

Giordano Releases Unaudited First Quarter Operations Update For The Three Months Ended March 31, 2018

May 17, 2018, Hong Kong

Giordano International Limited (the “Company”) and its subsidiaries (“Giordano” or the “Group”) released its unaudited first quarter operations update for the three months ended March 31, 2018 today.

- Group sales for the first quarter rose by 13.4% to HK\$1,457 million. Group gross profit increased by 12.5% on improved Group sales, partially offset by a 0.5 percentage point decline in gross margin due in part to the change in channel mix and a late Chinese New Year, leading to longer promotion period. Group comparable store sales (“CSS”) and comparable store gross profit for the quarter increased by 9.5% and 8.7%, respectively.
- As at March 31, 2018, the Group operated through a network of 2,414 stores (or 2,307,300 sq. ft. of retail floor space), of which 1,271 were standalone stores. Net increase of stores compared with March 31, 2017 was 40.
- Inventory turnover on costs increased by 3 days to 75 days, partly due to the consolidation of the Group’s Vietnam operation since July 1, 2017.
- At quarter-end, the cash and bank balances, net of bank loans, reached HK\$1,374 million (March 31, 2017: HK\$1,218 million), representing an increase of 12.8% year-on-year. Approximately HK\$314 million has been earmarked for paying out the proposed final dividend for fiscal year 2017.

Commenting on the Group’s business in Mainland China, Dr. Peter Lau, Chairman and Chief Executive of the Group, said, “Mainland China had continued to deliver strong growth, with its e-business registering a 28.9% improvement in sales due mainly to successful merchandise mix. Physical store CSS also increased by 16.7%. We had further strengthened franchisee network there aiming at growing our franchisees’ operations and profits.”

Dr. Lau added, “Taiwan had sustained recovery momentum from the end of 2017, achieving a 19.5% increase in sales. The rest of Asia Pacific region also delivered satisfactory performances.”

“Middle East sales since beginning of the year have been sluggish but the temporary setback is expected to dissipate with the arrival of the forthcoming Muslim festival.”

“The Group’s duty is generating healthy cash flow and creating value for our shareholders while being socially responsible. The quarter’s results were encouraging. However, there remains uncertainty in the global economy. Management must be vigilant in maintaining operational discipline and excellence, inventory management, quality control and superb product range, smart marketing, and customer experience.” Dr. Lau concluded.

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About Giordano:

Giordano is an international apparel retailer with a portfolio of brands, including *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX* as well as other owned and licensed brands. Established in 1981, Giordano now operates through a network of over 2,400 stores, majority of which are in Greater China, South Korea, Southeast 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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