

## 本集團經營業績

### 營業額

全年之總營業額達港幣三十三億八千九百萬元(二零零二年：港幣三十五億八千八百萬元)，比對去年同期下降百分之五點五，倘不計入匯兌之有利影響，則下跌幅度為百分之六點八，較於上半年比對去年同期營業額下降百分之十三點二已有大幅度之改善。

零售及分銷部門之銷售額達港幣三十二億二千一百萬元(二零零二年：港幣三十三億七千五百萬元)，比對去年同期下降百分之四點六，佔本集團總營業額百分之九十五。

在抵銷分部間銷售後製衣部門之銷售額達港幣一億六千八百萬元(二零零二年：港幣二億一千三百萬元)，較去年下跌百分之二十一點一，而在抵銷分部間之銷售前，銷售額較去年減少百分之九點七至港幣六億八千五百萬元(二零零二年：港幣七億五千九百萬元)。

### 毛利

於二零零三年毛利減少百分之二點六至港幣十六億三千四百萬元(二零零二年：港幣十六億七千七百萬元)。在非典型肺炎期間，本集團實施有效的存貨管理以致能穩守毛利率，同時於下半年所推出受歡迎之貨品及更佳之貨品組合，均有助將毛利率推高至百分之四十八點二(二零零二年：百分之四十六點七)之水平，較二零零二年上升一百五十個基點。

管理層將不斷透過提供與別不同及高增值貨品及運用更有效的採購機制，以降低貨品成本，繼續提升毛利率。

## RESULTS OF GROUP OPERATIONS

### Turnover

Total turnover for the full year amounted to HK\$3,389 million (2002: HK\$3,588 million), a decrease of 5.5 percent year-on-year; or a 6.8 percent decline if foreign exchange gains were excluded. This marks a significant improvement from the 13.2 percent year-on-year decline recorded in the first half of the year.

Down 4.6 percent year-on-year, sales from the Retail and Distribution Division were HK\$3,221 million (2002: HK\$3,375 million), constituting 95.0 percent of the Group's total turnover.

After the elimination of inter-segment transactions, sales from the Manufacturing Division were HK\$168 million (2002: HK\$213 million), a 21.1 percent decrease from the prior year. Before the elimination of inter-segment transactions, sales dropped 9.7 percent from the previous year, to HK\$685 million (2002: HK\$759 million).

### Gross Profit

Gross profit fell 2.6 percent to HK\$1,634 million (2002: HK\$1,677 million) in 2003. Gross profit margins held up firmly during the SARS period, mainly attributable to effective management on inventory. Successful product launches and better product mix in the second half helped manage gross profit margins to a level of 48.2 percent (2002: 46.7 percent), an improvement of 150 basis points from 2002.

Management will continue to work on margin improvement, mainly by offering meaningfully differentiated and high value-added products and reducing cost of goods through better sourcing capabilities.

### 經營費用

經營總費用共達港幣十三億四千八百萬元（二零零二年：港幣十三億九千二百萬元），比對去年同期下降百分之三點二。分銷費用縮減百分之二點四至港幣九億七千萬元（二零零二年：港幣九億九千四百萬元），主要是由於店舖員工成本下降百分之七所致，但此減省卻部份被因第四季營業面積之增加而微升之舖租支出所抵銷。直至二零零三年十二月三十一日止，直接管理店舖之零售面積增加至六十五萬平方呎（二零零二年：五十九萬九千平方呎）。行政費用減少百分之四點一至港幣一億四千一百萬元（二零零二年：港幣一億四千七百萬元），主要由於本集團在第二季針對在非典型肺炎影響下多個主要市場之惡劣經營環境，而實行之成本節約措施所致。

其他經營費用由二零零二年之港幣二億五千一百萬元減少至二零零三年之港幣二億三千七百萬元，比對去年同期下降百分之五點六，出現此減幅部份原因為廣告及宣傳費用減少百分之六，管理層預期二零零四年之廣告及宣傳費用將會回復至正常水平。

### 經營溢利及未計利息、稅項、折舊及攤銷費用之盈利 (EBITDA)

經營溢利為港幣三億六千四百萬元，較二零零二年錄得之港幣三億八千五百萬元下降百分之五點五。

經營溢利率為百分之十點七，仍然維持在與去年相若之水平。

零售及分銷部門之經營溢利合共為港幣三億一千六百萬元（二零零二年：港幣三億二千萬元），佔本集團之經營溢利百分之八十六點八（二零零二年：百分之八十三點一）。於年度內，此部門之經營溢利率由二零零二年之百分之九點五提高至百分之九點八。

由於聯營公司之溢利大幅銳減，致使EBITDA比對去年同期下降百分之十六點三至港幣四億八千八百萬元（二零零二年：港幣五億八千三百萬元），EBITDA之利潤率則下降一百八十個基點至百分之十四點四（二零零二年：百分之十六點二）。

### Operating Expenses

Operating expenses, totaling HK\$1,348 million (2002: HK\$1,392 million), declined by 3.2 percent year-on-year. Distribution expense was trimmed by 2.4 percent, to HK\$970 million (2002: HK\$994 million), primarily due to a seven percent decline in shop staff cost. Such savings were partly offset by a slight increase in shop occupancy charge, brought about by trading area expansion during the fourth quarter. Retail floor area of directly managed stores increased to 650,000 square feet by the end of December 31, 2003 (2002: 599,000 square feet). Administrative expense fell 4.1 percent to HK\$141 million (2002: HK\$147 million). The decrease was largely resulted from cost saving measures initiated in the second quarter, in response to the difficult operating environments in the key markets caused by SARS.

Other operating expense fell to HK\$237 million in 2003, from HK\$251 million in 2002, down 5.6 percent year-on-year. The decline was partly attributable to a six percent decrease in advertising and promotion expenses. In 2004, management anticipates advertising and promotion expenses to return to a normal level.

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

Operating profit was HK\$364 million, down 5.5 percent from HK\$385 million registered in 2002.

Operating margin was 10.7 percent, remaining at the same level as that of the previous year.

Operating profit from the Retail and Distribution Division totaled HK\$316 million (2002: HK\$320 million), representing 86.8 percent (2002: 83.1 percent) of the Group's operating profit. During the year, operating margin for the Division improved from 9.5 percent in 2002 to 9.8 percent.

EBITDA amounted to HK\$488 million (2002: HK\$583 million), down 16.3 percent year-on-year, due to a steep decline in profits from associated companies. EBITDA margin fell 180 basis points to 14.4 percent (2002: 16.2 percent).

### 股東應佔溢利

股東應佔溢利合共港幣二億六千六百萬元（二零零二年：港幣三億二千八百萬元），比對去年同期下降百分之十八點九。聯營公司之應佔溢利下降百分之七十五點三，是由於本集團於韓國之主要聯營公司業務表現欠佳所致。

本集團之實際稅率由二零零二年之百分之二十四點五輕微減低至百分之二十三點三，而日後實際稅率將按本集團不同市場之溢利貢獻組合而浮動。

### 現金流量

經營業務之現金流入額增加至港幣四億九千八百萬元（二零零二年：港幣四億八千一百萬元）。此乃由於較低之經營溢利，因週期性採購所引致之較高應付賬款，及於二零零二年錄得較低之應收款所致。

投資業務之現金流出額為港幣四千二百萬元，遠較二零零二年所錄得之港幣一億五千萬元為低，此差異主要是二零零三年並無出現二零零二年為一間香港旗艦店支付港幣一億元訂金的情況。

融資活動之現金流出額由二零零二年之港幣二億六千八百萬元增加至港幣三億元，主要因為本集團在二零零三年派付股息較多，達港幣二億七千四百萬元（二零零二年：港幣二億零二百萬元）。本年度內，本集團並無新增銀行貸款，亦無償還銀行貸款，但在二零零二年則償還銀行貸款港幣七千一百萬元，並取得新增貸款港幣二千三百萬元。

### Profit Attributable to Shareholders

Profit attributable to shareholders, totaling HK\$266 million (2002: HK\$328 million), represented an 18.9 percent decline year-on-year. Share of profits of associated companies retreated by 75.3 percent, largely owing to the lackluster performance of our key associated company in Korea.

The Groups' effective tax rate decreased slightly to 23.3 percent, from 24.5 percent in 2002. Future effective tax rates will be dependent on the composition of profit contribution from the Group's various markets.

### Cash Flow

Cash inflow from operating activities increased to HK\$498 million (2002: HK\$481 million). This reflects the natural results of lower operating profit, higher payables due to cyclical purchases and lower receivables reported at the end of 2002.

Cash outflow for investing activities, amounting to HK\$42 million, was significantly lower than the HK\$150 million reported in 2002. The difference can be accounted for by the absence of a HK\$100 million deposit made towards a Hong Kong flagship store in 2002.

Cash outflow for financing activities increased to HK\$300 million from HK\$268 million in 2002, mainly due to larger dividends of HK\$274 million paid in 2003 (2002: HK\$202 million). During the year, there were no new bank borrowings or repayment of bank loans; which contrasted with the HK\$71 million repayment in bank loans and HK\$23 million of new loans in 2002.

## 本集團之財務狀況

於二零零三年十二月三十一日，本集團之現金及銀行存款為港幣八億五千萬元（二零零二年：港幣六億六千七百萬元）。

本集團營運資金由二零零二年之港幣八億六千一百萬元增加至港幣九億一千一百萬元，流動比率為二點五倍，與二零零二年年底之二點八倍相比，輕微減少。

於年底，本集團之存貨由二零零二年之港幣二億五千二百萬元減少至港幣二億二千二百萬元，而存貨對銷售流轉比率為二十四日，而二零零二年則為二十六日。由於管理層在較艱難的經營期間，實施降低存貨政策，故此存貨水平較平時為低，如二零零四年之營商環境回復理想，管理層將致力使存貨對銷售流轉比率回復至介乎二十八日至三十二日之目標。

於二零零三年十二月三十一日，本集團之總負債由二零零二年年底之港幣五億六千四百萬元增加至港幣六億八千五百萬元，反映因應季節性需求而進行較多之採購。股東權益與二零零二年年底港幣十七億九千四百萬元之水平相若，達港幣十七億九千九百萬元。根據股東權益而計算之資產負債比率為零點四倍（二零零二年：零點三倍）。

年內，本集團之資本性開支為港幣六千二百萬元，佔經營業務現金流入淨額百分之十二點四（二零零二年：百分之十六點六）。鑑於整體市場之消費意欲明顯改善，管理層預期二零零四年將會出現超逾港幣一億元之資本性開支。

於年底，本集團之融資信貸合共港幣四億二千一百萬元（二零零二年：港幣七億零四百萬元），當中港幣六千六百萬之循環貸款經已提用而尚未償還。於二零零三年十二月三十一日，本集團之或然負債為港幣四千三百萬元（二零零二年：港幣四千七百萬元），所有該等款項乃於正常業務運作中產生。

## GROUP FINANCIAL POSITION

At December 31, 2003, the Group had cash and bank deposits of HK\$850 million (2002: HK\$667 million).

The Group's working capital increased to HK\$911 million from HK\$861 million during 2003. Current ratio was 2.5 times, slightly decreased from the 2.8 times at the end of 2002.

At the end of the year, the Group's inventory totaled HK\$222 million, down from the HK\$252 million recorded in 2002. Inventory turnover on sales was 24 days, compared to 26 days in 2002. The lower than usual inventory was resulted from Management's strategy of keeping a leaner stock level during difficult operating period. Assuming a normal operating environment in 2004, Management will build inventory turnover back to the Group's target range of 28 to 32 days.

At December 31, 2003, total liabilities were HK\$685 million, up from HK\$564 million at the end of 2002, reflecting higher seasonal purchases. Shareholders' equity was HK\$1,799 million, almost the same as the HK\$1,794 million at the end of 2002. Gearing ratio based on shareholders' equity was 0.4 (2002: 0.3).

Capital expenditure during the year was HK\$62 million, representing a 12.4 percent (2002: 16.6 percent) of net cash inflow from operating activities. Management foresees a bigger maintenance capital expenditure exceeding HK\$100 million in 2004, in view of the improvements in consumer sentiments evident in all markets.

The Group had financing facilities totaling HK\$421 million at the end of the year (2002: HK\$704 million), of which HK\$66 million revolving loan facilities had been drawn and were outstanding. As at December 31, 2003, the Group had contingent liabilities of HK\$43 million (2002: HK\$47 million) incurred in the normal course of business.

## 部門業務概況

### 零售及分銷部門

零售及分銷部門之營業額為港幣三十二億二千一百萬元(二零零二年:港幣三十三億七千五百萬元),較二零零二年下降百分之四點六,而在非典型肺炎肆虐期間,中國、香港、台灣及新加坡等地之銷售均告疲弱。

年內,可比較門市之銷售額及可比較門市之毛利,比對去年同期分別減少百分之九點三及百分之七點七。

*Giordano*主系列之零售營業額較去年減少百分之三點二。年內,泰國、印尼及澳洲均錄得雙位數字增長。然而,中國大陸、香港、台灣及新加坡等主要市場之銷售情況疲弱,以致拖累整體表現。儘管如此,零售毛利率依然上升一百八十個基點,環顧所有市場,其中以日本之毛利率增長最高,泰國則緊隨其後。

與二零零二年相比,*Giordano Ladies*之營業額減少百分之十點九,而毛利率則減少三十個基點。銷售額及毛利率之減少主要是由於在第一季進行清貨減價行動及在第二季期間爆發非典型肺炎所致。*Giordano Ladies*在各市場之業務,於首半年度後回升,並於整個下半年度較去年同期持續增長。本集團計劃於二零零四年在中國大陸開設五間新店,雖然管理層暫時並無計劃於香港及台灣大量開設店舖,但仍會於本年度致力提升可比較門市之銷售額及利潤增長。

*Bluestar Exchange*之營業額比對去年同期下滑百分之五點四,而毛利率則維持於去年相若之水平。倘不計入關閉德國店舖所帶來之影響,*Bluestar Exchange*之營業額可錄得增長百分之三點二。

## DIVISIONAL OPERATIONS HIGHLIGHTS

### Retail and Distribution

Turnover from the Retail and Distribution Division totaled HK\$3,221 million (2002: HK\$3,375 million), 4.6 percent lower than that of 2002. The SARS afflicted period caused weak performances in China, Hong Kong, Taiwan and Singapore.

During the year, comparable store sales and comparable store gross profit declined by 9.3 percent and 7.7 percent year-on-year, respectively.

Retail turnover of *Giordano* core line was 3.2 percent lower than that of the previous year. During the year, Thailand, Indonesia, and Australia experienced double-digit growth. However, overall performance was dragged down by the dreary sales recorded in key markets of Mainland China, Hong Kong, Taiwan and Singapore. Retail gross margins, nonetheless, improved by 180 basis points. Among all markets, Japan experienced the best gross margin improvement during the year, closely followed by Thailand.

Turnover of *Giordano Ladies* dropped 10.9 percent while gross profit margins fell marginally by 30 basis points when compared to those of 2002. Sales and gross profit margins declines were mainly due to clearance activities in the first quarter, as well as the SARS outbreak in the second quarter. Business rebounded in all markets for *Giordano Ladies* after the first half, to achieve consistent year-on-year growth throughout the second half of the year. Five new Mainland China outlets are planned to be opened in 2004. No major store openings are planned for Hong Kong and Taiwan where focus will be on improving the comparable store sales and profit growth this year.

*Bluestar Exchange*'s turnover slipped 5.4 percent year-on-year while gross profit margins remained almost at last year's level. If the effect of the closure of German stores was excluded, *Bluestar Exchange*'s turnover would have reported a 3.2 percent increase.

## 製衣部門

製衣部門之營業額(包括分部間銷售)為港幣六億八千五百萬元(二零零二年:港幣七億五千九百萬元),較去年同期減少百分之九點七。毛利率輕微倒退九十個基點,多個市場之業務於非典型肺炎爆發期間明顯收縮,而業界過剩之生產力引致價格競爭激烈,毛利率因而下降。於期間內製衣部門之經營溢利下降至港幣四千二百萬元(二零零二年:港幣五千四百萬元)。

外來日本客戶之銷售額自第二季起,隨著非典型肺炎爆發迅即減少。雖然在下半年覓得新客源,惟新接之定單未能彌補在上半年度已失去之銷售額。

於二零零三年,製衣部門供應零售及分銷部門之採購需求約佔百分之二十八,這正好配合本集團的長遠發展方向,減低兩個部門分部間之銷售。

自年初開始,管理層致力於拓展歐洲新客戶。為向此等客戶提供更週到的服務,管理層已成立新的創作及設計部門,並由新近聘請具備經驗豐富的專才負責有關工作。

下表列示本集團製衣部門營業額之分項數字:

## Manufacturing

The Manufacturing Division's turnover, including inter-segment sales, amounted to HK\$685 million (2002: HK\$759 million), a 9.7 percent decrease over the previous year. Gross profit margins retreated slightly by 90 basis points. Business in many markets contracted noticeably during the SARS outbreak. Industry surplus capacity has led to severe price competition, resulting in lower margins. During the period, Manufacturing Division's operating profit fell to HK\$42 million (2002: HK\$54 million).

Sales to third-party Japanese customers dwindled dramatically since the second quarter, in tandem with the SARS outbreak. Although obtaining new customers in the second half; new orders did not fully make up for the lost sales in the first half.

In 2003, the Manufacturing Division provided about 28 percent of the Retail and Distribution's sourcing requirement, in line with the long term direction of reducing inter-segment transactions between the two divisions.

Since the start of the year, Management has been developing new client base from Europe. To better serve these customers, it has formed a new creative and design department, manned by newly recruited experienced professionals.

The following table shows a breakdown of our manufacturing turnover:

		2003	2002	2001	2000	1999
營業額(港幣百萬元)	Turnover (HK\$ millions)	685	759	727	727	565
<b>佔營業額之百分比:</b>	<b>Percentage of turnover to:</b>					
本集團	Group	76	72	70	72	65
第三者	Third parties					
日本	Japan	17	23	25	17	15
香港	Hong Kong	4	3	3	5	18
中國大陸	Mainland China	-	-	-	4	-
韓國	Korea	-	-	1	2	-
其他	Others	3	2	1	-	2

## 地區業務概況

鑑於第一季出現非季節性和暖天氣，而第二季亦因爆發非典型肺炎而導致顧客流量銳減，因此各個主要市場之銷售額受到嚴重打擊。然而，此等市場之銷售額在下半年均逐漸重上正軌。

### 中國大陸

## GEOGRAPHIC OPERATIONS HIGHLIGHTS

Sales in most key markets suffered badly from the non-seasonally warm winter in the first quarter and poor customer traffic brought about by the SARS epidemic in the second quarter. However, sales in these markets gradually caught up in the second half.

### Mainland China

		2003	2002	2001	2000	1999
銷售額(港幣百萬元)*	Sales (HK\$ millions) *	815	856	808	712	544
每平方呎銷售額(港元)**	Sales per square foot (HK\$) **	3,000	4,000	4,700	5,500	5,500
可比較門市之銷售額 (減少)/增加***	Comparable store sales (decrease)/increase ***	(13%)	-	-	6%	8%
零售面積(平方呎)****	Retail floor area (sq. ft.) ****	484,300	434,800	382,600	298,300	222,600
門市數目****	Number of outlets ****	581	532	461	357	253
售貨員數目*****	Number of sales associates *****	703	633	540	480	350

\* 包括售予特許專賣商之銷售淨額

\*\* 按加權平均基準計算之直接管理門市

\*\*\* 指於兩個作比較之財政年度內均開業十二個月之直接管理門市

\*\*\*\* 於十二月三十一日直接管理及特許專賣商門市總數

\*\*\*\*\* 於十二月三十一日之直接管理門市

\* Including net sales to authorized dealers

\*\* On weighted average basis for directly managed outlets

\*\*\* For directly managed outlets which were open for the full 12 months in each of the two fiscal years under comparison

\*\*\*\* Total directly managed and authorized dealer outlets as at December 31

\*\*\*\*\* For directly managed outlets as at December 31

營業額倒退百分之四點八至港幣八億一千五百萬元(二零零二年：港幣八億五千六百萬元)，每平方呎銷售額由二零零二年之港幣四千元下降至港幣三千元。非典型肺炎及其疫後之負面影響甚為深遠，加上天氣較遲轉冷，致使九月及十月份之銷售情況更為疲弱，但十一月及十二月份的氣溫驟降，而本集團及時推出適合時宜的貨品，因而令這兩個月份的銷售額出現強勁反彈。於本年度，本集團並沒參與同業所進行之清貨減價促銷活動，因此在二零零三年能夠維持毛利率不至受到影響。於二零零三年，本市場之毛利率擴大三百一十個基點。

由於黃金地段之租金仍然處於不合理高位，因此管理層為店舖物色新地點及重續租約時均採取審慎態度。於本年度內，本集團淨增加四十九間新店，當中有三十九間為主系列門市、三間為Junior門市及九間Bluestar Exchange門市。

Turnover retreated 4.8 percent to HK\$815 million (2002: HK\$856 million). Sales per square foot fell to HK\$3,000, from HK\$4,000 in 2002. The adverse effects of SARS and its aftermath were substantial. Belated cold weather dampened sales in September and October. Sales rebounded drastically in November and December on the back of cold temperatures and timely product launches. In the year, we chose not to join the industry-wide clearance sales and steadfastly defended our gross margins. In 2003, our gross margins expanded 310 basis points from the previous year.

Rental in prime locations remain at unreasonably high levels. Management has been prudent when committing new locations and renewing old leases. During the year, there was a net increase of 49 outlets, of which 39 were core line, three were Junior and nine were Bluestar Exchange.

香港

Hong Kong

		2003	2002	2001	2000	1999
銷售額 (港幣百萬元)	Sales (HK\$ millions)	697	776	760	788	682
每平方呎銷售額 (港元) *	Sales per square foot (HK\$) *	6,200	6,800	6,400	7,000	9,400
可比較門市之銷售額 (減少)增加 **	Comparable store sales (decrease)/increase **	(15%)	3%	(8%)	(5%)	8%
零售面積 (平方呎) ***	Retail floor area (sq. ft.) ***	112,100	116,400	114,200	127,300	100,000
門市數目 ***	Number of outlets ***	75	73	72	74	61
售貨員數目 ***	Number of sales associates ***	486	537	462	514	441

\* 按加權平均基準計算

\*\* 指於兩個作比較之財政年度內均開業十二個月之門市

\*\*\* 於十二月三十一日

\* On weighted average basis

\*\* For outlets which were open for the full 12 months in each of the two fiscal years under comparison

\*\*\* As at December 31

營業額減少至港幣六億九千七百萬元(二零零二年：港幣七億七千六百萬元)，比對去年同期下降百分之十點二。*Bluestar Exchange*成績超越其他系列，銷售比對去年同期達致增長。全線各個系列除了*Bluestar Exchange*外，毛利率均告上揚。為鞏固*Bluestar Exchange*貨品物有所值的定位，本集團於二零零三年內進一步調低價格。此毛利率之調控有助*Bluestar Exchange*即使受到非典型肺炎之影響，仍能爭取更大的市場佔有率。

在各個受非典型肺炎打擊的市場中，以倚重旅遊業的香港所受之影響最深，為應付如此嚴峻的考驗，管理層迅速應變，立即收緊存貨量，並在可行情況下節省或控制營運成本，及著重推出毛利率較高的貨品。

由於推出之貨品大受歡迎以及整體毛利得以提升，因此下半年之溢利顯著回升。

Turnover fell to HK\$697 million (2002: HK\$776 million), representing a 10.2 percent year-on-year decline. *Bluestar Exchange* outstood the other lines and achieved a year-on-year sales growth. All lines experienced gross margin enhancement, except *Bluestar Exchange*. To solidify *Bluestar Exchange*'s value-for-money positioning, further price reductions were introduced during 2003. The managed decrease in gross margins has helped *Bluestar Exchange* capture a larger market share in Hong Kong despite the SARS epidemic.

Among all the SARS-afflicted markets, Hong Kong was the worst hit due to its heavy reliance on tourism. Management responded by tightening inventory; cutting or containing operating costs wherever possible; and emphasizing on high-margin products.

Profitability recovered in the second half of the year, mainly led by successful product launches and better overall margins.

台灣

Taiwan

		2003	2002	2001	2000	1999
銷售額 (港幣百萬元)	Sales (HK\$ millions)	604	677	746	871	953
每平方呎銷售額 (港元) *	Sales per square foot (HK\$) *	2,600	2,900	3,600	5,500	6,000
可比較門市之銷售額 (減少)增加**	Comparable store sales (decrease)/increase **	(13%)	(15%)	(14%)	(4%)	31%
零售面積 (平方呎) ***	Retail floor area (sq. ft.) ***	241,500	232,900	232,400	184,500	165,700
門市數目 ***	Number of outlets ***	195	182	181	159	178
售貨員數目 ***	Number of sales associates ***	794	773	763	826	827

\* 按加權平均基準計算

\*\* 指於兩個作比較之財政年度內均開業十二個月之門市

\*\*\* 於十二月三十一日

\* On weighted average basis

\*\* For outlets which were open for the full 12 months in each of the two fiscal years under comparison

\*\*\* As at December 31

營業額合共港幣六億零四百萬元 (二零零二年：港幣六億七千七百萬元)，比對去年下降百分之十點八。本年度所有系列之毛利率較去年低。為要配合店舖組合改良計劃，若干表現未如理想之主系列店舖已於本年度內關閉，而處於較好位置的新店則於本年度最後兩個月內增加，因此對於全年之整體表現，暫時未能作出任何實質貢獻。而其他可比較店舖於最後一季之溢利，則有明顯改善。

雖然銷售額及毛利率於本上半年度下降，但透過改善之存貨管理，更協調之新貨推介，及於二零零三年初開始之全球貨品發展平台，主系列之整體表現在下半年度重新獲得動力。管理層有信心台灣業績之回升將會持續。

於二零零三年，Giordano Ladies錄得銷售額及毛利率下降，主要由於本年度上半年大幅減價所致，而在非典型肺炎疫情過後，銷售額回升，情況令人滿意。透過強化當地之管理隊伍及關閉表現未如理想之店舖，Giordano Ladies已準備就緒於二零零四年取得更好之業績。

與香港情況相若，Bluestar Exchange自二零零三年最後一季起，已在台灣取得更大的市場佔有率。

Turnover totaled HK\$604 million (2002: HK\$677 million), down 10.8 percent from a year ago. All lines ended the year with lower gross margins than those of the previous year. In a bid to enhance the shop portfolio, some non-performing core line stores were closed during the year. Better located stores were added back to our shop portfolio in the last two months of the year and therefore did not meaningfully contribute to the full year figures. Productivity of the remaining comparable shops improved significantly in the last quarter.

Although sales and gross margins declined in the first half of the year, overall performance of the core line gained momentum in the second half on the back of improved inventory management, better coordinated product launches, as well as leveraging on the global product development platform initiated at the outset of 2003. Management is confident that the current recovery is sustainable.

Giordano Ladies saw lower sales and gross margins in 2003, mainly attributable to steep discounts offered in the first half of the year. Sales rebounded satisfactorily after SARS. With the strengthening of its local management team and termination of the non-performing counters, Giordano Ladies is set to deliver better results in 2004.

Similar to Hong Kong, Bluestar Exchange in Taiwan has begun capturing a larger market share during the last quarter of 2003.

新加坡

Singapore

		2003	2002	2001	2000	1999
銷售額 (港幣百萬元)	Sales (HK\$ millions)	348	372	330	349	349
每平方呎銷售額 (港元) *	Sales per square foot (HK\$) *	7,700	9,000	9,700	13,300	13,800
可比較門市之銷售額 (減少)增加**	Comparable store sales (decrease)/increase **	(14%)	(7%)	(13%)	(5%)	48%
零售面積 (平方呎) ***	Retail floor area (sq. ft.) ***	43,600	46,000	37,800	32,400	24,400
門市數目 ***	Number of outlets ***	43	49	44	35	27
售貨員數目 ***	Number of sales associates ***	279	320	278	254	228

\* 按加權平均基準計算

\*\* 指於兩個作比較之財政年度內均開業十二個月之門市

\*\*\* 於十二月三十一日

\* On weighted average basis

\*\* For outlets which were open for the full 12 months in each of the two fiscal years under comparison

\*\*\* As at December 31

營業額減少百分之六點五至港幣三億四千八百萬元(二零零二年:港幣三億七千二百萬元)。本年度上半年由於伊拉克戰事與非典型肺炎對消費意欲造成負面影響,加上同業在非典型肺炎疫情過後作出大量減價促銷,致使本集團於二零零三年面對最困難的一年。本年度內,除了第四季因積極推廣而令銷售額上升外,首三季之銷售額比對去年同期均告下跌。可比較門市之銷售額進一步惡化至百分之十四(二零零二年:負百分之七)。儘管如此,管理層相信最近所調整之新加坡市場競爭策略,應會令二零零四年之表現更強勁。

Turnover fell 6.5 percent to HK\$348 million (2002: HK\$372 million). Due to the negative consumer sentiment brought about by the Iraq War and SARS in the first half of the year and heavy industry-wide price promotions post-SARS, we experienced one of the toughest years in 2003. During the year, the first three quarters reported year-on-year sales decline while the fourth quarter saw sales lifted by more aggressive promotions. Comparable store sales further deteriorated by 14 percent (2002: -7 percent). Management, nonetheless, feels comfortable that the recent modifications to our competitive strategy in Singapore should yield stronger performance in 2004.

### 其他市場

年內，本集團其他市場之銷售額及毛利率與去年同期比較均錄得可觀之增長。總括而言，此等市場漸漸成為本集團之營業額及溢利之重要貢獻者。於二零零三年，此等市場合共佔本集團之總零售及分銷營業額百分之十三點八，比對二零零二年之百分之九點五。

### Other Markets

During the year, the Group's other markets realized considerable year-on-year sales and gross margins improvement. In aggregate, these markets are becoming increasingly noteworthy contributors to the Group's turnover and profit. In 2003, these markets accounted for 13.8 percent of the Group's total retail and distribution turnover, compared to 9.5 percent in 2002.

(以港幣百萬元為單位)	(In HK\$ millions)	澳洲 Australia	馬來西亞 Malaysia	印尼 Indonesia	泰國 Thailand	日本 Japan	合計 Total
二零零三年	2003	149	114	90	64	28	445
二零零二年	2002	98	114	46	38	25	321
比對去年同期增加	Year-on-year increase	52.0%	-	95.7%	68.4%	12.0%	38.6%

### 澳洲

澳洲繼於二零零二年下半年達至收支平衡後，持續錄得強勁業績增長。於二零零三年，銷售額增長達百分之五十二至港幣一億四千九百萬元（二零零二年：港幣九千八百萬元）。倘不計入匯兌之有利影響，銷售額則較去年增加百分之二十六點五。可比較門市之銷售額上升百分之十八點九，而毛利率則增加三百六十個基點。於十一月期間，有三間新店舖開設，繼而在十二月，再增設一間，致使年底店舖總數為三十四間。約五家新店舖已安排在二零零四年內開設。

### Australia

After breaking even in the second half of 2002, Australia continued to deliver strong results. In 2003, sales advanced 52.0 percent to HK\$149 million (2002: HK\$98 million). If foreign exchange gains were excluded, sales would still have grown by 26.5 percent over the previous year. Comparable store sales were up 18.9 percent while gross margins improved by 360 basis points. Three new stores were added in November and one more was opened in December, to bring the total store count to 34 by the end of the year. About five new stores are earmarked for 2004.

由於營運隊伍經驗日漸豐富，再配合本集團的資訊系統，以及對當地消費者品味之了解，預期二零零四年之增長動力將會持續。

In 2004, growth momentum will continue based on a maturing operations team, the installation of Group's information system, and knowledge gained of the local customers' preferences.

### 日本

銷售額對比去年，增長百分之十二。倘不計入匯兌帶來之有利影響，銷售額仍增加百分之六點八。為發揮Giordano之強項以及針對日本獨特的營商環境，本集團於年度內改組店舖組合，透過逐步減少店舖面積，以提升營運效率。

### Japan

Sales grew 12.0 percent year-on-year, or 6.8 percent when positive foreign exchange impact was excluded. Shop portfolio was revamped during the year to reflect Giordano's strength and the unique operating environment of Japan. Efficiency was achieved through gradual reduction of store size.

年內，淨新增設之門市合共六間，使於二零零三年十二月三十一日之店舖總數達致十三間，每平方呎之銷售額上升百分之十二點五；而每平方呎之毛利更大幅飆升。管理層計劃於二零零四年另外增設十間門市。

During the year, there was a net opening of six outlets, taking store count to 13 as at December 31, 2003. Sales per square foot rose by 12.5 percent while gross profit per square foot surged even more dramatically. Management plans to open another 10 outlets in 2004.

## 合營公司

### 韓國

由於競爭白熱化及自二零零二年年底以來，韓國的銀行加強控制動用信貸所引致之疲弱消費，令銷售額較去年再下跌百分之二十四點六。經常以減價促銷，亦導致毛利率下降若干百分點。由於百貨公司的業主提高銷售佣金率，場地支出亦相對增加。面對高舖租及銷售額下降，使溢利比對去年同期，以雙位數字下跌。

### 中東

營業額較去年增加百分之十二點一，主要由於新增店舖。年內，已新增十八間店舖。由於伊拉克戰爭及恐怖襲擊警戒之威脅，區內之零售市道受到嚴重影響。但長遠而言，本集團預期該區之發展將會仍然興旺。本集團的店舖組合與品牌地位將可在中東市場預期出現之復蘇時，奠下穩固基礎。

## 人力資源

於二零零三年十二月三十一日，本集團僱員人數約為七千九百名（二零零二年：八千名）。本集團向大部份高級管理人員授予購股權，作為獎勵及挽留優秀幹練管理層人才之方法。此外，本集團亦向各級員工提供優厚薪酬，更發放按目標為本計算之花紅。

## Joint Ventures

### Korea

Hurt by heated competition and weak consumer spending resulting from the clamp down on credit spending since the end of 2002, turnover fell another 24.6 percent over the year before. Frequent mark-downs have also caused gross margins to fall by a couple of percentage points. Occupancy costs at department stores increased due to higher commission rates charged by the department store owners. Higher occupancy costs, coupled with falling sales productivity, were responsible for profits dropping by a double-digit year-on-year.

### Middle East

Turnover grew by 12.1 percent, compared to the year before, on new store openings. During the year, 18 new outlets were opened. War in Iraq and frequent terrorism alerts have hurt retail sentiment in the region. The longer term prospect of the region, in our assessment, remains upbeat. Our shop portfolio and brand position will give us a strong foundation for the anticipated recovery there.

## HUMAN RESOURCES

On December 31, 2003, the Group had approximately 7,900 employees (2002: 8,000). The Group offers share options to majority of the senior managers as means to reward and retain a high caliber management team. Competitive remuneration packages and goal-oriented bonuses are also paid to different levels of staff.

## 展望

管理層對中期的全球經濟前景感到樂觀，並相信二零零四年本集團將可收復失地及有增長的一年。由於預期消費意欲之恢復，管理層於二零零四年之目標為提升銷售額及增加溢利。管理層已為各市場制定合適的策略。

1. 從中期而言，中國大陸將繼續成為本集團主要收入來源。管理層相信政府有能力可維持經濟在二零零四年及往後繼續取得高增長。除上海之旗艦店外，分布全國各地之店舖將進行大規模翻新工程計劃。
2. 香港方面，自二零零三年第四季起，經濟開始恢復生機，主要由物業市場及股票市場暢旺所帶動，而香港特別行政區與中央政府簽訂更緊密經貿關係安排，使前景更為樂觀。本集團一方面歡迎本地消費意欲得以改善，但另一方面亦關注到投機因素會使經營成本上漲，因而損害脆弱的經濟復蘇。本集團於香港的策略為將積極提升 *Giordano* 之品牌形象。
3. 台灣在實施經年之市場策略後，銷售額下降之趨勢得以扭轉。管理層對於年內所進行之若干內部調整能有效地取得的成效感到欣慰。但於第一季舉行之總統大選結果，將可能對隨後之經濟構成重大影響。然而，經過考慮到這不明朗因素後，管理層仍計劃於二零零四年增加約三十間主系列的新店舖，及約有十二間 *Bluestar Exchange* 新門市。
4. 於新加坡方面，由於普遍削減工資，以及最近增加之商品及服務稅，預期消費力銳減。面對挑戰重重之環境，管理層將透過劃分市場，及致力於改善其服務及品牌，使有別於其他競爭者。

## OUTLOOK

Management is optimistic of the medium term global economic outlook and believes 2004 will be a year of rejuvenation and growth for the Group. On the back of anticipated reviving consumer sentiments, Management will aim for higher sales and profit growth in 2004. Management had formulated customized strategies for its markets.

1. In the medium term, Mainland China continues to be the Group's major earnings driver. Management believes the government has the ability to manage sustainable and high level of economic growth for 2004 and beyond. Besides the flagship store in Shanghai, major refurbishment program will be implemented throughout the country.
2. In Hong Kong, the economy has started to revive since the fourth quarter of 2003, mainly driven by the more robust property and stock markets. Optimism has also returned upon the signing of the Closer Economic Partnership Arrangement between the HKSAR and the Chinese central government. On the one hand, we welcome the improved sentiment in the territory but on the other hand, we share the concern that speculative forces may inflate operating costs thus hurting the fragile economic recovery. Our strategy in Hong Kong will focus on rigorously enhancing *Giordano's* brand image.
3. After implementing the year long marketing strategies in Taiwan, the falling sales trend has now been rescued. Management is also pleased with the effectiveness of certain internal changes made during the year. However, the result of the presidential election in the first quarter may have an important influence on how the economy may be headed for the balance of the year. Even taking this uncertainty into consideration, Management plans to add 30 new core line stores and 12 new *Bluestar Exchange* outlets this year.
4. In Singapore, consumption is expected to be dampened by the wide-spread wage cuts and the recent Goods and Services Tax hike. In view of the challenging environment, Management will focus on service and brand differentiation, and market segmentation.

5. 二零零四年韓國的經濟展望仍未明朗。然而本集團相信當地經濟已走出谷底。於二零零三年末，當地已採用全球資訊科技平台，管理層更能妥善地管理銷售業務及存貨，並可促進與其他市場的緊密合作。因資訊系統可更有效地管理貨品需求週期，減價促銷的行動大可減少。管理層計劃於二零零四年開設約二十間主系列店舖。
6. 日本的業務發展現已納入正軌。新經營模式運作良好，而經營虧損亦為預算內。管理層將集中發展關西地區之業務。隨著經濟復蘇、銷售策略之改善及進取的管理隊伍，預期今年下半年可達致收支平衡。
5. Outlooks for the Korean economy in 2004 are mixed. However, we do believe that the worst for the economy is over. After adopting the Global Information Technology platform in late 2003, Management will be able to better manage their sales and inventory and to work closely with other markets. Markdowns will be greatly curtailed by better production cycle management made available in the information system. In 2004, Management plans to open about 20 core line stores.
6. Development in Japan is on the right track. The new operating model appears to be working well and operating losses are within budget. Management will focus development in the Kansai area in the near term. With the recovering economy, better sales strategy, and an aggressive management team, the operation is projected to breakeven during the second half of the year.