

## **Giordano Releases Unaudited First Quarter Operations Update For The Three Months Ended March 31, 2017**

**May 11, 2017, Hong Kong**

Giordano International Limited (“Giordano” or the “Company”) and its subsidiaries (the “Group”) released its unaudited first quarter operations update for the three months ended March 31, 2017 today:

- Group sales for the first quarter of 2017 were HK\$1,285 million (2016: HK\$1,306 million), a decrease of 1.6%, or a smaller decline of 1.0% if non-Hong Kong Dollar markets’ sales were converted at constant exchange rates.
- Group comparable store sales and comparable store gross profit increased by 0.5% and 2.2%, respectively. In the quarter, gross margin rose from 57.7% to 58.6%, attributable to the depreciation of RMB between the two quarters being compared.
- Inventory turnover days on cost were 72 days at quarter-end (March 31, 2016: 72 days; December 31, 2016: 78 days).
- At quarter-end, net cash and bank balances were HK\$1,218 million (March 31, 2016: HK\$1,192 million; December 31, 2016: HK\$1,095 million).

“Group sales for the first quarter decreased by HK\$21 million from HK\$1,306 million same quarter last year, but Group gross profit only decreased by HK\$1 million due to higher gross margin. In the quarter, gross margin rose from 57.7% to 58.6%, attributable to the depreciation of RMB between the two quarters being compared. Management believes that gross margin improvement can be maintained for the rest of the year.” said Dr. Peter Lau, Chairman and Chief Executive of Giordano.

Dr. Lau added, “Riding on the trend, mainland China’s e-business sales improved by 22.1% with successful promotion campaigns. An early Chinese New Year shifted sales to franchisees from early 2017 to late 2016, and an unseasonably warm Chinese New Year was unfavorable to the apparel retail industry. Physical store CSS declined by 4.9% during Chinese New Year but improved by 2.2% in March upon the arrival of spring/summer collection. In the past twelve months, franchised stores in mainland China registered a net gain of 39 stores, representing a 5.6% increase in retail floor space. We will continue to support the growth of franchised network.” Dr. Lau continued, “Our Hong Kong and Macau operations team managed to grow comparable store sales from last year, with notable double-digit growth in comparable store sales registered for March.”

“In the rest of Asia Pacific region, regional sales at local currencies increased by 2.1% with gross margin up by 1.6pp. Translational differences from currencies fluctuation were insignificant in this region in the quarter. Both Indonesia and Thailand delivered mid-single-digit growth in sales, and management believes these markets’ overall performance will be satisfactory. The Middle East business has drastically rebounded partly due to improved merchandise mix and promotion activities which have begun since the third quarter of 2016.”

“We will strive to continue generating healthy cash flow and creating value for our shareholders. While there continues to be widespread uncertainty over the global economy, there remains a feeling of cautious optimism within the Company. Through the execution of our inventory management, we will continue to improve the acceptance and consistency of our overall product range across all brands. This will also serve as the bedrock of our branding strategy – strong fundamentals will serve as a foundation for quality marketing. We will continue our initiatives to introduce lines with higher quality and price points fitting the more discerning customers while keeping our core items at competitive prices. We will roll-out quality marketing campaigns in various regions to reinforce our global brand position while at the same time continue to improve the shopping experience we offer to our customers.” Dr. Lau concluded.

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**About Giordano:**

Giordano is a leading international retailer of men’s, women’s and children’s apparel under the brand names *Giordano & Giordano Junior, Giordano Ladies, BSX and Beau Monde*. Established in 1981, Giordano now operates over 2,300 stores and counters in Greater China, South Korea, South East Asia, and the Middle East. Giordano is listed on the main board of Hong Kong Stock Exchange under the code 709.

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