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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, 2022

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, 2022. 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>	2022				2021			
	Month				Month			
	January	February	March	Q1	January	February	March	Q1
Southeast Asia and Australia	156	73	89	318	97	96	90	283
Mainland China	95	42	52	189	73	59	55	187
Taiwan	64	39	31	134	70	50	33	153
Gulf Cooperation Council	42	39	52	133	41	28	40	109
Wholesale to overseas franchisees	47	19	23	89	19	15	20	54
Hong Kong and Macau	29	12	13	54	31	28	24	83
Group sales¹	433	224	260	917	331	276	262	869
Year-on-year (“YOY”) change %	30.8%	(18.8%)	(0.8%)	5.5%				
Global brand sales ²	483	285	338	1,106	379	358	357	1,094
YOY change %	27.4%	(20.4%)	(5.3%)	1.1%				
Group comparable store sales (“CSS”) growth ³	24.5%	(25.0%)	(0.9%)	1.0%	(30.8%)	19.9%	34.6%	2.4%
Inventories at period end				603				488
Cash and bank balances, net of bank loans at period end				933				1,142

Table 2: Group Sales by Channels

<i>(In HK\$ million)</i>	2022				2021			
	Month				Month			
	January	February	March	Q1	January	February	March	Q1
Offline sales	309	165	182	656	252	221	196	669
Mainland China online sales	34	19	27	80	22	15	21	58
Ex-Mainland China online sales	9	8	7	24	9	6	6	21
Online sales	43	27	34	104	31	21	27	79
Retail sales	352	192	216	760	283	242	223	748
Wholesale to franchisees	81	32	44	157	48	34	39	121
Group sales	433	224	260	917	331	276	262	869

First quarter Group sales recorded an increase of 5.5%, mainly driven by the notable improvements in the Southeast Asian markets and the Gulf Cooperation Council on the back of relaxed Covid-19 induced social distancing measures and travel restrictions. YOY online sales surged by 31.6%. The new wave of Covid-19 induced social distancing measures in Greater China adversely affected the Group's sales. Mainland China and Taiwan, in particular, are suffering from tightened social distancing. Sales in the tourism-dependent Hong Kong and Macau markets have dropped significantly after the Chinese New Year. We will continue to terminate non-performing stores without substantial rental reductions.

Our inventory level remains high due to the early receipt of merchandise for the Ramadan shopping season in Q2 and as a preventive measure against unpredictable production and logistics disruptions. The majority of the merchandise are evergreen and in-season styles.

On March 31, 2022, the Group had approximately HK\$933 million in cash and bank balances, net of bank loans, representing a decrease of 18.3% YOY. However, our cash position has improved compared to HK\$875 million on December 31, 2021.

Table 3: System inventories

<i>(In HK\$ million)</i>	At		
	March 31 2022	December 31 2021	March 31 2021
Inventories owned by the Group	603	606	488
Inventories held by a 48.5% South Korea joint venture	233	214	231
Inventories held by franchisees in Mainland China	47	53	47
Finished goods at suppliers	18	11	18
Inventories not owned by the Group	298	278	296
Total system inventories	901	884	784

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

Hong Kong, April 22, 2022

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 wholesale to all 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 sales from consolidated subsidiaries, at constant exchange rates, of direct-operated and franchised stores and does not include sales from newly opened stores, temporarily closed for an extended period or terminated during the respective covering periods.*