

## 管理層之論述及分析

### 經營業績

#### 營業額

本集團於本年度首六個月之總營業額為港幣十五億三千萬元(二零零二年：港幣十七億六千萬元)，比對去年同期下跌百分之十三點二。

由於第一季天氣反常，加上嚴重急性呼吸系統綜合症(以下簡稱「非典型肺炎」)於本集團之主要市場爆發而引致之負面影響，零售及分銷部門之營業額減少百分之十二點七至港幣十四億五千萬元(二零零二年：港幣十六億六千萬)。整體可比較門市之銷售額減少百分之十六點二(二零零二年：負百分之二點五)，而可比較門市之毛利則減少百分之十七點一(二零零二年：負百分之零點七)。本集團之存貨相對銷售之流轉比率為二十日，較二零零二年首半年所錄得之三十二日縮短十二日。此乃由於管理層對市場變化的快速應變，於非典型肺炎爆發期間，迅速地降低存貨量。管理層相信，較低之存貨量，可讓他們於非典型肺炎疫情減退時，盡快在顧客流量回升之際可更靈活地推出新貨品。

下表顯示本集團按地區劃分之銷售營業額。如下表所顯示，所有受到非典型肺炎影響之市場，在本年度之首六個月比對去年同期之營業額均告下跌，而該等並無受到疫情影響之地區在所述之相同期間內則錄得強勁增長。

(以港幣百萬元為單位)	(In HK\$ millions)	截至六月三十日止六個月		百分比轉變 Percentage change
		2003	2002	
中國大陸	Mainland China	363	408	-11.0
香港	Hong Kong	316	390	-19.0
台灣	Taiwan	281	359	-21.7
新加坡	Singapore	155	177	-12.4
其他市場	Other Markets	192	146	31.5

中國大陸之營業額比對去年同期下跌百分之十一至港幣三億六千三百萬元(二零零二年：港幣四億零八百萬元)。於期間內，本集團淨增加五間Giordano主系列及八間Bluestar Exchange門市，而Bluestar Exchange之表現亦符合管理層的預期。

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### RESULTS OF OPERATIONS

#### Turnover

For the first six months of the year, the Group's total turnover amounted to HK\$1.53 billion (2002: HK\$1.76 billion), a decline of 13.2 percent year-on-year.

Owing to the non-seasonal weather in the first quarter and the adverse effects brought about by the Severe Acute Respiratory Syndrome (SARS) epidemic in our key markets, turnover of the Retail and Distribution Division decreased 12.7 percent to HK\$1.45 billion (2002: HK\$1.66 billion). System-wide comparable store sales fell 16.2 percent (2002: -2.5 percent), while comparable store gross profit was down 17.1 percent (2002: -0.7 percent). The Group's inventory turnover on sales was 20 days, a reduction of 12 days from the 32 days recorded in the first half of 2002. The lower-than-usual inventory level reflected Management's responsiveness to the market during the SARS period. Management believes that with a leaner stock level, they would have greater flexibility to bring in new products as soon as customer traffic recovers when the SARS subsided.

The following table shows the Group's retail turnover by region. As shown below, all of the markets which were affected by the SARS recorded year-on-year turnover decline in the first six months of the year; while markets which were not affected by the outbreak recorded strong growth during the same period.

Turnover in Mainland China dropped 11.0 percent year-on-year to HK\$363 million (2002: HK\$408 million). During the period, a net of five Giordano core line and eight Bluestar Exchange outlets were added. Performance of Bluestar Exchange has been in line with Management's expectation.

香港之零售銷售額比對去年同期減少百分之十九至港幣三億一千六百萬元(二零零二年：港幣三億九千萬元)。除了受到「和暖冬季氣候」的影響外，當世界衛生組織(以下簡稱「世衛」)對香港發出旅遊警告後，令疲弱的零售業務在四月份更趨嚴峻，因此本集團在第二季損失差不多所有源自旅客的生意。而本集團的七十四間門市中，其中十三間門市(包括本集團的兩間旗艦店在內)均位於旅遊區內。

台灣的零售銷售額比對去年同期下跌百分之二十一至港幣二億八千一百萬元(二零零二年：港幣三億五千九百萬元)。在本年度首六個月內，本集團淨關閉一間*Giordano Ladies*及一間*Giordano Junior*門市，及淨增加一間*Bluestar Exchange*門市。

新加坡之零售銷售額由二零零二年上半年之港幣一億七千七百萬元跌至港幣一億五千五百萬元，比對去年同期減少百分之十二點四。自推出「新加坡大熱賣」，以及世衛將新加坡從非典型肺炎疫區名單中剔除後，銷售情況在五月份最後一個星期開始復蘇。為配合定期店舖組合調整計劃，店舖總數由二零零二年十二月三十一日之四十九間減少至四十五間。

在二零零三年上半年「其他市場」的表現持續強勁。總括而言，銷售總額達港幣一億九千二百萬元，相比去年同期則錄得港幣一億四千六百萬元。雖然德國之*Bluestar Exchange*於二零零二年九月終止營業，並未為本集團帶來貢獻，然而源自澳洲、泰國及印尼之銷售增長強勁，足可抵銷德國所引致之銷售損失，而其貢獻比對去年同期銷售增長百分之三十一點五。在澳洲方面，本集團的產品逐漸受到當地的消費者接納，銷售額亦取得雙位數字增長。為改善日本之銷售效率，在日本的環球片場之店舖已由六千呎的舖位遷移至一千五百呎的舖位。

Retail sales in Hong Kong fell 19.0 percent year-on-year to HK\$316 million (2002: HK\$390 million). Apart from being affected by a “warm winter”, weak retail sales intensified towards April when the World Health Organization (WHO) issued a travel advisory against Hong Kong. Consequently, we lost almost all of our tourist business in the second quarter. Out of our 74 outlets, about 13 of them are located in tourist areas, which included both of our flagship stores.

Taiwan's retail sales dropped 21.7 percent year-on-year to HK\$281 million (2002: HK\$359 million). During the first six months of the year, there was a net closure of one *Giordano Ladies* and one *Giordano Junior* outlets; and a net opening of one *Bluestar Exchange* outlet.

Retail sales in Singapore fell from HK\$177 million in the first half of 2002 to HK\$155 million, represented a year-on-year decline of 12.4 percent. Sales started to pick up in the last week of May following the launch of Great Singapore Sales coupled with WHO's removal of Singapore from the SARS affected areas' list. As part of the regular shop portfolio modification program, total number of shops reduced from 49 by the end of December 31, 2002 to 45.

Strong performance in the “other markets” sustained into the first half of 2003. In aggregate, sales totaled HK\$192 million, compared with HK\$146 million registered in the previous period. Despite the absence of contribution from *Bluestar Exchange* Germany due to its termination in September 2002, strong sales growth in Australia, Thailand and Indonesia had more than offset the sales lost, which contributed largely to the overall 31.5 percent year-on-year sales growth. In Australia, our products are gradually gaining better acceptance by the local shoppers, and sales are improving by double-digit. In order to improve sales efficiency in Japan, the shop at Universal Studio Japan was relocated from a 6,000 square feet store to a 1,500 square feet one.

爆發非典型肺炎期間，顧客流量大幅銳減，故本集團主要市場全線業務增長放緩。*Giordano* 主系列及 *Giordano Junior* 之零售及批發營業額達港幣十二億九千萬港元，較去年同期之港幣十四億七千萬港元減少百分之十二點二。*Giordano Ladies* 之營業額下跌百分之二十一至港幣五千五百萬元（二零零二年：港幣七千萬港元），主要由於香港及中國大陸銷售情況疲弱所造成。而 *Bluestar Exchange* 之營業額亦減少百分之十至港幣一億零八百萬元（二零零二年：港幣一億二千萬元）。管理層將繼續在中國大陸拓展 *Bluestar Exchange* 之業務，並將於年底前新增二十多間門市。

製衣部門之營業額（包括分部間之銷售）下跌百分之二十三點二至港幣三億零一百萬元（二零零二年：港幣三億九千二百萬元）。本集團對外來客戶之總銷售額較去年同期減少百分之二十七點九（二零零三年：港幣七千五百萬元；二零零二年：港幣一億零四百萬元），主要由於銷售予日本客戶之銷售額減少。製衣部門於本集團之經營溢利為港幣二千六百萬港元（二零零二年：港幣三千九百萬港元），佔本集團之綜合經營溢利百分之二十八點三（二零零二年：百分之十八點三）。

## 毛利

由於銷售額下降及毛利率收窄，本年度首六個月之毛利減少百分之十四點八至港幣七億一千萬元（二零零二年：港幣八億三千三百萬元）。本集團所處之主要市場，在非典型肺炎疫情影響之月份市況蕭條，令顧客消費意欲及購買力銳減，對貨品價格變得更為重視。故本集團全線作出較往常更多的減價優惠，及送出更多贈品。此舉導致毛利率減少零點八個百分點，由二零零二年上半年之百分之四十七點三減少至二零零三年之百分之四十六點五。

在各個系列當中，以 *Giordano* 主系列的毛利率抗跌力較強。當本集團洞悉顧客流量逐漸回升時，迅速在市場內推出高毛利新貨品，成功地減輕毛利下跌情況。同期 *Bluestar Exchange* 的毛利率錄得最大跌幅。面對激烈的價格競爭，為吸引精打細算的顧客，*Bluestar Exchange* 採取不斷向顧客推出更多優惠。*Giordano Ladies* 亦在首半年進行多次清貨減價活動，而毛利率亦因此下降。

Business of all the Lines had been slow in our key markets due to dramatic decline in customer traffic during the SARS outbreak. Retail and wholesale turnover of *Giordano* core line and *Giordano Junior* amounted to HK\$1.29 billion, a 12.2 percent decrease from last year's HK\$1.47 billion. Turnover of *Giordano Ladies* decreased 21.4 percent to HK\$55 million (2002: HK\$70 million), which was mainly attributable to weak sales in Hong Kong and Mainland China. *Bluestar Exchange's* turnover declined 10.0 percent to HK\$108 million (2002: HK\$120 million). Management will continue to expand *Bluestar Exchange* in Mainland China, with about 20 more outlets to be added by the end of the year.

Turnover of the Manufacturing Division, including intra-group sales, fell 23.2 percent to HK\$301 million (2002: HK\$392 million). Total sales to outsiders (2003: HK\$75 million; 2002: HK\$104 million) were 27.9 percent lower than the year before, primarily resulted from decrease in sales to third party customers in Japan. The Manufacturing Division contributed HK\$26 million (2002: HK\$39 million) to the Group's operating profit, representing 28.3 percent (2002: 18.3 percent) of the Group's consolidated operating profit.

## Margins

On the back of sales decline and gross margin contraction, gross profits for the first six months of the year fell 14.8 percent to HK\$710 million (2002: HK\$833 million). Consumer sentiment and purchasing power were dampened because of the SARS epidemic, as majority of business activities almost came to a stand still in our key markets in the months of concern. Consumers became extremely price conscious; hence, our Lines had been offering more price promotions and giving out more premiums than we normally do. This resulted in a gross margin compression of 0.8 percentage points, with gross margin decreased from 47.3 percent in the first half of 2002 to 46.5 percent in 2003.

Among all of our Lines, *Giordano* core line's gross margin was the most resilient. We managed to mitigate margin decline as much as possible by rolling out new and high-margin products as soon as we saw traffic flow was recovering. During the same period, *Bluestar Exchange* experienced the most gross margin decline. Faced with severe price competition, in order to attract the price conscious customers, *Bluestar Exchange* resorted to offering more frequent promotions. *Giordano Ladies* also saw gross margin decline due to a number of clearance activities in the first half of the year.

製衣部門之毛利率改善一點五個百分點，可取得較高之毛利率乃透過減低物料成本，以及積極將布料及配襯品之採購地由香港轉移至中國大陸所致。

### 經營開支

因各市場之共同努力，經營開支降低至港幣六億五千八百萬元（二零零二年：港幣六億六千七百萬元），比對去年同期減少百分之一點三。但由於時差關係，部分於上半年推行之減低固定成本及已承諾開支的措施，將於下半年反映。而分銷費用比對去年同期減少百分之零點七，主要由於店舖員工成本及店舖開支之減少；然而舖租支出則增加百分之四點八，因為「其他市場」及 *Bluestar Exchange* 開設新門市所引致。

### 經營溢利及未計利息、稅項、折舊及攤銷費用之盈利 (EBITDA)

經營溢利減少百分之五十六點八至港幣九千二百萬元（二零零二年：港幣二億一千三百萬元）。由於較高之經營成本比例，經營溢利率由二零零二年上半年之百分之十二點一減少至本年同期之百分之六。因此，EBITDA之利潤率由去年同期之百分之十七點八減退至本年同期之百分之十點七。

### 股東應佔溢利

股東應佔溢利為港幣六千三百萬元（二零零二年：港幣一億八千五百萬元），較去年同期下跌百分之六十五點九。本集團可佔聯營公司之溢利比對去年同期下跌百分之五十五點八，主要是由於源自韓國之貢獻較少。此外，中東之業務亦因美伊戰事受阻。自二零零二年下半年，韓國之零售銷售業務疲弱，雖然成衣銷售之市況不境，*Giordano* 仍然為韓國休閒服銷售市場當中之著名品牌之一。面對顧客需求減弱，競爭加劇，以及存貨量較往常為高，經營溢利較二零零二年上半年所錄得為低。同期內，*Giordano Junior* 在韓國的成績不俗，此等佳績有助彌補 *Giordano* 主系列下跌的銷售額。

此外，出現較低之溢利亦由於較高之實際所得稅率，此稅率由二零零二年上半年之百分之十七點八上升至二零零三年之百分之二十六點六。出現較高稅率之部分原因是由於較高利得稅率的地區對本集團溢利貢獻增加所致。

Gross margin of the Manufacturing Division improved 1.5 percentage points. Higher gross margin was achieved through lower raw material costs, and continued efforts in transferring fabric and accessories sourcing from Hong Kong to Mainland China.

### Operating Expenses

Owing to the concerted efforts of all markets, operating expenses fell to HK\$658 million (2002: HK\$667 million), down 1.3 percent year-on-year. Due to the time lag in lowering our fixed costs and committed expenses, part of the cost savings initiated in the first half will be realized in the second half of the year. Distribution expenses edged down by 0.7 percent over the previous period due to lower shop staff cost and shop overhead; despite occupancy charges increased by 4.8 percent, as a result of new outlet openings in the "other markets" and under the *Bluestar Exchange* line.

### Operating Profit and Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

Operating profit dropped 56.8 percent to HK\$92 million (2002: HK\$213 million). Due to high operating leverage, operating margin reduced to 6.0 percent from 12.1 percent in the first half of 2002. Correspondingly, EBITDA margin retreated to 10.7 percent, from 17.8 percent, during the same period.

### Profit Attributable to Shareholders

Profit attributable to shareholders amounted to HK\$63 million (2002: HK\$185 million), represented a 65.9 percent decline over the previous year. Share of profits of associated companies fell 55.8 percent year-on-year, mainly accounted by smaller contribution from Korea. In addition, business in the Middle East was also interrupted by the US-Iraq war. Retail sales have been sluggish in Korea since the second half of 2002. Amid depressed apparel sales, *Giordano* is still one of the leading brands in terms of casual wear sales in Korea. Faced with soft customer demand, intensified competition, and higher-than-usual inventory level, operating profit was lower than that registered in the first half of 2002. During the same period, *Giordano Junior* continued to do well in Korea; which helped to rescue much of the sales decline in the *Giordano* core line.

Besides, lower profit was also attributable to a higher effective income tax rate. It went up from 17.8 percent in the first half of 2002 to 26.6 percent in 2003. Higher tax rate is partly due to larger profit contribution from regions with higher corporate tax rates.

## 現金流量

經營業務之現金流入淨額為港幣一億四千八百萬元(二零零二年：港幣一億九千九百萬元)，減少港幣五千一百萬元，主要是由於經營溢利減少港幣一億二千一百萬元。但存貨於同期亦減少港幣八千七百萬元，可抵銷經營溢利減少之部分影響。

投資業務之現金流出淨額為港幣八百萬元(二零零二年：港幣一千九百萬元)，較去年同期減少港幣一千一百萬元。較少現金流出主要是由於購入固定資產減少港幣一千二百萬元，而此乃本期間內對比二零零二年同期較少新增店舖所致。

融資業務之現金流出淨額由二零零二年上半年之港幣一億七千七百萬元增加至港幣二億二千萬元，淨增加港幣四千三百萬元。在本年度上半年，本集團向股東派付股息為港幣二億零九百萬元，而二零零二年則只支付股息為港幣一億三千七百萬元，淨增加港幣七千二百萬元。其餘之差額乃由於在二零零三年上半年並無償還銀行貸款(二零零二年：港幣三千三百萬元)。

## 財務狀況

### 流動現金及資金來源

於二零零三年六月三十日，現金及銀行結餘為港幣五億九千六百萬元(二零零二年十二月三十一日：港幣六億六千七百萬元)，而總負債為港幣四億九千一百萬元(二零零二年十二月三十一日：港幣五億六千四百萬元)。於呈報期間末，以股東權益港幣十六億五千萬元(二零零二年十二月三十一日：港幣十七億九千萬元)而計算之本集團資本負債率為百分之二十九點七(二零零二年十二月三十一日：百分之三十一點四)。

於二零零三年六月三十日，本集團之貿易融資及循環貸款額為港幣七億零四百萬元(二零零二年十二月三十一日：港幣七億零四百萬元)，其中港幣五千六百萬元循環貸款已提取而尚未償還。本集團亦有銀行擔保及保證票據之或然負債為港幣四千六百萬元(二零零二年十二月三十一日：港幣四千七百萬元)，所有該等款項乃於日常業務運作中產生。

## Cash Flows

Net cash inflow from operating activities totaled HK\$148 million (2002: HK\$199 million). The HK\$51 million decrease could be mainly explained by the HK\$121 million decline in operating profit. In the meantime, the decline was partly offset by cash freed up from the HK\$87 million decrease in inventory.

Net cash outflow for investing activities was HK\$8 million (2002: HK\$19 million), HK\$11 million lower than that in the previous period. The smaller cash outflow was primarily attributable to a HK\$12 million decrease in purchase of fixed assets due to fewer store openings as compared to the corresponding period in 2002.

Net cash outflow for financing activities increased to HK\$220 million, from HK\$177 million in the first half of 2002, represented a net increase of HK\$43 million. In the first half of the year, HK\$209 million of dividends were paid to shareholders, contrasted to HK\$137 million paid in 2002, a net increase of HK\$72 million. The balance of the difference was owed to the absence of repayment of bank loans (2002: HK\$33 million) in the first half of 2003.

## FINANCIAL CONDITION

### Liquidity and Capital Resources

As at June 30, 2003, cash and bank balances amounted to HK\$596 million (December 31, 2002: HK\$667 million), and total liabilities were HK\$491 million (December 31, 2002: HK\$564 million). At the end of the reporting period, the Group's gearing was 29.7 percent (December 31, 2002: 31.4 percent), based on shareholders' equity of HK\$1.65 billion (December 31, 2002: HK\$1.79 billion).

As at June 30, 2003, the Group had trade finance and revolving loan facilities amounting to HK\$704 million (December 31, 2002: HK\$704 million), of which HK\$56 million under revolving loan facility had been drawn and was outstanding. The Group also had contingent liabilities on bank guarantees and guarantee notes issued of HK\$46 million (December 31, 2002: HK\$47 million), which had all been incurred in the normal course of business.

## 人力資源

於二零零三年六月三十日，本集團約有六千九百名僱員（二零零二年十二月三十一日：八千名僱員）。本集團除了向僱員提供優厚薪酬福利組合外，亦會按本集團業績及個別僱員表現，向合資格僱員授予酌情花紅及購股權。

於截至二零零三年六月三十日止六個月內，本集團根據購股權計劃向合資格僱員授出購股權以認購一千二百五十二萬股股份，而於本期間內，因行使先前提出之購股權而發行三十八萬四千股股份。

## 展望

鑑於目前宏觀經濟情況極為艱鉅，加上受到突如其來的非典型肺炎打擊，而且集中於本集團的主要市場，致使本集團面對歷來最具挑戰的營商環境。雖然現時非典型肺炎的疫情已過，管理層仍然不斷努力，竭力彌補在上半年所損失的銷售額。

為達致上述目標，管理層將集中推行下列各方面：

1. 繼續在中國大陸拓展 *Bluestar Exchange*，此系列將於本年度下半年開始發展專營店；
2. 繼續拓展本集團的分銷渠道，例如在香港的地鐵站內新增門市；而在中國大陸方面，透過在藥房及大型超市出售包裝內衣；
3. 透過推出更佳之產品，集中於高增值及與別不同的產品，以突顯 *Giordano* 傲視同儕；
4. 繼續改善本集團之存貨供應系統——「即時供貨」及「迅速供貨應變系統」，以維持本集團穩健的存貨周轉。管理層相信，健康的存貨量有助本集團在變化不定的營商環境中取得更好的成績；

## HUMAN RESOURCES

As of June 30, 2003, the Group had approximately 6,900 employees (December 31, 2002: 8,000 employees). Besides offering competitive remuneration packages to the employees, discretionary bonuses and share options may also be granted to the eligible employees based on the Group's and the individual's performance.

During the six months ended June 30, 2003, the Group granted to eligible employees under the share option scheme options to subscribe for 12,520,000 shares. In the same period, 384,000 shares were issued upon the exercise of options previously granted.

## OUTLOOK

Amid the already difficult macro environment, the unexpected SARS epidemic, which concentrated in our key markets, made the business environment one of the most challenging in the Group's history. With the SARS outbreak behind our backs now, Management will be working extremely hard in order to recoup as much lost sales in the first half as possible.

In order to achieve the above-mentioned goal, Management will focus on the following:

1. To carry on the development of *Bluestar Exchange* in Mainland China; whereby, will start franchising the line in the second half of the year;
2. To continue to diversify our distribution channels. For instance, in Hong Kong, new outlets were opened in the MTR stations, while in Mainland China, packaged underwear is sold through drug stores and hypermarkets;
3. To distinguish *Giordano* from its peers through better product launches which focus on high value-added and meaningfully differentiated products;
4. To continue to refine our "just-in-time" and "quick response" stock replenishment systems, as means to sustain our healthy stock turnover. Management believes healthy inventory levels can enable the Group to excel better especially under a volatile business environment;

5. 不斷在所有經營業務的地區推出經改良的內部開發軟件，藉以提升銷售分析及存貨管理；及
  6. 隨著中國政府與香港特別行政區政府簽訂「更緊密經貿關係安排」（以下簡稱「安排」），預期有關「旅遊合作條款」勢將增加國內來港的旅客，本集團為預期增加的業務作好準備。同時，安排會放寬一些條例，致使本集團日後於中國大陸開設店舖時更有彈性。
5. To keep on rolling out the upgraded proprietary software in all regions in order to enhance sales analysis and inventory management; and
  6. To be better prepared for the incremental businesses from the anticipated surge in Mainland Chinese tourists visiting Hong Kong, facilitated by the “Cooperation on Tourism Article” under the Closer Economic Partnership Arrangement (CEPA) signed between the governments of Mainland China and the Hong Kong Special Administrative Region. In the meantime, with the more relaxed regulations brought about by the CEPA, it will give us more flexibility for future store expansion in Mainland China.