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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 MARCH 31, 2021**

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 March 31, 2021. 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 with the Company’s shares.

SUMMARY OF OPERATIONS UPDATE

Table 1: Overview of Group Sales

<i>(In HK\$ million)</i>	January		February		March	
	2021	2020	2021	2020	2021	2020
The rest of Asia Pacific	97	157	96	90	90	44
Mainland China	73	100	59	19	55	32
Taiwan	70	75	50	34	33	24
Gulf Cooperation Council	41	54	28	42	40	19
HK and Macau	31	67	28	20	24	23
Wholesales to overseas franchisees	19	18	15	18	20	13
Group sales¹	331	471	276	223	262	155
Year-on-Year (“YOY”) change	(29.7%)		23.8%		69.0%	
Global brand sales ²	383	587	362	274	365	253
YOY change	(34.8%)		32.1%		44.3%	
Group comparable store sales (“CSS”) growth ³	(30.8%)	(3.4%)	19.9%	(37.5%)	34.6%	(46.1%)

<i>(In HK\$ million)</i>	Quarter ended March 31	
	2021	2020
The rest of Asia Pacific	283	291
Mainland China	187	151
Taiwan	153	133
Gulf Cooperation Council	109	115
HK and Macau	83	110
Wholesales to overseas franchisees	54	49
Group sales	869	849
Global brand sales	1,110	1,114
Group CSS growth	2.4%	(30.2%)
Inventories at period end	488	504
Net cash and bank balances at period end	1,142	1,037

Table 2: Group sales by channels

<i>(In HK\$ million)</i>	January		February		March	
	2021	2020	2021	2020	2021	2020
Offline business	252	391	221	186	196	114
Online business	31	23	21	15	27	21
Mainland China	22	20	15	11	21	18
Non-Mainland China	9	3	6	4	6	3
Retail sales	283	414	242	201	223	135
Wholesales to franchisees	48	57	34	22	39	20
Group sales	331	471	276	223	262	155

<i>(In HK\$ million)</i>	Quarter ended March 31	
	2021	2020
Offline business	669	691
Online business	79	59
Mainland China	58	49
Non-Mainland China	21	10
Retail sales	748	750
Wholesales to franchisees	121	99
Group sales	869	849

Group sales rebounded significantly in February and March, primarily attributable to improved Lunar New Year sales on the back of the previous year's low sales base after the outbreak of the Covid-19 pandemic. In the first quarter, Mainland China achieved the most significant YOY sales growth, followed by Taiwan. Sales performance in Hong Kong and Macau has gradually improved after the easing of social distancing measures in March. In general, the Covid-19 related lockdowns and movement controls affected our markets the most during March 2020 to May 2020.

Our online business's growth momentum has carried over from last year, up by 33.9% YOY. Online sales in markets outside of Mainland China doubled during the quarter YOY.

Group inventory remained healthy, with the balance lowered by 3.2% YOY. The majority of the merchandise is evergreen and in-season styles. With prudent control over the issuance of purchase orders, our inventory level will continue to be stable.

As of March 31, 2021, the Group had approximately HK\$1,142 million in cash and bank balances, net of bank loans, representing an increase of 10.1% YOY (2020: HK\$1,037 million).

Table 3: System inventories

<i>(In HK\$ million)</i>	At		
	March 31 2021	December 31 2020	March 31 2020
Inventories owned by the Group	488	434	504
Inventories held by 48.5% South Korea joint venture	231	232	198
Inventories held by franchisees in Mainland China	47	50	54
Finished goods at suppliers	18	6	22
Inventories not owned by the Group	296	288	274
Total system inventories	784	722	778

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

Hong Kong, April 19, 2021

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 four independent non-executive directors; namely, Dr Barry John BUTTIFANT, Mr KWONG Ki Chi, Professor WONG Yuk (alias, HUANG Xu) and Dr Alison Elizabeth LLOYD.

- 1 Group sales refer to consolidated sales and include retail sales from direct-operated stores and wholesales to overseas/non-consolidated franchisees.*
- 2 Global brand sales, comprising all Giordano retail sales from direct-operated stores, franchised stores, and stores operated by a joint venture, are at constant exchange rates.*
- 3 Group CSS includes total Giordano brand sales of consolidated subsidiaries, at constant exchange rates, of direct-operated and franchised stores, but does not include such sales of any stores that were newly-opened or, alternatively, closed or omitted in accordance with the Group's prescribed conditions, during the respective covering periods.*