

# Management Discussion & Analysis

## 管理層討論及分析

### Market Overview

The Hong Kong retail sector remained positive overall with growing income and the wealth effect resulting from a buoyant stock market which reached record levels toward the end of the Year. Strong inbound tourism also contributed to the thriving economy and retail industry alike. According to the Hong Kong Tourism Board, overall visitor arrivals to Hong Kong in 2006 grew by 8.1% to 25.25 million while total expenditure associated with inbound tourism reached HK\$117.3 billion.

These good factors have given rise a favorable environment for the retailing industry and as a result, total retail sales in Hong Kong amounted to HK\$219.6 billion in 2006, representing a year-on-year growth of 7.3%. Of this, retail sales from department stores amounted to HK\$22.8 billion, up 8.1% as compared with last year. However, many retailers are still encountering a challenging operating environment such as high rental costs, surging labor and utility costs that create pressure on profit margins across the sector.

China continued to demonstrate flourishing economic growth in 2006, posting 10.7% growth in GDP and 13.7% growth in total retail sales of consumer goods, indicating robust domestic consumption in the Mainland. This trend looks set to carry through to 2007, as consumers become increasingly brand-conscious and have more purchasing power for discretionary spending.

### 市場概況

隨著工資上升，以及股市興旺並在年終創新高的情況下，帶動財富增長，香港整體零售業呈現正面增幅。本港旅客人數與日俱增亦帶旺香港經濟及零售業。根據香港旅遊發展局之資料，二零零六年整體訪港旅客人數增加8.1%至25,250,000人次，訪港旅客之消費總開支達到117,300,000,000港元。

此等利好因素帶動零售業暢旺，因此，二零零六年香港零售業銷售總額達219,600,000,000港元，年增長率為7.3%。當中，百貨店之零售銷售額達22,800,000,000港元，較去年增加8.1%。然而，各零售商仍然面對租金成本上漲，加上工資及公用設施

成本高企等挑戰重重的營商環境，以致零售業的邊際利潤受壓。

二零零六年，中國經濟持續蓬勃發展，國民生產總值及社會消費品銷售總額分別增長10.7%及13.7%，意味著內地消費意慾強勁。隨著消費者日漸注重品牌，且購買非生活必需品的消費力加強，此增長勢頭有望於二零零七年持續。

### Record-breaking daily sales of HK\$32.7 million during Thankful Week in celebration of the 13th Anniversary of Jumbo Sogo

於Jumbo Sogo十三週年誌慶期間舉辦的「感謝週」創下單日銷售額32,700,000港元的新紀錄

# Solid foundation



## Financial Review 2006

The Group finished 2006 with record sales and profits that showed we not only maintained our position as a market leader in Hong Kong but again outpaced the market average of 7.3% of retail growth. We posted a strong 17.0% growth for our Hong Kong operations and recorded 20.3% market share of the Hong Kong department store industry.

Equally positively, Jiuguang Store managed to record sales ahead of our target with 48.5% growth compared to the previous year.

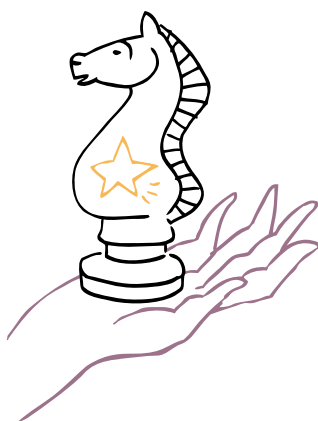
We are reaping the benefits of our strategy of owning the core premises in which we operate, making the Group largely immune to fluctuations in rentals.

### Turnover and Sales Proceeds

Turnover grew to HK\$2,534.9 million for the Year that represents a 21.0% increase over the HK\$2,094.3 million recorded last year.

In 2006, the Group generated net sales proceeds received and receivable worth HK\$5,531.6 million from either direct sales or via concessionaire sales. Sales proceeds from SOGO CWB were HK\$4,341.3 million, from SOGO TST were HK\$376.5 million and from Jiuguang Store were HK\$813.8 million, representing 78.5%, 6.8% and 14.7% respectively of the Group's total sales proceeds.

Sales proceeds for the Year represent a 20.8% increase over the HK\$4,579.2 million achieved last year. The increase reflects same-store sales growth of 11.3% at SOGO CWB and of 48.5% at the Group's Jiuguang Store in Shanghai. The additional sales growth of the Group was attributable to the first full year sales proceeds from SOGO TST.



## 二零零六年財務回顧

二零零六年，本集團成績斐然，銷售額及溢利創新高，集團不僅站穩香港零售業界翹楚位置，零售增幅超逾市場平均7.3%的水平。香港業務更錄得強勁增長達17.0%，佔香港百貨店市場達20.3%的份額。

同樣地，久光百貨的銷售額超出預期目標，銷售額增幅達48.5%。

本集團受惠於在自置核心物業經營業務的策略，免受租金波動影響。

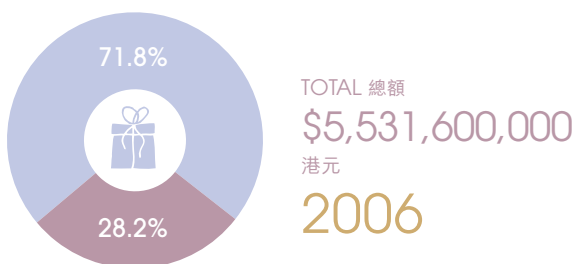
### 營業額及銷售所得款

本年度營業額增至2,534,900,000港元，較去年錄得之2,094,300,000港元增加21.0%。

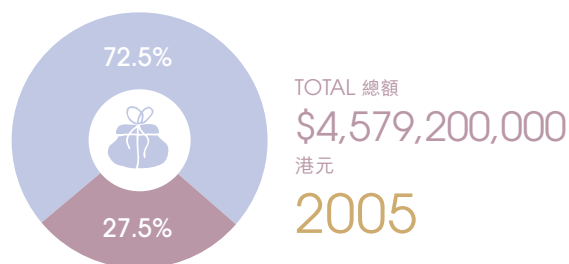
於二零零六年，本集團的直接銷售或透過特許專櫃銷售所產生已收及應收銷售所得款淨額達5,531,600,000港元。銅鑼灣店、尖沙咀店及久光百貨的銷售所得款分別為4,341,300,000港元、376,500,000港元及813,800,000港元，分別佔本集團總銷售所得款78.5%、6.8%及14.7%。

本年度銷售所得款較去年錄得之4,579,200,000港元增加20.8%，增幅反映銅鑼灣店同店銷售額11.3%的增長，而上海久光百貨之增長率則為48.5%。本集團額外銷售增幅乃源自尖沙咀店首個全年銷售所得款的貢獻。

## Total Sales Proceeds and Sales Mix 銷售所得款總額及銷售組合



- Proceeds from direct sales  
直接銷售所得款
- Proceeds from concessionaire sales (gross value)  
特許專權銷售所得款 (總值)



- Proceeds from direct sales  
直接銷售所得款
- Proceeds from concessionaire sales (gross value)  
特許專權銷售所得款 (總值)

for the year ended 31st December 截至十二月三十一日止年度

## Gross Profit and Gross Margin

The Group's gross profit margin for the Year in terms of gross profit to turnover was 54.2% (2005: 53.1%). Gross profit increased to HK\$1,373.7 million for the Year, a 23.5% increase over the HK\$1,112.7 million recorded for the previous financial year.

## EBITDA and Net Profit

During the Year under review, the Group's EBITDA (earnings before interest, taxation, depreciation and amortization) reached HK\$978.6 million, an increase of 30.0% over the HK\$752.6 million in 2005. The Group's EBITDA margin for the Year, calculated based on turnover, was 38.6% compared to 35.9% for the previous year.

While rising staff and other operating costs have affected EBITDA margins, the Group's self-owned store strategy resulted in high operating leverage for SOGO CWB, helping to mitigate these effects and enabling the Group to more effectively control operating costs. The Group will continue its efforts toward improving operating efficiency in all locations.

The Group's net profit attributable to shareholders for the Year was HK\$740.2 million, an increase of 37.2% over the HK\$539.4 million recorded in the previous year.

## 毛利及毛利率

本集團於本年度按毛利相對營業額計算之毛利率為54.2% (二零零五年: 53.1%)。本年度之毛利上升至1,373,700,000港元,較上一個財政年度錄得之1,112,700,000港元增加23.5%。

## EBITDA及純利

於回顧年度,本集團之EBITDA (除利息、稅項、折舊及攤銷前之盈利)為978,600,000港元,較二零零五年之752,600,000港元增加30.0%。本集團按營業額計算之本年度EBITDA比率為38.6%,而去年則為35.9%。

由於工資及其他經營成本上升對EBITDA比率造成影響,本集團以於其自置店舖的策略,提升銅鑼灣店之營運優勢,大大減輕受此等因素影響,致使集團可更有效控制經營成本。本集團將繼續致力改善各百貨店之營運效率。

本集團於本年度之股東應佔純利為740,200,000港元,較去年錄得之539,400,000港元增加37.2%。



*clear strategy*

## Finance Costs

Finance costs were comprised mainly interest costs on the Group's bank loans. As interest rates remained high throughout the Year as compared to the average interest rate in the previous year, interest expense increased but the significant increase in finance costs during the Year, however, was due to the payment of a front-end fee for the new bank loan facility of HK\$4 billion, replacing the existing HK\$2.3 billion facility.

## Liquidity and Financial Resources

The Group was at a net cash position at 31st December, 2006, with approximately HK\$2,584.1 million of cash and bank balances and approximately HK\$1,349.4 million of bank loans. The cash and bank balances, mostly in US dollars and Hong Kong dollars, were held mainly at banks as short-term deposits for earning interest income. The Group's bank loans included a Hong Kong dollar term loan of HK\$1,200 million, repayable semi-annually. This recently refinanced loan facility bears interest at HIBOR plus 0.29% per annum, where the interest rate was HIBOR plus 0.4% per annum with the previous facility. The remaining loan balance represents working capital Renminbi loans bearing average interest rates at approximately 6.0% per annum.

The smaller than expected increase in cash balance was a result of the Group's cash management initiatives where part of the cash has been invested in principal protected callable index-linked notes and certain Hong Kong listed securities which amounted to HK\$414.6 million at 31st December, 2006.

## Pledge of Assets

At 31st December, 2006, the Group's investment properties, land and buildings with book value of HK\$1,725 million (2005: HK\$1,769 million) were pledged to a bank to secure general banking facilities for the Group.

## 融資成本

融資成本主要包括本集團銀行貸款之利息成本。與去年之平均利率比較，本年度利率仍然高企，利息開支增加。然而，由於就取代現有融資2,300,000,000港元所新借入銀行貸款融資4,000,000,000港元而支付前期費用，本年度融資成本大幅增加。

## 流動資金及財務資源

於二零零六年十二月三十一日，本集團之現金及銀行結存約為2,584,100,000港元，而銀行貸款則約為1,349,400,000港元，處於淨現金狀況。現金及銀行結存主要以美元及港元列值，大部分存放於銀行作為短期存款，以賺取利息收入。本集團銀行貸款包括港元定期貸款1,200,000,000港元，須每半年還款。該筆新近再融資貸款按香港銀行同業拆息加年利率0.29厘計息，而先前融資則按香港銀行同業拆息加年利率0.4厘計息。其餘貸款結餘為營運資金人民幣貸款，平均年利率約6.0厘計息。

現金結存之增幅遜於預期，乃由於本集團之現金管理的一環中，部分現金投資於與指數掛鈎保本可提前贖回票據及若干香港上市公司證券，而該等票據及證券於二零零六年十二月三十一日共值414,600,000港元。

## 資產抵押

於二零零六年十二月三十一日，本集團賬面值1,725,000,000港元（二零零五年：1,769,000,000港元）之投資物業、土地及樓宇已抵押予一家銀行，作為本集團一般銀行融資抵押之保證。

Performance Indicators 營運表現指標

	2006 二零零六年	2005 二零零五年	Change (%) 變動 (%)
Average daily traffic (persons) 平均每日顧客流量 (人次)			
SOGO CWB 銅鑼灣店	93,600	92,455	+1.2
Jiuguang Store 久光百貨	39,600	32,496	+21.9
Average sales per ticket (HK\$) 每宗平均銷售額 (港元)			
SOGO CWB 銅鑼灣店	436	396	+10.1
SOGO TST 尖沙咀店	264	239	+10.5
Jiuguang Store (RMB) 久光百貨 (人民幣)	230	215	+7.0
Stay-and-buy ratio (%) 逗留購買比率 (%)			
SOGO CWB 銅鑼灣店	28.5	28.3	+0.2
Jiuguang Store 久光百貨	34.0	34.0	-

for the year ended 31st December 截至十二月三十一日止年度

## Operational Review

SOGO CWB remained the major revenue and profit generator of the Group, while the opening of SOGO TST at the end of 2005 helped further expansion of our income base and market share in Hong Kong.

The importance of our shopping experience cannot be emphasized enough. An attractive store environment combined with excellent customer service creates immense value which translates into familiarity, comfort and confidence, and ultimately return for our shareholders. We aim not only to build positive and lasting relationships with our customers, but also to have them enjoy the changes in their lifestyle as a result of shopping and purchasing in our premises.

This is especially true in China where the concept is new and where people are drawn by the prospect of enhancing the quality of their lifestyle. We are confident that we are fulfilling our ambition of changing the way people shopping with our unique shopping experience, and improving their lifestyle in the process. In fact, revenue contribution from our Jiuguang Store has been increasing and its results were ahead of our target. Our operations in the PRC market are expected to become the growth engine of the Group as we expand our business in this vast market.

### SOGO CWB

Improved operating efficiency and attractive merchandise mix have helped achieving record sales during the Year. The average daily traffic for the Year at SOGO CWB reached 93,600, an increase of 1.2% over the 92,455 recorded during the previous year. The stay-and-buy ratio SOGO CWB achieved during the Year remained at a stable level of 28.5% while the average individual sales per ticket of HK\$436 represented a 10.1% increase over the HK\$396 in 2005.

SOGO CWB achieved record-breaking daily sales of HK\$32.7 million during the November Thankful Week in celebration of the 13th Anniversary of Jumbo SOGO. The flagship store continues to develop as the premier department store for local consumers and as a magnet for international visitors to Hong Kong with 11.3% same-store sales growth when compared with 2005.

## 業務回顧

銅鑼灣店仍為本集團主要銷售額及溢利來源，而尖沙咀店於二零零五年年底開業，有助進一步擴大本集團於香港之收入基礎及市場份額。

我們非常著重顧客的購物體驗。富吸引力的店舖環境加上優質顧客服務創造無限價值，從而為顧客帶來親切感、舒適購物體驗以及信心，最終能為本集團股東帶來回報。本集團不僅致力與顧客建立積極長久關係，亦讓他們享受於本集團店舖購物而提升生活時尚品味。

這嶄新的概念於中國市場尤其適用，消費者都嚮往提高生活時尚品味。本集團深信，本集團正以獨特購物體驗改變消費者購物模式，並從購物過程中提高顧客之生活品味。事實上，本集團久光百貨之收益貢獻正持續增加，業績超越預期目標。隨著本集團於中國的龐大市場拓展業務，預期本集團國內之業務將成為未來增長動力。

### 銅鑼灣店

營運效率改善及商品組合更具吸引力，致使本年度銷售額刷新紀錄。銅鑼灣店於本年度之每日平均顧客人流達93,600人次，較去年錄得之92,455人次增加1.2%。本年度銅鑼灣店之逗留購買比率維持於28.5%之穩定水平，而平均每宗銷售額為436港元，較二零零五年396港元增加10.1%。

為慶祝Jumbo SOGO十三週年誌慶而舉辦的十一月「感謝週」中，銅鑼灣店創下單日銷售額32,700,000港元的新紀錄。此旗艦店繼續為本地消費者心目中的優質百貨店，對訪港國際旅客同具吸引力。與二零零五年比較，同店銷售額增長為11.3%。



*expansion*



SOGO CWB has proven to be a benchmark in successful store marketing and celebratory events. The store has posted record festive customers' spending during the Chinese New Year and Christmas periods, together with anniversary celebrations in May and November. In October 2006, SOGO CWB marked the opening of Wa-San-Mai Japanese Restaurant, the largest Japanese restaurant in Hong Kong. Coupled with the already successful SOGO CLUB and the SOGO BOOK CLUB, Wa-San-Mai has helped increase popularity, traffic and customer loyalty of the store. In fact, the opening of this Japanese restaurant is in line with the Group's operating philosophy and the ultimate goal of bringing our customers a unique, complete and fulfilling shopping experience where all of their needs can be satisfied under one roof.

### SOGO TST

Focusing on a younger generation of customers, this new store is a brand builder and is now successfully established as one of the latest shopping hotspots in Kowloon. SOGO TST began making a profit contribution of HK\$19.6 million to the Group in its first full year of operation and reported a turnover of HK\$195.0 million in 2006, representing 7.6% of the Group's total turnover.

The steady performance since the opening of SOGO TST in September 2005 are attributable to the efforts made in terms of interesting merchandise mix and attractive festive and sales promotion events.

For the Year under review, the two SOGO stores in Hong Kong accounted for 2.1% of the total retail sales generated in the territory that further increased our market share from 18.7% in 2005 to 20.3% of the local department store sales in 2006.

銅鑼灣店已被認定為成功店舖宣傳推廣及慶祝活動之典範。於農曆新年及聖誕節期間，以至五月及十一月舉行之週年誌慶活動，該店均錄得破紀錄的顧客節日消費。二零零六年十月，香港最大規模日本餐廳和三味於銅鑼灣店隆重開業，加上 SOGO CLUB 及 SOGO BOOK CLUB 已取得之成就，有助提高店舖之受歡迎程度、人流及顧客忠誠度。事實上，此日本餐廳開業是貫徹本集團為顧客提供一站式獨特、全面及具滿足感之購物體驗的經營哲學及最終目標。

### 尖沙咀店

此新店舖針對年輕顧客，專為該層面顧客引入時尚品牌，現已成為九龍最新購物熱點之一。尖沙咀店首個全年營運年度已開始為本集團帶來溢利貢獻19,600,000港元，於二零零六年錄得營業額195,000,000港元，佔本集團總營業額7.6%。

尖沙咀店自於二零零五年九月開業以來一直表現穩定，主要因為商品組合以及節慶及銷售推廣活動同具吸引力之成效。

於回顧年度，香港兩家崇光店舖合共佔本地零售銷售總額2.1%，佔本地百貨店銷售額的市場份額亦由二零零五年18.7%進一步增至二零零六年20.3%。

Sogo TST began making a profit contribution to the Group in its first full year of operation

尖沙咀店首個全年營運年度已開始為本集團帶來溢利貢獻

## Jiuguang Store

Shanghai is a powerhouse, not only in China but increasingly so to the rest of the world as well. We therefore made the strategic move of tapping into China's retail market through opening our first store in Shanghai. Jiuguang Store has been building a loyal following of customers and an ever-broadening potential customer base as its reputation as a lifestyle shopping mecca grows. It has become not only a showcase, but also a training house for our China operations that we aim to extend to other retailing and related commercial operations.

By introducing our unique shopping environment to a broader range of people in Shanghai, we are actually succeeding in changing their definition and expectations of a quality lifestyle. With the introduction of new merchandise, we bring our customers more choice and better quality goods, and a better shopping experience.

In actual terms, Jiuguang Store has achieved cash breakeven since the beginning of 2006 and recorded 48.5% same-store sales growth during 2006 as compared to 2005. Daily traffic further increased from 32,496 to 39,600 during the Year, as it strengthened its quality brand image. Reflecting this, in October 2006, Jiuguang Store achieved record daily traffic high of over 60,000 visitors during promotional events for National Day holidays.

We believe that we can learn from and build upon this foundation for future developments in the PRC, leveraging on this positive perception and expanding Jiuguang's brand value in this vast and growing market.

## Jiuguang Store in Shanghai achieved cash breakeven from the beginning of 2006

自二零零六年初開始，上海久光百貨已達至現金收支平衡

## 久光百貨

上海非單單是中國的龍頭，更逐漸與全球接軌。因此，本集團透過於上海開設首家店舖策略性涉足中國零售市場。隨著久光百貨作為生活時尚購物熱點之聲譽日隆，已成功吸納一批忠誠支持顧客，潛在顧客基礎亦不斷擴闊。其不僅為典範，亦為本集團致力拓展中國業務至其他零售及相關商業業務之培訓集中地。

除了令更多上海市民認識本集團的獨有購物環境，本集團實際上已成功改變當地市民對優質生活時尚之定義及期望。隨著引入新商品，本集團為其顧客帶來更多選擇、更優質貨品以至更佳購物體驗。

實際上，久光百貨自二零零六年初起已達致現金收支平衡，於二零零六年較二零零五年錄得同店銷售額增長48.5%。隨著久光百貨加強其優質品牌形象，年內，每日顧客人流由32,496人次進一步增至39,600人次。二零零六年十月，久光百貨於國慶節假期之推廣活動期間，創下最高每日顧客人流超過60,000人次的紀錄。

本集團相信，憑藉此堅實的業務基礎，集團能在日後進一步發展中國市場，並於此增長迅速之龐大市場提高久光品牌價值。

## Expansion in the PRC

Building on our successful track record in Hong Kong and Shanghai and capitalizing on the increasing brand equity of Jiuguang Store in Shanghai, we planned to expand our presence in China. In December 2006, we announced the acquisition of two land sites in Suzhou and Shenyang, for building our own commercial complex.

Suzhou, located in Jiangsu province, is one of the top cities in the Yangtze River Delta region, achieving a robust GDP growth of 15.5% for the year 2006 and the highest GDP per capita in Jiangsu province. With a population of over 6 million (including its surrounding cities) coupled with its strong tourism, Suzhou demonstrated strong consumer purchasing power and posted a total retail sales of consumer goods of RMB105.54 billion for 2006, up 16.6% when compared with 2005.

Our new development is in the heart of the new Central Retailing District of Suzhou, and has a site area of 51,193 square meters. It will be developed into a Jiuguang store of a total Gross Floor Area ("GFA") of 168,000 square meters with entertainment features. The planned soft opening is by end of 2008, with a total investment of approximately HK\$950 million.

As the capital city of Liaoning province, Shenyang city is a prime commercial and trade hub in Northeast China. With a population of over 7.4 million and a GDP growth of 16% in 2005, Shenyang possesses an existing critical mass that makes opening up mid- to high-end department stores a very viable investment. This can be further demonstrated by the total retail sales of consumer goods of RMB91.51 billion in 2005, up 13.7% when compared with 2004.

The Group acquired a prime land site located on the famous pedestrian walk of Shenhe District, the old city district of Shenyang, and in close proximity to the Shenyang Imperial Palace. The plan for the site area of 55,880 square meters involves the development



## 於中國拓展業務

建基於本集團在香港及上海之成功往績，並受惠於久光百貨於上海不斷提升之品牌價值，本集團計劃擴展中國業務。於二零零六年十二月，本集團宣佈於蘇州及瀋陽購入兩幅土地，興建本集團自置商業綜合大樓。

蘇州位於江蘇省，為長江三角洲地區最興旺城市之一，二零零六年之國民生產總值增長15.5%，為江蘇省人均國民生產總值最高之城市。蘇州連同其周邊城市之人口逾6,000,000人，加上其旅遊業發展蓬勃，蘇州之消費能力相當強勁，二零零六年之消費品零售銷售總額達人民幣105,540,000,000元，較二零零五年上升16.6%。

本集團之新發展項目位處蘇州零售心臟地帶，佔地51,193平方米，將發展成為具娛樂色彩的久光百貨，提供總樓面面積（「總樓面面積」）共168,000平方米之空間，並將成為久光百貨新據點。該新發展項目計劃於二零零八年年底前開幕，總投資額約達950,000,000港元。

作為遼寧省省會城市，瀋陽市為中國東北省的商業及貿易樞紐。瀋陽人口逾7,400,000人，二零零五年之國民生產總值增長為16%，具備開設高中檔百貨店所需人口的條件，故是項投資非常可為。二零零五年，消費品零售銷售總額達人民幣91,510,000,000元，較二零零四年上升13.7%。

本集團收購位於瀋陽舊城區瀋河區著名步行街、毗鄰瀋陽故宮黃金地段之土地。佔地55,880平方米之發展計劃將分階段發展，由購物及娛樂發展項目、酒店及其他商業設施組成多用途零

in phases of a multi-purpose retail complex comprising a shopping and entertainment development, hotel and other commercial facilities with a total GFA of approximately 320,000 square meters. Our Jiuguang store, offering a one-stop shop, premium shopping experience to local consumers, will be included in the first phase of the development that is expected to soft open by the end of 2009. Total investment for the entire development will be approximately HK\$3.9 billion.

## Prospects

While our day-to-day business is effectively managing our retail operations and ensuring sound return from our business activities, we are also looking at the long term growth of our business and planning for the future. By building a strong foundation today, we are paving the way for solid growth in the coming decade.

Once the roll-out of the new locations occurs in 2008 and as we serve a growing population in Mainland China and Hong Kong, the increased operating area will make its own contribution to the Group's retail sales. This in turn will support new business ventures in the PRC and pave the way for future growth engines.

Since our strategy is to own the premises where our stores are going to be situated, and in order to enjoy the benefits of economy of scale, we aim to secure projects which are big enough not only to house our traditional Jiuguang store, but also to provide other facilities to meet the lifestyle needs of our customers, all in one location. It is our intention to make each of our projects a retailing focal point for its area and we strongly believe that with our experience in the department store industry, we are able to extend our expertise to become an outstanding operator of other retailing and related commercial operations.

We are cautiously optimistic about the outlook for the Hong Kong market where rising salary and other operating costs, whilst an ongoing concern, are balanced by the rate of domestic consumption which will continue to grow as the macroeconomic environment remains favorable and consumer sentiment upbeat. Initiatives will be made to strengthen our leading position in the local department store industry.

售綜合大樓，總樓面面積約320,000平方米。第一發展階段將包括為本地消費者提供一站式優質購物體驗的久光百貨，預期將於二零零九年年底前開業。整個發展項目之總投資將約為3,900,000,000港元。

## 展望

本集團之日常業務已達致有效管理零售業務及確保業務帶來可觀回報的宗旨。此外，本集團亦著重日後長遠業務及規劃發展。建基於現有的堅實基礎，本集團正為未來十年之強勁增長鋪路。

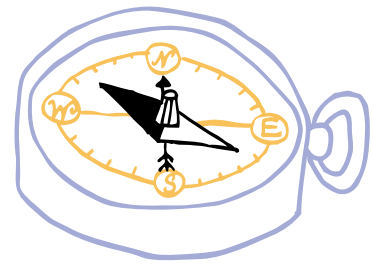
展望於二零零八年新地區的業務陸續開業後，本集團除了面對中港兩地的零售市場，經營面積擴大亦會為本集團零售銷售額帶來貢獻，從而支持中國新業務的發展，為日後增長提供動力。

由於本集團之策略為在其自置物業經營業務，以達致規模經濟效益，本集團致力物色不僅能容納久光百貨之物業項目，並期望在同一地點提供其他一站式設施，以迎合顧客之生活時尚需要。本集團有意將每個項目發展為區內零售熱點，本集團深信，憑藉於百貨業累積之經驗，本集團可充分利用行業專才成為其他零售及相關商業業務之出色營運商。

儘管工資及其他經營成本一直上升，惟本集團對香港市場之前景抱持審慎樂觀態度，期望長遠而言，憑著持續有利之宏觀經濟環境及消費氣氛，從本地消費取得平衡，抵銷該等持續憂慮。本集團將積極進行宣傳推廣，鞏固於本地百貨業之領導地位。

While we have full confidence to continue to excel in the Hong Kong market, we also look forward to increased contributions from our China operations. We maintain an optimistic outlook on the China market, where the economy remains robust. Chinese people are eager for branded items together with an enjoyable, quality shopping experience, which is creating further room for growth in the mid- to high-end retail sector.

Looking ahead, the Group will continue to enjoy the steady revenue and cash streams generated from SOGO CWB and SOGO TST whilst also expecting higher revenue and profit growth from our Jiuguang Store. These will be used as a platform to support the Group's new development opportunities in China where we aim to continue growing our retail operating area and to become a major player of the PRC retail market.



本集團對持續於香港市場獨佔鰲頭充滿信心，同時期望中國業務之貢獻將陸續增加。中國市場經濟維持蓬勃，本集團對該市場前景非常樂觀。中國市民熱切追求品牌產品以至優質愉快的購物體驗，為中高檔零售業締造進一步增長的空間。

展望未來，銅鑼灣店及尖沙咀店將繼續提供穩定的收益及現金來源，並預期久光百貨的銷售額及溢利增長將逐步提升，支持本集團於中國之發展，本集團致力於中國繼續發展其零售業務，並期望成為中國零售市場的領導企業。