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

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025**

OVERVIEW

- The Group achieved a notable 1.6% increase in revenue for the first half of 2025 – despite the volatile political and economic climate – driven by the strong performance of the Group’s online business, which achieved 26.1% YOY growth, as well as the significant improvement of our wholesale and franchise businesses. This growth aligns with our strategic choices; that is, the ‘*Digital-First*’ strategy and ‘*Winning in Greater China*’ under our ‘*Beyond Boundaries*’ 5-year strategic plan. Excluding the adverse impact from our Non-Giordano Brands in Indonesia, our revenue would have achieved a 3.8% growth for the period.
- The Group recorded gross margin of 55.6%, a decline of 3.3 percentage points. If we exclude the impact of the Non-Giordano Brands, our gross margin would have only dropped by 2.9 percentage points. This decrease is partly due to a shift in the channel mix, with a higher contribution from our e-commerce business and wholesale channels, which typically operate at slightly lower gross margins as compared to traditional offline channels, and from the additional strategic stock clearance of aged inventories built up from previous years. In addition, the Spring/Summer 2025 merchandise cost was 2.5% higher than the same period in the previous year, resulting in a margin decline. Moving forward, our future pricing strategy with respect to our various channels will seek to strike a balance between revenue growth and gross margin, which aligns with our omnichannel strategy.
- Operating expenses as a percentage of revenue decreased by 0.6 percentage points to 48.9% (2024: 49.5%). This reduction in our operating expense ratio, despite investments undertaken in association with the Group’s ‘*Beyond Boundaries*’ 5-year strategy, reflects our disciplined approach to expense management.

- The net profit attributable to the shareholders (“**PATS**”) of the Company was HK\$121 million (2024: HK\$120 million). The Group would have posted a more significant PATS growth, but improvements and gains in many areas of our business were adversely offset by the underperformance of Non-Giordano Brands in Indonesia and our joint-venture (“**JV**”) business in South Korea (in which we hold a 48.5% stake). If the profitability of the above-mentioned business segments could have been maintained at last year’s level, our PATS would have achieved HK\$146 million.
- The Group’s inventory balance closed at HK\$513 million – a reduction of HK\$1 million YOY (2024: HK\$514 million). Moreover, the inventory turnover on cost (ITOC) closed at 108 days, with a significant reduction of 11 days YOY (2024: 119 days). The substantial improvement in ITOC illustrates our determination towards managing our inventory more effectively, which gives us the agility to bring in new merchandise based on the latest sales trends.
- Cash and bank balances, net of bank loans, increased YOY to HK\$722 million (2024: HK\$720 million). Our financial position remains robust, providing a solid foundation for future growth.
- Basic earnings per share were 7.5 HK cents (2024: 7.4 HK cents).
- The Board of Directors has declared an interim dividend of 7.5 HK cents per share (2024: 8.0 HK cents per share). The total dividend payable will amount to approximately HK\$121 million, reflecting our commitment to returning value to shareholders while balancing investment in growth opportunities.

The board (the “Board”) of directors (the “Directors”) of Giordano International Limited (the “Company”) presents the following unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended June 30, 2025 along with comparative figures and explanatory notes.

Consolidated Income Statement

		(Unaudited)	
		Six months ended June 30	
<i>(In HK\$ million, except earnings per share)</i>	Note	2025	2024
Revenue	2	1,934	1,903
Cost of sales	4	(858)	(783)
Gross profit		1,076	1,120
Other income and other gains, net	3	49	24
Distribution expense	4	(842)	(811)
Administrative expense	4	(104)	(131)
Operating profit		179	202
Finance expense	5	(23)	(22)
Share of profit of a joint venture		–	15
Profit before income taxes		156	195
Income taxes	6	(23)	(53)
Profit after income taxes for the period		133	142
Attributable to:			
Shareholders of the Company		121	120
Non-controlling interests		12	22
		133	142
Earnings per share attributable to shareholders of the Company	7		
Basic (<i>HK cents</i>)		7.5	7.4
Diluted (<i>HK cents</i>)		7.5	7.4

Consolidated Statement of Comprehensive Income

		(Unaudited)	
		Six months ended June 30	
<i>(In HK\$ million)</i>		2025	2024
Profit after income taxes for the period		133	142
Other comprehensive income:			
<u>Items that will not be reclassified to profit or loss:</u>			
Exchange adjustments on translation of overseas subsidiaries which are attributed to the non-controlling interests		(1)	(5)
<u>Items that may be reclassified to profit or loss:</u>			
Exchange adjustments on translation of overseas subsidiaries, a joint venture and branches		61	(49)
Total comprehensive income for the period		193	88
Attributable to:			
Shareholders of the Company		182	71
Non-controlling interests		11	17
		193	88

Consolidated Balance Sheet

(In HK\$ million)	Note	(Unaudited) June 30 2025	(Audited) December 31 2024
ASSETS			
Current assets			
Cash and bank balances		749	836
Trade and other receivables	9	382	342
Inventories		513	508
Rental prepayments		2	2
Income tax recoverable		5	4
		1,651	1,692
Property held for sale		11	–
Total current assets		1,662	1,692
Non-current assets			
Financial asset at fair value through other comprehensive income		3	3
Financial asset at fair value through profit or loss		28	28
Deposits and other receivables	9	91	88
Interest in a joint venture		417	414
Investment properties		14	14
Property, plant and equipment		157	160
Right-of-use assets		786	805
Goodwill		541	541
Deferred tax assets		24	21
Total non-current assets		2,061	2,074
Total assets		3,723	3,766
LIABILITIES AND EQUITY			
Current liabilities			
Bank loans		27	26
Trade and other payables	10	478	611
Lease liabilities		339	328
Put option liabilities		81	81
Income tax payables		97	88
Total current liabilities		1,022	1,134
Non-current liabilities			
Lease liabilities		368	390
Other liabilities		27	27
Deferred tax liabilities		96	95
Total non-current liabilities		491	512
Total liabilities		1,513	1,646
Capital and reserves			
Share capital		81	81
Reserves		1,881	1,820
Proposed dividends	8	121	97
Equity attributable to shareholders of the Company		2,083	1,998
Non-controlling interests		127	122
Total equity		2,210	2,120
Total equity and liabilities		3,723	3,766
Net current assets		640	558
Total assets less current liabilities		2,701	2,632

Notes to the unaudited condensed consolidated interim financial statements

1. Material accounting policies

(a) Basis of preparation

The unaudited condensed consolidated interim financial statements (the “unaudited interim results”) for the six months ended June 30, 2025, have been prepared in accordance with the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Readers should read the unaudited interim results in conjunction with the audited annual financial statements for the year ended December 31, 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The unaudited interim results have been presented in millions of units of Hong Kong dollars (“HK\$ million”) unless otherwise stated. The accounting policies and methods of computation used in the preparation of the unaudited interim results are consistent with those used in the audited annual financial statements for the year ended December 31, 2024, except for the adoption of amended standards during the period, as disclosed in Note 1(b).

These unaudited interim results accrue income taxes on taxable income using tax rates applicable in the respective jurisdictions.

The unaudited interim results have been approved for issue by the Board on August 29, 2025.

(b) Impact of new and amended standard

The Group has applied the following amended standards issued by HKICPA, which were effective for the Group’s financial year beginning on or after January 1, 2025:

- Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The adoption of the above amendments to standards did not result in substantial changes to the Group’s accounting policies or financial results or position.

1. Material accounting policies (continued)

(c) New standards, amended standards and interpretations issued, but not yet effective

The Group has not early adopted the new standards, amendments and interpretations to standards that have been issued but are not yet effective for the period.

HKFRS 18 – Presentation and Disclosure in Financial Statements will replace HKAS 1 – Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's financial results or position.

Except for HKFRS 18, the Group is in the process of making an assessment of the impact of new standards, amendments and interpretations to standards and is not yet in a position to state whether they would have a significant impact on the Group's financial results or position.

2. Sales and operating segments

The Group determines its operating segments based on its development strategies and operational control. There are two major operating segments: Retail and Distribution and Wholesales to Overseas Franchisees. Management manages the Retail and Distribution operating segments geographically and by brand.

Geographically, the Retail and Distribution operating segment in Mainland China and the Gulf Cooperation Council (the "GCC") comprise direct-operated and franchised stores. Hong Kong and Macau, Taiwan, Southeast Asia and Australia do not have material local franchised stores. Group stores span most of Southeast Asia and the GCC.

As for brands, the Group presently operates *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX* as well as other owned and licensed brands.

Adjusted EBITDA is profit before finance expense, income taxes, impairment of right-of-use assets and property, plant and equipment, depreciation and amortization, share of profit of a joint venture and unallocated corporate items. Segment results are before finance expense, share of profit of a joint venture, income taxes and unallocated corporate items. This is the measurement basis reported to management and the senior decision-makers for resource allocation and assessment of segment performance.

2. Sales and operating segments (continued)

Analysis of sales and operating profit (loss) of the Group's operating segment by geographic region is as follows.

(Unaudited)							
Six months ended June 30, 2025							
(In HK\$ million)	Mainland China	Hong Kong and Macau	Taiwan	Southeast Asia and Australia	Cooperation Council	Gulf to Overseas Franchisees	Total
Sales	337	177	203	688	368	161	1,934
Adjusted EBITDA	(4)	50	39	190	137	11	423
Depreciation and amortization							
– Right-of-use assets	(11)	(39)	(20)	(86)	(56)	–	(212)
– Property, plant and equipment and investment properties	(2)	(2)	(4)	(16)	(8)	–	(32)
Impairment							
– Right-of-use assets	–	–	–	(2)	–	–	(2)
– Property, plant and equipment	–	–	–	(1)	–	–	(1)
Reversal of impairment							
– Right-of-use assets	1	–	–	–	–	–	1
Segment results	(16)	9	15	85	73	11	177
Corporate functions							2
Finance expense							(23)
Share of profit of a joint venture							–
Profit before income taxes							156

(Unaudited)							
Six months ended June 30, 2024							
(In HK\$ million)	Mainland China	Hong Kong and Macau	Taiwan	Southeast Asia and Australia	Cooperation Council	Gulf to Overseas Franchisees	Total
Sales	300	182	206	739	362	114	1,903
Adjusted EBITDA	2	59	42	232	136	13	484
Depreciation and amortization							
– Right-of-use assets	(12)	(39)	(21)	(84)	(53)	–	(209)
– Property, plant and equipment and investment properties	(3)	(2)	(3)	(15)	(7)	–	(30)
Segment results	(13)	18	18	133	76	13	245
Corporate functions							(43)
Finance expense							(22)
Share of profit of a joint venture							15
Profit before income taxes							195

Further analysis of the Retail and Distribution operating segments by brand is as follows.

2. Sales and operating segments (continued)

(In HK\$ million)	(Unaudited)			
	Six months ended June 30			
	2025		2024	
	Sales	Operating profit	Sales	Operating profit
Retail and Distribution				
<i>Giordano and Giordano Junior</i>	1,525	161	1,502	201
<i>Giordano Ladies</i>	122	14	122	18
<i>BSX</i>	4	–	4	-
Others	122	(9)	161	13
	1,773	166	1,789	232

The Company has its domicile in Hong Kong. Sales to external customers recorded in Hong Kong and Macau (including retail and wholesale sales) were HK\$338 million (2024: HK\$296 million), Mainland China was HK\$337 million (2024: HK\$300 million) and external customers from other markets was HK\$1,259 million (2024: HK\$1,307 million).

Inter-segment sales of HK\$412 million (2024: HK\$422 million) have been eliminated upon consolidation.

3. Other income and other gains, net

(In HK\$ million)	(Unaudited)	
	Six months ended June 30	
	2025	2024
Royalty and licensing income	13	14
Interest income	5	10
Rental and sub-lease rental income	4	4
Net loss on disposal of property, plant and equipment	(1)	(1)
Net exchange gain (loss)	11	(7)
Others	17	4
	49	24

4. Operating profit

Operating profit is after charging (crediting):

<i>(In HK\$ million)</i>	(Unaudited)	
	Six months ended June 30	
	2025	2024
Cost of sales		
Cost of inventories sold	861	783
Net reversal of provision for obsolete stock and stock written off	(3)	–
	858	783
Distribution expense		
Staff cost	306	303
Depreciation expense		
– Right-of-use assets	203	202
– Property, plant and equipment	29	27
Rentals in respect of land and buildings		
– Minimum lease payments	16	15
– Contingent rent	99	89
Building management fee, government rent and rates and utilities	48	50
Advertising, promotion and incentives	49	39
Packaging and deliveries	31	28
Bank and credit card charges	14	14
Change in loss allowance for trade receivables	(3)	–
Impairment		
– Right-of-use assets	2	–
– Property, plant and equipment	1	–
Reversal of impairment		
– Right-of-use assets	(1)	–
Others	48	44
	842	811
Administrative expense		
Staff cost	70	93
Depreciation expense		
– Right-of-use assets	9	7
– Property, plant and equipment and investment properties	3	3
Legal and professional fee	8	11
Auditor's remuneration	3	3
Computer and telecommunication	3	3
Travelling	2	2
Others	6	9
	104	131

5. Finance expense

<i>(In HK\$ million)</i>	(Unaudited) Six months ended June 30	
	2025	2024
Interest on lease liabilities	22	22
Interest on bank loans	1	–
	23	22

6. Income taxes

Hong Kong profits tax is calculated at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits for the period. Income taxes on profits assessable outside Hong Kong are calculated at the rates applicable in the respective jurisdictions.

<i>(In HK\$ million)</i>	(Unaudited) Six months ended June 30	
	2025	2024
Current income taxes		
Hong Kong	1	1
Outside Hong Kong	26	34
Over provision in prior periods	(7)	–
Withholding taxes	10	18
	30	53
Deferred income taxes		
Origination and reversal of temporary differences	(7)	–
	23	53

This charge excludes the share of the joint venture's income taxes, which incurs no charge (2024: HK\$4 million) for the period. The share of profit of a joint venture in the consolidated income statement is after income taxes accrued in the appropriate income tax jurisdictions.

7. Earnings per share

The calculations of basic and diluted earnings per share are based on the profit after income taxes attributable to shareholders of the Company for the period of HK\$121 million (2024: HK\$120 million).

The basic earnings per share is based on the weighted average of 1,616,190,628 shares (2024: 1,614,555,002 shares) in issue during the six months ended June 30, 2025.

The diluted earnings per share is calculated by adjusting the weighted average of 1,616,190,628 shares (2024: 1,614,555,002 shares) in issue during the period by the weighted average of 1,453,313 shares (2024: 8,911,412 shares) deemed to be issued if all outstanding share options granted under the share option schemes of the Company had been exercised.

8. Dividends

Dividends attributable to the period:

<i>(In HK\$ million)</i>	(Unaudited) Six months ended June 30	
	2025	2024
Interim dividend declared of 7.5 HK cents per share (2024: 8.0 HK cents per share)	121	129
2024 final dividend paid of 6.0 HK cents per share (2023: 13.5 HK cents per share)	97	218

The distribution for the 2024 final dividend was based on the total number of issued shares of the Company on June 10, 2025.

At the Board meeting on August 29, 2025, the Board declared an interim dividend of 7.5 HK cents per share (2024: 8.0 HK cents per share). The interim dividend has not been recognized as a liability at the balance sheet date.

9. Trade and other receivables

<i>(In HK\$ million)</i>	(Unaudited) June 30	(Audited) December 31
	2025	2024
Trade receivables	262	249
Less: Loss allowance	(37)	(40)
Trade receivables, net	225	209
Other receivables, including deposits and prepayments	157	133
Trade and other receivables	382	342
Deposits and other receivables	91	88

Trade receivables mainly comprise amounts due from franchisees, licensees, retail proceeds due from department stores and online sales. The Group normally allows a credit period of 30–90 days. The carrying amounts of trade and other receivables approximate their fair values.

The ageing analysis from the invoice date net of loss allowance is as follows:

<i>(In HK\$ million)</i>	(Unaudited) June 30	(Audited) December 31
	2025	2024
0 – 30 days	185	142
31 – 60 days	14	48
61 – 90 days	4	13
Over 90 days	22	6
	225	209

10. Trade and other payables

	(Unaudited) June 30 2025	(Audited) December 31 2024
<i>(In HK\$ million)</i>		
Trade payables	215	292
Pension obligation	40	36
Other payables and accrued expense	223	283
	478	611

The ageing analysis of trade payables from the invoice date is as follows:

	(Unaudited) June 30 2025	(Audited) December 31 2024
<i>(In HK\$ million)</i>		
0 – 30 days	183	262
31 – 60 days	22	19
61 – 90 days	3	4
Over 90 days	7	7
	215	292

The carrying amounts of trade and other payables approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS OF GROUP RESULTS OF OPERATIONS AND FINANCIAL POSITION (“MD&A”)

Unless otherwise stated, the following commentaries refer to the year-on-year (“YOY”) comparison for the six months ended June 30, 2025, and 2024.

OVERVIEW

- The Group achieved a notable 1.6% increase in revenue for the first half of 2025 – despite the volatile political and economic climate – driven by the strong performance of the Group’s online business, which achieved 26.1% YOY growth, as well as the significant improvement of our wholesale and franchise businesses. This growth aligns with our strategic choices; that is, the ‘*Digital-First*’ strategy and ‘*Winning in Greater China*’ under our ‘*Beyond Boundaries*’ 5-year strategic plan. Excluding the adverse impact from our Non-Giordano Brands in Indonesia, our revenue would have achieved a 3.8% growth for the period.
- The Group recorded gross margin of 55.6%, a decline of 3.3 percentage points. If we exclude the impact of the Non-Giordano Brands, our gross margin would have only dropped by 2.9 percentage points. This decrease is partly due to a shift in the channel mix, with a higher contribution from our e-commerce business and wholesale channels, which typically operate at slightly lower gross margins as compared to traditional offline channels, and from the additional strategic stock clearance of aged inventories built up from previous years. In addition, the Spring/Summer 2025 merchandise cost was 2.5% higher than the same period in the previous year, resulting in a margin decline. Moving forward, our future pricing strategy with respect to our various channels will seek to strike a balance between revenue growth and gross margin, which aligns with our omnichannel strategy.
- Operating expenses as a percentage of revenue decreased by 0.6 percentage points to 48.9% (2024: 49.5%). This reduction in our operating expense ratio, despite investments undertaken in association with the Group’s ‘*Beyond Boundaries*’ 5-year strategy, reflects our disciplined approach to expense management.
- The net profit attributable to the shareholders (“**PATS**”) of the Company was HK\$121 million (2024: HK\$120 million). The Group would have posted a more significant PATS growth, but improvements and gains in many areas of our business were adversely offset by the underperformance of Non-Giordano Brands in Indonesia and our joint-venture (“**JV**”) business in South Korea (in which we hold a 48.5% stake). If the profitability of the above-mentioned business segments could have been maintained at last year’s level, our PATS would have achieved HK\$146 million.
- The Group’s inventory balance closed at HK\$513 million – a reduction of HK\$1 million YOY (2024: HK\$514 million). Moreover, the inventory turnover on cost (ITOC) closed at 108 days, with a significant reduction of 11 days YOY (2024: 119 days). The substantial improvement in ITOC illustrates our determination towards managing our inventory more effectively, which gives us the agility to bring in new merchandise based on the latest sales trends.
- Cash and bank balances, net of bank loans, increased YOY to HK\$722 million (2024: HK\$720 million). Our financial position remains robust, providing a solid foundation for future growth.
- Basic earnings per share were 7.5 HK cents (2024: 7.4 HK cents).
- The Board of Directors has declared an interim dividend of 7.5 HK cents per share (2024: 8.0 HK cents per share). The total dividend payable will amount to approximately HK\$121 million, reflecting our commitment to returning value to shareholders while balancing investment in growth opportunities.

RESULTS OF OPERATIONS

Table 1: Group results of operations

<i>(In HK\$ million)</i>	Six months ended June 30				
	2025	% to revenue	2024	% to revenue	Change
Group revenue ¹	1,934	100.0%	1,903	100.0%	1.6%
Gross profit	1,076	55.6%	1,120	58.9%	(3.9%)
Other income and other gains, net	49	2.6%	24	1.2%	104.2%
Operating expense	(946)	(48.9%)	(942)	(49.5%)	0.4%
Operating profit	179	9.3%	202	10.6%	(11.4%)
Share of profit of a joint venture	–	–	15	0.8%	(100.0%)
Finance expense	(23)	(1.2%)	(22)	(1.2%)	4.5%
Income taxes	(23)	(1.2%)	(53)	(2.7%)	(56.6%)
Profit after income tax attributable to non-controlling interests	(12)	(0.6%)	(22)	(1.2%)	(45.5%)
Profit after income tax attributable to shareholders	121	6.3%	120	6.3%	0.8%
Group same-store sales ²	1,447		1,431		1.1%
Global brand sales ³	2,196		2,230		(1.5%)
Global brand gross profit ³	1,320		1,375		(4.0%)
Cash and bank balances, net of bank loans at period-end	722		720		0.3%
Inventories at period-end	513		514		(0.2%)
Inventory turnover on cost, days ⁴	108		119		(11)
Stores at period-end	1,668		1,774		(106)

Revenue and Gross Profit

The Group delivered a solid performance in the first half of 2025, achieving 1.6% revenue growth, despite ongoing political and economic challenges in the global marketplace. This result reflects that our business model allows us to react to the macroeconomic challenges and underscores the underlying resilience and adaptability of our business model. Notably, comparative same-store sales rose by 1.1% for our core business, further underscoring the effectiveness of our operational strategies and customer engagement initiatives.

Guided by our '*Beyond Boundaries*' 5-year strategic plan, we maintained a steadfast focus on ensuring we deliver the right product to the consumer at the right time and creating brand and product stories to drive traffic to our stores. Our efforts to differentiate our products and elevate our brand experience have continued to resonate with consumers, helping us to navigate a complex and dynamic retail environment.

While the Non-Giordano Brand segment of our Indonesian business continues to face headwinds, due primarily to their global branding challenges, we are proactively addressing these issues through targeted measures. These actions are designed to mitigate the adverse impact of our Non-Giordano Brands and allow us to manage the business effectively in the face of market challenges and allowing us to remain agile and responsive.

Moreover, when we exclude the underperformance of the Non-Giordano Brands in Indonesia, the performance of our core Giordano business on this adjusted basis would be even more encouraging: Group revenue for 1H2025 would have posted a growth of 3.8%. This demonstrates the effectiveness of the initiatives under our '*Beyond Boundaries*' 5-year strategy.

From a regional perspective, Greater China delivered an outstanding 9.5% revenue increase in the first half of 2025, driven by the rapid expansion of our online business — in line with our '*Digital-First*' strategy. In Mainland China, systematic improvements and effective product segmentation strategies have yielded excellent results, supporting both growth and profitability. The Southeast Asia and Australia ("SEA") region experienced a decline of 6.9%, mainly attributable to the challenges faced by our Indonesia Non-Giordano Brand segment. However, were we to exclude this factor, the decline in SEA's revenue would only have been 2.7%. The Gulf Cooperation Council ("GCC") markets also delivered steady progress, achieving 1.7% revenue growth. These results highlight the success of our targeted '*Quick Win*' initiatives and reinforce our commitment to the '*Beyond Boundaries*' 5-year strategy.

Group retail revenue remained broadly flat YOY during the period, notwithstanding that we would have reported a growth of almost 2% if the Non-Giordano Brand business in Indonesia had been excluded. Looking ahead, we are committed to further reinforcing our brand strength and executing our product and marketing strategies with the aim of growing our retail business and strengthening our market position.

Offline sales experienced a 4.5% decline, primarily due to the underperformance of the Non-Giordano Brands in Indonesia. Excluding this adverse impact, the YOY drop would have narrowed to 2.7%, mainly attributable to our reset plan in Mainland China, which is focused on resetting the Mainland China physical retail business through the closure of unprofitable stores and focusing on southern China. Despite this, other markets have shown stability, reflecting the resilience of our retail operations.

Our online sales delivered exceptional results, surging by 26.1% in the first half of 2025 and accelerating to a remarkable 32.3% growth in the second quarter alone. This impressive momentum is largely attributable to our successful ‘*Digital-First*’ strategy in Mainland China, where our digital transformation and customer-centric strategies continue to drive strong engagement and sales. For the rest of the world, our e-commerce also posted encouraging results, achieving sales growth of 14.9% – would have reported an even more significant YOY sales growth of 28.9% should the adverse impact from Non-Giordano Brands in Indonesia be excluded. Our ‘*Digital-First*’ strategy will prioritise the development of our e-commerce channel to drive accelerated growth in all markets, as our current online market penetration remains significantly below industry standards across all markets.

Our wholesale channel also demonstrated remarkable strength, recording a 20.2% increase in revenue during the first half of 2025. This outstanding performance was largely propelled by robust demand in our franchise markets, in particular, the Philippines, validating our decision to expand our global reach and capitalise on growth opportunities in overseas markets.

In summary, while the Group continues to face certain external macroeconomic challenges, our core business remains solid, and our strategic actions as per our ‘*Beyond Boundaries*’ 5-year strategic plan are delivering results. We are well-positioned to build on this positive momentum, leveraging innovation, digital transformation, and market-focused strategies to drive future growth and create sustained value for all stakeholders.

Table 2: Revenue analysis

(In HK\$ million)	Six months ended June 30				
	2025	Contribution	2024	Contribution	Change
Greater China	878	45.4%	802	42.1%	9.5%
Southeast Asia and Australia	688	35.6%	739	38.9%	(6.9%)
Gulf Cooperation Council	368	19.0%	362	19.0%	1.7%
Group revenue by market	1,934	100.0%	1,903	100.0%	1.6%
Offline	1,416	73.2%	1,483	77.9%	(4.5%)
Online	280	14.5%	222	11.7%	26.1%
Retail	1,696	87.7%	1,705	89.6%	(0.5%)
Wholesale to overseas franchisees	182	9.4%	136	7.1%	33.8%
Wholesale to franchisees in Mainland China	56	2.9%	62	3.3%	(9.7%)
Wholesale to franchisees	238	12.3%	198	10.4%	20.2%
Group revenue by channel	1,934	100.0%	1,903	100.0%	1.6%

The Group's gross profit margin reported a decline of 3.3 percentage points to 55.6% for 1H2025, leading to the 1H gross profit recording a drop of 3.9%. This decline in margin was partially attributable to a shift in channel mix, with the online and wholesale businesses contributing more significant growth than planned, but which also generally have lower gross profit margin compared to offline channels. This was further exacerbated by the planned strategic clearance of aged inventories from previous years. Moreover, rising merchandise costs led to further pressure on gross margin. If we exclude the Non-Giordano Brands impact, our gross margin and gross profit would have only declined by 2.9 percentage points and 1.1%, respectively. Management expects that the gross profit margin will start to improve in the 2H of the year when inventory levels become even healthier, coupled with the professionalisation of our sourcing function and process, culminating in more efficient product costs whilst maintaining the product quality that Giordano is known for. In addition, our pricing strategy will become more fact-based in order to safeguard our margin and to strengthen our profitability, which is aligned with our overall strategic direction.

Table 3: Gross profit analysis

(In HK\$ million)	Six months ended June 30, 2024						Currency translation difference	Six months ended June 30, 2025
	gross profit	Product costs	Selling prices	Volume	Miscellaneous			gross profit
Southeast Asia and Australia	450	(3)	(56)	(2)	(1)		7	395
Gulf Cooperation Council	233	(1)	(8)	10	–		(2)	232
Mainland China	143	(13)	4	17	1		(1)	151
Hong Kong and Macau	132	(5)	9	(10)	–		–	126
Taiwan	129	(7)	16	(14)	–		2	126
Market mix	–	5	(28)	23	–		–	–
Retail and distribution	1,087	(24)	(63)	24	–		6	1,030
Wholesale to overseas franchisees/subsidiaries	33							46
Group	1,120							1,076

Other income and other gains, net

Other income and other gains mainly included royalties, licensing fees, interest income, rental income and exchange differences. The increase in other income was partly due to the higher exchange gains.

Operating expenses and operating profit

Operating expenses as a percentage of revenue decreased by 0.6 percentage points to 48.9% (2024: 49.5%), indicating that our expenses remained slightly below last year's level even as revenue grew by 1.6% year-on-year. This reduction in both absolute expenses and the expense-to-revenue ratio – achieved despite ongoing investments under our '*Beyond Boundaries*' 5-year strategic plan – highlights our disciplined and effective expense management.

The Group's operating profit for the period was HK\$179 million, with an operating margin of 9.3%. While this represents a decrease of 11.4%, it is important to note that, excluding the impact from Non-Giordano Brands in Indonesia, the operating profit of our core Giordano brands would have been HK\$185 million with an operating margin of 10.2%. This underscores the solid foundation and adaptability of our core business and operations, even as we encounter tough market conditions.

Looking ahead, the Group remains fully committed towards further optimising our cost structure and enhancing operating efficiency. By maintaining a strong focus on disciplined cost control and operational excellence, we are well-positioned to capture future growth opportunities.

Net impairment of right-of-use assets and property, plant and equipment

The Group made a net impairment provision of HK\$2 million for the right-of-use assets and property, plant, and equipment for the period based on Hong Kong Accounting Standard 36.

Finance expense

The finance expense was HK\$23 million (2024: HK\$22 million), mainly due to imputed interest on lease liabilities.

Profit after income taxes attributable to shareholders

Profit after income taxes attributable to shareholders of the Company ("PATS") reached HK\$121 million for the period, compared to HK\$120 million in 2024, reflecting a stable year-on-year performance, despite the challenging retail landscape and macroeconomic conditions. Our net margin remained unchanged at 6.3%.

Although our PATS was slightly higher than last year, the Group would have posted an even more significant PATS growth, but improvements and gains in many areas of its business were adversely offset by the underperformance of the Non-Giordano Brands in Indonesia and our joint-venture ("JV") business in South Korea (in which we hold a 48.5% stake), which have been facing headwinds since the second half of last year. Had the profitability of the above-mentioned business segments been maintained at last year's levels, our PATS would have achieved HK\$146 million. This highlights the resilience of our core Giordano business, which continues to deliver solid results despite external challenges.

Our South Korean JV, of which we possess a 48.5% equity interest, has continued to operate in a challenging economic and competitive environment since the second half of last year. While market headwinds have presented some obstacles, we remain committed to proactively collaborating with our fellow shareholders to jointly navigate these conditions. Management will continue to work closely with our partners to identify strategic opportunities and implement measures that will help mitigate the impact of the current market challenges. Through this collaborative approach, we are confident that the joint venture will be well-positioned to capitalise on future recovery and growth opportunities as the economic landscape improves.

The effective tax rate decreased to 14.7%, primarily as a result of a favourable shift in the mix of tax regimes and the reversal of certain tax provisions after regular review.

Despite various challenges, we are committed to executing our ‘*Beyond Boundaries*’ 5-year strategy, which emphasises disciplined expense management and long-term growth. This approach will position us well for future improvements in profitability and sustained business success.

MARKET ANALYSIS

The following comments are in local currencies, or, if in HK\$ terms, are at constant exchange rates to remove distortions from the translation of financial statements.

Greater China

Table 4: Greater China profit before income taxes

(In HK\$ million, translated at constant exchange rates)	Six months ended June 30				
	2025	% to revenue	2024	% to revenue	Change
Revenue	716	100.0%	687	100.0%	4.2%
Gross profit	401	56.0%	404	58.8%	(0.7%)
Other income and other gains, net	9	1.3%	4	0.6%	125.0%
Operating expense	(403)	(56.3%)	(385)	(56.0%)	4.7%
Operating profit	7	1.0%	23	3.4%	(69.6%)
Finance expense	(5)	(0.7%)	(4)	(0.6%)	25.0%
Profit before income taxes	2	0.3%	19	2.8%	(89.5%)

Hong Kong and Macau

The Hong Kong and Macau markets demonstrated remarkable recovery in the second quarter, marking a significant turnaround in performance. Revenue swung from a decline of 6.5% in the first quarter to a positive growth of 2.2% in the second quarter — a testament to the effectiveness of our strategic initiatives and focus on the details of the business. This positive momentum was largely driven by the successful launch of our “*Minions*” crossover collection, which captured the imagination of consumers and significantly boosted market engagement across both regions.

As a result of these efforts, our year-on-year revenue only reported a modest low single-digit decrease of 2.2% in 1H, despite the ongoing trend of consumers shifting their spending northbound to Mainland China. Notably, our performance in Hong Kong continued to outperform the overall retail sales in Hong Kong’s wearing apparel sector, as reported by the HKSAR Government. This outperformance underlines the strength of our ‘*Beyond Boundaries*’ 5-year strategy, the strength of our brand and the effectiveness of our operations, which centres on driving brand and product stories, delivering great products and design, as well as a relentless focus on retail excellence.

Profitability in this market was impacted by several transitional factors. As the market adjusted to the post-COVID-19 environment, rental costs normalised to pre-pandemic levels, resulting in higher operating expenses. Additionally, our strategic decision to clear aged merchandise from previous years temporarily reduced our gross margin, especially in Q1, while we saw a quarter-on-quarter improvement in Q2's margin with better product mix and more effective promotional campaigns.

Looking ahead, we are optimistic about the continued recovery and future growth prospects in Hong Kong and Macau. The upcoming launch of new merchandise collections, combined with enhanced storytelling and a continued emphasis on retail excellence, is expected to further strengthen our connection with consumers, drive improved sales and margins, and deliver sustained success.

Specifically, Giordano Ladies, our premium womenswear label, will be entering an exciting new phase in the second half of the year. Building on its strong foundation in smart office attire, we are evolving the brand's positioning to embrace a more contemporary, relaxed, and business-casual approach – what we call “*premium elegance*”. This transition reflects the changing landscape of modern workwear, where comfort, individuality, and versatility have become increasingly important due to the rise of remote working and the influence of younger generations in the workplace. Our newly-opened store in the heart of Causeway Bay's fashion precinct has been met with enthusiasm by our loyal customers, who appreciate having convenient access to our latest collections in one of Hong Kong's most prestigious shopping districts.

In addition, the Korea Collection continues to drive cross-market synergies for the Group. Following its successful launch on major online platforms in Mainland China and in selected stores in Hong Kong, the Korea Collection will be further expanded in the upcoming Fall/Winter season. The positive consumer response to these Korea-inspired products has validated our strategy of cross-market collaboration under one of our strategic choices – “*One Giordano*”, and we are committed to building on this momentum by introducing an even wider range of Korea Collection offerings to new markets in the months ahead.

Mainland China

In Mainland China, our performance has entered a promising new chapter, marked by our China recovery plan and our ‘*Digital-First*’ strategy. Total revenue increased by 13.0%, with sales momentum accelerating throughout the period and Q2 seeing almost 18.0% growth, significantly surpassing the 8.0% growth achieved in Q1. This impressive rebound was fueled primarily by the outstanding performance of our online business, which achieved a remarkable year-on-year growth of approximately 30.0%. Notably, the pace of growth accelerated as the year progressed, with sales growth climbing from 21.0% in the first quarter to an impressive 37.0% in the second quarter, underscoring the momentum we have built in this critical market.

What is particularly encouraging is not just the topline growth, but the significant improvement in our gross profit margin, which increased by nearly 12 percentage points quarter-on-quarter, reflecting our focus on driving profitability alongside growth. This achievement is closely aligned with our '*Beyond Boundaries*' 5-year strategy, which places digitalisation at its core. By embracing our digital transformation, we have been able to leverage the power of e-commerce and adapt swiftly to evolving consumer behaviours.

Operationally, we have taken a tailored approach to merchandise segmentation across different online platforms, allowing us to better meet the diverse needs of our customer base. For instance, we have strategically positioned premium products (e.g. the Korea Collection) on Douyin to capture consumers seeking aspirational offerings, while reserving VIP.com as a channel for efficiently liquidating aged inventory. This clear product segmentation between platforms not only maximises our revenue potential, but also supports a healthy balance between sales growth and gross margin expansion.

As we look ahead, we remain committed to harnessing the full potential of digitalisation and innovative merchandising strategies. The strong results in Mainland China are a powerful validation of our approach, and we are confident that our continued focus on differentiated consumer experiences and operational excellence will drive sustainable growth and profitability in the years to come.

While our offline channel has faced some headwinds due to prior periods of de-prioritisation and limited brand investment, we are beginning to see encouraging signs of progress and renewed momentum as we execute our Mainland China reset plan. Thanks to enhancements in our merchandising capabilities – including more strategic product allocation, refined assortment planning, and improved promotional strategies – our performance has continued to improve quarter-on-quarter. In fact, the same-store sales in our offline business achieved a notable turnaround in the second quarter, reporting an almost flat year-on-year result, representing a significant improvement from the 3.6% decline recorded in the first quarter. This positive trajectory highlights the early impact of our targeted initiatives and our team's agility in responding to changing market dynamics.

As part of our '*Beyond Boundaries*' 5-year strategic plan, we are taking a focused and disciplined approach to resetting our offline presence. Our immediate priority is to strengthen our business in the southern region of Mainland China, where we already enjoy strong brand recognition. By leveraging this existing brand awareness and driving operating efficiencies, we are confident that we can create a successful blueprint for offline growth. Once this model is firmly established and delivering results, we plan to systematically expand it to other regions across Mainland China, supported by increased investment in both brand building and product innovation.

Looking ahead, as per our ‘*Beyond Boundaries*’ 5-year strategy, we view Mainland China as a “*must-win*” priority market for the Group’s future success. With a clear roadmap in place, we are fully committed to resetting, recalibrating, and revitalising our business to restore profitability in Mainland China.

Taiwan

The Taiwanese market experienced a period of stagnation, with revenue declining by a low single-digit percentage, reflecting the broader impact of a softening economy. Notably, our online channel delivered an impressive 18.2% year-on-year growth, underscoring the effectiveness of our strategic commitment to expanding and strengthening our e-commerce presence. This strong digital performance is proof of the determination and agility of our team in capitalising on shifting consumer behaviours and the increasing importance of online retail in Taiwan.

On the offline front, while the overall performance was hampered by macroeconomic headwinds, we see significant opportunities for further growth and optimisation. Our focus moving forward will be on enhancing retail excellence across key operational areas, particularly in buying and merchandising. By fine-tuning our product assortment and improving allocation to individual stores, we aim to better align our offerings with evolving consumer preferences and maximise in-store sales potential. We believe that these efforts will not only improve operational efficiency but also elevate the overall customer experience, positioning us to capture greater market share once economic conditions stabilise.

As part of our long-term strategy, we will continue to invest in both digital and physical retail capabilities, leveraging data-driven insights to inform our decision-making and ensure we remain nimble in the face of change.

Table 5: Greater China revenue and store count

	Six months ended June 30								
	Revenue			Stores at period end					
				Franchised		Direct operated		Total	
	2025	2024	Change	2025	2024	2025	2024	2025	2024
(In HK\$ million, translated at constant exchange rates)									
Mainland China	339	300	13.0%	262	320	97	134	359	454
Taiwan	200	206	(2.9%)	–	–	163	161	163	161
Hong Kong and Macau	177	181	(2.2%)	–	–	50	41	50	41
Total	716	687	4.2%	262	320	310	336	572	656

In summary, our business in Greater China achieved a solid revenue growth of 4.2% year-on-year, underscoring the effectiveness of our ‘*Beyond Boundaries*’ 5-year strategic plan, which has Greater China as a priority market. Even more encouraging is the accelerating momentum we observed within this geographical cluster: sales in Q1 increased by 1.5% year-on-year, while Q2 delivered a robust 6.9% uplift, highlighting the growing strength and resilience of our brand in the region.

Our same-store sales performance further reflects this positive trajectory. Q1 saw an increase of 3.9%, which was followed by an impressive 8.3% growth in Q2. As a result, same-store sales for the first half of the year rose by a healthy 6.2%, demonstrating our ability to drive organic growth through improved store operations and customer engagement.

Looking ahead, we are focused on building on this momentum by implementing a series of targeted initiatives designed to unlock further growth potential in Greater China. Our priorities will include building brand heat through brand investment to increase market visibility and engagement with consumers, as well as driving improvements in store performance through operational excellence and staff training. In addition, we will continue to optimise inventory management, ensuring that our product mix is closely aligned with evolving customer preferences and market trends.

Southeast Asia and Australia

Table 6: Southeast Asia and Australia profit before income taxes

(In HK\$ million, translated at constant exchange rates)	Six months ended June 30				
	2025	% to revenue	2024	% to revenue	Change
Revenue	680	100.0%	739	100.0%	(8.0%)
Gross profit	389	57.2%	450	60.9%	(13.6%)
Other income and other gains, net	5	0.7%	1	0.1%	400.0%
Operating expense	(310)	(45.6%)	(318)	(43.0%)	(2.5%)
Operating profit	84	12.3%	133	18.0%	(36.8%)
Finance expense	(11)	(1.6%)	(11)	(1.5%)	Flat
Profit before income taxes	73	10.7%	122	16.5%	(40.2%)

Revenue in this geographical cluster declined by 8.0%, largely attributable to the weak performance of our Indonesia business. It is important to point out that this decrease was mainly driven by the Non-Giordano Brands operating in Indonesia. Excluding the negative impact from these non-core brands, the revenue drop would have been limited to 4.6%. As highlighted in our last MD&A, we have proactively embarked on a brand portfolio reshaping strategy, which includes phasing out certain non-strategic third-party brands such as Timberland and North Face, while retaining Nike. We believe the Nike business is currently going through a global business transformation and, in the short term, will come back to growth through the launch of innovative products in its key sportswear categories. This realignment supports our long-term vision to consolidate resources and focus on growing our proprietary brands in the Southeast Asian markets.

In line with our ‘*Digital-First*’ strategy, our e-commerce channel in Southeast Asia, excluding Non-Giordano Brands, delivered a particularly strong performance, achieving almost 42.0% year-on-year growth and showing accelerating momentum — online sales in Q2 alone surged by 50.0% compared to the same period last year. Even with the impact of the Non-Giordano Brands, we still achieved 4.8% year-on-year growth in the period under review. We are especially encouraged by this trend and are preparing to introduce a range of e-commerce exclusive products in the second half of the year, tailored to meet the unique preferences of our digital-savvy customers in these markets.

Despite the recent headwinds, we continue to see significant revenue growth opportunities across the region. Our ongoing efforts to optimise product assortments and elevate operational standards are designed to mitigate short-term, market-specific challenges and lay the groundwork for sustainable success. Looking forward, we remain confident in the long-term prospects for Southeast Asia and Australia. We are committed to leveraging our strategic initiatives — particularly the expansion of our digital channels and the strengthening of our brand portfolio — to drive continued growth and profitability across all business segments.

Table 7: Southeast Asia and Australia revenue and store count

(In HK\$ million, translated at constant exchange rates)	Six months ended June 30				
	Revenue			Stores at period end	
	2025	2024	Change	2025	2024
Indonesia [#]	342	382	(10.5%)	199	231
Thailand	116	127	(8.7%)	154	157
Singapore	105	100	5.0%	31	30
Malaysia	78	84	(7.1%)	84	87
Vietnam	30	34	(11.8%)	28	35
Australia	7	10	(30.0%)	3	5
Cambodia	2	2	Flat	2	2
Total	680	739	(8.0%)	501	547

[#] In addition to the Giordano brand, Giordano Indonesia also operates world-famous apparel and sports brands under franchise or license agreements, which primarily include Nike, but also The North Face, Timberland and Keds (each a “**Non-Giordano Brand**” and collectively, the “**Non-Giordano Brands**”). 45 of the 199 stores are Non-Giordano Brand stores.

The Gulf Cooperation Council

Table 8: The Gulf Cooperation Council profit before income taxes and store count

<i>(In HK\$ million, translated at constant exchange rates)</i>	Six months ended June 30				
	2025	% to revenue	2024	% to revenue	Change
Revenue	369	100.0%	362	100.0%	1.9%
Gross profit	233	63.2%	233	64.3%	Flat
Other income and other gains, net	2	0.5%	2	0.6%	Flat
Operating expense	(162)	(43.9%)	(159)	(43.9%)	1.9%
Operating profit	73	19.8%	76	21.0%	(3.9%)
Finance expense	(6)	(1.6%)	(7)	(1.9%)	(14.3%)
Profit before income taxes	67	18.2%	69	19.1%	(2.9%)
Franchised stores	44		41		3
Direct-operated stores	142		138		4
Stores at period end	186		179		7

Despite ongoing geopolitical tensions in the GCC's neighbouring regions, our business achieved a positive revenue growth of 1.9% year-on-year and maintained steady profitability. This stable performance, even in a volatile environment, was largely driven by improved product availability and the successful execution of targeted marketing campaigns that resonated with local consumers.

Echoing trends seen in our other markets, the e-commerce channel in the GCC region demonstrated exceptional growth, with online sales surging by 33.3% year-on-year. This robust digital performance was propelled by both our own proprietary platforms and collaborations with leading third-party e-commerce partners. The rapid expansion of our online business highlights the increasing shift in consumer preferences towards online shopping, and we are committed to further strengthening our digital capabilities.

The GCC market is notably different from Greater China and Southeast Asia, requiring a tailored approach. To further strengthen our position, we remain focused on product innovation and customised marketing strategies that address the unique preferences of consumers in the region. Looking ahead, we are confident that these ongoing efforts will drive continued growth and reinforce our market leadership in the GCC.

South Korea (a 48.5% joint venture under an independent management team)

Table 9: South Korea's share of net (loss) profit and store count

<i>(In Korean Won million)</i>	Six months ended June 30				
	2025	% to revenue	2024	% to revenue	Change
Revenue	65,545	100.0%	77,640	100.0%	(15.6%)
Gross profit	33,884	51.7%	41,936	54.0%	(19.2%)
Net (loss) profit	(139)	(0.2%)	5,486	7.1%	(102.5%)
Share of net (loss) profit	(67)		2,662		(102.5%)
Stores at period end	114		115		(1)

The business managed through our South Korean JV faced a challenging first half of the year, resulting in a shared loss. This underperformance can be attributed primarily to two main factors: a decline in sales due to the weakening economy, which has been affected by ongoing political instability, and a rapidly evolving competitive landscape that has increased pressure on all market participants.

Despite the Group holding a non-controlling interest of 48.5% in this joint venture, we have been actively discussing with our fellow stakeholders to address the challenges going forward, with a view to identifying and implementing strategic solutions that will help address current challenges and lay the groundwork for a turnaround. Our collaborative approach is focused on leveraging the joint venture's strong brand equity and proven marketing capabilities to rebuild momentum and capture future growth opportunities as market conditions stabilise.

Furthermore, we are proactively leveraging the expertise, resources, and unique insights gained from our operations in South Korea to generate synergies across the Group. For example, we have successfully launched the Korea Collection on major online platforms in Mainland China and in selected stores in Hong Kong. The initial consumer response to these products has been very encouraging, validating our strategy of cross-market collaboration. We plan to build on this momentum by further expanding the Korea Collection and introducing more Korea-inspired products to other markets.

In summary, while our South Korean joint venture has experienced some near-term setbacks, we are confident that our strategic initiatives, combined with our strong brand foundation and collaborative efforts, will enable us to overcome current challenges and capitalise on future opportunities.

Overseas (outside Greater China) franchisees and licensees

Table 10: Overseas franchised store count

	Stores at June 30	
	2025	2024
Southeast Asia	185	183
South Korea*	114	115
South Asia	103	89
Africa	29	26
Other markets	22	20
Total	453	433

* The Group possesses 48.5% equity interest in the South Korean joint venture, which is also one of the Group's franchisees.

Our overseas franchised and licensed network achieved impressive growth, reflecting the effectiveness of our collaborative approach and the strong support we provide to our partners. Wholesale revenue to these markets surged by nearly 34.0% year-on-year, with particularly robust performance in the Philippines during the first half of the year. This outstanding result highlights the growing demand for our brand, products and the solid foundation we have established in key international markets.

While wholesale activity in South Korea may be lower than expected in the near term due to temporary business headwinds, as highlighted in the previous section, we are optimistic about continued growth in other mature markets, notably the Philippines and Myanmar. Looking ahead, we also anticipate an increase in store count, driven by our ongoing expansion into long-term, high-potential emerging markets such as Africa and South Asia, with India standing out as a particularly promising opportunity.

This positive momentum underlines the success of our strategic initiatives aimed at strengthening our global footprint and empowering our franchisees and licensees to excel, even in challenging environments. We remain dedicated to offering comprehensive support and resources to our partners, fostering sustainable expansion and shared success across our overseas markets.

FINANCIAL POSITION

Liquidity and financial resources

As of June 30, 2025, the Group's cash and bank balance, net of bank loans, closed at HK\$722 million (2024: HK\$720 million). This slight increase in our net balance highlights the Group's continued financial stability and prudent management of resources. Maintaining a strong liquidity position not only enables us to navigate market uncertainties with confidence, but also provides a robust foundation for the successful implementation of our '*Beyond Boundaries*' 5-year strategic plan.

The bank borrowings amounted to HK\$27 million (2024: HK\$29 million). The Group's gearing ratio, defined as the total bank borrowings over total equity, was 1.2% (2024: 1.3%). The Group's current ratio was 1.6 (2024: 1.5), based on current assets of HK\$1,662 million (2024: HK\$1,567 million) and current liabilities of HK\$1,022 million (2024: HK\$1,023 million).

Property, plant, and equipment

Capital expenditure for the period amounted to HK\$33 million (2024: HK\$27 million), with the majority allocated towards store upgrades and relocations. Looking ahead, we will adopt a more cost-effective approach to CAPEX management in alignment with our "*One-Giordano*" strategic choice.

Goodwill and put option liabilities

The goodwill and put option liability arose from the acquisition of our GCC operations in 2012 and 2015. The Group conducted the required impairment tests and confirmed no impairment on goodwill.

Interest in the South Korea joint venture

The carrying value of our 48.5% interest in the South Korea joint venture, accounted for using the equity method, experienced a decrease of 5.2% to HK\$417 million, primarily attributed to the fluctuation of the Korean Won and the receipt of dividends.

Inventories

Group inventories closed at HK\$513 million (2024: HK\$514 million). Inventory turnover on cost (ITOC) improved significantly, decreasing by 11 days to 108 days (2024: 119 days). This notable reduction highlights our commitment to more effective inventory management, enabling us to respond quickly to changing sales trends and introduce fresh merchandise in a timely manner. Additionally, our strategic price promotions have successfully cleared aged inventory from previous years, resulting in a healthier and more relevant product mix for our customers moving forward.

The improvement in inventory turnover also reflects the effectiveness of our deliberate, strategic price promotions, which successfully cleared aged inventory accumulated in previous periods. As a result, our inventory mix is now better aligned with current consumer preferences, positioning us well for future growth.

To ensure there is no excessive ‘*off-balance sheet*’ inventory that could pose a liability in the future, the Group tracks the inventories at suppliers and franchisees. Due to proactive order management and tighter controls throughout the supply chain, finished goods at suppliers have decreased by almost half compared to last year. While inventory levels in our South Korea joint venture increased year-on-year due to temporary business challenges in the first half, targeted measures are already in place, such as rigorously managing future shipments, enabling inventory to be efficiently absorbed in the second half of the year.

Overall, management is undertaking a comprehensive review of our sourcing and supply chain processes to further enhance stock efficiency and streamline operations. These ongoing efforts will not only reduce excess inventory but also ensure we remain responsive to market needs. By optimising inventory management, the Group is well-positioned to support future business growth and deliver greater value to our customers and stakeholders.

Table 11: System inventories

	At		
	June 30 2025	December 31 2024	June 30 2024
<i>(In HK\$ million)</i>			
Inventories owned by the Group	513	508	514
Inventories held by 48.5% South Korea joint venture	293	178	181
Inventories held by franchisees in Mainland China	34	34	34
Finished goods at suppliers	6	28	11
Inventories not owned by the Group	333	240	226
Total system inventories	846	748	740

Trade receivables and payables

The turnover days for trade receivables and payables were 46 days (2024: 38 days) and 45 days (2024: 45 days), respectively. The increase in trade payables was primarily attributable to the timing difference in payments on the back of the earlier receipt of Fall/Winter merchandise to be launched in July.

OUTLOOK

As we continue into the second half of 2025, Giordano stands at the beginning of an exciting new chapter. With the arrival of new management last year, we have been energised by a shared commitment to lead the Company into a future defined by innovation, agility, and growth. This is not simply a year of reacting to an ever-changing market — it is a year where we take bold steps to shape our destiny, guided by a clear vision and the unwavering belief that Giordano's can transform itself to be a growth company once again.

Our '*Beyond Boundaries*' 5-year strategy remains our 'North Star', but our approach is evolving. We are determined to reset, recalibrate, and revitalise our Company's foundations so that we are not merely keeping pace with the industry, but setting the pace to reconnect with our customers, while engaging with a new generation of customers. The willingness to embrace change is stronger than ever, and the commitment is to drive Giordano forward — to unlock our full potential and create lasting value for all stakeholders.

The '*Beyond Boundaries*' 5-year strategy is built on four key strategic choices:

1. Revitalise our brand portfolio
2. Digital-First
3. Winning in Greater China
4. One Giordano

A Year of Reset: Laying the Groundwork for Sustainable Growth

Reflecting on our journey, Giordano's enduring success has always come from our ability to adapt and thrive during times of change. The retail landscape is shifting rapidly — technology is transforming how people shop, and customer expectations are rising. Instead of viewing these changes as obstacles, we see them as opportunities for reinvention.

2025 is a year of intentional reset. We are pausing to reflect on what has made us strong, recalibrating our strategies, and recommitting to the core principles that make Giordano unique: product excellence, operational agility, and a relentless focus on our customers. We know that true, sustainable growth is only possible when built on a solid foundation, and this year we are laying the groundwork for the next phase of our journey.

1. Revitalise our Brand Portfolio: Product is at the Core and building brand heat

At the heart of our transformation is a renewed focus on our products for the Giordano brand. We believe that great products are the heartbeat of every successful brand, and in 2025, we are reimagining every aspect of our product lifecycle. From design and development to sourcing and delivery, we are breaking down silos and fostering close collaboration across teams. By leveraging advanced analytics and real-time market insights, we are making our supply chain more responsive, so we can anticipate trends and deliver fresh, high-quality merchandise with speed and precision.

We are also professionalising our sourcing operations, investing in technology, and building strategic partnerships to ensure cost efficiency, quality assurance and ethical sourcing. These efforts not only strengthen our business, but also reinforce our commitment to responsible practices — something our customers and partners expect from us.

In the second half of 2025, we will launch a new label as part of the Giordano brand portfolio named *Giordano Concepts* (“GC”). Adopting the abbreviated GC mark, we aim to connect with the younger generation of consumers aged between 20 and 35, who are digitally savvy and who are looking for the latest trends in fashion from the catwalk at affordable prices, but with great quality. GC will be positioned primarily towards female consumers, a segment which, traditionally, has been secondary to Giordano. Launching online in Mainland China in September, we are truly excited to develop a label for the younger generation.

Another label in our brand portfolio is *Giordano Ladies* – a premium brand in our brand portfolio. In the second half, we are evolving its positioning as a premium brand for smart womenswear in the office to also adapt its positioning to become more contemporary, relaxed and business casual – a positioning we call ‘*premium elegance*’. The office attire has shifted to a more relaxed dress code due to factors such as remote working, the influence of younger generations in the workforce and the greater emphasis on comfort and individuality.

In August, we will announce that we will take the brand ambassador for Giordano Korea, our JV, and utilise her for building the personification of our Giordano brand for our female consumers, particularly in Greater China and our Southeast Asian markets. Building brand heat and an identity for the Giordano brand is one of our key strategies to ensure we remain relevant and engage with our customers.

Developing our brand portfolio to cater for the different consumer segments is one of our four key strategic choices, which will enable us to not only engage with our core consumer, but also allow us to engage with other consumer segments. This will enable us to grow as a business.

2. Digital-First: Building the Giordano of Tomorrow

‘*Digital-First*’ is the second strategic choice of our ‘*Beyond Boundaries*’ 5-year strategy. In 2025, we are accelerating our digital journey, determined to close the gap between where we are and where our customers expect us to be. As well as evolving our product offering to our consumers to enable growth, we have launched *Giordano Ladies* on e-commerce platforms in Mainland China this July. Moreover, we have also launched our Korea Collection online with great success.

As mentioned earlier, we will also launch GC, a brand that is crafted for younger, digital-native audiences, recognising that the future of retail belongs to those who can connect deeply with Gen Z and Millennials. These launches are about more than market share — they are about building vibrant communities and inspiring lasting loyalty in the digital age.

Also, in the second half of 2025, we will start to bring unique collections and stories to those markets outside Mainland China, where our e-commerce penetration is far below industry standards.

Behind the scenes, we are embedding digital tools and data-driven processes into our daily operations, from AI-powered demand forecasting to inventory management and personalised marketing. Our goal is to create an omnichannel ecosystem where online and offline experiences blend seamlessly, making shopping with Giordano simple, engaging and memorable.

3. Winning in Greater China

Our 3rd strategic choice is ‘*Winning in Greater China*’ as well as in our home market of Hong Kong. Earlier this year, we embarked on resetting our Mainland China business, which we have identified as our must-win battlefield market. During the first half of 2025, our reset plan for Mainland China adopted a two-prong strategy:

1. Accelerate our e-commerce business, which we have achieved through focusing on developing products for consumers on the Tmall and Douyin platforms who seek fashionable products with greater quality at affordable prices. We have seen positive growth on these platforms, coupled with positive margin growth; and
2. Reset our Physical Retail business through the reorganisation of our business model to a channel-based model focusing on direct-operated stores and franchise stores nationally. We have also undertaken the decision to close unprofitable stores, and stores that are not in locations that are desirable to our consumers. We will focus on southern China, where our footprint and brand are at their strongest, and start to invest in our brand. We have seen early signs of success, where our comparable store sales growth was nearly flat in Q2.

Winning in Hong Kong, our home market, is a clear strategic goal for us. Hong Kong is our model city, where we will trial our new products and concepts before scaling them across other geographies. With both the revitalisation of *Giordano* and *Giordano Ladies* in the first half of 2025, we have seen positive steps in Quarter 2 against a retail environment which has been and remains challenging due to consumers heading north for their shopping and leisure activities.

4. One Giordano

‘*One Giordano*’ is our fourth and the last of our strategic choices. ‘*One Giordano*’ aims to build a headquarters and market operating model which allows creation and planning to be done at the centre and execution with excellence in the markets.

Reshaping Our Organization: Agility for a New Era

Transformation at Giordano is more than new processes and products — it is about cultivating a culture of agility, collaboration and continuous learning. Under new management, we are re-examining our organisational structure, moving away from traditional geographic silos toward a more agile, matrixed model. This empowers cross-functional teams, accelerates decision-making, and enables us to respond quickly to new opportunities.

We are also streamlining our back-end operations, restructuring the supply chain and sourcing functions for greater efficiency and effectiveness. At the same time, we are investing in our people — rolling out new training initiatives and fostering a culture where creativity, adaptability, and passion are celebrated and rewarded.

One of our key initiatives for 2025 is on sourcing, where we are professionalising the work process to allow us to be far more cross-functional and strategically planned, so that we can achieve more efficient pricing for the products we procure.

A Narrative of Transformation: Preparing for the Next Chapter

We recognise that the benefits of this foundational year will not be fully realised overnight. 2025 is about planting the seeds — investing in the systems, capabilities, and culture that will enable Giordano to flourish for years to come. Our strong financial position allows us to make these strategic investments with confidence, balancing short-term returns with long-term growth.

As your new management, the team is deeply committed to leading this transformation — driven by a vision for Giordano that is bold, inclusive, and future-ready. We will face challenges along the way, but we are confident that with the dedication of our people, the trust of our partners, and the support of our customers and shareholders, we will not only meet these challenges but turn them into opportunities for growth.

A Shared Vision: The Road Ahead

Looking to the horizon, we are energised by the possibilities ahead. The apparel industry is evolving, but our purpose remains unchanged: to inspire confidence and self-expression in our customers through great products and memorable experiences.

With a clear vision, a robust strategy, and a passionate team, Giordano is poised to embark on its next phase of growth. 2025 is not just a year of reset—it is the foundation of our renaissance.

Together, we will go beyond boundaries.

OTHER INFORMATION

Human Resources

As of June 30, 2025, the Group had approximately 6,500 employees. The Group offers competitive remuneration packages and generous, goal-oriented incentives targeted to different levels of staff. We provide senior managers with performance-based/discretionary bonus schemes, as well as share options and awards to reward and retain a high-calibre leadership team. We also invest heavily in training in sales and customer service, management, planning, and leadership development to maintain a skilled and motivated workforce. The Group facilitates the younger executives to take up management roles. On June 30, 2025, the average age of the Group's management team was 48.

Interim Dividend

It is the Company's intention to return surplus cash to its shareholders through the payment of dividends and share repurchase. In line with its dividend policy, the Company has been paying a substantial portion of its earnings as an ordinary dividend, the amount of which may vary depending on cash on hand, future investment requirements and working capital considerations.

After due consideration of the economic outlook, the Group's financial position, its future expansion plans and other factors, the Board has declared an interim dividend of 7.5 HK cents per share (2024: 8.0 HK cents per share) for the six months ended June 30, 2025. The dividend is payable on Friday, October 3, 2025 to shareholders whose names appear on the register of members of the Company on Friday, September 19, 2025.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, September 18, 2025 to Friday, September 19, 2025, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, September 17, 2025.

Corporate Governance Code

A corporate governance report has been published and included in the Company's 2024 annual report, in which the Company reported the adoption of the code provisions as stated in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as the corporate governance code of the Company.

During the period under review, the Company has complied with all applicable code provisions under the CG Code, except for the following deviation:

Code provision B.2.2

Code provision B.2.2 provides that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the Directors, with the exception of Chairman or Managing Director, shall retire from office by rotation at each annual general meeting. In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the Chairman and Managing Director, therefore, the Board is of the view that the Chairman and the Managing Director should be exempt from this arrangement at the present time.

Save as disclosed above, the corporate governance practices adopted by the Company during the period under review are in line with those practices set out in the Company's 2024 annual report.

Securities Transactions by Directors

The Company has adopted its own Code of Conduct for Securities Transactions by Directors (the "Code of Conduct for Securities Transactions"). This is on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, and has been updated from time-to-time. Having made specific enquiries to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code and the Code of Conduct for Securities Transactions throughout the six months ended June 30, 2025.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2025.

Review of Interim Results

The unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2025 have been reviewed by PricewaterhouseCoopers, the external auditor of the Group, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has fully discussed auditing, risk management and internal control systems and financial reporting matters. The Audit Committee has also reviewed the unaudited interim results of the Group for the six months ended June 30, 2025 with Management.

By Order of the Board
Colin Melville Kennedy CURRIE
Chief Executive Officer and Executive Director

Hong Kong, August 29, 2025

At the date of this announcement, the Board comprises four Executive Directors; namely, Mr Colin Melville Kennedy CURRIE (Chief Executive Officer), Dr CHAN Ka Wai, Mr Mark Alan LOYND, and Mr LEE Chi Hin, Jacob; three Non-executive Directors; namely, Mr TSANG On Yip, Patrick (Chairman), Ms CHENG Chi-Man, Sonia and Mr CHENG Chi Leong, Christopher; and four Independent Non-executive Directors; namely, Professor WONG Yuk (alias, HUANG Xu), Dr Alison Elizabeth LLOYD, Mr Victor HUANG and Mr CHAU Kwok Wing Kelvin.

¹ “Group revenue” comprises consolidated revenue from direct-operated stores’ retail sales, and wholesale to franchisees.

² “Group same-store sales” means retail revenue save for revenue derived from the retail sales of newly-opened and terminated stores and stores temporarily closed for more than 10% of operating days of comparable periods for renovation or other purposes. These are at constant exchange rates.

³ “Global brand sales/gross profit” comprises all Giordano retail sales/gross profit from direct-operated stores, franchised stores, and stores operated by a joint venture. These are at constant exchange rates.

⁴ “Inventory turnover on cost” is calculated by dividing inventories at period-end by the cost of sales multiplied by the number of days in the period.