

管理層之論述及分析

本集團經營業績

營業額

本集團於本年度首六個月之總營業額為港幣二十一億五千二百萬元(二零零四年：港幣十八億五千八百萬元)，對比去年同期上升百分之十五點八。

於期內，零售及分銷部門之營業額為港幣十九億五千三百萬元(二零零四年：港幣十七億三千九百萬元)，較去年同期增長百分之十二點三。與去年同期相比，雖然可比較門市之銷售額輕微下跌百分之零點三，惟其毛利則較去年同期增長百分之二點五。

下表顯示本集團按地區劃分之銷售及分銷營業額。中國大陸、香港及台灣之銷售均受到三、四月反常之寒冷天氣所影響；惟澳洲、泰國及日本等規模較小的市場均錄得強勁增長，緩和了上述市場銷情稍遜之影響。

零售及分銷部門

營業額

(以港幣百萬元為單位)

	Turnover (In HK\$ millions)	截至六月三十日止六個月 Six months ended June 30		百分比轉變 Percentage change
		2005	2004	
中國大陸	Mainland China	\$ 464	\$ 420	10.5%
香港	Hong Kong	412	384	7.3%
台灣	Taiwan	391	341	14.7%
新加坡	Singapore	205	195	5.1%
其他市場及 分銷銷售額	Other Markets & Distribution Sales	481	399	20.6%
合計	Total	\$1,953	\$1,739	12.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF GROUP OPERATIONS

Turnover

The Group's total turnover for the first six months of the year was HK\$2,152 million (2004: HK\$1,858 million), an increase of 15.8 percent year-on-year.

During the period, turnover of the Retail and Distribution Division amounted to HK\$1,953 million (2004: HK\$1,739 million), increasing by 12.3 percent year-on-year. While comparable store sales declined slightly by 0.3 percent, comparable store gross profit grew by 2.5 percent over the same period last year.

The following table shows the Group's Retail and Distribution turnover by region. Sales in Mainland China, Hong Kong and Taiwan were all affected by the unseasonably cold weather in March and April. However, this was partly offset by strong growth in our smaller markets, particularly Australia, Thailand and Japan.

Retail and Distribution Division

中國大陸之營業額對比去年同期增加百分之十點五至港幣四億六千四百萬元(二零零四年：港幣四億二千萬元)。當地及外地品牌不斷加強各方面實力，令業內競爭更趨激烈。當地規模較小之零售業經營者備受巨壓，而本集團預期中國零售業將於未來數年出現大型整合。我們深信改善毛利收益至為重要，並將重新訂定擴張策略，讓本集團在整合浪潮中得以鞏固我們的市場地位。目前我們雖不可能確定未來數月之新店數目，但本集團仍積極尋找擴展機會。

香港之零售銷售額對比去年同期上升百分之七點三至港幣四億一千二百萬元(二零零四年：港幣三億八千四百萬元)。零售銷售額的上升大致跟隨整體經濟走勢，二零零五年第一季本地生產總值增加百分之六，而上半年零售銷售額則增加百分之七點九。然而，由於市場普遍認為零售業經已復蘇，本集團面對遠超乎經濟及零售銷售額增長之租金飆升的壓力。管理層認為當前的租金水平並不合理，且不會持續下去。

台灣之零售銷售額增加百分之十四點七至港幣三億九千一百萬元(二零零四年：港幣三億四千一百萬元)，新台幣表現強勁亦為原因之一。按當地貨幣計算，期內銷售額錄得百分之八的按年增長，部分是由於在二零零四年進行之市場推廣及內部重整工作奏效並取得成績，以及由於持續溫和之經濟增長。台灣本年第一季經濟比去年同期增長百分之二點五。

Turnover in Mainland China increased 10.5 percent year-on-year to HK\$464 million (2004: HK\$420 million). Competitive pressure intensified significantly, with both domestic and foreign brands stepping up their efforts on all fronts. This has put tremendous stress on the smaller local retail operators, and we expect the Chinese retail sector to undergo massive consolidation in the coming years. While we continue to believe enhancement of gross margins is important, we will re-evaluate our expansion strategy to capitalize on the expected wave of consolidation. Although it is not possible to quantify the exact number of new shops in the next few months with certainty, we will vigorously look at expansion possibilities.

Retail sales in Hong Kong rose 7.3 percent year-on-year to HK\$412 million (2004: HK\$384 million). This is generally in line with the overall economic trend, which saw GDP growing by 6.0 percent during the first quarter and retail sales growing by 7.9 percent in the first half of 2005. However, as a result of the general perception of the recovery in the retail sector, we have experienced a rapid escalation of rentals that has substantially out-paced both economic and retail sales growth. Management is of the view that the present rental environment is unreasonable and will not be sustained.

Taiwan's retail sales increased by 14.7 percent to HK\$391 million (2004: HK\$341 million), partly on the strength of the New Taiwan Dollar. In local currency terms, sales in the period rose by 8.0 percent year-on-year, attributable partly to the marketing and internal re-engineering efforts that we had made during 2004, and partly to continued moderate economic growth, which saw the Taiwan economy growing by 2.5 percent year-on-year in the first quarter.

新加坡經濟於二零零五年第一季增長放緩，但於第二季則見加快增長步伐，致使上半年經濟整體增長百分之四。市場消費氣氛及零售業亦喜見相若勢頭。本集團於新加坡之零售銷售額由二零零四年上半年之港幣一億九千五百萬元增至港幣二億零五百萬元，對比去年同期上升百分之五點一。

至於澳洲、馬來西亞、印尼、泰國及日本之銷售增長則保持強勁，其中澳洲、泰國及日本更錄得雙位數字之銷售增長。上述五個市場之銷售額對比去年同期上升百分之十五點三。

由於整個亞太區內經濟持續復蘇，全線業務均見改善。*Giordano*主系列及*Giordano Junior*之零售及批發營業額達港幣十六億九千八百萬元，較過往同期之港幣十五億一千三百萬元上升百分之十二點二。*Giordano Ladies*之營業額增加百分之十三點五至港幣八千四百萬元（二零零四年：港幣七千四百萬元）。*Bluestar Exchange*之營業額上升百分之十二點五至港幣一億七千一百萬元，二零零四年則為港幣一億五千二百萬元。

受惠於韓國之強勁表現，韓國之零售銷售增長至港幣四億七千八百萬元，較二零零四年上半年之港幣四億二千一百萬元增長百分之十三點五。按當地貨幣計算，雖然上半年度之銷售錄得百分之二點四之按年跌幅，但毛利率卻上升五點三個百分點。韓國業務之盈利貢獻由二零零四年上半年之港幣三百萬元增加至二零零五年上半年之港幣九百萬元。由於本集團採納了香港會計準則第三十一號「合營項目投資」，韓國業務可以按比例綜合入賬，但本集團為保持連貫性，選擇繼續採用權益法入賬。

Growth of the Singapore economy slowed in the first quarter but the pace picked up in the second quarter so that the economy grew by 4.0 percent in the first half overall. Consumer sentiment and retail sales exhibited a similar trend. The Group's retail sales in Singapore grew to HK\$205 million, up 5.1 percent year-on-year from HK\$195 million in the first half of 2004.

Sales growth in Australia, Malaysia, Indonesia, Thailand and Japan remained strong. In particular, Australia, Thailand and Japan all saw double-digit sales growth. Sales in these five markets together increased by 15.3 percent year-on-year.

Business of all lines improved on the back of continued business recovery throughout the Asia Pacific region. Retail and wholesale turnover of *Giordano* core line and *Giordano Junior* amounted to HK\$1,698 million, up 12.2 percent from last period's HK\$1,513 million. Turnover of *Giordano Ladies* grew 13.5 percent to HK\$84 million (2004: HK\$74 million). *Bluestar Exchange's* turnover grew 12.5 percent to HK\$171 million, compared to HK\$152 million in 2004.

Retail sales in Korea grew to HK\$478 million, up 13.5 percent year-on-year from HK\$421 million in the first half of 2004 on the strength of the Korean Won. Although sales in the first half actually declined by 2.4 percent year-on-year in local currency terms, gross margins improved by 5.3 percentage points. Korea's profits contribution rose from HK\$3 million in the first half of 2004 to HK\$9 million in the first half of 2005. As a result of the adoption of Hong Kong Accounting Standard 31 "Investments in Joint Ventures", our Korean operations became eligible for proportionate consolidation, but in the interest of consistency, we opted to continue using the equity method.

貿易及製造部門

貿易及製造部門之營業額(包括分部間之銷售)激增百分之二十八點四至港幣五億二千萬元(二零零四年:港幣四億零五百萬元)。期內,本集團為早於二零零四年簽下的新客戶付諸發貨,故對第三者之銷售額為港幣一億九千九百萬元,較二零零四年同期錄得之港幣一億一千九百萬元上升百分之六十七點二。因此,對第三者之銷售額佔該部門銷售額百分之三十八點三(二零零四年:百分之二十九點四),而對內銷售額則佔分部銷售額百分之六十一點七(二零零四年:百分之七十點六)。於期內,貿易及製造部門則供應本集團百分之三十一點三(二零零四年:百分之二十九點一)的商品訂單。該部門對本集團之經營溢利之貢獻為港幣三千二百萬元(二零零四年:港幣三千四百萬元),佔本集團之綜合經營溢利百分之十三(二零零四年:百分之十四點六)。

毛利率

於上半年內,本集團之毛利率為百分之五十點九,對比二零零四年同期之百分之五十上升零點九個百分點。由於銷售額及毛利率有所增長,本年度首六個月之毛利上升百分之十八至港幣十億零九千六百萬元(二零零四年:港幣九億二千九百萬元)。

於期內,零售及分銷部門之毛利率較去年同期改善二點一個百分點;惟貿易及製造部門之毛利率則因全球紡織品及成衣產能過度膨脹所觸發之激烈競爭而較去年同期下跌一點九個百分點。零售及分銷部門毛利率之改善,反映市場對本集團持續進行之品牌建立工作反應理想以及本集團審慎存貨管理奏效。

Trading and Manufacturing Division

Turnover of the Trading and Manufacturing Division, including intra-group sales, jumped 28.4 percent to HK\$520 million (2004: HK\$405 million). Third-party sales were HK\$199 million (2004: HK\$119 million), up 67.2 percent year-on-year due to shipments to new clients signed up in 2004. Third-party sales accounted for 38.3 percent (2004: 29.4 percent) while sales to Group companies accounted for 61.7 percent of divisional sales (2004: 70.6 percent). The Trading and Manufacturing Division in turn supplied 31.3 percent of the Group's merchandize requirements (2004: 29.1 percent) during the period. It contributed HK\$32 million (2004: HK\$34 million) to the Group's operating profit, representing 13.0 percent (2004: 14.6 percent) of the Group's consolidated operating profit.

Gross Margins

During the first half of the year, the Group achieved gross margin of 50.9 percent, up 0.9 percentage point compared with 50.0 percent in the same period in 2004. On the back of sales and gross margin advancement, gross profits for the first six months of the year rose 18.0 percent to HK\$1,096 million (2004: HK\$929 million).

During the period, gross margin of the Retail and Distribution Division improved by 2.1 percentage points year-on-year; while that of the Trading and Manufacturing Division declined by 1.9 percentage points from last year's level owing to stiff competition arising from the global excess in textile and garment production capacity. Improvement in Retail and Distribution Division's gross margin reflected a favorable response to the Group's continued branding efforts, as well as prudent inventory management.

經營費用

經營費用對比去年同期增加百分之二十點九至港幣八億九千五百萬元(二零零四年：港幣七億四千萬元)，主要是由於租金及店舖員工薪酬成本因開設新店舖而增加所致。本集團之門市數目由二零零四年六月三十日之一千四百四十七間增至二零零五年六月三十日之一千六百零九間，升幅達百分之十一點二。此外，隨著普遍認為區內經濟復蘇，租金與店舖員工薪酬成本均面對上漲壓力，其中以香港尤甚。

經營溢利及未計利息、稅項、折舊及攤銷費用之盈利(EBITDA)

本集團經營費用(尤其是租金開支及員工薪酬成本)之增加抵銷了部分營業額與毛利率之增長。因此，經營溢利只增加百分之五點六至港幣二億四千六百萬元(二零零四年：港幣二億三千三百萬元)；而二零零五年上半年之經營溢利率則由二零零四年同期之百分之十二點五降至百分之十一點四。與去年同期比較，EBITDA之利潤率亦由二零零四年上半年之百分之十五點八降至本年度百分之十五點二。

股東應佔溢利

股東應佔溢利為港幣一億八千七百萬元，較二零零四年同期呈報之港幣一億六千九百萬元增長百分之十點七。本集團分佔共同控制公司之溢利達港幣一千萬元，主要是由於韓國業務復蘇所致。由於中東業務增長強勁，本集團應佔聯營公司之溢利亦達港幣五百萬元。

由於具較高企業所得稅率之市場對本集團溢利的貢獻增加，實際稅率由二零零四年百分之二十一點九上升至百分之二十三點六。

現金流量

經營業務所得之現金淨額維持於去年港幣一億四千八百萬元之水平。投資業務支用之現金淨額為港幣二千七百萬元，較二零零四年同期減少港幣一千六百萬元。源自銀行之利息及自共同控制公司和聯營公司收取之股息共港幣一千九百萬元。於期內，資本開支佔投資業務所用現金為港幣四千八百萬元。

Operating Expenses

Operating expenses increased 20.9 percent year-on-year to HK\$895 million (2004: HK\$740 million), largely due to increases in rental and shop staff costs. The increase is partly attributable to new store openings, which saw the number of outlets rising by 11.2 percent from 1,447 outlets as at June 30, 2004 to 1,609 outlets as at June 30, 2005. In addition, perceived economic recovery in the region has also subjected rentals and shop staff costs to increasing upward pressure, especially in Hong Kong.

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

The gains that we made in turnover growth and gross margin expansion were partially offset by the increase in operating expenses, especially in rental expenses and staff costs. As a result, operating profit increased only by 5.6 percent to HK\$246 million (2004: HK\$233 million) while operating margin declined to 11.4 percent in the first half of 2005 from 12.5 percent in 2004. EBITDA margin also showed year-on-year decline from 15.8 percent recorded in the first half of 2004 to 15.2 percent this year.

Profit Attributable to Shareholders

Profit attributable to shareholders amounted to HK\$187 million, growing 10.7 percent from HK\$169 million reported for the same period in 2004. Share of profits of jointly controlled entities amounted to HK\$10 million, attributable largely to the recovery in our Korean operations, while good growth in our Middle East operations accounted for the HK\$5 million in profits from an associated company.

The effective tax rate increased to 23.6 percent (2004: 21.9 percent), reflecting increased profit contribution from markets with higher corporate tax rates.

Cash Flows

Net cash generated from operating activities remained at last year's level of HK\$148 million. Net cash used for investing activities was HK\$27 million, a decrease of HK\$16 million over the same period in 2004. Interest received from banks and dividends received from a jointly controlled entity and an associated company amounted to HK\$19 million. Capital expenditure during the period accounted for HK\$48 million of the use of cash for investing activities.

融資業務支用之現金淨額由二零零四年上半年之港幣二億三千四百萬元減至港幣一億六千萬元，淨減少為港幣七千四百萬元。在本年度上半年，本集團向股東派付股息為港幣二億六千萬元，而去年同期支付股息則為港幣二億三千八百萬元。於期內，因行使購股權附帶權利而發行股份所集得款項共港幣一億一千萬元，而二零零四年上半年則為港幣一千五百萬元。

流動現金及資金來源

於二零零五年六月三十日，現金及銀行結餘達港幣七億二千七百萬元（二零零四年十二月三十一日：港幣七億五千二百萬元），而總負債為港幣六億七千四百萬元（二零零四年十二月三十一日：港幣六億八千四百萬元）。於呈報期間末，股東應佔權益為港幣二十億零一百萬元（二零零四年十二月三十一日：港幣十九億五千四百萬元）。

於二零零五年六月三十日，本集團之貿易融資及循環貸款額為港幣三億八千九百萬元，與二零零四年十二月三十一日相若，其中港幣八千萬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六千八百萬元（二零零四年十二月三十一日：港幣五千二百萬元），所有或然負債乃於日常業務運作中產生。

人力資源

於二零零五年六月三十日，本集團約有一萬名僱員（二零零四年十二月三十一日：九千名僱員）。為獎勵及保留優秀幹練管理層人才，本集團向若干高級行政人員提供優厚之花紅獎勵計劃；同時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。本集團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。

Net cash used for financing activities decreased to HK\$160 million, from HK\$234 million in the first half of 2004, a net decrease of HK\$74 million. In the first half of the year, HK\$260 million of dividends were paid to shareholders, compared to HK\$238 million paid in the previous same period. During the period, proceeds from the issue of shares upon the exercise of rights attached to share options were HK\$110 million, compared to HK\$15 million in the first half of 2004.

Liquidity and Capital Resources

As at June 30, 2005, total cash and bank balances amounted to HK\$727 million (December 31, 2004: HK\$752 million), and total liabilities were HK\$674 million (December 31, 2004: HK\$684 million). At the end of the reporting period, shareholders' equity was HK\$2,001 million (December 31, 2004: HK\$1,954 million).

As at June 30, 2005, the Group had trade finance and revolving loan facilities amounting to HK\$389 million, unchanged from December 31, 2004, of which HK\$80 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\$68 million (December 31, 2004: HK\$52 million), which had all been incurred in the normal course of business.

HUMAN RESOURCES

As of June 30, 2005, the Group had approximately 10,000 employees (December 31, 2004: 9,000 employees). Besides offering incentive bonus schemes to certain senior executives as a means to reward and retain a high caliber management team, the Group also provides competitive remuneration packages and goal-oriented bonuses to different level of staff. Discretionary bonuses and share options may also be granted to the eligible employees based on the Group's and the individual's performance.

展望

管理層對二零零五年餘下時間之前景仍感樂觀。租金及員工成本全面上升對本集團構成重大挑戰。管理層認為當前租金水平之高勢難維持下去，並相信租金上漲情況將於二零零六年年中放緩。本集團將發揮集團傳統優勢，包括產品創意及素質、卓越客戶服務、資訊科技以及成本及存貨控制等。台灣與韓國業務均受惠於本集團去年之重整工作，管理層相信重整工作將會繼續在兩地市場取得成效，而出口持續復蘇預期有助恢復消費者信心及提高二零零五年下半年之零售銷售額。香港迪士尼樂園開幕預期將有助推動旅遊業及刺激消費，政府更預測二零零五年整體經濟增長約百分之五。同時，新加坡下半年之經濟前景好轉，當地政府預測二零零五年該國生產總值增長約百分之四。最後，中國大陸市場的競爭雖然加劇，但實際上國家經濟仍能保持百分之九以上之按年增長。有鑑於此，管理層有信心集團於各主要市場之銷售增長於下半年會有所改善。

本集團已於本年六月與華特迪士尼(亞太區)有限公司訂立地區性產品特許協議，此乃 *Giordano* 首次與另一品牌簽署授權協議。根據該協議，華特迪士尼授予本集團特許權，可在亞太區十二個國家設計、生產及推銷一特定系列名為「*Disney collection by Giordano*」，印上迪士尼人物之服裝。

OUTLOOK

Management remains optimistic about the outlook for the balance of 2005. The general increase in rentals and staff costs poses a significant challenge for the Group. Management holds the view that the present rental environment cannot be sustained and believes that rental increases will abate in the middle of 2006. We will maintain our focus on executing our traditional areas of strength like product innovation and quality, superior customer service, information technology and cost and inventory controls. Both Taiwan and Korea have benefited from the re-engineering efforts we made during 2004, and Management is confident that such efforts will continue to yield positive results in these two markets, where continued recovery in exports is expected to help revive consumer confidence and retail sales in the second half of 2005. The opening of Hong Kong Disneyland is expected to boost tourist traffic and lift consumer sentiments, and the government is forecasting overall economic growth of about 5.0 percent for 2005 overall. Meanwhile, the economic outlook in Singapore for the second half has improved and the government is forecasting 2005 GDP growth of about 4.0 percent. Finally, while competition has significantly intensified in Mainland China, the fact remains that the country continues to grow at over 9.0 percent year-on-year. In view of the above, Management is confident that our key markets will see improved sales growth in the second half of the year.

The Group has entered into a region-wide product license agreement with The Walt Disney Company (Asia Pacific) Limited in June 2005. This marks the first licensing agreement that *Giordano* has entered into with another brand. Pursuant to the agreement, Walt Disney grants the Group the license to design, manufacture and to market specified classes of “*Disney collection by Giordano*” apparel featuring the full range of Disney characters in 12 countries in the Asia Pacific region.