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GIORDANO
GIORDANO INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 709)

**UNAUDITED OPERATIONS UPDATE FOR
THE THREE MONTHS ENDED SEPTEMBER 30, 2018**

The board of directors (the “Board”) of Giordano International Limited (the “Company”) presents the unaudited operations update of the Company and its subsidiaries (the “Group”) for the three months ended September 30, 2018. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders and potential shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.

SUMMARY OF OPERATIONS UPDATE

Table 1: Overview of Group Sales

<i>(In HK\$ million)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2018	2017	2018	2017
The rest of Asia Pacific	355	355	1,193	1,060
Mainland China	251	281	932	886
Hong Kong and Macau	226	224	703	697
Taiwan	142	146	498	450
The Middle East	134	153	469	505
Wholesale sales to overseas franchisees	68	81	241	260
Group sales¹	1,176	1,240	4,036	3,858
Global brand sales ²	1,481	1,519	5,012	4,978
Group comparable store sales (“CSS”) growth ³	(2.8%)	2.3%	2.9%	3.9%
Inventories at period end			525	527

Table 2: Group sales by channel

<i>(In HK\$ million)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2018	2017	2018	2017
Physical stores	959	1,000	3,267	3,121
E-business	50	47	213	180
Retail sales	1,009	1,047	3,480	3,301
Wholesale sales to franchisees	167	193	556	557
Group sales	1,176	1,240	4,036	3,858

During the quarter, group sales decreased by 5.2%, or 6.9% if translated at constant exchange rates. Group CSS was down by 2.8%. We saw a sharp decline in sales as a result of dampened consumer confidence since June throughout the Asia Pacific region. Core Giordano lines constituted 84.6% of total brand sales. Our premium womenswear brand, *Giordano Ladies*, posted a CSS growth of 3.3%.

Table 3: Store portfolio

	Store numbers at Sep 30	
	2018	2017
Retail and Distribution		
Mainland China		
Franchised stores	627	576
Directly operated stores (“DOS”)	305	326
The rest of Asia Pacific	595	587
Taiwan	199	196
The Middle East		
Franchised stores	39	41
DOS	145	151
Hong Kong and Macau	75	76
Overseas franchisees	422	417
Total	2,407	2,370

Table 4: System inventories

<i>(In HK\$ million)</i>	At		
	Sep 30 2018	Dec 31 2017	Sep 30 2017
Inventories held by the Group	525	524	527
Inventories held by 48.5% South Korea joint venture	197	175	200
Inventories held by franchises in Mainland China	90	91	103
Finished goods at suppliers (net yet shipped)	31	54	89
Total system inventories	843	844	919

By Order of the Board
LAU Kwok Kuen, Peter
Chairman and Chief Executive

Hong Kong, October 19, 2018

As at the date of this announcement, the Board comprises three executive directors; namely, Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive), Dr. CHAN Ka Wai and Mr. Mark Alan LOYND; two non-executive directors; namely, Dr. CHENG Chi Kong and Mr. CHAN Sai Cheong; and three independent non-executive directors; namely, Dr. Barry John BUTTIFANT, Mr. KWONG Ki Chi and Professor WONG Yuk (alias, HUANG Xu).

¹ *Group sales refer to consolidated sales and include retail sales from DOS and wholesale sales to all overseas/non-consolidated franchisees.*

² *Global brand sales are at 2018 exchange rates, and are greater than Group sales to include the total of Giordano retail sales, in DOS, franchised stores and stores operated by a joint venture.*

³ *Group CSS are total Giordano brand sales of consolidated subsidiaries, at constant exchange rates, from existing DOS and franchised stores that have been fully operating in the same prior period.*