Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

UNAUDITED INTERIM RESULTS

- *Group Net Sales at HK$2,736 million were up by 2% in the first half of 2015 compared with the same period last year. On a constant currency basis, sales grew by 5%. Global brand sales (sales to end customers) increased by 2% and comparable same store sales were by 6%.*

- *Same store sales growth was strong in Mainland China, Hong Kong, Taiwan, Singapore, Thailand and Indonesia. In South East Asia, sales growth was weakened by weak exchange rates against the Hong Kong dollar. In the Middle East, sales increased by mid-single digits.*

- *Gross Profit of HK$1,566 million was flat when compared with the same period last year. Gross margin reduced by 1.4 percentage points from 58.6% to 57.2%, mainly due to increased product costs caused by currency weakness in overseas markets. This has affected gross margin by minus 0.9 percentage points. Gross margin decline on prior year narrowed from 1.7 percentage points in the first quarter to 0.9 percentage points in the second quarter, reflecting less discounting and improved product mix.*

- *Profit Attributable to Shareholders (PATS) of HK$208 million has improved by 20% when compared with the same period last year. This was attributed to the closure of loss making stores and strong same store sales in key markets, despite a 30% decline in Korean profitability. Sales at our associate in Korea declined by 13%, due to the impact of Middle East Respiratory Syndrome and a weak consumer sentiment in general.*

- *Free Cash Flow from Operations of HK$357 million in the period increased by 41% compared to last year. Simpler product range and a stringently enforced buying budgetary system have partly contributed to this increase. Vigilant credit controls have also helped reduce accounts receivable and increased cash balances.*

- *Net cash balances at June 30, 2015 were HK$1,029 million, an increase of 9% when compared with HK$940 million at June 30, 2014. The board has declared an interim dividend of 12.5 HK cents per share (10.5 HK cents in 2014), an 19% increase when compared to the interim dividend paid last year. This reflects the Group's improved operating profit and cash flow, anticipated cash requirements and its consistent policy of returning surplus cash to shareholders.*

The board of directors (the "Board") of Giordano International Limited (the "Company") is pleased to announce that the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended June 30, 2015 along with comparative figures for the corresponding period and selected explanatory notes are as follows:

Condensed Consolidated Income Statement

		Six months ended June 30	
		2015	2014
(In HK$ millions, except earnings per share)	*Note*	**(Unaudited)**	(Unaudited)
Sales	*2*	**2,736**	2,672
Cost of sales		**(1,170)**	(1,107)
Gross profit		**1,566**	1,565
Other income and other gains		**48**	33
Distribution, administrative and other operating expenses		**(1,339)**	(1,365)
Operating profit	*2,3*	**275**	233
Finance expense	*4*	**–**	(2)
Share of profit of jointly controlled companies		**19**	27
Share of profit of an associate		**–**	1
Profit before taxation		**294**	259
Taxation	*5*	**(60)**	(59)
Profit for the period		**234**	200
Profit attributable to:			
Shareholders of the Company		**208**	174
Non-controlling interests		**26**	26
		234	200
Earnings per share for profit attributable to shareholders of the Company	*6*		
Basic (HK cents)		**13.2**	11.1
Diluted (HK cents)		**13.2**	11.0
Dividends	*7 (a)*	**196**	165

Condensed Consolidated Statement of Comprehensive Income

(In HK$ millions)	Six months ended June 30 **2015** **(Unaudited)**	2014 (Unaudited)
Profit for the period	**234**	200
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Fair value change on available-for-sale financial asset	**7**	(4)
Fair value loss on cash flow hedge	**–**	(5)
Exchange adjustment on translation of overseas subsidiaries, associate, jointly controlled entities and branches	**(34)**	4
Total comprehensive income for the period	**207**	195
Total comprehensive income attributable to:		
Shareholders of the Company	**190**	166
Non-controlling interests	**17**	29
	207	195

Consolidated Balance Sheet

(In HK$ millions)	*Note*	**June 30 2015 (Unaudited)**	December 31 2014 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**254**	281
Goodwill		**546**	535
Interest in jointly controlled companies		**501**	532
Interest in an associate		**–**	4
Available-for-sale financial assets		**22**	15
Financial assets at fair value through profit or loss		**28**	28
Leasehold land and rental prepayments		**218**	228
Rental deposits		**125**	136
Deferred tax assets		**48**	45
		1,742	1,804
Current assets			
Inventories		**453**	514
Leasehold land and rental prepayments		**44**	45
Trade and other receivables	*8*	**547**	579
Cash and bank balances		**1,029**	915
		2,073	2,053
Total assets		**3,815**	3,857
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**79**	78
Reserves		**2,583**	2,604
Proposed dividends	*7*	**196**	228
Equity attributable to shareholders of the Company		**2,858**	2,910
Non-controlling interests		**170**	174
Total equity		**3,028**	3,084
Non-current liabilities			
Put option liabilities		**19**	–
Deferred tax liabilities		**117**	121
		136	121
Current liabilities			
Trade and other payables	*9*	**453**	460
Put option liabilities		**102**	102
Taxation		**96**	90
		651	652
Total liabilities		**787**	773
Total equity and liabilities		**3,815**	3,857
Net current assets		**1,422**	1,401
Total assets less current liabilities		**3,164**	3,205

Notes:

1. Principal Accounting Policies

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and the applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements are presented in million of units of Hong Kong dollars, unless otherwise stated. These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 13, 2015.

These unaudited condensed interim financial statements should be read in conjunction with the 2014 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of these unaudited condensed interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2014.

Amendments to HKFRSs effective for the financial year ending December 31, 2015 are not expected to have a material financial impact on the Group's consolidated financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

2. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers who make strategic decisions.

There are two major business segments, namely Retail and Distribution and Wholesale sales to overseas franchisees. The chief operating decision-makers assess the business of the Retail and Distribution segment from both a geographic location and a brand perspective. From a geographic perspective, the Retail and Distribution segment comprised of retail and franchise sales in Mainland China and Middle East, retail sales in Hong Kong and Taiwan and Rest of Asia Pacific. From a brand perspective, the Retail and Distribution segment is sub-divided into *Giordano & Giordano Junior, Giordano Ladies, BSX* and Others.

Segment profit represents the profit earned by each segment before exceptional gains, finance cost, tax and share of profit of jointly controlled companies and associate. This is the measurement basis reported to the chief operating decision-makers for the purpose of resource allocation and assessment of segment performance.

An analysis of the Group's reportable segment sales and operating profit by geographical location is as follows:

	Six Months ended June 30			
	2015		2014	
(In HK$ millions)	**Sales**	**Operating profit**	Sales	Operating profit
Mainland China	**762**	**41**	773	30
Hong Kong and Taiwan	**819**	**63**	786	54
Rest of Asia Pacific	**638**	**68**	629	69
Middle East	**320**	**60**	306	52
Total Retail and Distribution	**2,539**	**232**	2,494	205
Wholesale sales to overseas franchisees	**197**	**25**	178	25
Segment sales/operating profit	**2,736**	**257**	2,672	230
Corporate function		**18**		3
Finance expense		**–**		(2)
Share of profit of jointly controlled companies		**19**		27
Share of profit of an associate		**–**		1
Profit before taxation		**294**		259

Further analysis of the Retail and Distribution business by brand is as follows:

	Six Months ended June 30			
	2015		2014	
(In HK$ millions)	**Sales**	**Operating profit**	Sales	Operating profit
By brand:				
Giordano & Giordano Junior	**2,187**	**203**	2,160	170
Giordano Ladies	**196**	**23**	190	21
BSX	**85**	**(1)**	93	7
Others	**71**	**7**	51	7
Total Retail and Distribution	**2,539**	**232**	2,494	205

The entity is domiciled in Hong Kong. The revenue from external customers in Hong Kong is HK$676 million (2014: HK$648 million), Mainland China is HK$762 million (2014: HK$773 million) and the total revenue from external customers from other countries is HK$1,298 million (2014: HK$1,251 million).

Inter-segment sales of HK$539 million (2014: HK$472 million) has been eliminated upon consolidation.

3. Operating profit

The operating profit is stated after (charging)/crediting:

(In HK$ millions)	**Six months ended June 30** **2015**	2014
Amortization of leasehold land prepayments	**(4)**	(4)
Depreciation of property, plant and equipment	**(67)**	(70)
Gain on remeasurement of previously held interest upon step acquisition of subsidiaries	**2**	–
Net gain on disposal of property, plant and equipment	**6**	5
Reversal for obsolete inventory and inventory write-off	**–**	5
Net exchange losses	**–**	(15)

4. Finance expense

(In HK$ millions)	**Six months ended June 30** **2015**	2014
Interest on bank loans	**–**	2

5. Taxation

Hong Kong profits tax is calculated at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the six months ended June 30, 2015. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

(In HK$ millions)	**Six months ended June 30** **2015**	2014
Income tax		
Current income tax		
– Hong Kong profits tax	**10**	10
– Outside Hong Kong	**36**	32
– Withholding tax on distribution from subsidiaries and a jointly controlled company	**17**	18
	63	60
Deferred tax		
Relating to the origination and reversal of temporary differences	**(3)**	(1)
Taxation charge	**60**	59

This charge excludes the share of associate and jointly controlled companies' taxation for the six months ended June 30, 2015 of HK$5 million (2014: HK$7 million). The share of the income tax expenses of associate and jointly controlled companies is netted off with the share of profits of associate and jointly controlled companies in the condensed consolidated income statement.

6. Earnings per share

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders of the Company for the period of HK$208 million (2014: HK$174 million).

The basic earnings per share is based on the weighted average of 1,570,167,591 shares (2014: 1,568,477,877 shares) in issue during the six months ended June 30, 2015.

The diluted earnings per share is based on 1,570,167,591 shares (2014: 1,568,477,877 shares) which is the weighted average number of shares in issue during the six months ended June 30, 2015 plus the weighted average of 761,032 shares (2014: 4,812,210 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

7. Dividends

(a) Interim dividends attributable to the period:

	Six months ended June 30	
(In HK$ millions)	**2015**	2014
Interim dividend declared after balance sheet date of 12.5 HK cents (2014: 10.5 HK cents) per share	**196**	165

At the board meeting held on August 13, 2015, the directors declared interim dividend of 12.5 HK cents per share. These proposed dividends have not been recognized as a liability at the balance sheet date.

(b) Dividends attributable to the previous year, approved and paid during the period:

	Six months ended June 30	
(In HK$ millions)	**2015**	2014
2014 final dividend approved and paid of 14.5 HK cents (2013: 24.0 HK cents) per share	**228**	377

8. Trade and other receivables

(In HK$ millions)	**June 30 2015**	December 31 2014
Trade receivables	**245**	306
Less: Provision for impairment	**(13)**	(15)
Trade receivables, net	**232**	291
Other receivables, including deposits and prepayments	**315**	288
	547	579

Other than cash and credit card sales, the Group normally allows a credit period of 30-60 days to its trade customers.

As at the balance sheet date, the ageing analysis from the invoice date of trade receivables (net of allowance for doubtful debts) is as follows:

(In HK$ millions)	**June 30 2015**	December 31 2014
0 – 30 days	**157**	210
31 – 60 days	**43**	42
61 – 90 days	**13**	14
Over 90 days	**19**	25
	232	291

9. Trade and other payables

(In HK$ millions)	**June 30 2015**	December 31 2014
Trade payables	**108**	167
Other payables and accrued expenses	**345**	293
	453	460

The ageing analysis of trade payables is as follows:

(In HK$ millions)	**June 30 2015**	December 31 2014
0 – 30 days	**87**	144
31 – 60 days	**9**	8
61 – 90 days	**6**	4
Over 90 days	**6**	11
	108	167

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of 2015 Performance

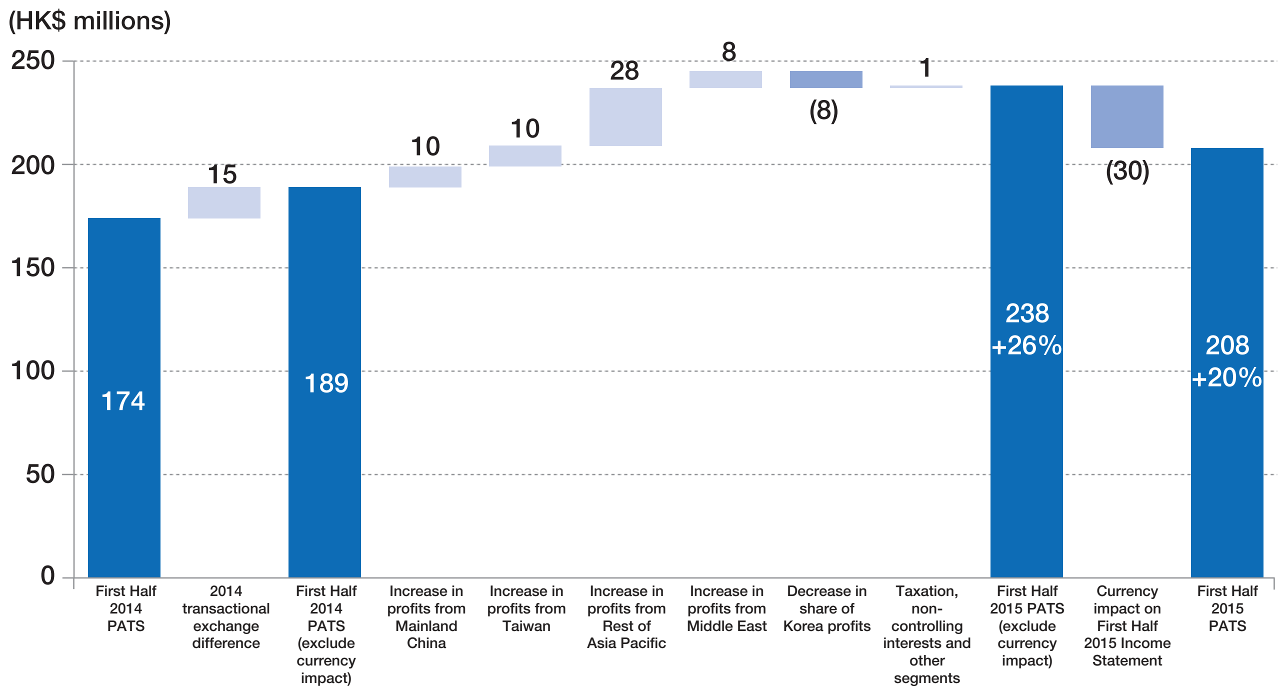
(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Sales	**2,736**	2,672	**2%**
Gross profit	**1,566**	1,565	**Flat**
Gross margin	**57.2%**	58.6%	**(1.4pp)**
Operating expenses	**(1,339)**	(1,365)	**(2%)**
Operating profit	**275**	233	**18%**
Operating margin	**10.1%**	8.7%	**1.4pp**
EBITDA	**370**	342	**8%**
Net profit	**208**	174	**20%**
Net profit margin	**7.6%**	6.5%	**1.1pp**
Free cash flow from operations	**357**	254	**41%**
Net cash and bank balances[1]	**1,029**	940	**9%**
Inventory balances[1]	**453**	445	**2%**
Inventory days on costs (days)[2]	**70**	73	**(3)**
Number of outlets[1]	**2,378**	2,553	**(175)**
Net change in outlets during the period	**(74)**	(89)	

[1] *At the end of the period.*

[2] *Inventory held at period end divided by cost of sales and multiplied by number of days in the period.*

Profit Attributable to Shareholders ("PATS")

During the first half of 2015, PATS increased by 20% to HK$208 million from HK$174 million in the same period last year.



Currency Impacts to Income Statement

Foreign currency exchange rate changes had the following impact on the Income Statement:

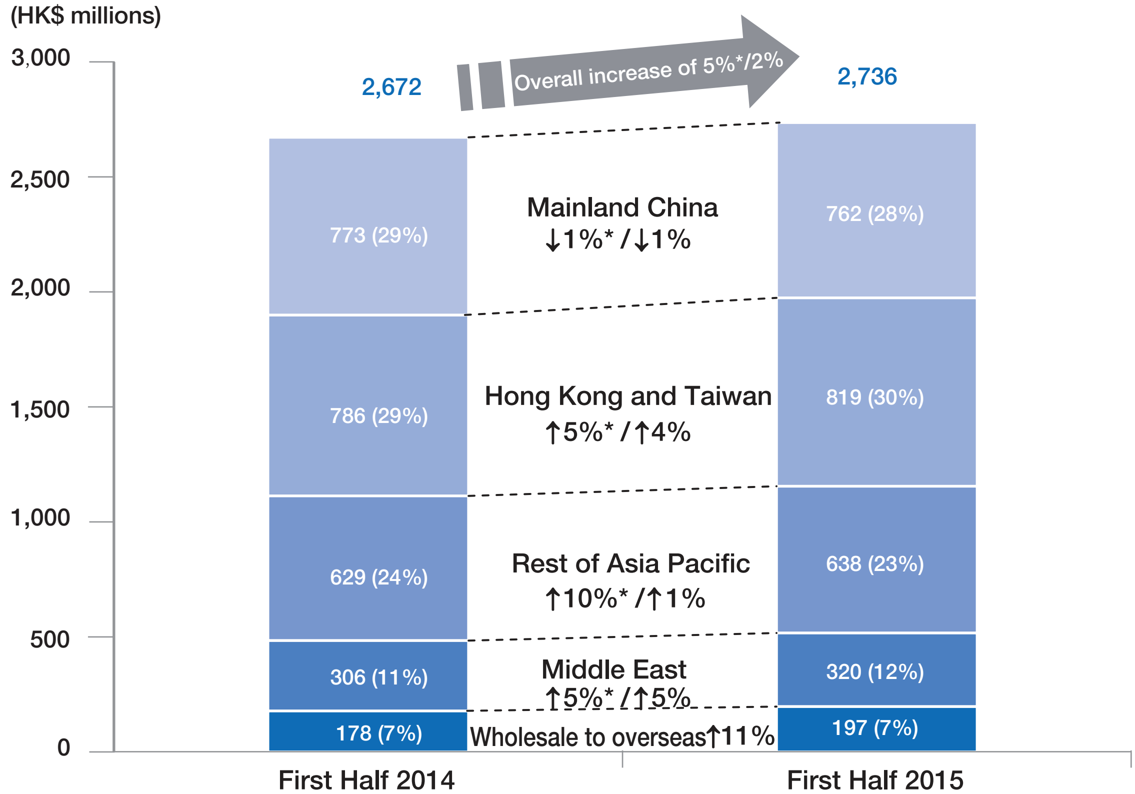
(In HK$ millions)	**Reported**	Translation difference	Transaction difference	Currency depreciation loss on purchase	**Adjusted**
Sales	**2,736**	72	–	–	**2,808**
Gross profit	**1,566**	43	–	26	**1,635**
Operating Expense	**(1,339)**	(36)	–	–	**(1,375)**
First Half 2015 PATS	**208**	4	–	26	**238**
First Half 2014 PATS	**174**	–	15	–	**189**

The Group operates in foreign jurisdictions which do business in foreign currencies.

- The impact on PATS of translating the results of these entities into Hong Kong dollars was HK$4 million, mainly from the adverse impact from translation of South East Asian currencies, specifically the Singapore Dollar, Indonesia Rupiah and Malaysian Ringgit.
- Increased costs of purchasing merchandise in Hong Kong dollars, by Indonesia in particular, contributed a loss of HK$26 million during the period.
- Overall our key markets showed improved underlying profitability.

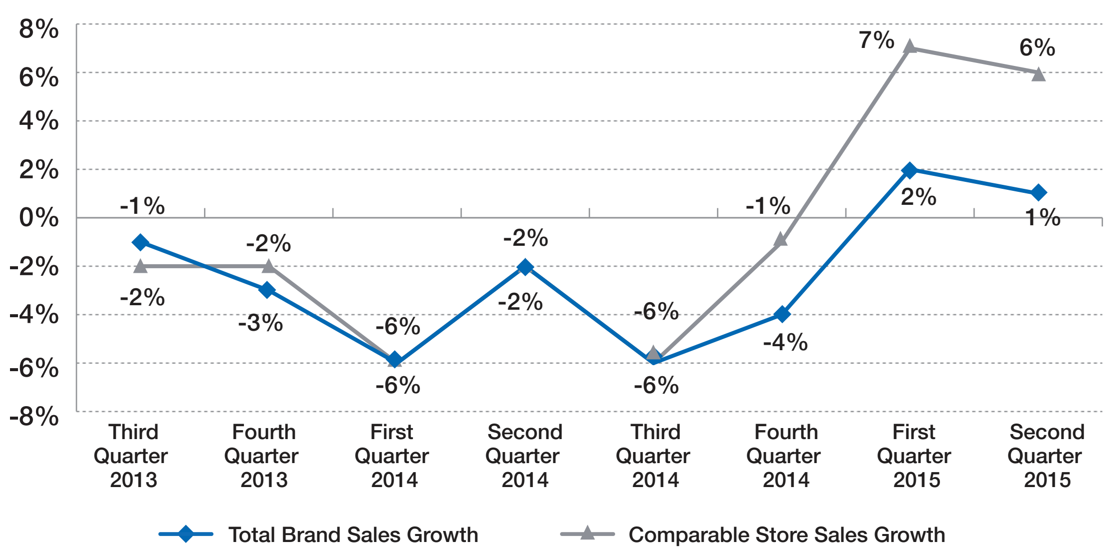
Sales

Sales growth and contribution

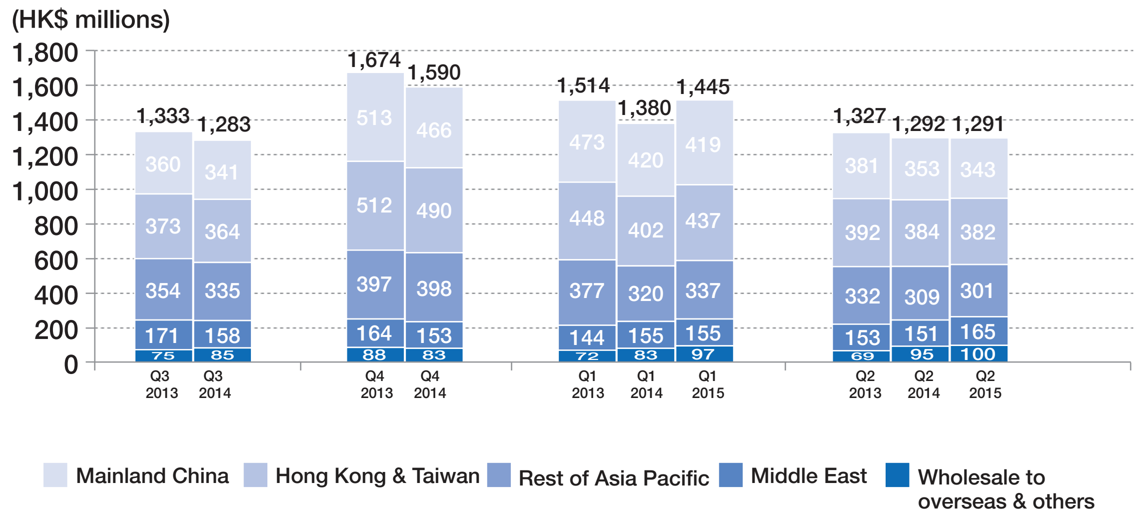


* Sales growth excludes exchange effects
% to group sales in brackets

Brand sales growth for the last eight quarters



Sales for the last ten quarters



(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Group Sales[1]	**2,736**	2,672	**2%**
Global brand sales[2]	**3,595**	3,536	**2%**
Comparable store sales[3]	**6%**	(4%)	
Gross profit	**1,566**	1,565	**Flat**
Gross margin	**57.2%**	58.6%	**(1.4pp)**
Number of outlets[4] Net change in outlets during the period	**2,378** **(74)**	2,553 (89)	**(175)**

- Group Sales increased by 2% to HK$2,736 million in the first half of 2015 from HK$2,672 million in the same period last year. On a constant currency basis, sales increased by 5%.

[1] *Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.*

[2] *Global Brand Sales are total retail sales, at constant exchange rates, in self-operated stores (include e-shop), franchised stores and stores operated by subsidiaries and associates/jointly controlled entities.*

[3] *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated by subsidiaries and associates/jointly controlled entities in the prior period.*

[4] *At the end of the period.*

- Sales in Mainland China decreased by 1% during the first half compared to the prior period.

  - Same store sales increased by 12% but total store numbers reduced by 33 from 961 to 928 with a net closure of 37 directly operated stores, mostly loss-makers.
  - We added 4 shops to our franchisee portfolio and now have 493 shops; with same store sales growth of 11% we expect store numbers to increase in the second half of 2015.

- Sales in Hong Kong increased by 2% in the first half compared with the same period last year and same store sales by 8%.

  - Rent increases in prime areas have resulted in a net five shops less during the first half and nine less versus the same time last year following closure of loss making stores.
  - Rental increases are now easing but we still face some pressure in residential areas. We will continue to simplify our merchandise to drive same store sales in our core network.

- Sales in Taiwan increased by 8% during the first half compared with the same period last year and same store sales increased by 12%. A strong first quarter reflected a low base in the prior year but with the strengthening of the base, sales growth slowed in the second quarter.

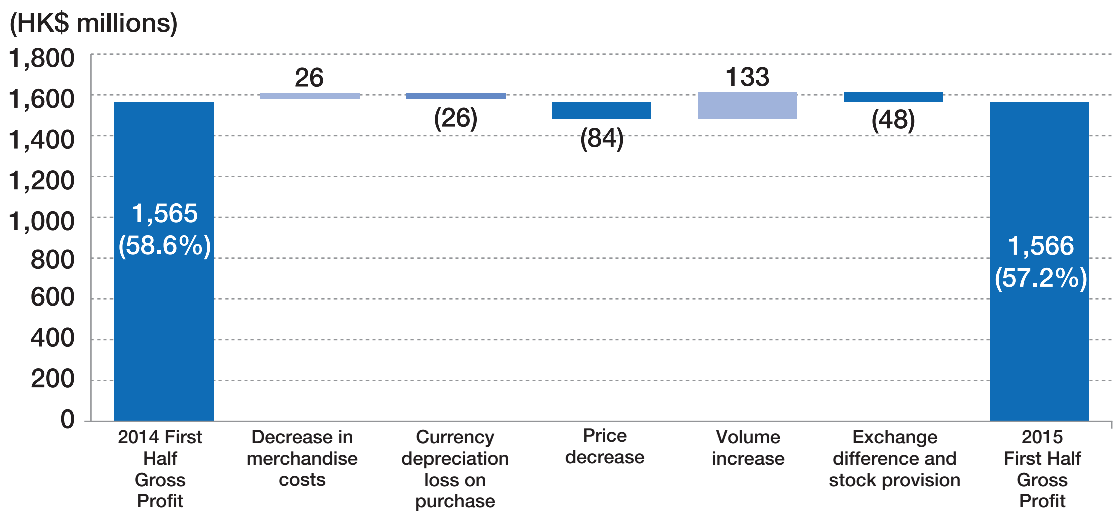
- Sales in other Asia Pacific markets, mainly Singapore, Malaysia, Indonesia and Thailand, increased by 1% compared with the same period last year, with comparable same store sales increasing by 9%. On a constant currency basis, sales would have increased by 10%.

  - Sales in Singapore decreased by 4%, with same store sales increasing by 8%. In local currency sales increased by 3%. We have re-merchandised this operation but this is a challenging market with depressed tourist sales offset by sales growth in residential areas.
  - Sales in Malaysia decreased by 12% and same store sales by 5%. In local currency sales were flat. Consumer demand in Malaysia continues to be weak and this has been exacerbated by the introduction of goods and services taxes.
  - Sales in Indonesia increased by 6% and same store sales by 9%. In local currency sales increased by 18% as we add new shops, although many of these are third party brands. The impact of currency depreciation has been very disruptive for this market with an 18% decline in the value of the Indonesian Rupiah since August 2013. To compensate for this, we are clearing excess stocks and are executing selective price increases.
  - After a relatively weak year in Thailand in 2014, sales have recovered strongly in response to more focused merchandising in the first half of 2015, increasing by 27%. Same store sales increased by 23%. In local currency sales increased by 29%.
  - In Australia sales decreased by 23%, due to the closure of large loss making shops, but comparable same store sales increased by 15%. In local currency sales decreased by 8%. The rightsizing of the Australian business is improving the focus of the local teams and losses in this market are being reduced sharply.

- Sales in the Middle East increased by 5% with same store sales increasing by 1%. Conditions for growth remain challenging in this region as there has been volatility in tourism due to geo-political events in Russia, Yemen, Syria and the wider region as a whole. In the UAE and Saudi Arabia, the continual addition of retail space and the entry of international brands have increased competition. During this period, we have re-merchandised our operations and are starting to see some recovery in the second quarter of the year.

Gross Profit

Gross profit reconciliation



- The Group's gross profit increased by HK$1 million to HK$1,566 million from HK$1,565 million in the first half 2015. Gross margin declined by 1.4 percentage points to 57.2%.

- Average merchandise costs were flat: an increase of 2% due to increased costs in South East Asian markets from the depreciation of local currencies (e.g. the Indonesian Rupiah has depreciated by 10%, the Singapore dollar by 7% and the Malaysian Ringgit by 11% compared to last year), was offset by reductions in purchase prices.

- Average selling prices decreased by 3%, as we discounted to clear excess inventories, particularly in the first quarter.

Merchandise Impact on Volume

- Volume increased by 8% due to improved merchandising in the Group with more focused product ranges based on simplicity and function. The result reflects strong inventory discipline and improved processes for merchandise selection and allocation. The brand management teams introduced in 2014 are now driving product direction. This complements strong local teams partnering with the brands to adapt global products to local needs and tastes.

- Under the Giordano brand, 74% of sales were from Men. Brand sales for Men increased by 2% and comparable store sales increased by 8% in the first half with execution of successful global programs. Efforts to reduce costs and optimize selling prices will be made going forward.

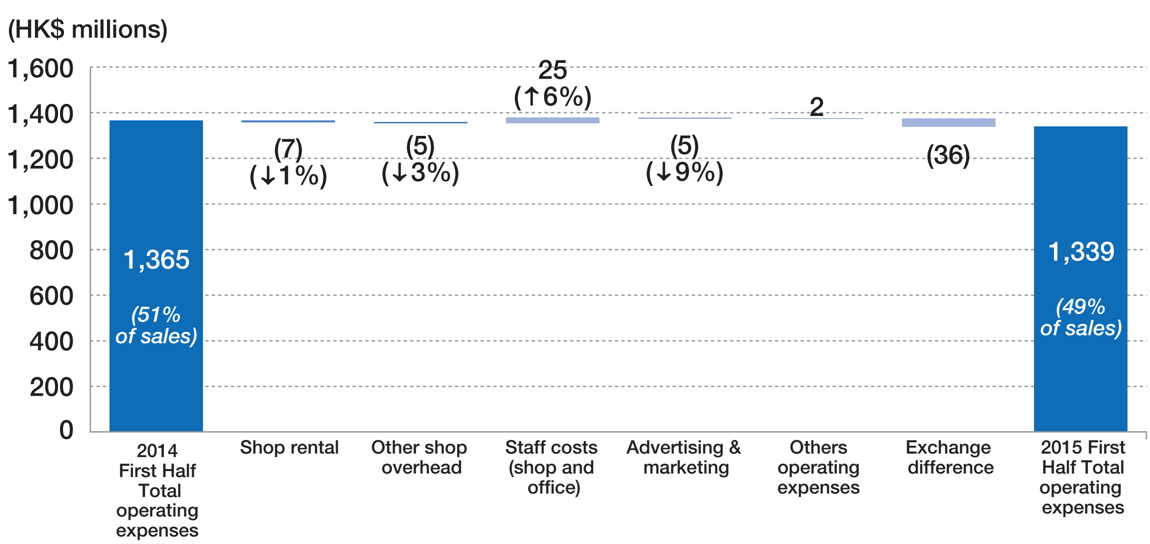
- Giordano Women contributed 26% of sales in Giordano shops. Brand sales increased 1% and comparable store sales increased by 8%. New management of the brand is stabilizing the product range with a focus on "modern basics". We expect this to develop further in Fall Winter 2015/16 with new fresh styles also planned for Spring Summer 2016.

- Due to the reshaping of the Giordano Women's brand, our development of new standalone women's locations has been gradual and we currently have 50 stores in Mainland China and Thailand, with overall profitability from these stores and improved general profitability across the portfolio. The strategy to re-site our department store counters in Mainland China away from casual wear brands and to co-locate with more international brands will continue to be gradually executed as the product range develops.

- Sales for *Giordano Ladies*, our premium womenswear brand, increased by 3%, with gross profit up 1.7 percentage points. Operating margin increased from 11.1% to 11.7% with strong performance in the major markets of Hong Kong and Taiwan. The brand management team will focus on improving performance in other markets, Mainland China in particular.

Operating Expenses

Total operating expenses reconciliation



- Overall, the Group's operating expenses decreased by 2% to HK$1,339 million from HK$1,365 million in last year. With flat gross profit and a 2% reduction in cost, operating margin increased from 8.7% to 10.1% and operating profit increased by 18% compared with the same period last year.

- Rental costs decreased by 1% and as a proportion of sales declined from 23.1% to 21.7%.

    - Average monthly store space reduced by 1% and rental per square foot decreased by 1%.
    - Mainland China rent reduced by 15% due to an 11% reduction in retail space and a 5% decrease in rent per square foot following the closure of loss making stores.
    - Hong Kong rent stayed flat with no change in the total store area or rent per square foot as we closed loss making shops and placed greater emphasis on residential areas.
    - In South East Asia, rent increased by 4% due to a 5% increase in retail space as we added 21 stores. This was partly offset by a 1% decrease in rent per square foot.
    - Rental costs for the Group as a proportion of sales also reduced due to high fixed rents in many of the lossmaking shops that were closed in Mainland China and Hong Kong.

- Shop overhead costs, comprising shop depreciation, utilities, credit card charges, and other miscellaneous expenses, reduced by 3%, in line with the overall decline in store numbers.

- Total staff costs increased by 6% and as a proportion of sales increased from 16.5% to 16.6%. Average monthly headcount decreased by 4%.

    - Headcount reduced in Mainland China by 14% following a reduction of directly operated stores by 68 from 503 in June 2014 to 435 in June 2015.
    - These reductions were partly offset by headcount increases in South East Asian markets following store expansion, where stores increased from 466 to 487 year on year.
    - Staff productivity increased as headcount per square foot decreased by 3%.
    - Average staff cost per headcount increased by 10% following a number of years of pay restraint and low incentive payments. Improved salary and bonus packages are merited by improved operating profitability.

- Advertising and promotion costs reduced by 9% or HK$5 million with fewer global advertising campaigns launched this year. The Group will continue to execute impactful marketing programs where appropriate.

Operating Profit before Other Income and Other Gains

- Overall, sales increased by 2% during the period and with a 1.4 percentage points reduction in gross margin, gross profit was flat. Operating expenses decreased by 2%, resulting in an Operating Profit before Other Income of HK$227 million, an increase of HK$27 million, or 14%, compared with the same period last year.

Other Income

- Other income increased by HK$15 million or 45% from HK$33 million to HK$48 million.

- The increase was mainly due to the non-recurring exchange loss of HK$15 million last year following the winding up of a currency derivative. The Group's policy is to avoid any speculative foreign currency positions and as such does not hedge costs or revenues in foreign currency that are anticipated going forward.

Operating Profit

- As a result of the above, the Group's operating profit in the first half of 2015 increased by HK$42 million, or 18%, to HK$275 million from HK$233 million in the same period last year.

Income Tax

- Income taxation expense in the first half of 2015 was HK$60 million (2014: HK$59 million), resulting in an effective tax rate[1] of 20.4% (2014: 22.8%). The decrease in our effective tax rate reflects a changed profit mix with an increase in lower tax markets such as Hong Kong, Taiwan and Singapore.

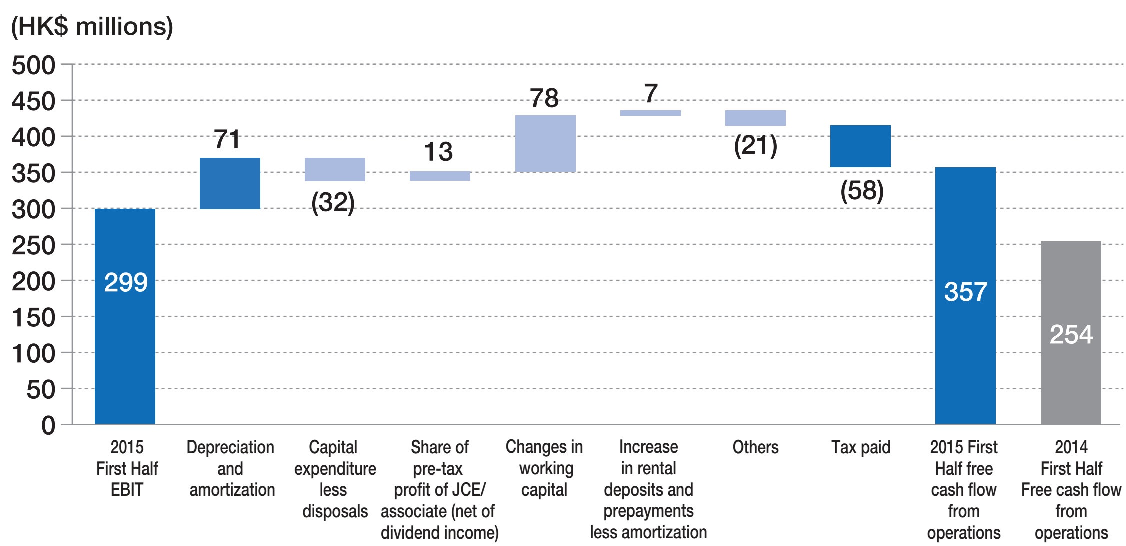
Profit Attributable to Shareholders

- Profit attributable to shareholders in the first half of 2015 increased by 20% or HK$34 million to HK$208 million from HK$174 million in the same period last year.

- Net profit margin increased by 1.1 percentage points from 6.5% to 7.6%.

- Basic and diluted earnings per share were 13.2 HK cents (2014: 11.1 HK cents) and 13.2 HK cents (2014: 11.0 HK cents) respectively.

Free Cash Flow from Operations



1 *Income tax expense divided by profit before taxation*

- Free cash flow increased by HK$103 million, or 41%, compared with the same period last year, from HK$254 million to HK$357 million. Free cash flow before taxes was 139% of EBIT which is a high rate of conversion of EBIT to cash in the opinion of management. This result is mainly due to:

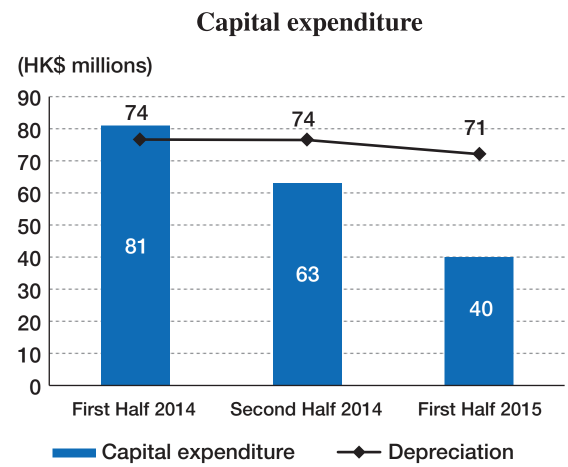
  - effective working capital management with significant reductions in receivables and inventory, partly offset by lower trade payables.
  - lower capital expenditure with fewer new shop openings in the Group in the year.
  - receipt of a HK$37 million dividend from our South Korean joint venture.

Simplified free cash flow analysis

(HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Profit before income tax	**294**	259	**14%**
Add: Share of tax of JCE/associate	**5**	7	**(29%)**
Add: Interest expense	**–**	2	**(100%)**
Add: Depreciation and amortization	**71**	74	**(4%)**
EBITDA	**370**	342	**8%**
Share of pre-tax profit of JCE/associate	**(24)**	(35)	**(31%)**
Accounting gain on deemed disposal of associate	**(2)**	–	**N/A**
Gain on disposal of property and leasehold land	**(6)**	(5)	**20%**
Amortization of rental prepayments	**25**	24	**4%**
Changes in working capital	**78**	92	**(15%)**
Interest paid	**–**	(2)	**(100%)**
Income tax paid	**(58)**	(94)	**(38%)**
Interest income, exchange and others	**(19)**	(9)	**111%**
Net cash inflow from operating activities	**364**	313	**16%**
Dividend income from JCE/associate	**37**	37	**Flat**
Capital expenditure less proceeds from disposals	**(32)**	(75)	**(57%)**
Increase in rental deposits and rental prepayments	**(18)**	(32)	**(44%)**
Interest received	**6**	11	**(45%)**
Free cash flow from operations	**357**	254	**41%**

Capital Expenditure

- Capital expenditure decreased by HK$41 million during the first half of 2015, compared with the same period last year. This was mainly due to a decrease in new shop openings from 68 in first half last year to 23 in 2015 and reflects caution over shop portfolio development in challenging markets, such as Mainland China, Indonesia and Saudi Arabia to avoid proliferating lossmaking shops. Despite lower investment on new shops, we expect to continuously upgrade our existing shop ambiance as we strengthen our brand image, in particular in Mainland China.



Changes in Working Capital

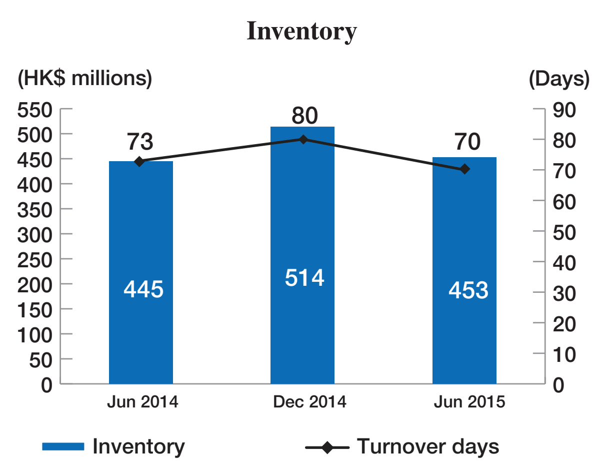
Working Capital in the year decreased by HK$78 million as follows:

(In HK$ millions)	**Dec 2014**	Change in Working Capital	Kuwait & Qatar Acquisition	Forfeiture of consideration payable	Completion dividend payable	**Jun 2015**
Inventory	514	(65)	4	–	–	**453**
Trade receivables	291	(59)	–	–	–	**232**
Other receivables	180	15	4	–	–	**199**
Trade payables	(167)	60	(1)	–	–	**(108)**
Other payables	(293)	(29)	(5)	2	(20)	**(345)**
	525	(78)	2	2	(20)	**431**

Inventory

- Group inventory in June 2015 decreased by HK$61 million or 12% from HK$514 million at December 31, 2014 to HK$453 million at June 30, 2015. This was the result of rationalizing excess e-sales and winter product inventory (held at last year-end) during the first quarter 2015. Inventory control is a key indicator of merchandising effectiveness and remains a key objective of the Group.

- Inventory turnover on costs[1] days at June 30, 2015 reduced by 3 days to 70, compared to 73 at June 30, 2014.



---

1 *Inventory held at period end dividend by cost of sales and multiplied by number of days in the period.*

Total inventory including finished goods at suppliers

(In HK$ millions)	**Jun 2015**	Dec 2014	Jun 2014
Inventory balance held by the Group	**453**	514	445
Inventory balance held by franchisees in Mainland China	**70**	80	79
Finished goods at suppliers (not yet shipped)	**51**	23	16
Total system inventory	**574**	617	540

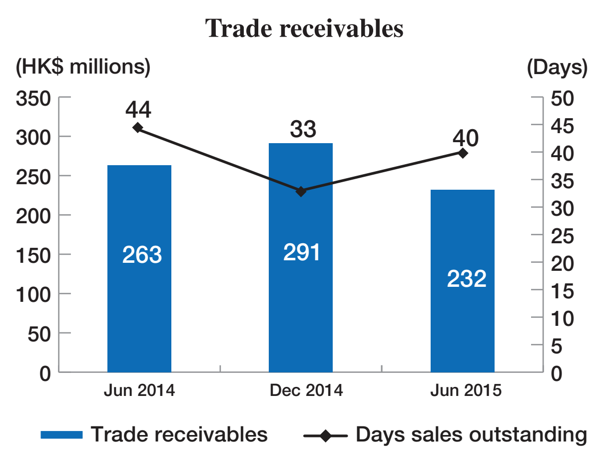
- The Group manages inventory levels on an integrated basis. We monitor our suppliers' inventory and that of our franchisees in Mainland China, which we do not own. This ensures that we do not build up inventory commitments to our suppliers "off balance sheet" and that inventory at our franchisees remains fresh and relevant.

- This inventory has reduced by 7% compared to 31 December, 2014 but increased by 6% compared to the first half last year. Bulk production by suppliers due to increased focus on core items resulted in this stockholding.

Trade Receivables

- Trade receivables decreased by HK$59 million from 2014 year end to HK$232 million. Days sales outstanding decreased to 40 days as of June 2015 compared to the same date last year.

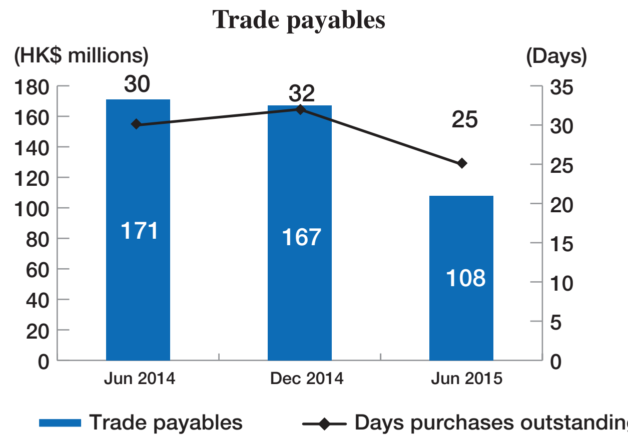
- The Group is monitoring the recoverability of balances closely and no material bad debt risk has been identified. Receivables past due more than 90 days represent 8% of total receivables (a reduction on the 9% held at 31 December, 2014).



Trade Payables

- Trade payables decreased by HK$59 million from 2014 year end to HK$108 million.

- Daily purchases outstanding decreased to 25 days. This is due to a deliberate policy of supporting suppliers with prompt payment and enables us to have lower sourcing prices and improved flexibility on merchandise replenishment.



Share of Profit of Jointly controlled and Associated Companies and Dividend income received

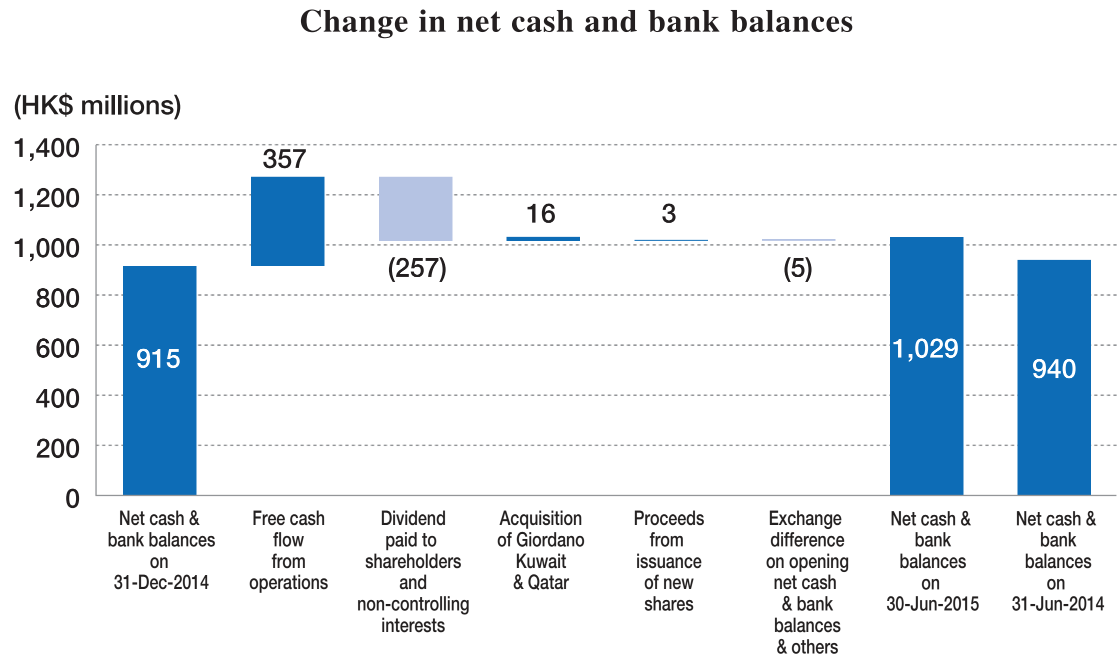
This represents the difference between the portion of profit due to the Group from Jointly Controlled and Associated Companies and the dividends paid to the Group during the period:

	South Korea			Middle East			Total		
(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**	**First Half 2015**	First Half 2014	**Variance**	**First Half 2015**	First Half 2014	**Variance**
Share of pre-tax profit	**24**	34	**(29%)**	**–**	1	**(100%)**	**24**	35	**(31%)**
Dividend received[1]	**(37)**	(37)	**Flat**	**–**	–	**N/A**	**(37)**	(37)	**Flat**
	(13)	(3)	**333%**	**–**	1	**(100%)**	**(13)**	(2)	**550%**

- At June 30, 2015, the Korean joint venture held cash balances of HK$458 million. Giordano's (48.5%) share of HK$222 million is not consolidated in our balance sheet.

[1] *From distribution of previous years' profits*

Net Cash Position of the Group



- The Group increased its net cash and bank balances by HK$114 million to HK$1,029 million as at June 30, 2015 during the period (December 31, 2014: HK$915 million). This compares with net cash as at June 30, 2014 of HK$940 million.

- HK$357 million free cash flow was generated from operations during the period, an increase of 41% over the free cash flow generated in the first half of 2014 (HK$254 million).

- Dividend paid during the first half of 2015 comprised the following:

(HK$ million)	**First Half 2015**
2014 Final dividend (Total dividend represented 96% of the Group's full year profit)	228
Dividend paid to non-controlling interests of subsidiaries in Indonesia and Middle East	29
Dividend paid to shareholders and non-controlling interests	**257**

- Acquisition of Giordano Kuwait and Qatar resulted a cash inflow of HK$16 million:

(HK$ million)	
Consideration for Giordano Kuwait and Qatar	(16)
Less: cash acquired	32
Net cash inflow from acquisitions of Giordano Kuwait and Qatar	**16**
Completion dividend due to minority shareholders of Giordano Kuwait and Qatar	(20)
Net cash outflow from acquisitions of Giordano Kuwait and Qatar after completion dividend	**(4)**

- Cash acquired in Middle East was HK$32 million but most of this was required to settle the "completion dividend" owing to the partners of cash on hand at the transaction date (April 30, 2015) which had been agreed to be distributed on the basis of the pre-transaction shareholding.

- HK$3 million was raised from the exercise of employee share options during the period.

Treasury, Foreign Currency Risk and Cash Management

- As at June 30, 2015 the Group holds the following foreign currency cash balances outside Hong Kong:

(HK$ millions)	**As at Jun 2015**
RMB in Mainland China	440
SAR in Saudi Arabia	55
AED in United Arab Emirates	33
IDR in Indonesia	33
TWD in Taiwan	29
KWD in Kuwait	24
THB in Thailand	19
SGD in Singapore	17
MYR in Malaysia	11
QAR in Qatar	10
MOP in Macau	9
AUD in Australia	4
INR in India	3
Total foreign currency held outside Hong Kong	**687**

- The Group's policy is to hold cash in its subsidiaries sufficient to cover the foreseeable cash requirements of the business, remitting surplus funds to the Group where they will be converted to Hong Kong dollars.

Interim Dividend

- The Group has decided to pay an interim dividend of 12.5 HK cents per share (2014: 10.5 cents per share). This represents HK$196 million and reflects:

  - Strong free cash flow, working capital management and net cash position.
  - Group policy to return surplus cash not required to shareholders.
  - Management's confidence that sufficient funds are retained in the business to invest in the long term future of the Company.

MARKET ANALYSIS

Mainland China

(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales[1]	**762**	773	**(1%)**
Retail self-operated stores	**563**	574	**(2%)**
Wholesale sales to franchisees	**199**	199	**Flat**
Total brand sales[2]	**931**	940	**(1%)**
Self-operated stores	**563**	572	**(2%)**
Franchised stores	**368**	368	**Flat**
Comparable store sales[3]	**12%**	(5%)	
Gross profit	**401**	427	**(6%)**
Gross profit margin	**52.6%**	55.2%	**(2.6pp)**
Operating expenses	**(376)**	(411)	**(9%)**
Operating profit	**41**	30	**37%**
Operating margin	**5.4%**	3.9%	**1.5pp**
Number of outlets[4]	**928**	1,066	**(138)**
Self-operated stores	**435**	503	**(68)**
Franchised stores	**493**	563	**(70)**
Net change in outlets during the period	**(33)**	(95)	
Self-operated stores	**(37)**	(29)	
Franchised stores	**4**	(66)	

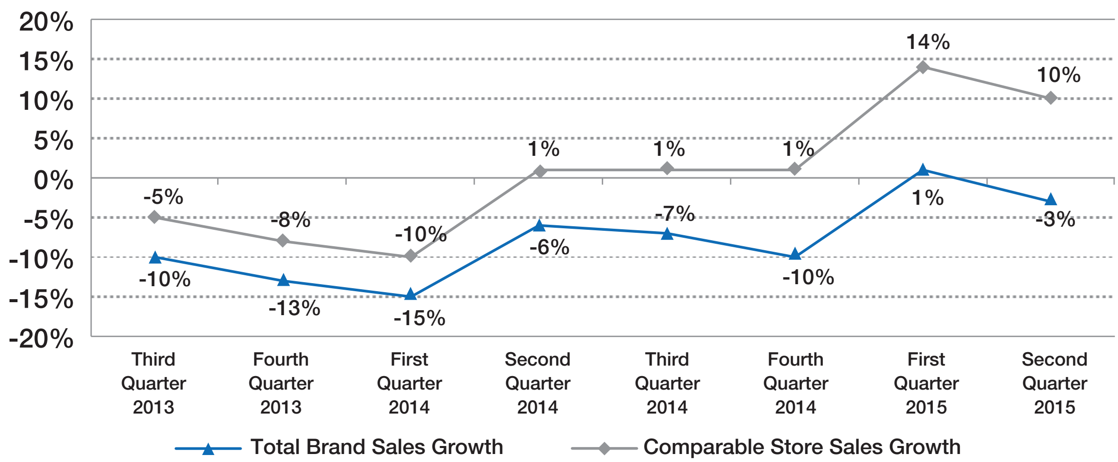
[1] *Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.*

[2] *Total Brand Sales are total retail sales, at constant exchange rates, in self-operated stores (include e-shop) and franchised stores.*

[3] *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated in the prior period.*

[4] *At the end of the period.*

Brand sales growth in Mainland China for the last eight quarters



- Sales in Mainland China in the first half of 2015 decreased by HK$11 million or 1% to HK$762 million from HK$773 million in the same period last year. In local currency, sales also decreased by 1%.

- Brand sales in Mainland China declined by 1% in the first half of 2015 but comparable store sales increased by 12%. Key factors in the recovery of sales in China are as follows:

  - Same store sales in the first quarter grew by 14% against a particularly weak prior year base; with a stronger second quarter base same store sales continued to grow by 10%.
  - Brand sales declined by 1% following closure of loss making stores. As we exit street stores with high rents, we focus on the department store channel which has variable rent.
  - We closed (net of store openings) 37 of our own self-managed shops in the first half. This includes 8 shops that we believe were detrimental to the brand image and one of which has been converted to a *Beau Monde* outlet.
  - In our franchised stores, we delivered double digit same store sales growth and are incentivizing growth through volume incentive schemes. The decline in the number of franchised stores – over three hundred in the past three years – has now abated and in the first half of 2015, we added 4 stores (net of store closures) compared to closing 66 in the same period last year.
  - Overall we have improved merchandising allocation and simplified our product designs and range, which has contributed to growth. Clearance programs, particularly through our digital channels in the first quarter have reduced gross margins by 2.6 percentage points. This will ease as merchandise is now more relevant as a result of these actions.

- We improved online operations and sales in the first half increased by 17% from HK$81 million in 2014 to HK$95 million in 2015, 10% of our brand sales in Mainland China. Volume was driven by clearance programs in the first quarter with a return to higher margin business in the second quarter. We continually seek out new platforms and business partnerships to secure growth in this fast developing channel.

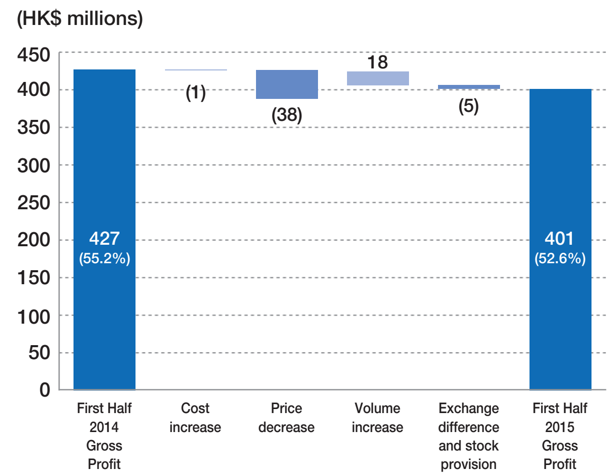
Gross Profit

- Gross profit in Mainland China decreased by 6% and gross margin decreased by 2.6 percentage points to 52.6%.

- Volume increased by 4%; average prices decreased by 5% and average costs were flat.

- Clearance of excess inventories in some categories, due to over buy in e-shop, led to a significant reduction in gross margin, particularly in the first quarter. Margins in this area have improved in the second quarter.

Gross profit reconciliation – Mainland China



Operating Profit

- Operating profit in Mainland China increased by HK$11 million or 37% to HK$41 million while operating margin increased by 1.5 percentage points to 5.4%.

- Operating expenses reduced by HK$35 million, and declined by 3.9 percentage points as a percentage of sales.

- Shop rental expense reduced by HK$23 million or 13% as a result of the reduction of self-managed stores from 503 to 435 in the past twelve months and lower turnover rent in department stores. Retail space declined by 11% and rent per square foot by 5%. Rental expenses reduced from 22.7% of sales in the first half of 2014 to 19.9% of sales in the first half of 2015.

  - A number of loss making shops have been closed.
  - Loss making shops are now 31% of our self-managed stores, compared with 37% in the same period last year.
  - Despite this high ratio only four shops are losing more than RMB0.5 million compared to 11 in the same period last year.
  - Closure of loss making shops has contributed HK$15 million to profitability in the first half of 2015 compared to the same period last year.

- Staff costs increased by HK$1 million or 1%. Average monthly headcount reduced by 14% and average salary per headcount increased by 15%. Average staff cost increased due to higher commissions and bonuses as a result of improved profitability. Staff productivity improved as headcount per store area declined by 4%.

- Advertising expenses decreased by HK$1 million or 4% as fewer global marketing programs were executed in China.

- To support successful franchisees, subsidies for loss-making shops were reduced as the profitability of franchisee operations improved:

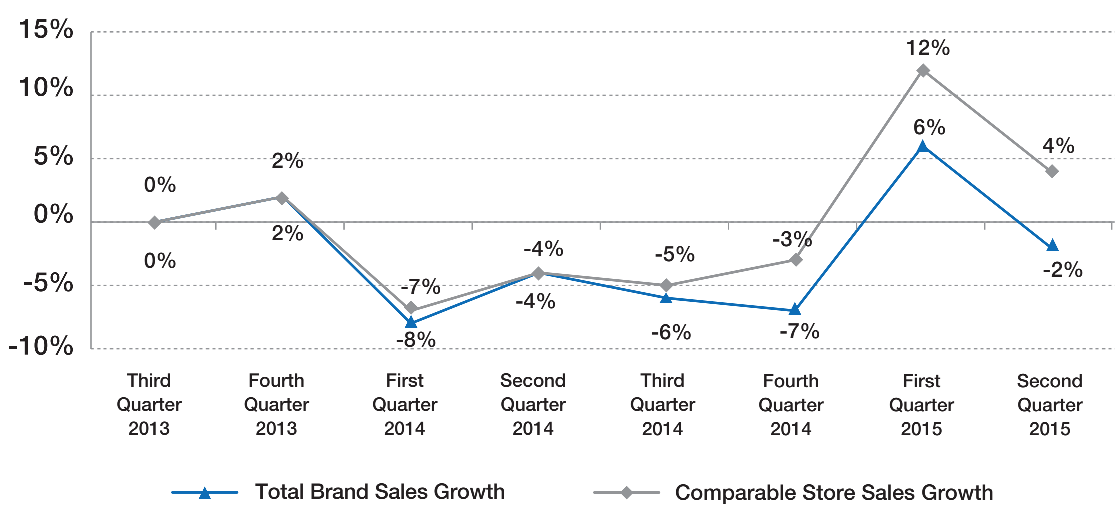
    - Subsidies decreased by HK$4 million or 59% due to discontinuation of rental subsidy for loss-making shops.
    - On the other hand, our gross margin to franchisees decreased by 1.3 percentage points as we replaced loss-making shop subsidies with volume rebates.
    - We now manage this channel much more closely and have through merchandising support increased the franchisee gross margin by 0.4 percentage points.
    - With same store sales for franchisees now at 11%, conditions are favourable for improved store network growth in this channel.

- As a result of the above cost control measures, our operating expenses decreased by 9%. With gross profit declining by 6%, operating profit grew by 37% and operating margin increased from 3.9% to 5.4%

Hong Kong and Macau

(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales[1]	**479**	470	**2%**
Comparable store sales[2]	**8%**	(6%)	
Gross profit	**321**	320	**Flat**
Gross margin	**67.0%**	68.1%	**(1.1pp)**
Operating expenses	**(291)**	(291)	**Flat**
Operating profit	**32**	30	**7%**
Operating margin	**6.7%**	6.4%	**0.3pp**
Number of outlets[3]	**74**	83	**(9)**
Net change in outlets during the period	**(5)**	(5)	

Brand sales growth in Hong Kong and Macau for the last eight quarters



- Sales in Hong Kong and Macau in the first half of 2015 increased by HK$9 million or 2% to HK$479 million from HK$470 million in the same period last year. Same store sales grew by 8%.

- We closed 9 (mainly lossmaking) shops in the last year reducing the footprint from 83 to 74 shops and moving the emphasis of our operations more towards residential areas and away from prime tourist areas where rents have been increasing significantly in recent years.

---

1 *Total Sales are total retail sales.*

2 *Comparable Store Sales are total brand sales from existing stores that have been opened/operated in the prior period.*

3 *At the end of the period.*

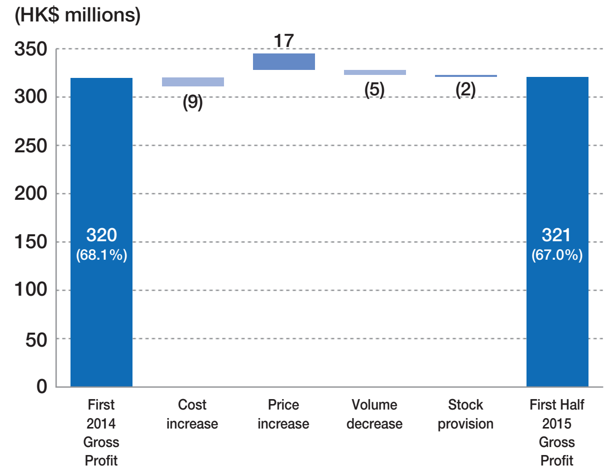
- Sales growth in Hong Kong and Macau was stronger in the first quarter than the second due to a lower base in the prior year. During the first half, product mix favoured merchandise with higher prices than in the previous year.

Gross Profit

- Gross profit in Hong Kong and Macau was flat but gross margin decreased by 1.1 percentage points.

- Despite product mix which generated higher average selling prices, sales promotions programs diluted margins in the period. This reflects efforts to control inventory levels and a policy to lead with regularly changing price anchors to boost sales performance.

Gross profit reconciliation – Hong Kong and Macau



Operating Profit

- Operating profit in Hong Kong and Macau increased by HK$2 million to HK$32 million, or 7% compared with the same period last year. Operating margin increased by 0.3 percentage points to 6.7% from 6.4% in the same period last year.

- Rental costs in Hong Kong were flat with no change in retail space and rent per square foot. Comparable store rent per square foot increased by 3% year on year. Although this demonstrates that rent increases are abating, there are still some key locations where rental pressure is intense.

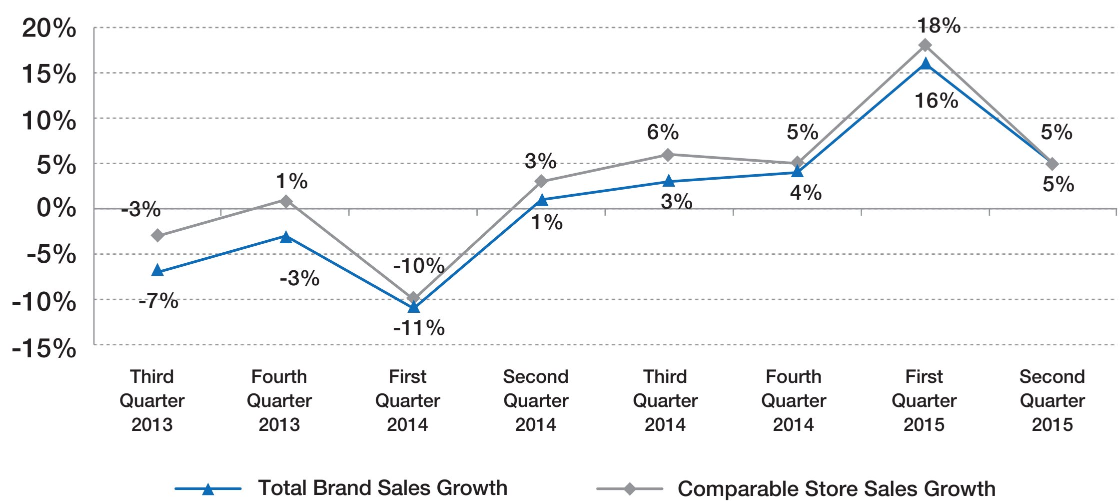
- Total staff costs increased by 4%, with headcount decreasing by 6% (despite flat rental space) and average staff costs increasing by 10%. Despite flat gross profit, pay rises for our front line are merited as the contribution per staff member has increased and improved pay and benefits are required to retain key personnel.

- Other costs decreased by 3% or HK$3 million with reduced overhead costs for shop expenses and advertising and marketing.

Taiwan

(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales[1]	**340**	316	**8%**
Comparable store sales[2]	**12%**	(4%)	
Gross profit	**199**	185	**8%**
Gross margin	**58.5%**	58.5%	**Flat**
Operating expenses	**(169)**	(162)	**4%**
Operating profit	**31**	24	**29%**
Operating margin	**9.1%**	7.6%	**1.5pp**
Number of outlets[3]	**201**	199	**2**
Net change in outlets during the period	**2**	(2)	

Brand sales growth in Taiwan for the last eight quarters



- Sales in Taiwan in the first half of 2015 increased by HK$24 million or 8% to HK$340 million from HK$316 million in the same period last year. Comparative same store sales increased by 12%.

- Sales growth in Taiwan was stronger in the first quarter than the second due to a significantly lower base in the prior year, driven by strong performance in women's business and in outdoor wear. Localizing merchandise selection more effectively in this market will be made going forward.

---

1 *Total Sales are total retail sales translated at average exchange rates.*

2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

3 *At the end of the period.*

- We are renovating shops in this market to upgrade the brand image and there is some evidence that this enables us to sustain higher prices as a result. We will continue to invest in our store portfolio to enhance our brand and pricing power in this market.

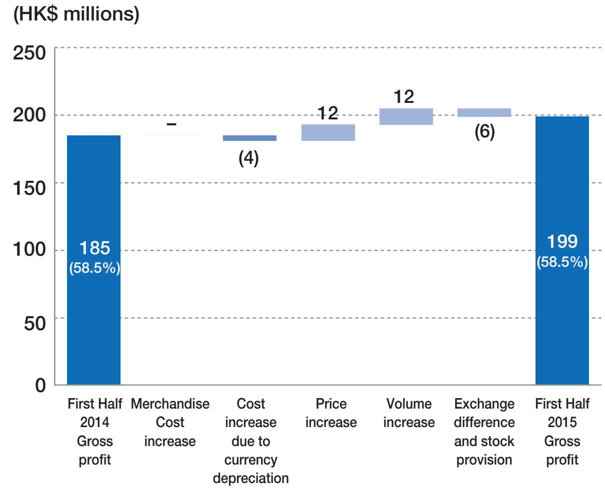
Gross Profit

- Gross Profit in Taiwan increased by 8% and gross margin was flat compared to the same period last year.

- Excluding the effect of translating Taiwan dollars into Hong Kong dollars, gross profit increased by 11%.

- Underlying merchandise costs stayed flat but the actual cost increased by 3% due to depreciation of local currency. Average selling price increased by 4% to compensate for this cost increase.

Gross profit reconciliation – Taiwan



- Gross margin has been stable in this market despite some price promotion and has been supported by the strong performance of the Giordano Ladies brand and product mix from key higher margin products.

Operating Profit

- Operating profit in Taiwan increased by HK$7 million to HK$31 million, growth of 29% compared with the same period last year. Operating margin improved to 9.1% from 7.6% in the same period last year.

- Rental costs in Taiwan increased by 5% from the same period last year. Retail space declined by 1% but rent per square foot increased by 7%. This is in line with the increase in turnover rent for department store counters.

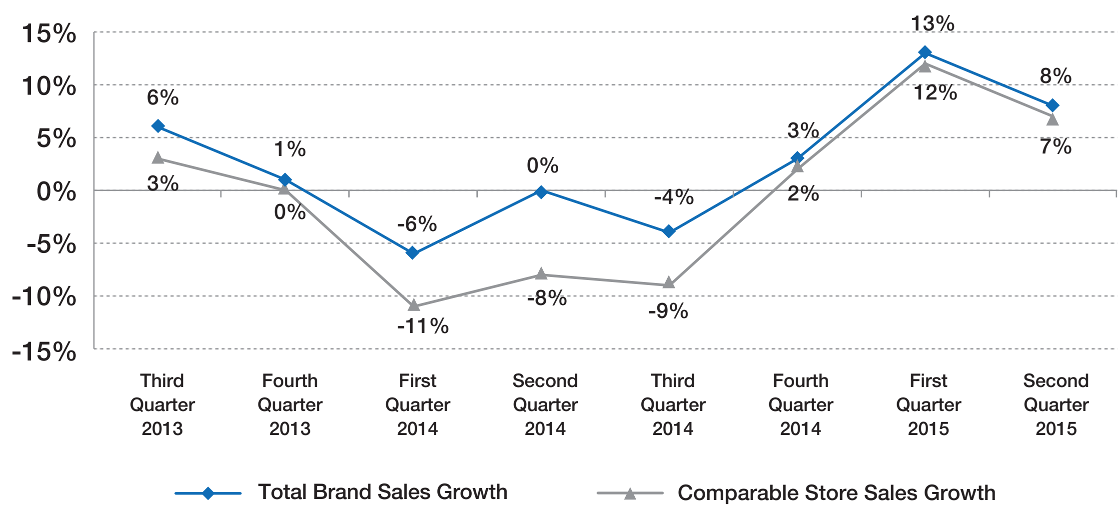
- Total staff costs increased by 13%, with flat average headcount. Average staff costs increased by 13% which reflects increase of sales commission due to underlying same store sales growth and an increase in bonus provision due to improved profitability.

- Other costs stayed flat. A combination of increased depreciation for shop renovation was offset by lower marketing expenses incurred during the period.

Rest of Asia Pacific

(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales[1]	**638**	629	**1%**
Comparable store sales[2]	**9%**	(9%)	
Gross profit	**382**	388	**(2%)**
Gross margin	**59.9%**	61.7%	**(1.8pp)**
Operating expenses	**(313)**	(323)	**(3%)**
Operating profit	**68**	69	**(1%)**
Operating margin	**10.7%**	11.0%	**(0.3pp)**
Number of outlets[3]	**559**	555	**4**
Net change in outlets during the period	**(9)**	7	

Brand sales growth in Rest of Asia Pacific for the last eight quarters



- Sales in markets in Rest of Asia Pacific, increased by 1% or HK$9 million to HK$638 million from HK$629 million in the same period last year. Comparable same store sales grew by 9% in the same period.

- Sales results were generally depressed by severe currency decline in these markets (e.g. the Indonesian Rupiah by 10%, the Singapore Dollar by 7%, and the Malaysian Ringgit by 11%). On a constant currency basis, sales in these markets would have increased by 10%.

- We have seen a modest recovery in South East Asian markets and profits have improved in Singapore, Thailand, and Australia. This has been offset by increased product costs due to sourcing in Hong Kong dollars which has negatively impacted Indonesian results in particular.

---

1 *Total Sales are total retail sales translated at average exchange rates.*

2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

3 *At the end of the period.*

Singapore

- In Singapore, sales declined by 4% during the first half of 2015 compared to the same period last year; in local currency sales increased by 3%. Same store sales have increased by 8%.

- We reshaped the Singapore merchandise profile to include fresher more relevant merchandise. However, consumer sentiment in this market continues to be weak, with lower numbers of tourists negatively impacting the performance of our shops in prime sites. Demand is a stronger in residential areas (same store sales in residential areas increased by 11% compared to flat same store sales in prime tourist areas) and we are adapting our merchandise selection to these locations where the age demographic is a little older.

- With fresher merchandise gross profit margin increased by 3.1 percentage points compared to the same period last year. This was offset by higher product costs due to the weakness of the Singapore dollar in the period which reduced gross margin by 2.9 percentage points.

Indonesia

- In Indonesia, sales increased by 6% during the first half of 2015 compared with the same period last year; in local currency sales increased by 18%. Same store sales increased by 9%.

- Over the past year, we added 15 shops, out of which, 10 are non-Giordano shops including Nike shops, which operate at a lower margin than our own brands. A significant part of our growth has come from this store expansion.

- Since August 2013, the Indonesian Rupiah has declined by 18% against the Hong Kong dollar leading to cost inflation in this market. With increased international competition, price rises to recover such cost increases have been difficult to execute. As a result, we are:

  - Reducing inventory to ensure fresh merchandise can be allocated to Indonesia.
  - Implementing selective price increases on new products.
  - Continuing to selectively open new shops where appropriate.

Thailand

- In Thailand, sales increased by 27% during the first half of 2015 compared with the same period last year. In local currency sales increased by 29%. Same store sales in the period increased by 23%.

- Growth in Thailand has resulted from a low base, reflecting the political unrest in the country in the first half of 2014, and from improved merchandising, which has been based on a simpler and more focused product range. Going forward growth may start to ease slightly but we will continue to expand our store network into profitable locations in the second half of 2015.

Malaysia

- In Malaysia, sales declined by 12% during the first half of 2015 compared with the same period last year. In local currency sales were flat with same store sales declining by 5%.

- Consumer sentiment in Malaysia remains weak following the introduction of goods and services taxes. Some merchandise clearance will be required in the third quarter in this market to clear older inventories and introduce fresh products to invigorate sales.

Australia

- In Australia sales declined by 23% during the first half of 2015 compared to the same period last year. In local currency sales decreased by 8%. Same store sales in the period increased by 15%.

- Closure of loss making shops has stabilized the business in this market and led to profit improvement. The Australian business is now managed regionally and merchandising is now executed by Hong Kong. This has led to improvement in the underlying sales volume.

Gross Profit

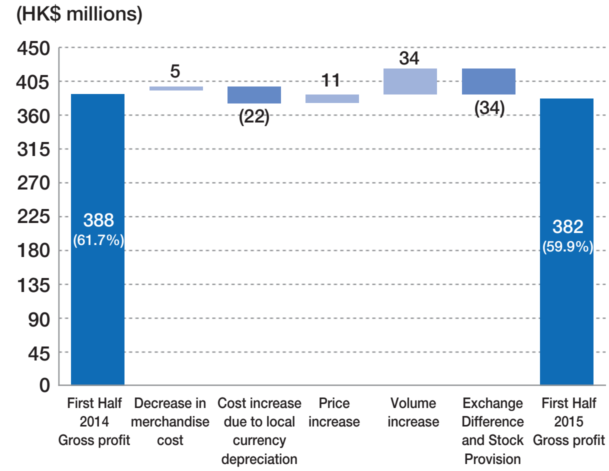
- Gross profit decreased by 2% in markets in Rest of Asia Pacific with a decrease in gross margin of 1.8 percentage points.

- With no change of exchange rates impacting underlying costs, gross profit would have increased by 4% and gross margin by 1.7 percentage points. Margin erosion due to weaker local currencies was significant in Indonesia, Malaysia, Singapore and Australia.

- Volume sold increased by 9% as a result of stronger sales, particularly in Indonesia and Thailand.

Gross profit reconciliation – Rest of Asia Pacific

(HK$ millions)



- Average selling prices increased by 2%. We have raised prices in key markets to cover the substantial cost increases that have been incurred in the past two years from the depreciation of currencies in South East Asia. The success of this strategy going forward will depend on further stock reduction to get "right merchandise" in each market. There is still some way to go to clear older inventories and as a result average selling price growth will be gradual going forward.

Operating Profit

- Operating profit in the Rest of Asia Pacific decreased by HK$1 million to HK$68 million compared to the same period last year. Operating margin decreased by 0.3 percentage points to 10.7% compared to the same period last year.

- In Singapore, operating margin increased by 0.2 percentage points.

  - Gross margin improved slightly by 0.2 percentage points despite the impact of the weak Singapore Dollar on costs adversely impacting gross margin by 2.9 percentage points.
  - Operating costs reduced by 2% in local currency and contributed to higher operating margin as our shop portfolio mix moved towards lower cost residential areas.
  - This caused operating profit to increase by 114%.

- In Indonesia operating margin declined by 4.7 percentage points.

  - This margin decline was due to the impact of a weak Indonesian Rupiah on costs which adversely impacted gross margin by 4.6 percentage points.
  - Other operating expenses increased by 16% in local currency, slightly less than sales growth.
  - This caused operating profit to decline by 16%.

- In Thailand operating margin increased by 3.0 percentage points.

  - Other operating costs increased by 17% in local currency, significantly less than sales growth.
  - This caused operating profit to increase by 63%.

- Malaysia operating margin declined by 6.4 percentage points.

  - This margin decline was due to the impact of a weak Malaysian Ringgit on costs which adversely impacted gross margin by 4.3 percentage points.
  - Operating expenses in local currency increased by 7%, but with sales flat and gross margin down, this contributed to the significant deleveraging of operating margin in this market.
  - This caused operating profit to decline by 45%.

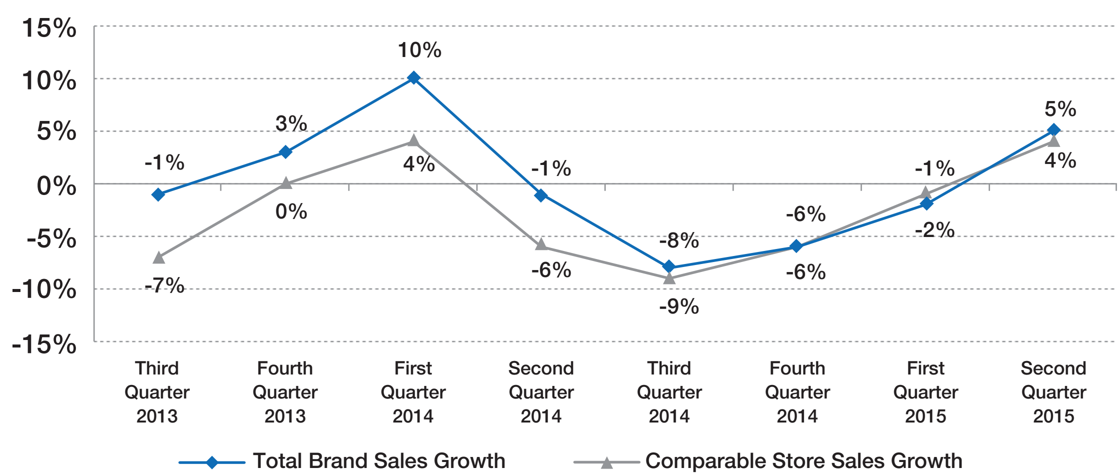
- Australia operating margin improved by 5.4 percentage points.

  - Gross margin is flat year on year with the impact of a weak Australian dollar on costs adversely impacting gross margin by 5.4 percentage points and this eliminated underlying gross margin improvement.
  - Operating expenses in local currency reduced by 16%, following the downsizing of our operation in this market by 5 shops (we now have 22 shops in Australia).
  - This contributed to the improvement of operating margin and operating losses declined by 53%.
  - We are on track for a breakeven situation depending on performance over the key Christmas period.

Middle East

(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales[1]	**320**	306	**5%**
Comparable store sales[2]	**1%**	(2%)	
Gross profit	**205**	193	**6%**
Gross margin	**64.1%**	63.1%	**1.0pp**
Operating expenses	**(145)**	(143)	**1%**
Operating profit	**60**	52	**15%**
Operating margin	**18.8%**	17.0%	**1.8pp**
Number of outlets[3]	**202**	201	**1**
Net change in outlets during the period	**(1)**	6	

Brand sales growth in Middle East for the last eight quarters



- In the Middle East, sales increased by 5% during the first half of 2015 compared with the same period last year. On a constant currency basis, sales would have also increased by 5%. Same store sales in the period increased by 1%.

- During the period the Group completed the acquisition of the Kuwait and Qatar operations that had previously been held as associates. Excluding acquisitions, sales increased by 3%.

---

[1] *Total Sales are total retail sales and total wholesale sales to franchisees, translated at average exchange rates.*

[2] *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

[3] *At the end of the period.*

- Sales growth was weak in the first quarter but recovered in the second quarter, particularly in Saudi Arabia, with the United Arab Emirates remaining flat:

  - Sales declined in the United Arab Emirates by 5% with lower footfalls from Russian and regional tourists and intensifying competition in the Dubai market.
  - In Saudi Arabia brand sales grew by 6%. There is some impact from falling oil prices on economic sentiment in the region. Sales growth has been driven by improved merchandising and inventory management.
  - Sales in our wholesale markets, through franchisees, increased by 10%, due to growth in Pakistan, Sri Lanka, Zambia and Georgia. We increased franchisee stores by 4 in the period, an encouraging development as we develop new markets in the region.

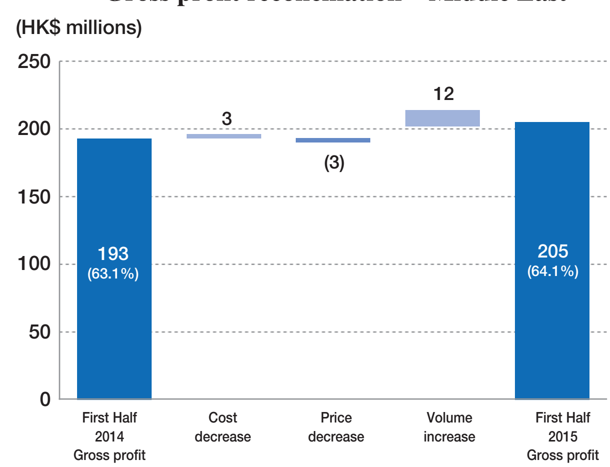
Gross Profit

- Gross profit increased by 6% with an increase of gross margin of 1.0 percentage point.

- Average costs decreased by 2% and selling prices by 1% resulting in improved margin. This is despite inventory clearance as inventories have been reduced from 110 days to 101 days in the region. Improved merchandising has led to higher margins as more relevant products are selected for this market.

- Volume increased by 5% as a result of improved product selection and inventory clearance programs.

Gross profit reconciliation – Middle East



Operating Profit

- Operating profit in Middle East increased by HK$8 million to HK$60 million, an increase of 15% on the same period last year. Operating margin increased by 1.8 percentage points to 18.8%. Despite modest sales growth, improvement in gross margin and tight expense controls contributed to higher profits in this market.

- Excluding the acquisition of Kuwait and Qatar, operating profit in the Middle East increased by HK$6 million to HK$58 million, an increase of 12% on the same period last year.

Wholesale Sales to Overseas Franchisees and Joint Ventures

(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales	**197**	178	**11%**
Number of outlets	**414**	449	**(35)**
Net change in outlets during the period	**(28)**	–	

- Wholesale sales increased by 11% mainly as a result of increased sales to affiliates and franchisees in South Korea (up 20%) and Vietnam (up 68%) with some decline in Philippines (down 5%) and Myanmar (down 8%).

- Our Korean associate is now purchasing higher quantities of Group sourced products in response to the difficult trading conditions in that market.

- Vietnam continues to grow strongly and is a key development market for the Group. Efforts to establish a subsidiary have been delayed by changes in commercial law but we still intend to establish our own operation as soon as practically possible. During the year, we have added 6 stores and this is contributing to the re-positioning of the brand as an international brand.

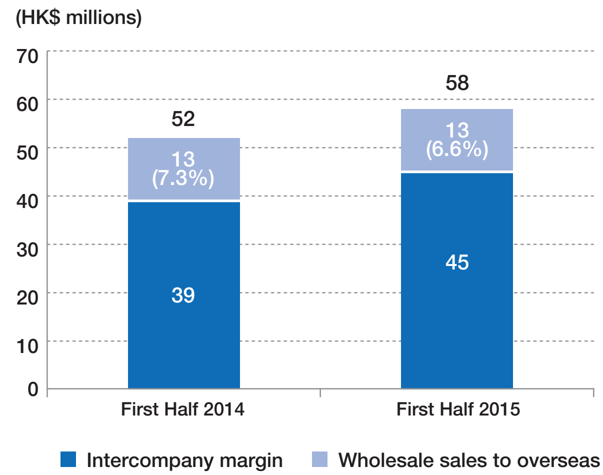
Gross Profit

- Wholesale gross profit remained flat compared to the same period last year despite volume growth due to unfavourable margin mix.

- Gross margin from inter-company sales to subsidiaries increased by 15% in the first half of 2015 compared to the same period last year.

- The net effect of these two factors was a HK$6 million increase in gross profit.

Gross profit (margin) – Wholesale sales to overseas franchisees & other segments



Jointly Controlled Companies – South Korea

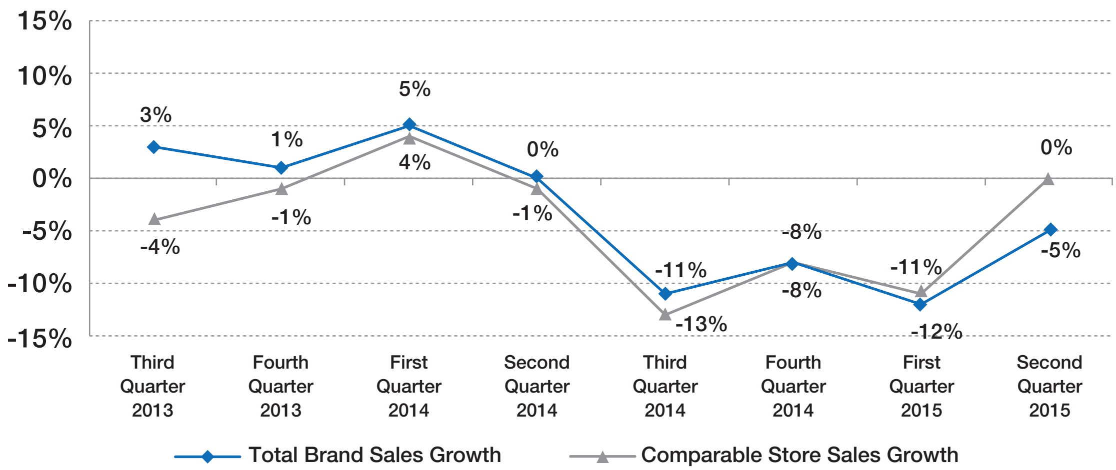
(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**
Total sales[1]	**745**	859	**(13%)**
Comparable store sales[2]	**(6%)**	1%	
Gross profit	**411**	482	**(15%)**
Gross margin	**55.2%**	56.1%	**(0.9pp)**
Net Profit	**38**	55	**(30%)**
Share of JCE profit (% of equity holding: 48.5%)	**19**	27	**(30%)**
Number of outlets[3]	**200**	232	**(32)**
Net change in outlets during the period	**(19)**	(12)	

[1] *Total Sales are total retail sales translated at average exchange rates.*

[2] *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

[3] *At the end of the period.*

Brand sales growth in South Korea for the last eight quarters



- Sales in Korea declined by 13% in the period. In local currency, sales declined by 8% in the first half of 2015. Same store sales decreased by 6%

- The Korean market has been especially challenging in the first half of 2015.

  - Consumer sentiment has been very low since the Sewol ferry disaster in April 2014. In the first quarter low consumer confidence, a high base from 2014 and increased competition resulted in a double digit decline in sales.
  - Sales recovered slightly in the second quarter but the economy was further impacted by a significant reduction of tourists following the outbreak of Middle East Respiratory Syndrome (MERS) in the country.
  - This depressed consumer sentiment is expected to carry over into the third quarter but the recent declaration by the government that South Korea is now free of the virus may see some recovery in the fourth quarter as we go into the winter season.

- Net profit decreased by 30% as a result of gross profit decline of 15%. Cost reductions help to limit the impact of deleveraging here with operating costs decreasing by 7% in the period as a result of lower rents, shop staff costs, advertising and depreciation in comparable stores.

OUTLOOK AND STRATEGY

- Sales performance in the first half of 2015 varied substantially across the Group, albeit in line with expectation. External conditions have been challenging in all our markets.

  - Although economic growth in Mainland China continues at around 7% annually, demand growth in the retail sector has been sluggish.

  - In Hong Kong the decline in visitor numbers is resulting in more stable rental levels, but we are still absorbing the impact of significant rent increases in the last two years.

  - Singapore continues to suffer from weak consumer sentiment and lower tourist numbers and in Malaysia the introduction of GST has weakened consumer demand and depressed margins in the short term in that market.

  - Thailand has seen a modest recovery from the political instability in 2014 but currency depreciation continues to drive inflation in Indonesia, negatively impacting margins. Middle East markets are challenging with changes in travel patterns in the region.

  - Consumer sentiment in South Korea, which has been weak for some years now, continues to be depressed following the Sewol ferry disaster last year and has worsened following the outbreak of MERS earlier this year.

- Despite these difficult conditions we have managed to sustain a creditable result following the success of various strategies that have been or are in the process of being implemented:

  - Throughout the Group we are stepping up efforts to achieve operational excellence to meet more competitive business conditions. This is based on improved merchandise selection and allocation to shops, simpler and more focused product development, selective localization of product and marketing campaigns and strong global programs.

  - Relentless management of inventory efficiency, by controlling the buying budgets of those markets with high inventory levels, is helping to focus local buyers on accurate merchandise planning.

  - The implementation of brand management, with global managers driving product development and global programs, now complements our market managers who execute locally relevant marketing and product selection. This is leading to improvement in product relevance in brands like *Giordano Women*, and improvement in performance in locations outside Hong Kong for *Giordano Ladies*.

  - Improved buying and sourcing is now starting to impact costs as products are designed to eliminate non value adding details, fabrics are consolidated and improved like for like supplier prices are agreed. We are now looking to establish offshore sourcing in Bangladesh to take advantage of lower cotton prices outside Mainland China to serve South East Asian markets in particular.

- Closure of loss making stores, particularly in Mainland China and Hong Kong, has contributed to improved profitability. At the same time we have exited many poor image shops with the number of shops that we regard as damaging the brand in Mainland China reducing from 293 to 140 in the past twelve months.

- Volume incentive schemes for our Mainland China franchisees have helped to drive double digit same store sales and improve franchisee profitability. As a result we have seen a stabilization of our store count in this channel adding 4 stores net of closures, in the first half of 2015.

- Management will focus on the following key objectives in the second half of 2015:

  1. Mainland China

     - Against a background of weak consumer sentiment, we will continue to improve discipline over inventory management to remain lean and responsive to changing demand and customer preferences.

     - Performance in Mainland China markets is inconsistent and we will strengthen the management of our operations with new management teams and profit centres.

     - We will step up our efforts to grow our franchisee network to build upon the strong sales and margin growth achieved in the first half of the year.

     - Our budget brand *Beau Monde*, which currently has 13 shops in Mainland China, has been slow to develop as we work to find the right merchandise mix to make this brand successful. We will focus on opening shops in the fourth quarter and securing the appropriate merchandising mix for the Fall Winter season.

  2. Hong Kong & Taiwan

     - Despite difficult trading conditions in Hong Kong, with a lower number of Mainland visitors in prime shopping areas, we have sharpened our merchandise focus this year and achieved same store sales growth. This will continue with key price anchor products helping to drive sales.

     - In Taiwan, we have seen some recent successes with global programs that have restricted growth in the second quarter. We will strive to achieve the right balance between localized and global products in this market.

     - Rental increases in Hong Kong have been high in the last two years and this has negatively impacted profitability. There are still strong rental pressures in some of our profitable sites, in both prime and residential areas. Currently the focus is on securing growth in residential areas but over the next two years, as rents stabilize, we will look for opportunities to grow stores in prime areas.

3. South East Asia

- In Singapore re-merchandising has improved product mix. This is a market with polarization in terms of brand position, favouring very low end and very high end brands. We will continue to differentiate our merchandising mix between residential and tourist/prime areas.

- In Malaysia, Indonesia and Thailand, we see the maturing of developing markets and we will step up efforts to professionalize our teams in more effective merchandising. Inventory controls will be strengthened to encourage more "right buying". At the same time, we will continue to take advantage of geographical opportunities for store network expansion in these markets.

- We are opening stores in the fast growing Vietnam market and we will focus on training the team in effective merchandising and cash flow management with the objective that growth can be largely self-funding.

4. Middle East

- In the United Arab Emirates, there is significant competitive pressure as new retail space is added and there is volatility in demand due to changes in tourist mix. In Saudi Arabia, we are starting to see some demand growth and expect to see visitor numbers returning towards the end of next year as infrastructure projects reach completion.

- We have made significant efforts to improve our merchandising and inventory management in these markets, although there is still some way to go. More effective product selection and allocation remains key to operational excellence in these markets.

- During the first half of 2015 we saw some growth in wholesale sales after a number of years of slow growth. Increase in business came from our existing franchise markets in Georgia, Sri Lanka and Bahrain. Additional growth has also come from our new franchisee in Pakistan where we now operate 4 shops and another 6 are planned to be opened before end of this year. Our team in Dubai will continue to look for growth opportunities in emerging markets in Asia Minor, Africa and the Middle East.

5. Cash Flow

- Inventory management is a key priority for the Group as this ensures accurate and fresh merchandising, enabling us to meet customer demand effectively. As a result of this, we expect cash flow to continue to be healthy going forward.

- We recognize that there is increased risk over receivables, in particular in Mainland China, with volatile stock markets and significant debt financing of businesses in general. We will step up our review and oversight of monies due to us and tighten our control over shipments where payments to us are delayed and overdue.

6. Digital Strategy

- In Mainland China, we have established new relationships with different online platforms which enable growth. We recognize that the digital channel is a key growth area in this market and will re-shape our logistics operations to improve service and delivery performance. With around 10% of our sales in this market already being fulfilled through the online channel, we are well placed to continue to develop our sales capability.

- In other markets, we see long term opportunities in digital sales and "online to offline" initiatives. We will enhance our operations in Korea and Taiwan and look to develop online capability in Hong Kong and other markets. We will build a new team of digital managers to enhance our capability in this area outside Mainland China. Ultimately, this capability will enable geographic growth in the long term.

7. People

- We currently have a number of fast track management trainees working in our Hong Kong and Mainland China businesses that are set to graduate from this program in June 2016. This will enable us to strengthen our merchandising, brand and category management as well as to build execution capability in markets where we are weaker or see development opportunities. We anticipate continuing this program with a regular annual intake to give us a pipeline of talent going forward.

HUMAN RESOURCES

On June 30, 2015, the Group had approximately 8,000 employees (December 31, 2014: 8,100). The Group offers competitive remuneration packages and generous, goal-oriented bonuses targeted to different levels of staff. Senior managers are also offered generous performance-based bonus schemes and share options as a means for the Group 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 retain a skilled and motivated workforce.

Summary of total sales, comparable store sales growth and store development by market

	Total sales[1]			Brand sales[2]			Comparable store sales[3]	
Summary by market *(In HK$ millions)*	**First Half 2015**	First Half 2014	**Variance**	**First Half 2015**	First Half 2014	**Variance**	**First Half 2015**	First Half 2014
Mainland China	**762**	773	**(1%)**	**931**	940	**(1%)**	**12%**	(5%)
Hong Kong & Macau	**479**	470	**2%**	**479**	470	**2%**	**8%**	(6%)
Taiwan	**340**	316	**8%**	**340**	307	**11%**	**12%**	(4%)
Singapore	**155**	162	**(4%)**	**155**	151	**3%**	**8%**	(13%)
Indonesia	**209**	197	**6%**	**209**	177	**18%**	**9%**	(2%)
Malaysia	**92**	104	**(12%)**	**92**	93	**(1%)**	**(5%)**	(10%)
Thailand	**130**	102	**27%**	**130**	101	**29%**	**23%**	(10%)
Australia	**40**	52	**(23%)**	**40**	44	**(9%)**	**15%**	(17%)
India	**9**	12	**(25%)**	**9**	12	**(25%)**	**(2%)**	(3%)
Cambodia	**3**	–	**N/A**	**3**	–	**N/A**	**N/A**	N/A
UAE	**118**	124	**(5%)**	**118**	124	**(5%)**	**(4%)**	1%
Saudi Arabia	**167**	157	**6%**	**167**	157	**6%**	**4%**	(3%)
Other Middle East regions	**35**	25	**40%**	**49**	45	**9%**	**10%**	(9%)
Retail & Distribution total	**2,539**	2,494	**2%**	**2,722**	2,621	**4%**	**9%**	(6%)
Wholesale sales	**197**	178	**11%**	**874**	917	**(5%)**	**(4%)**	Flat
Group total	**2,736**	2,672	**2%**	**3,596**	3,538	**2%**	**6%**	(4%)

1 *Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.*

2 *Brand Sales are total retail sales, at constant exchange rates, in self-operated stores (include e-shop), franchised stores and stores operated by subsidiaries and associates/jointly controlled entities.*

3 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated in the prior period.*

Number of outlets as at	Jun 2015	Dec 2014	Jun 2014
Mainland China	**928**	961	1,066
Hong Kong & Macau	**74**	79	83
Taiwan	**201**	199	199
Singapore	**48**	49	48
Indonesia	**208**	203	193
Malaysia	**88**	92	90
Thailand	**143**	142	135
Australia	**22**	25	27
India	**49**	56	61
Cambodia	**1**	1	–
UAE	**45**	45	43
Saudi Arabia	**96**	95	98
Other Middle East regions	**61**	63	60
South Korea	**200**	219	232
Other markets	**214**	223	218
Group total	**2,378**	2,452	2,553

Review by Brand

	Sales			Operating profit			Operating margin		
(In HK$ millions)	**First Half 2015**	First Half 2014	**Variance**	**First Half 2015**	First Half 2014	**Variance**	**First Half 2015**	First Half 2014	**Variance**
Giordano & Giordano Junior	**2,187**	2,160	**1%**	**202**	170	**19%**	**9.3%**	7.9%	**1.4pp**
Giordano Ladies	**196**	190	**3%**	**23**	21	**10%**	**11.7%**	11.1%	**0.6pp**
BSX	**85**	93	**(9%)**	**(1)**	7	**(114%)**	**(1.2%)**	7.5%	**(8.7pp)**
Others	**71**	51	**39%**	**8**	7	**14%**	**11.3%**	13.7%	**(2.4pp)**
Retail and Distribution total	**2,539**	2,494	**2%**	**232**	205	**13%**	**9.1%**	8.2%	**0.9pp**

Number of outlets as at	Jun 2015	Dec 2014	Jun 2014
Giordano & Giordano Junior	**2,181**	2,252	2,339
BSX	**76**	83	107
Giordano Ladies	**69**	70	75
Others	**52**	47	32
Retail & Distribution total	**2,378**	2,452	2,553

DIVIDENDS

It is the Company's intention to return surplus cash to its shareholders through the payment of dividends. 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 of the Company declared an interim dividend of 12.5 HK cents (2014: 10.5 HK cents) per share for the year ending December 31, 2015. The dividend is payable on or about Friday, September 25, 2015 to shareholders whose names appear on the register of members of the Company on Wednesday, September 16, 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, September 14, 2015 to Wednesday, September 16, 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, September 11, 2015.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended June 30, 2015, in compliance with the Code Provisions in the Corporate Governance Code ("the Code") as set out in Appendix 14 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that Code Provision A.2.1 of the Code – the roles of the Chairman and Chief Executive are vested in the same person and Code Provision A.4.2 of the Code – Chairman and the Chief Executive are not subject to retirement by rotation. Currently Dr. LAU Kwok Kuen, Peter ("Dr. Lau") holds the positions of Chairman and Chief Executive. In view of Dr. Lau's extensive experience in the industry and deep understanding of the Group's businesses, the Board believes that vesting the roles of both Chairman and Chief Executive in Dr. Lau provides the Group with strong and consistent leadership, allows for more effective planning and execution of long term business strategies and enhances efficiency in decision-making. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of Management.

REVIEW OF ACCOUNTS

The Audit Committee has discussed with Management internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended June 30, 2015. It has also reviewed the said financial statements in conjunction with the Company's external auditor.

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 period.

By Order of the Board
LAU Kwok Kuen, Peter
Chairman

Hong Kong, August 13, 2015

As at the date of this announcement, the Directors of the Company are:
Executive Directors: Dr. LAU Kwok Kuen, Peter, Mr. Ishwar Bhagwandas CHUGANI, Mr. Dominic Leo Richard IRWIN and Mr. CHAN Ka Wai;
Non-executive Directors: Dr. CHENG Chi Kong, Adrian and Mr. CHAN Sai Cheong; and
Independent Non-executive Directors: Dr. Barry John BUTTIFANT, Mr. KWONG Ki Chi and Mr. Simon Devilliers RUDOLPH.