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

**UNAUDITED OPERATIONS UPDATE FOR
THE THREE MONTHS ENDED SEPTEMBER 30, 2019**

The board of directors (the “Board”) of Giordano International Limited (the “Company”) presents the unaudited operations update of the Company and its subsidiaries (the “Group”) for the three months ended September 30, 2019. This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Shareholders and potential shareholders of the Company are advised to exercise caution when dealing in the shares of the Company.

SUMMARY OF OPERATIONS UPDATE

Table 1: Overview of Group sales

<i>(In HK\$ million)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2019	2018	2019	2018
The rest of Asia Pacific	349	355	1,156	1,193
Mainland China	208	251	737	932
Hong Kong and Macau	169	226	590	703
The Middle East	153	134	497	469
Taiwan	129	142	430	498
Wholesale sales to overseas franchisees	67	68	207	241
Group sales¹	1,075	1,176	3,617	4,036
Global brand sales ²	1,319	1,434	4,472	4,842
Group comparable store sales (“CSS”) growth ³	(10.3%)	(2.8%)	(9.1%)	2.9%
Inventories at period end			492	525

Table 2: Group sales by channel

<i>(In HK\$ million)</i>	Three months ended Sep 30		Nine months ended Sep 30	
	2019	2018	2019	2018
Physical stores	881	959	2,983	3,267
E-business	44	50	176	213
Retail sales	925	1,009	3,159	3,480
Wholesale sales to franchisees	150	167	458	556
Group sales	1,075	1,176	3,617	4,036

During the quarter, Group sales decreased by 8.6%, or 7.1% if translated at constant exchange rate, while group CSS was down by 10.3%. Our Middle East markets registered strong growth while Mainland China, Hong Kong and Macau recorded notably poor sales.

Table 3: Store portfolio

	Store numbers at Sep 30	
	2019	2018
Retail and Distribution		
Mainland China		
Franchised stores	631	627
Directly-operated stores	276	305
Hong Kong and Macau	75	75
Taiwan	197	199
The rest of Asia Pacific	602	595
The Middle East		
Franchised stores	31	39
Directly-operated stores	145	145
Overseas franchisees	423	422
Total	2,380	2,407

Table 4: System inventories

<i>(In HK\$ million)</i>	At		
	Sep 30 2019	Dec 31 2018	Sep 30 2018
Inventories held by the Group	492	552	525
Inventories held by 48.5% South Korea joint venture	217	200	197
Inventories held by franchisees in Mainland China	91	94	90
Finished goods at suppliers (not yet shipped)	31	27	31
Total system inventories	831	873	843

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

Hong Kong, October 18, 2019

As at the date of this announcement, the Board comprises three executive directors; namely, Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive), Dr. CHAN Ka Wai and Mr. Mark Alan LOYND; two non-executive directors; namely, Dr. CHENG Chi Kong and Mr. CHAN Sai Cheong; and four independent non-executive directors; namely, Dr. Barry John BUTTIFANT, Mr. KWONG Ki Chi, Professor WONG Yuk (alias, HUANG Xu) and Dr. Alison Elizabeth LLOYD.

¹ *Group sales refer to consolidated sales and include retail sales from directly-operated stores and wholesale sales to all overseas/non-consolidated franchisees.*

² *Global brand sales are at 2019 exchange rates, and are greater than Group sales to include the total of Giordano retail sales, in directly-operated stores, franchised stores and stores operated by a joint venture.*

³ *Group CSS are total Giordano brand sales of consolidated subsidiaries, at constant exchange rates, from existing directly-operated stores and franchised stores that have been fully operating in the same prior period.*