

## 經營業績

### 營業額

截至二零零二年十二月三十一日止財政年度之總營業額上升百分之三點一至港幣三十五億八千八百萬元(二零零一年：港幣三十四億七千九百萬元)。

零售及分銷部門之銷售額達港幣三十三億七千五百萬元(二零零一年：港幣三十二億六千二百萬元)，佔本集團總營業額百分之九十四點一，比對去年同期取得增長百分之三點五。

製衣部門之營業額在抵銷分部間之銷售額前，較去年增長百分之四點四至港幣七億五千九百萬元(二零零一年：港幣七億二千七百萬元)。在抵銷分部間之銷售額後之營業額達港幣二億一千三百萬元(二零零一年：港幣二億一千七百萬元)，較去年減少百分之一點八。

### 毛利

毛利比較二零零一年上升百分之八點六至港幣十六億七千七百萬元(二零零一年：港幣十五億四千四百萬元)，而截至本財政年度止，毛利率增加二百三十個基點至百分之四十六點七(二零零一年：百分之四十四點四)。

縱使在消費者信心疲弱及市場通縮的環境下，管理層仍會透過提供與別不同及高增值 *Giordano* 品牌的貨品，以及提高 *Bluestar Exchange* 品牌的採購能力，重申增加邊際毛利之策略。

## RESULTS OF OPERATIONS

### Turnover

For the fiscal year ended December 31, 2002, total turnover increased 3.1 percent, to HK\$3,588 million (2001: HK\$3,479 million).

Sales of the Retail and Distribution Division, which accounted for 94.1 percent of the Group's total turnover, amounted to HK\$3,375 million (2001: HK\$3,262 million). This represented a year-on-year growth of 3.5 percent.

The Manufacturing Division registered a 4.4 percent growth from the previous year in turnover before elimination of inter-segment sales, to HK\$759 million (2001: HK\$727 million). Turnover after elimination of inter-segment sales was HK\$213 million (2001: HK\$217 million), a 1.8 percent decrease from the prior year.

### Gross Profit

Gross profit increased 8.6 percent over 2001, to HK\$1,677 million (2001: HK\$1,544 million). By the end of the fiscal year, gross profit margin expanded by 230 basis points to 46.7 percent (2001: 44.4 percent).

Amid the weak consumer sentiment and deflationary environment, Management reiterated the strategy of margin expansion through offering meaningfully differentiated and high value-added merchandise for the *Giordano* brand and enhancing sourcing capabilities for the *Bluestar Exchange* brand.

### 分銷、管理及其他經營費用

總經營費用為港幣十四億元（二零零一年：港幣十二億九千九百萬元），比對去年同期增加百分之七點八。倘於計算時不包括新市場在內，去年之總經營費用則增加百分之五。分銷費用合共為港幣九億九千四百萬元（二零零一年：港幣九億二千八百萬元），較二零零一年上升百分之七點一。於二零零二年，舖租支出上升百分之九點九，而店舖員工成本則增加百分之五點六，這主要是由於若干市場擴充經營面積及租金上升所致。管理費用上升百分之十三點一至港幣一億五千五百萬元（二零零一年：港幣一億三千七百萬元），主要因為新門市開業及兩個新市場全年營運之影響所致。

其他經營費用則由二零零一年之港幣二億三千四百萬元增加至二零零二年之港幣二億五千一百萬元，比對去年同期上升百分之七點三。*Bluestar Exchange*於九月底結束其於德國之業務，就此停業而作出之固定資產撇銷及相關費用為港幣一千萬元。

### 經營溢利及未計利息、稅項、折舊及攤銷費用之盈利 (EBITDA)

經營溢利為港幣三億七千五百萬元，較二零零一年之港幣三億七千二百萬元上升百分之零點八。倘不包括新市場在內，經營溢利則增加百分之九；而二零零二年財政年度是日本市場首次錄得十二個月之整體經營虧損年度。

零售及分銷部門之經營溢利為港幣三億一千萬元（二零零一年：港幣二億九千七百萬元），佔本集團之經營溢利百分之八十二點七（二零零一年：百分之七十九點八）。

經營溢利率仍然維持在與二零零一年相若之水平（二零零二年：百分之十點五；二零零一年：百分之十點七）。然而，倘不包括新市場在內，經營溢利率則由二零零一年錄得之百分之十一點二上升至百分之十一點九。

### Distribution, Administrative and Other Operating Expenses

Total operating expenses were HK\$1,400 million (2001: HK\$1,299 million), up 7.8 percent year-on-year. When new markets were excluded from the calculation, total operating expenses would have increased 5.0 percent over the prior year. Distribution expense, totaling HK\$994 million (2001: HK\$928 million), rose 7.1 percent from 2001. In 2002, shop occupancy charges increased 9.9 percent and shop staff cost grew 5.6 percent, mainly due to trading area expansion and rental hikes in certain markets. Administrative expense rose 13.1 percent to HK\$155 million (2001: HK\$137 million). The increase was largely attributable to new outlet openings and the impact of the two new markets operating for the full year.

Other operating expense increased from HK\$234 million in 2001 to HK\$251 million in 2002, up 7.3 percent year-on-year. The closure of the *Bluestar Exchange* operations in Germany at the end of September resulted in a HK\$10 million fixed assets write-off and incidental costs from cessation of business.

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

Operating profit amounted to HK\$375 million, up 0.8 percent from 2001's HK\$372 million. If new markets were excluded, operating profit would have increased by 9.0 percent. Fiscal year 2002 was the maiden year to book the full 12 months of operating losses in Japan.

Operating profit from the Retail and Distribution Division was HK\$310 million (2001: HK\$297 million), representing 82.7 percent (2001: 79.8 percent) of the Group's operating profit.

Operating margin remained almost at the same level as that of 2001 (2002: 10.5 percent; 2001: 10.7 percent). However, when new markets were excluded, operating margin would have increased to 11.9 percent, from 11.2 percent recorded in 2001.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

EBITDA比對去年同期僅跌百分之一點五至港幣五億七千三百萬元(二零零一年:港幣五億八千二百萬元),EBITDA之減少主要是由於新市場錄得虧損所致。倘若撇除日本及德國市場,EBITDA較去年則上升百分之三點三。EBITDA之利潤率為百分之十六,較二零零一年錄得之百分之十六點七少零點七個百分點。倘不包括新市場在內,EBITDA之利潤率則為百分之十七點四,與去年之水平相若(二零零一年:百分之十七點二)。

### 股東應佔溢利

股東應佔溢利為港幣三億四千一百萬元(二零零一年:港幣三億七千七百萬元),較去年下跌百分之九點五。倘不包括新市場在內,股東應佔溢利則減少百分之一點一。本集團位於韓國之業務表現未如理想,致使比對去年本集團可佔聯營公司之溢利出現下跌之情況。少數股東權益則上升超過兩倍,主要由於本集團位於印尼之業務及製衣部門內一非全資附屬公司之表現理想所致。

本集團之實際稅率由二零零一年之百分之十六點九上升至百分之二十。倘不包括源自日本及德國市場之虧損,截至二零零二年十二月三十一日止年度之實際稅率則為百分之十八點二。出現較高之實際稅率主要是由於處於較高稅率之東南亞市場溢利貢獻上升所致。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由二零零一年之港幣三億七千九百萬元上升至二零零二年之港幣四億八千一百萬元。二零零二年之應收賬款、其他應收款、訂金及預付款項減少港幣一億一千七百萬元,而去年之同一賬項則錄得增加港幣七千五百萬元。應收賬項減少乃主要由於本集團向香港稅務局之稅務申請已獲確認,並贖回儲稅券。然而,二零零二年之應付賬款、其他應付款及應付費用減少港幣九千五百萬元,而去年則增加港幣三千萬元。由於本集團有穩健之現金狀況,故此管理層決定自動縮短集團對供應商之付款期限。此外,本集團增加採用及時訂貨系統,使較多貨品按需要時才付運。在推行上述政策後,本集團於年底錄得較低之應付賬款。

EBITDA edged down by 1.5 percent year-on-year to amount to HK\$573 million (2001: HK\$582 million). Decline in EBITDA was mainly due to losses from the new markets. If Japan and Germany markets were excluded, EBITDA would have increased 3.3 percent over the prior year. EBITDA margin was 16.0 percent, 0.7 percentage point lower than the 16.7 percent recorded in 2001. If new markets were excluded, the EBITDA margin would have been 17.4 percent, almost flat at last year's level (2001: 17.2 percent).

### Profit Attributable to Shareholders

Profit attributable to shareholders amounted to HK\$341 million (2001: HK\$377 million), represented a 9.5 percent decline from the previous year. If new markets were excluded, profit attributable to shareholders would have decreased by 1.1 percent. Performance of our Korean operation was less than satisfactory which resulted in a year-on-year decline in share of profits of associated companies. Minority interests increased by more than two-folds, mainly due to strong performances of our Indonesian operation and a non-wholly owned subsidiary in the manufacturing division.

The Group's effective tax rate increased from 16.9 percent in 2001 to 20.0 percent. If losses from the two loss-making markets, namely Japan and Germany, were excluded, effective tax rate would have been 18.2 percent for the year ended December 31, 2002. Higher tax rate was mainly attributable to increased profit contribution from the Southeast Asian markets with relatively higher tax rates. Future effective tax rate 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\$481 million in 2002 from HK\$379 million in 2001. The HK\$117 million decrease in trade receivables, other receivables, deposits and prepayments in 2002 contrasted with the HK\$75 million increase in the same account in 2001. Decrease in accounts receivable was largely due to the redemption of tax certificates after the settlement of a tax claim with the Hong Kong Inland Revenue Department. The improvement in cash flow was partly offset by the HK\$95 million decrease in trade payables, other payables and accruals in 2002 compared with HK\$30 million increase in payables and accruals in 2001. Due to our healthy cash position, Management opted to voluntarily shorten the payment terms with our suppliers. In addition, due to increased adoption of the just-in-time system among the Group, a high proportion of products were shipped only when needed. The initiatives above led to a lower payable account at year-end.

投資業務之現金流出額由去年之港幣二億四千八百萬元減少至二零零二年之港幣一億五千萬元，出現此等減少乃由於在上年度之支付租賃承擔及預付長期租賃租金並不存在。於二零零二年，本集團以港幣一億元作為訂金取得本集團香港第二間旗艦店物業之九年長期租約。

融資業務現金流出額由二零零一年之港幣一億七千二百萬元增加至二零零二年之港幣二億六千八百萬元。於本年度內，本集團償還銀行貸款港幣七千一百萬元；新增貸款為港幣二千三百萬元，二零零一年則為港幣四千七百萬元。

#### 流動現金及資金來源

於二零零二年十二月三十一日，現金及銀行存款為港幣六億六千七百萬元（二零零一年：港幣五億七千九百萬元）。

本集團營運資金由二零零一年之港幣七億九千八百萬元增加至二零零二年之港幣八億六千一百萬元，致使流動比率由二零零一年之二點三倍上升至二零零二年之二點八倍。

於本年年底，本集團存貨，由二零零一年年底所錄得之港幣二億八千三百萬元降至港幣二億五千二百萬元。憑藉管理層積極進取的方針，致力提升本集團之存貨管理，故此本集團之存貨對銷售流轉比率由二零零一年之三十日改善至二零零二年之二十六日。

於二零零二年十二月三十一日，本集團融資租賃之長期部分達港幣五百萬元（二零零一年：港幣一千萬元），此等尚未償還負債是以人民幣為單位，按年息率十二厘，直至二零零五年到期。總負債為港幣四億八千五百萬元，較二零零一年之港幣六億二千五百萬元低。股東權益為港幣十八億六千八百萬元，而二零零一年年底則錄得港幣十六億九千五百萬元。故此，負債與資本比率為百分之二十六（二零零一年：百分之三十六點九）。

Cash outflow from investing activities decreased to HK\$150 million in 2002 from HK\$248 million in the prior year. The decrease was largely due to the absence of payment for leasehold commitment and prepayment of long-term lease from the previous year. In 2002, HK\$100 million was used to secure a nine-year long-term lease for the premises of our second flagship store in Hong Kong.

Cash outflow from financing activities increased to HK\$268 million in 2002 from HK\$172 million in 2001. During the year, the Group repaid HK\$71 million of its bank loans. In the meantime, the Group borrowed HK\$23 million of new loan compared to HK\$47 million in 2001.

#### Liquidity and Capital Resources

As at December 31, 2002, cash and bank deposits amounted to HK\$667 million (2001: HK\$579 million).

The Group's working capital increased from HK\$798 million in 2001 to HK\$861 million in 2002. This led to a major improvement in current ratio, from 2.3 times in 2001 to 2.8 times in 2002.

At the end of the year, the Group's inventory totaled HK\$252 million, down from the HK\$283 million recorded in 2001's year-end. With our Management's zealous efforts in enhancing the Group's inventory management, our inventory turnover on sales improved to 26 days in 2002, from 30 days in 2001.

As at December 31, 2002, the Group's long-term portion of the finance lease amounted to HK\$5 million (2001: HK\$10 million). This outstanding liability is denominated in Renminbi at an interest rate of 12.0 percent per annum until 2005. Total liabilities amounted to HK\$485 million, down from HK\$625 million in 2001. Shareholders' equity was HK\$1,868 million, compared with HK\$1,695 million recorded in 2001's year-end. This resulted in a debt to equity ratio of 26.0 percent (2001: 36.9 percent).

## 管理層對經營業績及財政狀況之論述及分析

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

本集團於正常業務運作中已訂立若干外匯期貨合約，作為風險管理政策之一部分。於二零零二年十二月三十一日，本集團向銀行購買而未行使之外匯期貨合約達港幣一千五百萬元（二零零一年：港幣三千一百萬元）。此外，在適當的個別市場將繼續在本地進行採購，藉以減低外幣匯兌風險。

鑑於本年度內較少門市開業，資本性開支僅達港幣八千萬元（二零零一年：港幣一億二千五百萬元），而此開支佔經營業務現金流入淨額百分之十六點六（二零零一年：百分之三十三）。

截至本年年底本集團之融資信貸合共為港幣七億零四百萬元（二零零一年：港幣七億四千八百萬元），當中港幣五千四百萬元為循環貸款並且已提取而尚未償還。於二零零二年十二月三十一日，本集團或然負債為港幣四千七百萬元（二零零一年：港幣六千萬元），所有該等款項乃於正常業務運作中產生。

#### 人 力 資 源

於二零零二年十二月三十一日，本集團僱員人數約為八千名。高級管理人員達十二名，其中差不多半數已在本集團服務逾八年。

本集團向大部分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。

As part of the Group's risk management policy, it has entered into agreements for forward purchases of foreign currencies during the normal course of business. As at December 31, 2002, the total outstanding foreign exchange contracts purchased with banks amounted to HK\$15 million (2001: HK\$31 million). In addition, selective markets continue to resort to local sourcing, where appropriate, as a means to reduce foreign currency risk.

Due to lower store-opening activities during the year, capital expenditure amounted to a mere HK\$80 million (2001: HK\$125 million). The expenditure represented 16.6 percent (2001: 33.0 percent) of net cash inflow from operating activities.

The Group had financing facilities totaling HK\$704 million at the end of the year (2001: HK\$748 million), of which HK\$54 million of the revolving loan facility had been drawn and was outstanding. As at December 31, 2002, the Group had contingent liabilities of HK\$47 million (2001: HK\$60 million), incurred in the normal course of business.

#### HUMAN RESOURCES

On December 31, 2002, the Group had approximately 8,000 employees. The senior management team consisted of 12 people, in which about half of them had been with the Group for over eight years.

The Group offers share options to majority of the senior managers, as a means to reward and retain high caliber of the management team. In the meantime, competitive remuneration packages and goal-oriented bonuses are paid to different levels of staff.

## 零售及分銷部門概況

零售及分銷部門之營業額增長百分之三點五至港幣三十三億七千五百萬元（二零零一年：港幣三十二億六千二百萬元），銷售額增長主要是由於中國大陸、香港、新加坡及其他規模較細市場之業務帶動。

於本年度內，可比較門市之銷售額較去年下降百分之一點八，而可比較門市之毛利則與去年相若，反映本集團專注擴大邊際利潤政策奏效。

於二零零二年，*Giordano Core Line*之零售營業額較去年增加百分之二點五，而整體市場（香港及台灣除外）在本年度內之銷售額比對去年同期均有增長。香港之銷售額下降百分之二點五，主要是由於其中一間銷售額貢獻最高之門市—京華中心關閉七個月。在台灣方面，零售市場競爭激烈導致銷售額下跌。然而*Giordano Core Line*之零售毛利率上升一點三個百分點，而在本年度內所有市場之毛利率均告上升。

*Giordano Ladies*之營業額上升百分之十一點八，而毛利率則較二零零一年減少二點三個百分點。能夠取得銷售增長主要由於中國大陸市場帶動，目前在當地已有一群擁戴此品牌之忠實顧客。然而，台灣及中國大陸先後在本年度中旬及年底進行清貨減價行動，亦為毛利率減少之主因。

鑑於香港出現較高之結構性增長，加上德國及台灣新門市數目之增加，*Bluestar Exchange*之營業額較二零零一年攀升百分之二十七。另外，毛利率減少一個百分點，主要是由於在德國門市因終止業務而進行清貨減價行動所致。

## HIGHLIGHTS OF THE RETAIL AND DISTRIBUTION DIVISION

Turnover of the Retail and Distribution Division grew 3.5 percent to HK\$3,375 million (2001: HK\$3,262 million). Sales growth was mainly led by operations in Mainland China, Hong Kong and Singapore, as well as the other smaller markets.

During the year, comparable store sales declined 1.8 percent from the previous year, while comparable store gross profit was flat. This demonstrated the effectiveness of the Group's strategy of focusing on margin expansion.

In 2002, *Giordano Core Line* achieved a 2.5 percent retail turnover growth compared to the previous year. All markets experienced year-on-year sales improvement during the year, except Hong Kong and Taiwan. Hong Kong sales slipped 2.5 percent mainly due to the closure of one of the key contributing stores, the Capitol Centre shop, for seven months. In Taiwan, sales declined on the back of tough retail market. Retail gross margin of the *Giordano Core Line* increased 1.3 percentage points. All markets achieved gross margin improvement during the year.

Turnover of *Giordano Ladies* increased 11.8 percent and gross profit margin fell 2.3 percentage points when compared to 2001's. Sales growth was mainly driven by the Mainland China market, where the brand had gradually accumulated a group of loyal customers. Gross profit margin was mainly dragged down by clearing activities in Taiwan in the middle of the year and in Mainland China towards the end of the year.

*Bluestar Exchange*'s turnover jumped 27.0 percent on the back of high organic growth in Hong Kong, and higher store counts in Germany and Taiwan compared to 2001. Gross profit margin fell 1.0 percentage point, mainly attributable to clearance sales in Germany due to discontinuation of business.

# 管理層對經營業績及財政狀況之論述及分析

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### 中國大陸

### MAINLAND CHINA

		2002	2001	2000	1999	1998
銷售額(港幣百萬元) *	Sales (HK\$ millions) *	856	808	712	544	513
每平方米銷售額(港元) **	Sales per square foot (HK\$) **	4,000	4,700	5,500	5,500	4,800
可比較門市之銷售額 增加/(減少) ***	Comparable store sales increase/(decrease) ***	-	-	6%	8%	(21%)
銷售面積(平方呎) ****	Saleable area (sq. ft.) ****	434,800	382,600	298,300	222,600	198,500
門市數目 *****	Number of stores *****	532	461	357	253	211
售貨員數目 *****	Number of sales associates *****	633	540	480	350	346

\* 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 stores  
 \*\*\* For directly managed stores which were open for the full 12 months in each of the two fiscal years under comparison  
 \*\*\*\* Total directly managed and authorized dealer stores as at December 31  
 \*\*\*\*\* For directly managed stores as at December 31

營業額上升百分之五點九至港幣八億五千六百萬元(二零零一年:港幣八億零八百萬元)。銷售額在第四季開始放緩,主要是由於在十一月及十二月出現非季節性和暖天氣,以及價格競爭加劇所致。此外,每平方米銷售額由二零零一年之港幣四千七百元下降至二零零二年之港幣四千元。在本年度多家新加入之門市並未能達致最高效益。

Turnover grew 5.9 percent to HK\$856 million (2001: HK\$808 million). Sales started to slow down in the fourth quarter, largely attributable to non-seasonally warm weather in November and December, as well as intensified price competition. Sales per square foot fell to HK\$4,000 in 2002 from HK\$4,700 in 2001. New stores that were added to the system during the year had not yet reached the optimal efficiency level.

中國大陸之零售市場發展速度過快。當中國大陸加入世界貿易組織後,會有更多新的零售商湧入市場,從生活日益富裕的中國人口中獲利。而其後加入之零售商當中大部分有相當雄厚的財力作後盾,導致員工成本及租金成本因競爭而上升,特別是在多個主要城市之店舖黃金地段。因此,不斷上升之成本無可避免令經營溢利率增添壓力。

The retail market was overheated in Mainland China. Upon Mainland China's entry into the World Trade Organization, many new retailers rushed into the market to capitalize on the rising affluence of the Chinese population. Many of these late comers have relatively strong financial backing. They have been bidding up staff cost as well as rental cost, mainly in the major cities' prime shopping areas. Escalated costs had inevitably put pressure on the operating profit margin.

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因應本集團多品牌策略，在本年度最後一季，本集團在中國大陸推出 *Bluestar Exchange* 系列，並開設九間門市。*Giordano Core Line* 集中推出高增值貨品，而 *Bluestar Exchange* 則推出物有所值之貨品，以迎合精打細算的消費者。

就中期而言，中國大陸將繼續成為本集團主要收入來源之市場之一。本集團將透過在一級重點城市開設自營之門市，並於二級及三級重點城市設立特許專賣門市，不斷拓展 *Giordano Core Line* 之分銷網絡。同時，本集團亦將會繼續與特許專賣商緊密合作，推出全面的獎勵計劃，藉以提升特許專賣店之表現。於二零零三年，本集團將不斷努力，重整表現未如理想之特許專賣店之業務。於二零零二年，十七間特許專賣店已轉為自營門市。

此外，管理層將致力在多個大城市發展 *Giordano Ladies*，而市場初步對此特定系列反應良好。管理層在短期內進行門市拓展計劃時，將更為審慎。而本集團計劃在二零零三年增加約三十間 *Giordano Core Line* 門市，及開設四十間或以上之 *Bluestar Exchange* 店舖。於二零零二年，本集團新門市之淨增加為七十一家。

As part of the Group's multi-branding strategy, the Group launched the *Bluestar Exchange* line in Mainland China and opened nine outlets in the last quarter of the year. While the *Giordano Core Line* focuses on offering high value-added products, the *Bluestar Exchange* line focuses on value-for-money products catered for the budget conscious group.

Mainland China will remain as one of the Group's major earnings drivers in the medium term. We will continue to expand our *Giordano Core Line*'s distribution network by opening new self-managed stores mainly in the tier one cities and authorized dealers' outlets principally in the second and third tier cities. We will continue to work closely with our authorized dealers. An extensive incentive program was introduced to help to boost performance of the authorized dealer shops. In 2003, the Group will continue to consolidate the non-performing authorized dealer shops. In 2002, 17 of them were converted into self-managed shops.

Management will continue to develop the *Giordano Ladies* line in the bigger cities. Initial responses to the niche line have been well-received. Management will be more prudent in store expansion plan in the near term. The Group plans to add about 30 new outlets under the *Giordano Core Line* and about 40 or more new *Bluestar Exchange* stores in 2003. In 2002, there was a net addition of 71 outlets to the system in aggregate.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### 香港

### HONG KONG

		2002	2001	2000	1999	1998
銷售額(港幣百萬元)	Sales (HK\$ millions)	776	760	788	682	588
每平方呎銷售額(港元) *	Sales per square foot (HK\$) *	6,800	6,400	7,000	9,400	11,100
可比較門市之銷售額 增加/(減少) **	Comparable store sales increase/(decrease) **	3%	(8%)	(5%)	8%	(22%)
銷售面積(平方呎) ***	Saleable area (sq. ft.) ***	116,400	114,200	127,300	100,000	58,300
門市數目 ***	Number of stores ***	73	72	74	61	49
售貨員數目 ***	Number of sales associates ***	537	462	514	441	326

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

\*\*\* As at December 31

營業額達港幣七億七千六百萬元(二零零一年：港幣七億六千萬元)，較去年同期高出百分之二點一。於本年度內，全線毛利率均告上揚。

Turnover amounted to HK\$776 million (2001: HK\$760 million), which was 2.1 percent higher than that of the previous year. During the year, all lines experienced gross margin enhancement.

於本年度內，*Giordano Core Line*其中一間銷售額貢獻最高之門市—京華中心因進行裝修工程而連續關閉七個月，致使比對去年同期此系列之銷售額下跌百分之二點五。京華中心於二零零二年九月二十八日重開，目前是香港第二間旗艦店。由於此間旗艦店座落於香港其中一個最繁忙的購物區內，故此自重開以來一直受惠於密集之客流量。

One of the major sales contributors to the *Giordano Core Line*, the Capitol Centre shop, was closed for renovation for seven consecutive months during the year. This largely resulted in a 2.5 percent year-on-year decline in sales for the line. The Capitol Centre shop was re-opened on September 28, 2002. It is now revamped into the second flagship store in Hong Kong. Located in one of the busiest shopping districts in Hong Kong, the shop continued to enjoy very high traffic flow since its re-opening.

*Giordano Ladies*之營業額較二零零一年上升百分之三點一，而毛利率則隨著成功推出貨品及較少調低售價而有所上升。於本年度內，本集團關閉兩間表現未如理想之店舖。

Turnover of *Giordano Ladies* increased 3.1 percent compared to that of 2001. Gross margin improved on successful product launches which minimized mark down activities. During the year, there was a net closure of two non-performing shops.

*Bluestar Exchange*之營業額較去年增加百分之二十四。隨著在二零零一年年底取得收支平衡後，此系列在二零零二年起開始為本集團之淨收益提供較理想的溢利。於二零零二年間，更增設五間門市，而其中四間是本年度第四季開設。*Bluestar Exchange*將致力鞏固其於物有所值之市場中地位。

*Bluestar Exchange* recorded a 24.0 percent turnover growth over the prior year. After breaking even towards the end of 2001, the line started to contribute meaningful profits to the Group's bottom line in 2002. Five shops were opened in 2002, of which four of them were added in the fourth quarter of the year. *Bluestar Exchange* will continue to solidify its position in the value-for-money market segment.

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台灣

TAIWAN

		2002	2001	2000	1999	1998
銷售額 (港幣百萬元)	Sales (HK\$ millions)	677	746	871	953	710
每平方呎銷售額 (港元) *	Sales per square foot (HK\$) *	2,900	3,600	5,500	6,000	4,300
可比較門市之銷售額 (減少)/增加 **	Comparable store sales (decrease)/increase **	(15%)	(14%)	(4%)	31%	(8%)
銷售面積 (平方呎) ***	Saleable floor area (sq. ft.) ***	232,900	232,400	184,500	165,700	156,400
門市數目 ***	Number of stores ***	182	181	159	178	184
售貨員數目 ***	Number of sales associates ***	773	763	826	827	680

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

\*\*\* As at December 31

營業額下降百分之九點二至港幣六億七千七百萬元 (二零零一年：港幣七億四千六百萬元)。宏觀經濟環境仍然疲弱，政局不穩，再加上失業率高企，進一步打擊消費意欲。新制定之產品策略於公司架構內實際推行所需之時間超出預期，此導致銷售表現低沉之部分原因。然而，由於價格推廣活動減少及平均零售價較高，故毛利上升接近一個百分點。

為配合店舖組合計劃，於本年度內，Giordano Core Line門市淨關閉四間；同年Giordano Ladies亦關閉一間店舖。

Giordano Ladies已成功在台灣建立突出的市場地位，同時更因其不斷提供優質貨品及細緻的服務而傲視同儕。透過鞏固當地之管理隊伍，管理層深信可於二零零三年取得更佳之業績。

隨著Bluestar Exchange在這兩年於台灣市場推出，Bluestar Exchange部分貨品在當地市場之知名度已日漸提升。在本年度下半年，本集團開設三間門市。管理層將主要透過其他大型超市，繼續拓展其分銷網絡。

管理層相信營業額下跌之情況將於二零零三年受到控制，而在本年度內，管理隊伍將借助全球貨品發展之平台，專注發展與眾不同之貨品。

Turnover declined 9.2 percent to HK\$677 million (2001: HK\$746 million). Macro environment remained to be bleak. Unstable political front coupled with high unemployment rate further dampened consumer sentiment. New product strategy had taken more time than expected to work through the organization for effective implementation; which partly explained the subdued sales performance. However, gross margin improved by nearly one percentage point due to less price promotions and higher average retail price.

As part of the shop portfolio enhancement program, during the year, there was a net closure of four outlets under the Giordano Core Line. During the same year, one Giordano Ladies shop was closed.

Giordano Ladies had successfully built a distinctive market position in Taiwan. It stands out from the rest of the peers for its high quality products and intimate services. By solidifying its local management team, Management is confident that it can deliver even better results in 2003.

After the line's major roll-out in these two years, some of Bluestar Exchange's products are gradually gaining recognition in the local market. In the second half of the year, three new outlets were opened. Management will continue to expand its distribution network, mainly through hypermarkets.

Management believes the declining trend will be captured in 2003. The team will focus on meaningfully differentiated products by taking advantage of the global product development platform.

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### 新加坡

### SINGAPORE

		2002	2001	2000	1999	1998
銷售額 (港幣百萬元)	Sales (HK\$ millions)	372	330	349	349	234
每平方呎銷售額 (港元) *	Sales per square foot (HK\$) *	9,000	9,700	13,300	13,800	8,500
可比較門市之銷售額 (減少)/增加 **	Comparable store sales (decrease)/increase **	(7%)	(13%)	(5%)	48%	(16%)
銷售面積 (平方呎) ***	Saleable floor area (sq. ft.) ***	46,000	37,800	32,400	24,400	28,000
門市數目 ***	Number of stores ***	49	44	35	27	31
售貨員數目 ***	Number of sales associates ***	320	278	254	228	202

\* 按加權平均基準計算

\*\* 指於兩個作比較之財政年度均開業十二個月之門市

\*\*\* 於十二月三十一日

\* On weighted average basis

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

\*\*\* As at December 31

營業額由二零零一年之港幣三億三千萬元增加百分之十二點七至港幣三億七千二百萬元。銷售額於十月及十一月大幅上升主要是由於市民趕緊在十二月推出商品及服務稅前購物；而可比較門市之銷售額由二零零一年之負百分之十三點四改善至二零零二年之負百分之七。出現未如理想之表現，主要是源於購物區之改變，而購物商場數目之增加，亦導致現有店舖之客流量減少。

於本年度內，部分規模較細的門市已被大型模式及具有更佳形象之店舖所取代。縱使經濟情況波動，消費者信心不足，但亦有多家亞洲及歐洲零售商在本年度下半年積極打入該市場，大展拳腳。大批新零售商湧現無可避免使主要購物中心之租金因競爭而上漲。

管理層預期二零零三年將仍然為困難的一年，隨著持續的高失業率，相信消費者信心將持續減弱，此舉使零售商難以將增加的商品及服務稅轉嫁至消費者。為了維持高毛利率，管理層將竭力提供與別不同及高增值之貨品。

Turnover rose 12.7 percent to HK\$372 million, from HK\$330 million in 2001. Sales improved significantly in October and November when people shopping ahead of the implementation of the Goods and Services Tax in December. Comparable store sales growth improved from -13.4 percent in 2001 to -7.0 percent in 2002. The negative performance was largely due to changes in the shopping catchment area. Increase in the number of shopping malls resulted in diluted foot traffic in the existing shops.

During the year, some of the smaller shops were replaced by some bigger format and better image shops. Despite the volatile economy and fickle consumer sentiment, many Asian and European retailers rushed or expanded into the market aggressively in the second half of the year. Influx of the new comers had inevitably bid up rental costs in the major shopping areas.

Management expects 2003 to be another difficult year. With sustained high unemployment rate, consumer sentiment is likely to remain weak. This would limit the scope for retailers to pass on the Goods and Services Tax hike to customers. In order to sustain high gross margin, Management would work harder on providing meaningfully differentiated and high value-added products.

## 其他已建立之市場

本集團其他已建立之市場於二零零二年之營業額概列於下表。於本年度內，此等市場全體比對去年同期之毛利率均有增長。逐漸成為本集團營業額及溢利之較為重要來源。於二零零二年，此等市場共佔本集團之總零售及分銷營業額百分之八點八，而二零零一年則為百分之六點八。

## OTHER ESTABLISHED MARKETS

Turnover of our other established markets in 2002 is summarized in the following table. During the year, all of these markets experienced major year-on-year gross margin improvement. In aggregate, they are becoming a more significant contributor to the Group's turnover and profits. In 2002, these markets together accounted for 8.8 percent of the Group's total retail and distribution turnover, compared to 6.8 percent recorded in 2001.

(以港幣百萬元為單位) (In HK\$ millions)	馬來西亞 Malaysia	澳洲 Australia	泰國 Thailand	印尼 Indonesia	合計 Total
二零零二年 Year 2002	114	98	38	46	296
二零零一年 Year 2001	100	64	29	29	222
比對去年之增幅 Year-on-year increase	14.0%	53.1%	31.0%	58.6%	33.3%

## 新市場

### 日本

本集團在十月開設三間門市，其中兩間位於東京而一間位於大阪。此等新增之門市有別於首四間門市，其規模較細，各門市之面積僅為一千五百平方呎，而須支付之租金則與銷售表現掛勾，此等新門市之表現已達管理層預期。另外，其餘四間現有門市之銷售額在第四季已開始改善。在二零零三年，位於日本環球片場購物中心內之店舖將遷移至人流暢旺而規模較小之店舖，而位於原宿之店舖亦可能重新整頓以降低固定成本。管理層有信心 *Giordano* 品牌及產品素質將可於短期內在市場取得較高之知名度，同時於二零零三年拓展計劃之進行將較為審慎。

## NEW MARKETS

### Japan

Three new outlets were opened in October. Two of them are located in Tokyo and one in Osaka. Unlike the first four stores, these new ones have much smaller store formats, about 1,500 square feet each, and rental payments are linked to sales performance. Performance of these new outlets have been meeting Management's expectation. Sales of the other four existing stores started to pick up in the fourth quarter. In 2003, the shop located in the Universal Studio (Japan) shopping mall will be relocated into a higher traffic but smaller format location. The shop located in Harajuku is likely to be re-formatted in order to reduce fixed costs. Management is confident that the *Giordano* brand and product quality will gain a high level of recognition in the market in the near term. A prudent expansion plan is planned for 2003.

### 德國

位於德國之合營企業已終止運作，同時 *Bluestar Exchange* 連鎖店全線二十三間門市已於二零零二年九月三十日關閉。鑑於管理層認為分銷渠道欠理想，故此作出慎重決定終止營業，盡早減少虧損，因終止經營業務而產生之非經常性費用為港幣一千萬元。然而，在德國經營業務之短短十八個月內，管理層成功與歐洲多家零售商及供應商建立良好的關係，有助本集團日後於歐洲之發展。展望未來，管理層對於有關拓展歐洲市場之計劃，將採取非常謹慎的態度。

### Germany

The joint venture in Germany was dissolved and the entire 23-outlet *Bluestar Exchange* chain was closed on September 30, 2002. Management made a prudent decision to cut losses at an early stage due to recognition of the inappropriate distribution channel. The discontinuation of operation incurred a HK\$10 million non-recurring costs. The brief 18 months of operation in Germany allowed Management to establish good relationships with some European retailers and suppliers, which will be beneficial for the Group's future expansion in Europe. Going forward, Management will be very cautious towards Europe expansion, despite frequent enquiries.

## 合營公司

### 韓國

韓國之營業額與去年之水平相若，加上經濟步伐放緩，消費者信心不振，致使消費者之消費開支在第四季開始大幅銳減。此外，無論是當地品牌以至外來之品牌競爭漸趨白熱化，而其他零售商較過往更常以價格優惠推廣。於二零零三年管理層將竭盡所能，並透過推出與眾不同及嶄新之貨品，維持其在市場上之領導地位，提高品牌之競爭力。同時，產品發展隊伍亦努力不懈，了解消費者品味之轉變，及時更改其產品設計。

### 中東

中東之營業額較去年增長百分之十二點七。雖然伊拉克之政局不穩，以及近期出現多宗炸彈爆炸案，致使旅遊區，特別是杜拜之旅客人數驟降，但營業額仍然可取得強勁之增長，管理層對此感到欣慰。在中東地區不斷努力建立品牌後，Giordano品牌目前已成為區內其中一個著名之便服品牌。中東管理隊伍為本集團其中一群發揮顧客關係管理至極之先驅，從最近杜拜政府所舉辦之卓越客戶服務計劃中，獲選為其中一家在顧客服務方面表現突出之公司，其客戶管理方法之成就可見一斑。

## JOINT VENTURES

### Korea

Turnover stayed almost at the same level as that of last year. Coupled with a slower economy and weakening consumer confidence, consumer spending started to contract dramatically in the fourth quarter. Competition also stepped up, from predominantly local brands to the recent foreign entrants. Price promotions were more commonly offered by other retailers than before. In 2003, Management will strive to sustain its leading market position and capitalize on the brand's competitive edge through offering differentiated and innovative products. Product development team will work harder to monitor changes in consumer tastes and modify their designs in a timely manner.

### Middle East

Turnover improved 12.7 percent compared to the year before. Management is pleased with the robust sales growth amid the unstable situation in Iraq and the recent series of bombing which led to a sudden drop in tourist arrival, especially in Dubai. After spending lots of efforts in building the brand in the Middle East, the *Giordano* brand is now being recognized as one of the leading casual wear brands in the region. The Middle East team is one of the forerunners among the Group to practice customer relationship management to its fullest. Its success was exemplified by its recent recognition by the Government of Dubai's Customer Service Excellence Scheme as one of the most outstanding companies in customer service.

## 製衣部門概況

製衣部門在未抵銷分部間銷售之營業額為港幣七億五千九百萬元（二零零一年：港幣七億二千七百萬元），較去年同期上升百分之四點四。毛利率提高三百五十個基點，主要由於改變採購策略，由透過香港代理採購布料改為直接向布料廠採購。然而經營溢利由二零零一年錄得之港幣五千七百萬元降至港幣五千四百萬元。盈利收縮主要歸因於本集團作為中介人之角色漸減，致使佣金收入下降。

於二零零二年財政年度，製衣部門供應零售及分銷部門之採購需求約佔百分之二十六（二零零一年：百分之二十四）。

為配合本集團轉移製衣業務之計劃，本集團其中一家全資製衣公司正轉型為貿易公司，提供多種全面之增值服務，而此轉型對本集團之財務報表並無重大影響。

製衣部門之短期策略為發展多元化業務，在純製衣業務以外提供增值服務。管理層與客戶之合作將更為緊密，協助彼等透過其本身之網絡採購原材料。現時，管理隊伍將繼續物色長期客戶，拓闊其客戶基礎，以圖增加銷售額。此外，管理層亦物色生產質素高之工廠，致使本集團可在毋須增加其本身生產力之情況下，透過此等工廠配合預期增加之訂單。

下表顯示本集團製衣業務營業額之分項數字：

## HIGHLIGHTS OF THE MANUFACTURING DIVISION

The Manufacturing Division's turnover before elimination of inter-segment sales was HK\$759 million (2001: HK\$727 million), a 4.4 percent increase over the previous year. Gross profit margin improved by 350 basis points, mainly attributable to shifting our fabric sourcing from Hong Kong agents to fabric mills directly. Operating profit fell to HK\$54 million, from HK\$57 million registered in 2001. Profit contraction was mainly due to decline in commission income as the Group's intermediary role is diminishing.

In fiscal year 2002, the Manufacturing Division provided about 26.0 percent (2001: 24.0 percent) of the Retail and Distribution Division's sourcing requirement.

As part of the Group's plan to divest its manufacturing business, one of the Group's wholly-owned manufacturing companies is in the process of transforming into a trading company which provides a comprehensive range of value-added services. This transformation should have no material impact on the Group's financial statements.

The near-term strategy for the Manufacturing Division is to diversify into providing value-added services besides pure manufacturing. Management will work more closely with the clients and will help them to source raw materials by utilizing its own network. In the meantime, the team will continue to solicit long term clients in order to diversify its client base and to drive sales growth. In addition, Management will identify high-quality factories which they can use to cope with the anticipated increased orders without adding its own capacity.

The following table shows a breakdown of our manufacturing turnover:

		2002	2001	2000	1999	1998
營業額 (港幣百萬元)	Turnover (HK\$ millions)	759	727	727	565	613
營業額百分比：	Percentage of turnover to:					
本集團	The Group	72	70	72	65	58
第三者	Third Parties					
日本	Japan	23	25	17	15	20
香港	Hong Kong	3	3	5	18	10
中國大陸	Mainland China	-	-	4	-	1
韓國	Korea	-	1	2	-	1
其他地區	Others	2	1	-	2	10

## 展望

展望二零零三年，管理層預期經營環境將較過往兩年更為艱巨，倘若美國與伊拉克開戰，經濟情況將更惡化，而消費者信心亦將大受打擊。鑑於區內消費者對產品需求縮減，本集團因而必須更為努力，藉以從其他零售商手中取得更大之客戶佔有率。此外，在已建立市場維持本集團之領先地位、提升盈利及開拓新市場對本集團之長期發展均極為重要。於二零零三年，管理層將集中以下各方面：

### (1) 推出更優質貨品及實施嚴格之存貨控制政策

產品發展隊伍須具備敏銳的市場觸角，因應顧客品味之轉變及時改變其貨品；而在推出貨品時應計劃周詳，以免因積壓過多存貨而需要調低貨品價格，推出與別不同之貨品及奉行嚴格之存貨控制政策是在此充滿挑戰之零售環境中取勝之道。本集團將繼續採取即時供貨和迅速之應變系統，更有效控制貨品之準備期及存貨量。

### (2) 提升品牌形象

本集團在提供高增值貨品的同時，亦將不斷提升其所有店舖之產品陳列方式。從本集團本身之統計數字顯示，良好的購物環境及店舖佈置，有助吸引顧客延長在店舖內選購貨品的時間，購買更多貨品。持續進行之店舖組合提升計劃將確保位於非目標人口地區之店舖將予淘汰。在已建立之市場方面，規模較細之店舖將由規模較大店舖取代，並將於適當時間開設其他旗艦店。香港之第二間旗艦店已於去年九月底開幕，此店將有助提升本集團在二零零三年於香港之表現。至於中國大陸方面，本集團將於二零零三年年底在上海其中一個著名購物區開設一間旗艦店。至於新加坡方面，以較大模式經營之店舖將設於主要購物區，而部分位於住宅區內規模較細之店舖亦將予整合。此外，本集團亦將調配充裕之廣告及宣傳費用，以進行建立品牌活動。

## OUTLOOK

Looking into 2003, Management expects an even tougher business environment compared to the previous two years. Economies and consumer sentiment will be worsened if the United States and Iraq go into war. In view of a shrinking customer demand pie in the region, the Group has to work harder to gain customer share from other retailers. Sustaining our leading position in the established markets, enhancing the Group's profitability, and developing new markets are crucial to the Group's longevity. In 2003, Management will focus on the following:

### (1) Better merchandise and tighter inventory control

Product development teams need to be very alert to changes in consumer tastes and adjust their merchandise in a timely basis. Product launches should be carefully planned for in order to avoid accumulation of excess inventories which will lead to product mark down. Product differentiation and tight inventory control are key for survival in the prevailing challenging retail environment. The Group will continue to adopt just-in-time and quick response systems to better control product lead time and inventory levels.

### (2) Brand image enhancement

Besides offering higher value-added products, the Group will continue to enhance the visual merchandising of all shops. Our own statistics have shown that, better shopping environment and layout could help to entice customers to spend more time and money in our shops. An on-going shop portfolio enhancement program will ensure that shops located in a non-targeted population will be phased out. In the established markets, smaller format shops will be replaced by larger format ones and flagship stores will be established wherever appropriate. In Hong Kong, the second flagship store was opened in late September which should help to boost Hong Kong's performance in 2003. In Mainland China, a flagship store will be opened in one of the prominent shopping districts in Shanghai towards the end of 2003. In Singapore, bigger format stores were opened in the key shopping areas while some of the smaller shops in the residential areas will be consolidated. In addition, the Group will also allocate sufficient advertising and promotion budget in brand building campaigns.

**(3) 改善尚未成熟市場之表現**

澳洲市場在投入營運約三年後，在二零零二年其業務已錄得盈利。管理層在二零零三年將繼續打入主流市場，並不斷建立 *Giordano* 品牌形象，使之成為澳洲人心目中之品牌。在日本方面，直至目前為止所產生之經營虧損仍然在預算範圍內。除現有之七間店舖外，本集團在東京及大阪拓展網絡時將步步為營。目前，管理層將更改現有店舖之模式。

**(4) 善用資訊科技**

在全球資訊科技平台完備後，所有市場均可即時掌握各自之銷售數字及存貨量，此種新改良之系統備有警示功能，各使用者可在早階段獲知貨品及存貨的潛在問題。在分析適當之數據後，管理層可更有效知悉顧客口味及購物習慣，並可協助銷售隊伍因應顧客之要求而有效地作出轉變，而產品發展隊伍亦可因應顧客的喜好迅即作出變動。此外，本集團可因應所收集之數據，有效地推行顧客關係管理。

**(3) Improving performance of the younger markets**

After operating in Australia for approximately three years, the operations turned into profits in 2002. In 2003, Management will continue to penetrate into the mainstream population and better entrench the *Giordano* brand in the minds of the Australians. In Japan, operating losses incurred to date are within budget. With the existing seven stores, the Group will seek to expand the network in Tokyo and Osaka carefully. In the meantime, Management will modify shop formats of the existing stores.

**(4) Better usage of information technology**

Upon the refinement of the global information technology platform, all markets can access their respective real time sales figures and inventory levels. This new and improved system includes an alert feature, whereby respective users will be reminded of potential merchandise or inventory problem at an early stage. With proper data mining, Management and staff can better understand customers' tastes and buying patterns. This should help the sales team to serve customers more effectively and the product development team to respond more rapidly to changes in customers' preferences. In addition, with the data collected, the Group can implement customer relationship management more effectively.