

## **Giordano Releases Unaudited Operations Update For The Quarter Ended September 30, 2017**

**November 9, 2017, Hong Kong**

Giordano International Limited (the “Company”) and its subsidiaries (“Giordano” or the “Group”) today announced its unaudited operations update for the quarter ended September 30, 2017:

- Group sales for the third quarter rose by 3.6% to HK\$1,240 million (2016: HK\$1,197million).
- Group gross profit increased by 3.0% on improved Group sales, partially offset by a 0.3 percentage point decline in gross margin due in part to the change in channel mix and selective sales promotion activities during the quarter.
- Group comparable store sales (“CSS”) and comparable store gross profit (“CSGP”) for the quarter grew by 2.3% and 1.5%, respectively.
- Inventory turnover days on cost increased by 16 days to 92 days at quarter-end (September 30, 2016: 76 days). Due to persistent hot weather in China, the Group prepared extra merchandise for various seasons as a contingent plan for the Golden week and for Singles’ Day events of the e-business.
- At September 30, 2017, the cash and bank balances net of bank loans were lower by HK\$40 million to HK\$986 million (September 30, 2016: HK\$1,026 million), mainly due to the increase in interim dividend payment and the ongoing share repurchase arrangement.

“Group sales for the third quarter rose by 3.6%. Comparable stores sales registered 2.3% growth, but we only saw a smaller 1.5% rise in comparable store gross profit, which was attributable to the change in channel mix and selective sales promotion activities to counter the unusually hot weather in certain key markets” remarked Dr. Peter Lau, Chairman and Chief Executive of Giordano.

Dr. Lau added, “We began to see the fruits of our franchise expansion strategy in Mainland China, where the number of franchised stores increased by 30 in the past twelve months. We will continue to consolidate our franchisees in Mainland China while providing further professional and operational assistance, together with marketing and promotional resources so as to pave the way for further store expansion.”

Dr. Lau continued, “Despite ongoing challenges to the retail sector in Hong Kong and the unprecedented heat and number of typhoons in the months of September and October, our operations team there remained steadfast, achieving an increase in comparable store sales as compared to the same period last year. We will maintain our rental saving initiatives, revitalize shop ambience and further enhance our marketing campaigns.” On Taiwan, Dr. Lau said, “There has been a visible turnaround in performance. Although the market has benefitted from the strengthening of the local currency, our Taiwan operations team has also been improving shop ambience and merchandise mix. Regular interaction with the key members of Hong Kong’s operation team is also bearing fruit”.

“While reinforcing our CSS and CSGP growth, we will also continue to strengthen our internal operations with resources being allocated towards the training and development of our people, improvement of shop ambience as well as selective geographical expansion.” Dr. Lau concluded.

- END -

**About Giordano:**

Giordano is an international apparel retailer of men’s, women’s and children’s apparel, operating *Giordano and Giordano Junior, Giordano Ladies, BSX* and other owned and licensed brands. Established in 1981, Giordano now operates over 2,300 stores in over 30 countries worldwide. The majority of stores were 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.

**For further information, please contact:**

Agnes Chan

E-mail: [agneschan@giordano.com](mailto:agneschan@giordano.com)

Telephone: +852 2746 4771