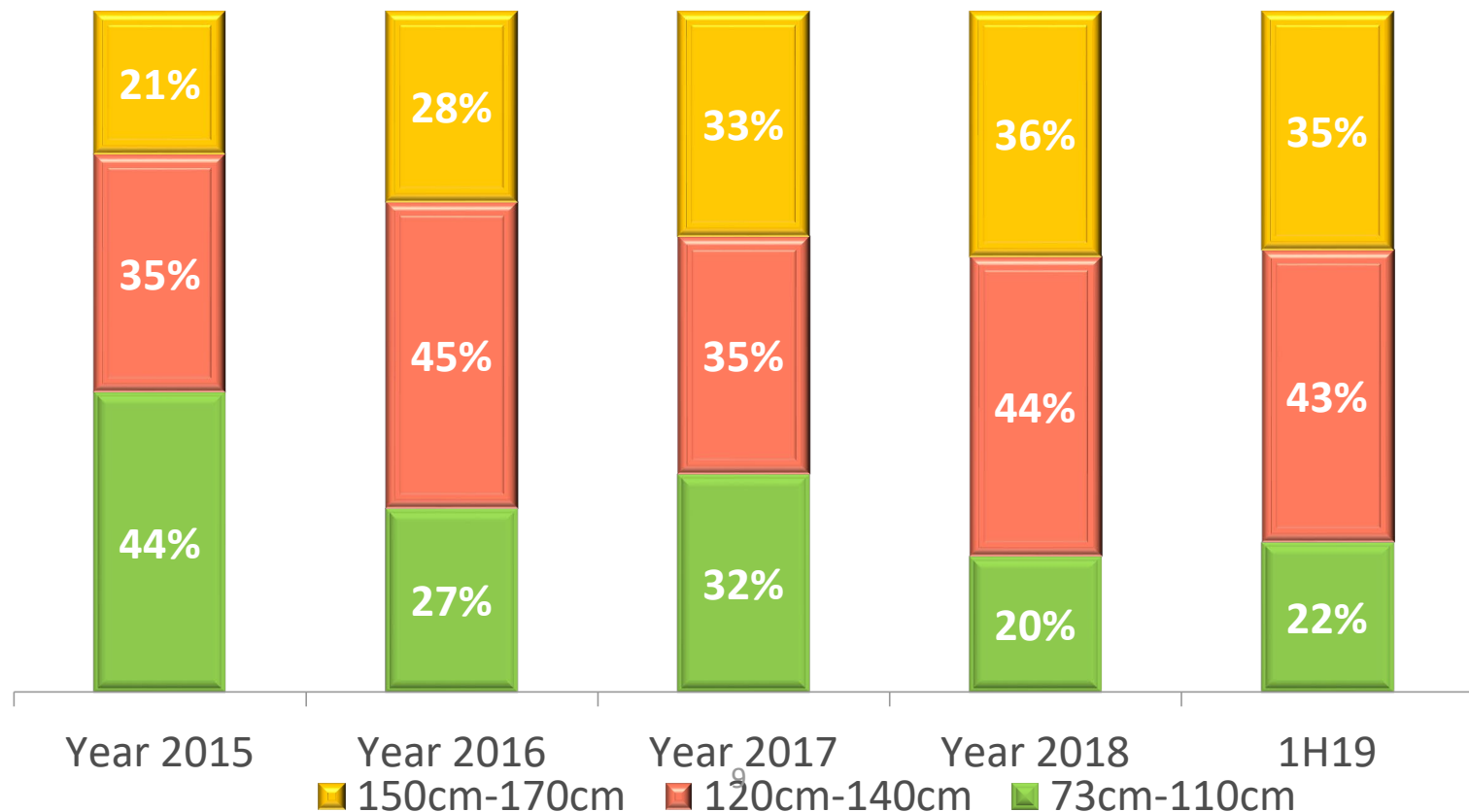
Unit : NTD 1000 · %

| Year                 | 2Q19             | 2Q18      | YoY     | 2018             | 2017      | 2016      |
|----------------------|------------------|-----------|---------|------------------|-----------|-----------|
| Revenue              | <b>1,757,068</b> | 1,665,807 | 5.48%   | <b>6,764,779</b> | 5,916,268 | 5,695,817 |
| Operating Cost       | <b>1,075,023</b> | 1,022,749 | 5.11%   | <b>4,135,772</b> | 3,613,793 | 3,488,434 |
| Gross Profit         | <b>682,045</b>   | 643,058   | 6.06%   | <b>2,629,007</b> | 2,302,475 | 2,207,383 |
| Gross Margin         | <b>38.82%</b>    | 38.60%    |         | <b>38.86%</b>    | 38.92%    | 38.75%    |
| Operating Expenses   | <b>268,033</b>   | 301,674   | -11.15% | <b>1,287,609</b> | 1,136,490 | 1,175,044 |
| Operating Income     | <b>414,012</b>   | 341,384   | 21.27%  | <b>1,341,398</b> | 1,165,985 | 1,032,339 |
| Operating Margin     | <b>23.56%</b>    | 20.49%    |         | <b>18.35%</b>    | 19.71%    | 18.12%    |
| Non-operating income | <b>-25,077</b>   | -40,940   |         | <b>-17,544</b>   | 94,113    | 8,140     |
| Income Tax           | <b>89,325</b>    | 96,651    | -7.58%  | <b>370,228</b>   | 347,181   | 305,229   |
| Net Income           | <b>299,610</b>   | 203,793   | 47.02%  | <b>953,626</b>   | 912,917   | 735,250   |
| EPS                  | <b>3.65</b>      | 2.47      | 47.77%  | <b>11.56</b>     | 11.25     | 9.58      |

# Product Revenue Ratio



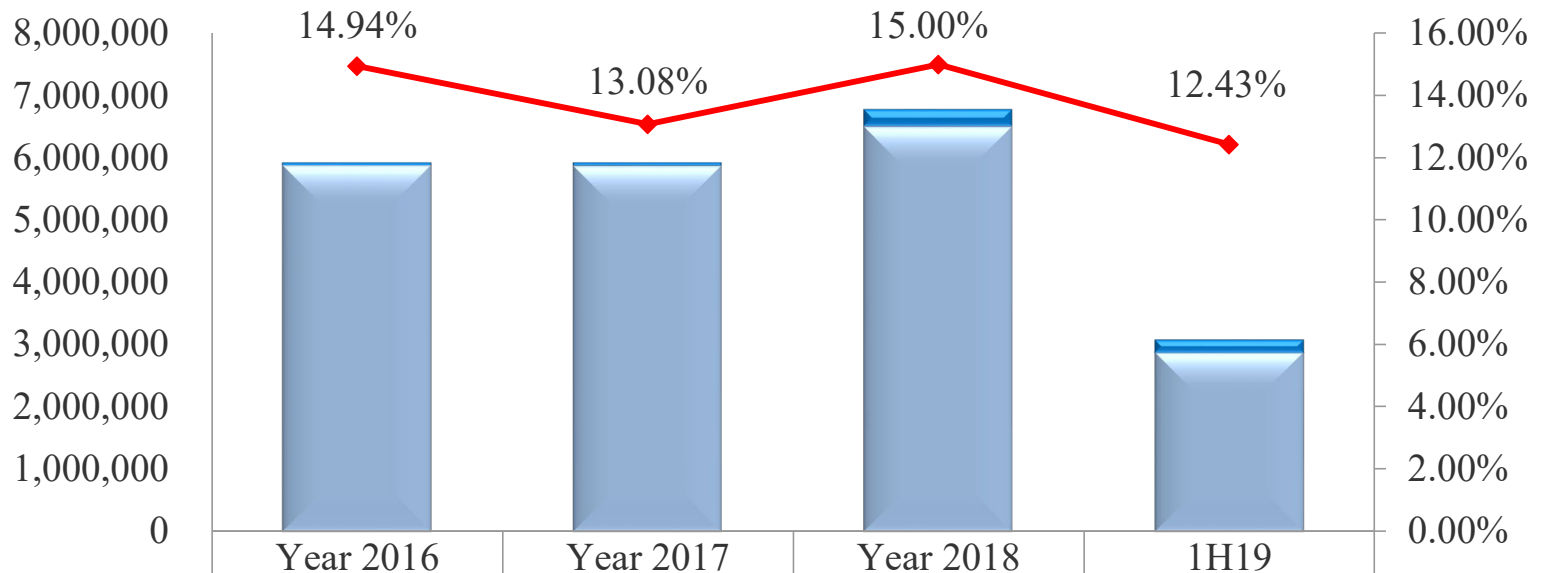
Topbi has been actively expanding the sales layout of online e-commerce in the past two years, aiming at the transformation of TOPBI brand image and product research and development into light fashion style, in line with the fashion preferences of the middle and high age children's wear (120cm-170cm) field. In the half of this year, the proportion of TOPBI brand's sales mix of middle and high age children's wear reached 78%.



# TOPBI Brand Image Status



For the development of TOPBI brand, it is oriented towards the “omni-channel” consumer trend layout. 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.



|                                    |           |           |           |           |
|------------------------------------|-----------|-----------|-----------|-----------|
| Online Revenue                     | 40,000    | 50,000    | 270,591   | 214,007   |
| Offline Revenue                    | 5,876,268 | 5,866,268 | 6,494,188 | 2,885,651 |
| Proportion of Advertising Expenses | 14.94%    | 13.08%    | 15.00%    | 12.43%    |

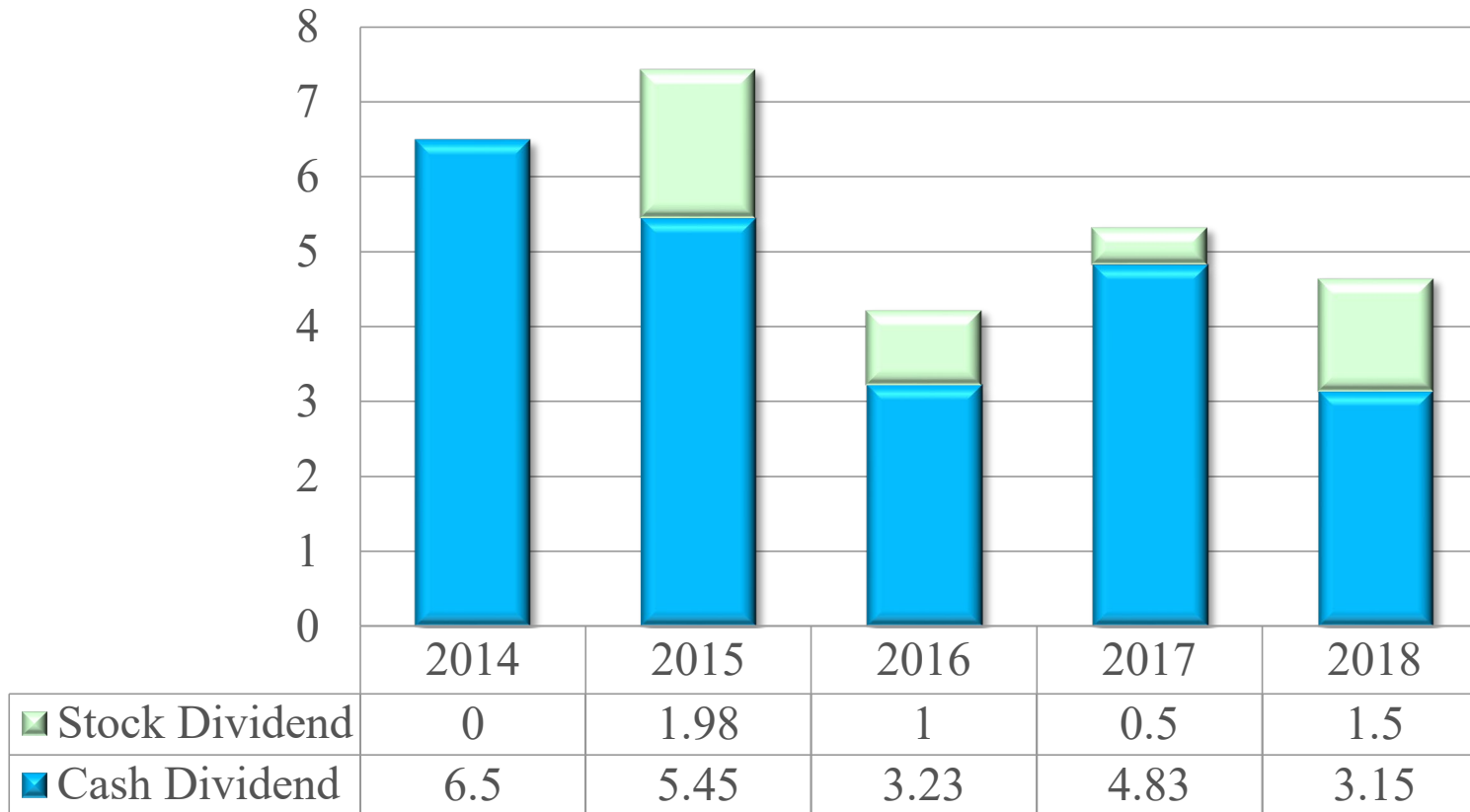
# Advertising Policy

In order to actively expand the market share of its TOPBI brand, Topbi continues to release advertisements such as radio and car body advertisements, and strengthens the proportion of online e-commerce and professional infant and child investment platform, synchronously matches the promotion of offline sales activities, and strives to improve the good competitiveness of TOPBI brand and create the maximum value of TOPBI brand.



# 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

创意玩家

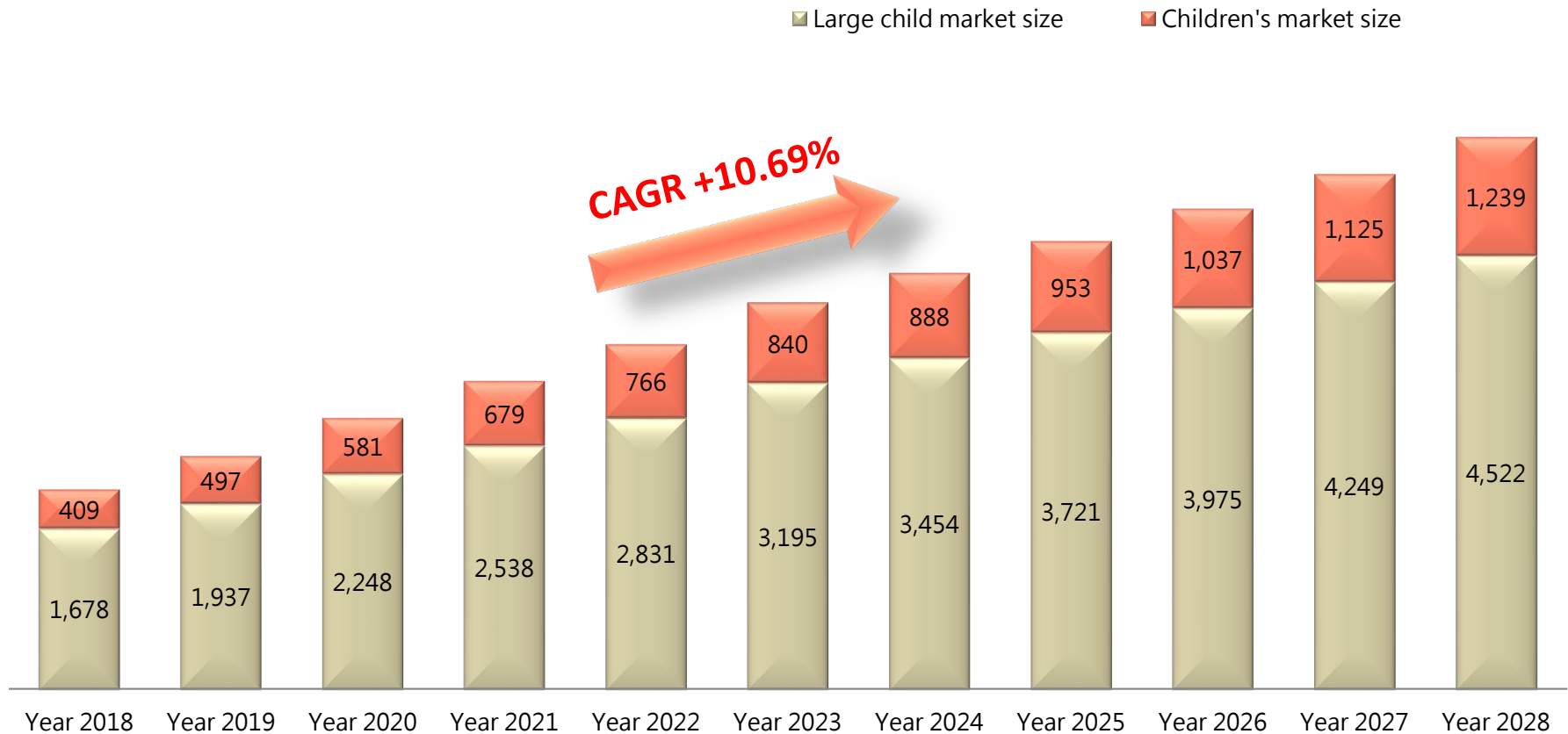
CREATIVE PLAYERS



# China's Children's Clothing Scale Development Potential



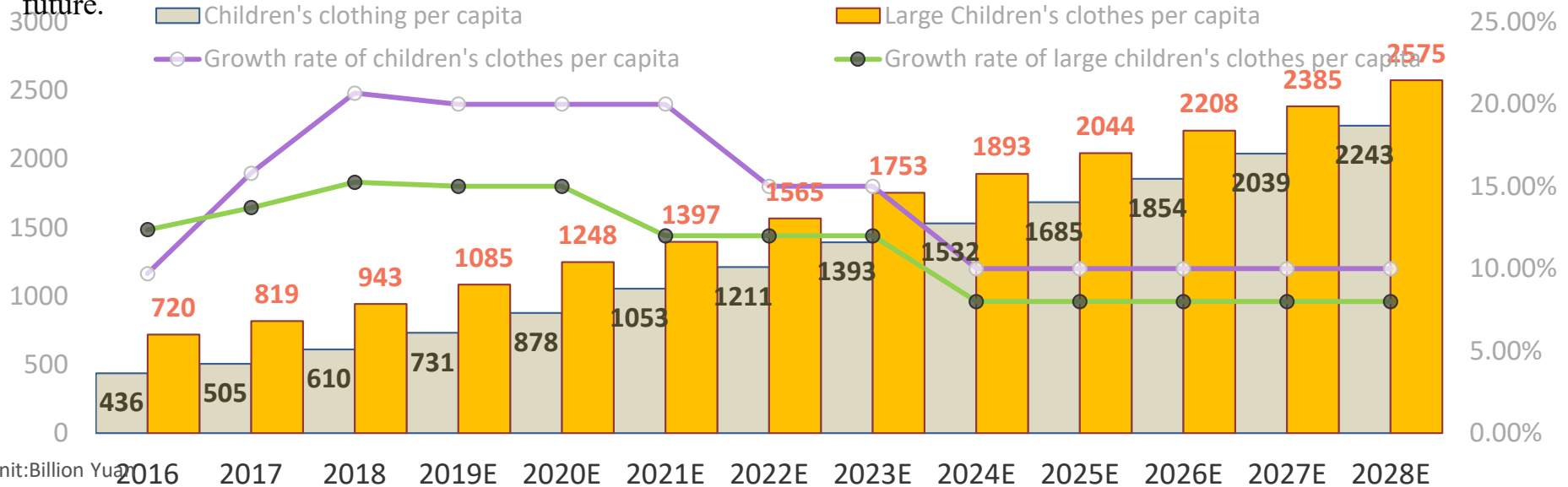
According to statistics, it is estimated that the size of children's clothing market in China will reach RMB 576.1 billion yuan in 2028 from RMB 243.4 billion yuan in 2019 with the increase of per capita expenditure on children's wear, the market size will continue to grow at a compound rate of 10.69% in the next ten years.



Unit: billion  
(RMB)

# Growth of per Capita Consumption of Children's Clothes

At present, the per capita consumption expenditure of children's clothing in China (the size of children's clothing market/total population) is only about a third of that in Japan, a quarter of that in the UK and a sixth of that in the US. Among them, the children's clothing category is subdivided. The per capita expenditure of large children's clothing and small children's clothing will grow from 1,085 yuan (RMB) and 731 yuan (RMB) in 2019 to 2,575 yuan (RMB) and 2,243 yuan (RMB) in 2028. There is still good room for development in the future.



Unit: Billion Yuan  
(RMB)

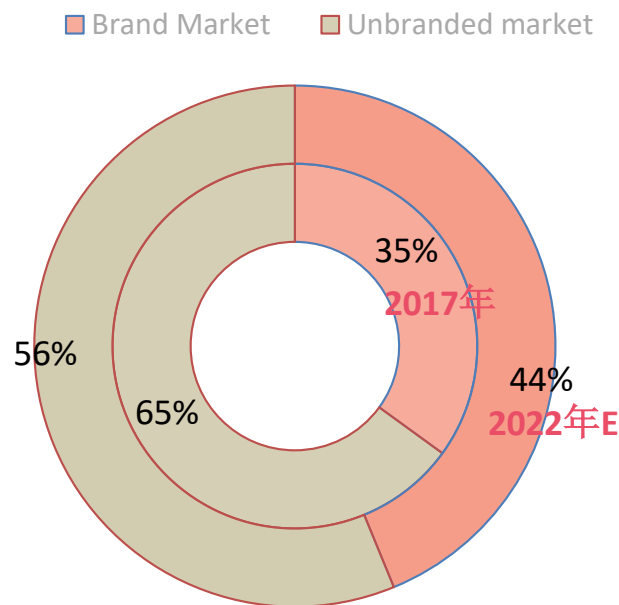
|                                                    | 2016年 | 2017年 | 2018年 | 2019年E | 2020年E | 2021年E | 2022年E | 2023年E | 2024年E | 2025年E | 2026年E | 2027年E | 2028年E |
|----------------------------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Growth rate of children's clothes per capita       | 9.70  | 15.80 | 20.67 | 20.00  | 20.00  | 20.00  | 15.00  | 15.00  | 10.00  | 10.00  | 10.00  | 10.00  | 10.00  |
| Growth rate of large children's clothes per capita | 12.36 | 13.70 | 15.25 | 15.00  | 15.00  | 12.00  | 12.00  | 12.00  | 8.00   | 8.00   | 8.00   | 8.00   | 8.00   |

Unit: %

資料來源: Euromonitor, WIND, 德邦研究

# Brand Concentration Accelerates Industry Too Weak to Stay Strong

The Chinese government strictly implements the "technical specifications for the safety of textile products for infants and children" and sets a high threshold for the competition of children's wear industry. In addition, the consumer groups born in the 1980s and 1990s attach great importance to brands and product quality, which promotes the improvement of brand concentration and accelerates the overall industry to eliminate the weak and maintain the strong.



資料來源:Euromonitor, 前瞻產業研究院

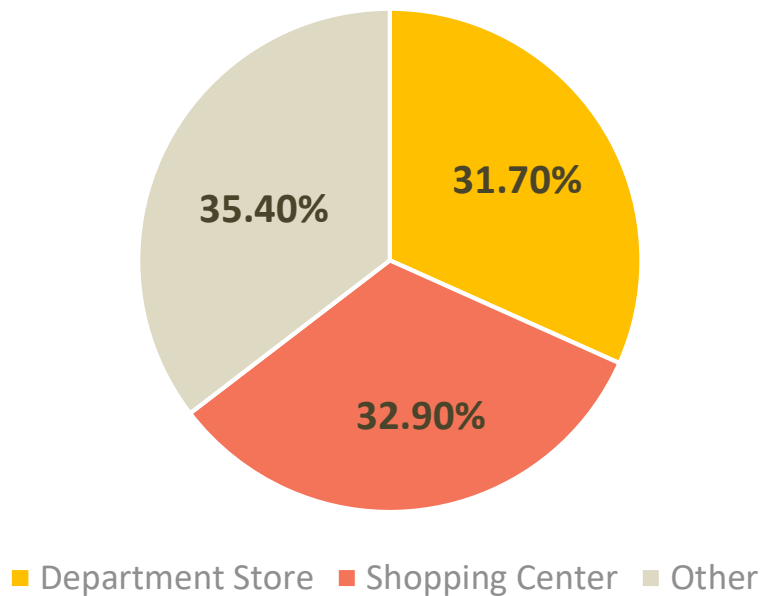
《婴幼儿及儿童纺织产品安全技术规范》部分内容解读

| 类别                               | 项目                                                                         | A类                           | B类         | C类         |
|----------------------------------|----------------------------------------------------------------------------|------------------------------|------------|------------|
| GB 18401<br>(国家纺织产品<br>基本安全技术规范) | 可分解致癌芳香胺染料                                                                 | 禁用 ( $\leq 20\text{mg/kg}$ ) |            |            |
|                                  | 甲醛含量                                                                       | $\leq 20$                    | $\leq 75$  | $\leq 300$ |
|                                  | PH 值                                                                       | 4.0-7.5                      | 4.0-8.5    | 4.0-9.0    |
|                                  | 耐水 (变色、沾色)                                                                 | $\geq 3-4$                   | $\geq 3$   | $\geq 3$   |
|                                  | 耐酸汗渍 (变色、沾色)                                                               | $\geq 3-4$                   | $\geq 3$   | $\geq 3$   |
|                                  | 耐碱汗渍 (变色、沾色)                                                               | $\geq 3-4$                   | $\geq 3$   | $\geq 3$   |
|                                  | 耐干摩擦                                                                       | $\geq 4$                     | $\geq 3$   | $\geq 3$   |
|                                  | 耐唾液 (变色、沾色)                                                                | $\geq 4$                     | /          | /          |
| 织物要求                             | 异味                                                                         | 无                            |            |            |
|                                  | 耐湿摩擦色牢度 %/度                                                                | $\geq 3$ (深色 2-3)            | $\geq 2-3$ | /          |
|                                  | 重金属/(mg/kg)-铅                                                              | $\leq 90$                    | /          | /          |
|                                  | 重金属/(mg/kg)-铬                                                              | $\leq 100$                   | /          | /          |
|                                  | 邻苯二甲酸酯/%                                                                   | $\leq 0.1$                   | /          | /          |
| 填充物                              | 燃烧性能                                                                       | 1 级 (正常可燃性)                  |            |            |
|                                  | 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<br>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        | $\leq 3$   |
|                                  | 抗拉强力 (N)                                                                   | $\geq 70$                    | $\geq 50$  | /          |
| 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                                    |                              |            |            |

# All-Channel Sales of Children's Clothing **topbi** Brand

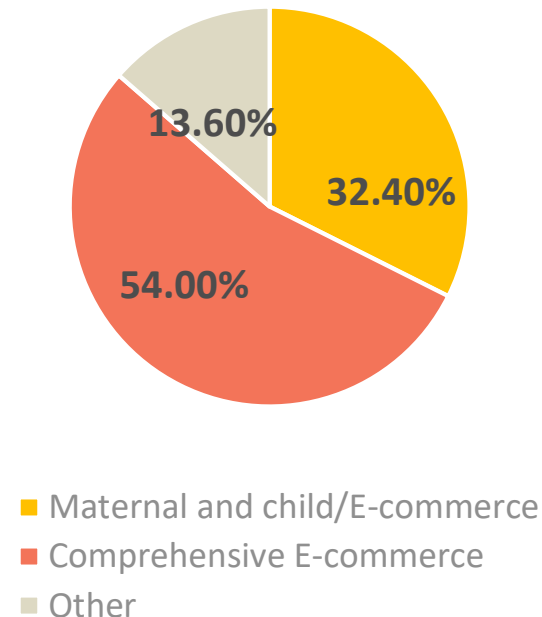
Since consumers still attach importance to offline experience services when purchasing children's clothes, meet one-stop shopping needs, and observe online and offline segmentation of sales channels, comprehensive shopping malls/e-commerce with complete items have more advantages.

2017 China children's clothing offline segment share



Other: Supermarkets, baby shops, street shops, outlets

2017 China children's clothing online segment share

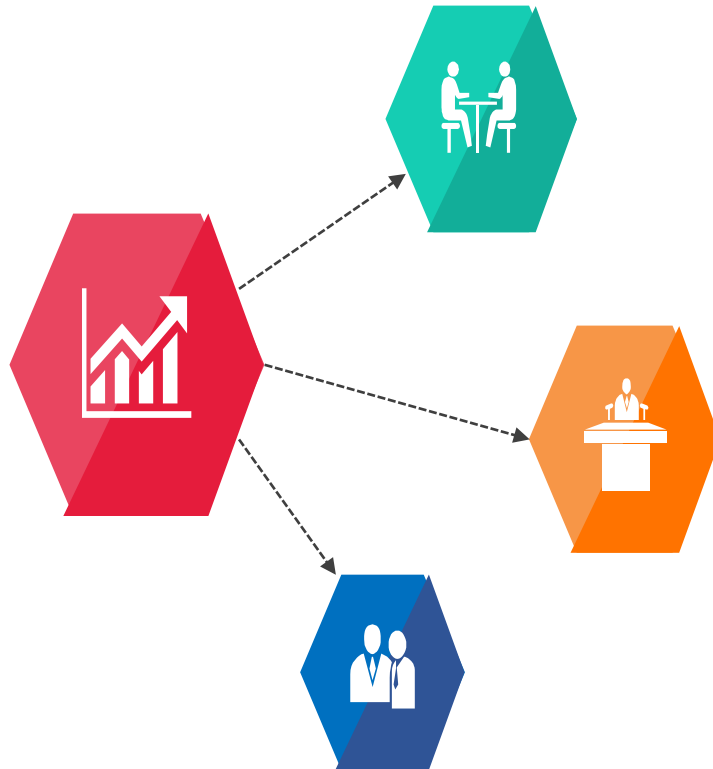


Other: Wechat business, the official website of the brand



# 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 "light 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 品牌門市形象升級



**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. Providing better experience services will help increase consumers' loyalty to TOPBI brand

# 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.



# 2019 the Eighth generation terminal visual image store



## 2019 S/S Ordering Meeting

Under the theme of "the password of dream", various series including **sports**, **cool**, **vacation** and **ocean** were launched, adopt strong color contrast, show the new series of children's wear products of personalized design style elements.



2

# Mini Topbi Brand Layout Online Sales

topbi

## 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.



# Optimize Management of Production Suppliers/Agents

In response to the rise of fast fashion style, Topbi realizes the "flexible" manufacturing of supply chain, **with controllable process, flexible manufacturing, credible price and reliable quality**, and retains the flexibility of 15%-20% product style design in the current season.

At present R&D production to retail sales can be shortened to the fastest four weeks, the launch of a higher average unit price of seasonal trend children's clothing products, help to improve the overall profitability.



# 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, 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.

TOPBI Largest Agent  
Online Agent



Tmall (天猫)

Taobao (淘宝网)  
Taobao.com

8.6%

From  
2Q19

7%

From  
1Q19

3.8%

From  
2018

0.16%

From  
2017

# Topbi's First Intelligent Warehousing and Logistics Park



In the fourth quarter of 2018 announced it would spend no more than NT\$1.3 billion (about 300 million yuan), is expected to Suqian, Jiangsu province China's first self-owned wisdom, warehousing logistics center plan import automatic warehousing logistics design, through the ERP system perfect, purchase orders, shipping and financial management, and effectively improved product transport efficiency, to meet future demand for electricity and entity shop business logistics delivery, land targets within three years after the official opening.

# Topbi Logistics Industrial Park

## Construction Efficiency



Suqian is close to Jiangsu, Zhejiang and Shanghai regions with the most developed logistics system in China, which can effectively cover the national market and shorten the time and cost of logistics distribution in the northern market.

Smart storage logistics park adopts modern logistics management mode integrating information, procurement, transportation, storage and other logistics activities, so as to build a powerful logistics distribution system to support the company's increasingly enhanced operations.



THANK YOU