

## **Giordano Releases Unaudited Operations Update For The Quarter Ended September 30, 2020**

**October 16, 2020, Hong Kong**

Giordano International Limited and its subsidiaries (the “Group”) today announced its unaudited operations update for the quarter ended September 30, 2020:

The decline in Group sales visibly narrowed from -54.6% in the second quarter to -31.2% in the third quarter.

During the quarter, the drop in Mainland China sales narrowed to -24.0%, with online business recording positive growth. Our Taiwan business sustained its sales momentum and caught up to the 2019 third-quarter level. The fourth quarter Group sales performance will, therefore, largely depend on the sustained recovery of sales in Taiwan and Mainland China, which are showing promising signs thus far. HKSAR and Macau sales remained weak in light of ongoing travel restrictions resulting in the absence of incoming tourists, coupled with the effects of restrictive social distancing measures.

Like HKSAR and Macau, sales in Indonesia continued to suffer badly due to the COVID-19 pandemic. That said, online business in all markets, including HKSAR and Macau as well as Indonesia, has surged. Thailand and Singapore have gradually reduced their sales decline while business in the Middle East started to recover after lockdown relaxation. The Middle East sales decline was -32.0% this quarter, against a -54.1% decrease in the first half of the year.

As of September 30, 2020, the Group had approximately HK\$971 million in cash and bank balances, net of bank loans, representing an increase of 7.6% YOY (2019: HK\$902 million). The Group’s overall financial situation is solid. The inventories held by franchisees in Mainland China and the finished goods at suppliers decreased by 38.5% and 51.6%, respectively, compared with September 30, 2019.

Dr Peter Lau, Chairman and Chief Executive of Giordano, said, “Most of our regions demonstrated signs of recovery during the third quarter. However, the COVID-19 pandemic continued to undermine the sales performance of HKSAR and Macau. Despite the dire economic environment, shop rentals remain at exorbitant levels; we will continue to seek substantial rental reductions for our stores. Should landlords remain reluctant to respond reasonably to our requests, we are prepared to downsize our HKSAR and Macau operations and offset this by redistributing our resources into our online business and other, more promising markets”.

Dr Lau continued, “The sales decline in Mainland China has narrowed, while our Taiwan operations has sustained its sales momentum. Likewise, Thailand and Singapore have gradually reduced their sales decline while business in the Middle East has started to recover after the alleviation of lockdown measures”.

Dr Lau added, “In addition, we will continue to improve our online capabilities, and overall shopping experience, to serve customers online-and-offline in a seamless manner. We will also continue to increase our collaboration with reputable local third-party online platforms to enhance our product ranges’ accessibility”.

“Cash management is essential for long-term sustainability. The Group will continue to play to its strength by continuously and closely monitoring costs, inventory, and cash while streamlining work processes to improve our operational and cost efficiencies and profitability.” 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*, and other owned and licensed brands. Established in 1981, Giordano now operates through a network of around 2,200 stores, the majority of which are in Greater China, South Korea, Southeast Asia, and the Middle East. Giordano is listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 709).

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