GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

OVERVIEW

- Group revenue was flat YOY at a constant exchange rate and down 3.4% with currency impact. Revenue growth on a constant-dollar basis of 0.6% was recorded in the Gulf Cooperation Council, while Southeast Asia and Australia was up 6.7%. Greater China declined by a further 5.1% YOY, a continuation of the downtrend that had started in 2H2023. The previous strategy which focused on profitability through raising prices and cost-cutting measures with insignificant investment in brand, product, and marketing has resulted in a year-on-year revenue decline in Greater China.

- Gross margin was recorded at 58.9%, up 0.2 percentage points, mainly attributable to a change in channel mix; that is, it was driven by a lower contribution from wholesale, which generally has a lower margin than other channels, thus gearing up the Group's gross margin. The higher average selling price in our own retail channels could not mitigate the volume drop and product cost increase. As a result, the Group's gross profit reported a drop of 3.1% YOY on the back of negative currency impact.

- Operating expenses – as a percentage of revenue – were up 2.9 percentage points; the ratio grew from 46.6% to 49.5%, primarily driven by one-off non-recurring expenses related to the corporate requisition exercise.

- The net profit attributable to the shareholders of the Company was HK$120 million (2023: HK$190 million). This drop was due to the one-off non-recurring expenses of 2024, the substantial reduction in one-off income from the South Korean joint venture, the significant profit drop from Greater China, as well as the increase in operating expenses associated with the Company's 5-year business strategy transformation program.

- In Q2, we implemented a series of Quick Win initiatives across the Group that focused on marketing, merchandising, store operations, inventory management and online business acceleration. We have started to see positive results after their implementation.

- Group inventory remained relatively constant at HK$514 million (2023: HK$501 million), while inventory turnover on cost rose by eight days to 119 days.

- Net cash flow from operating activities amounted to HK$265 million. The Group's net cash balance was HK$720 million as of June 30, 2024. Although the exchange rate difference negatively impacted the Company's cash position, our overall financial health remains robust.

- Basic earnings per share were 7.4 HK cents (2023: 12.0 HK cents).

- The Board of Directors has declared an interim dividend of 8.0 HK cents per share (2023: 17.0 HK cents per share).

The board of directors (the “Board”) 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, 2024 along with comparative figures and explanatory notes.

Consolidated Income Statement

(In HK$ million, except earnings per share)	Note	(Unaudited) Six months ended June 30 **2024**	2023
Revenue	2	**1,903**	1,970
Cost of sales	4	**(783)**	(814)
Gross profit		**1,120**	1,156
Other income and other gains, net	3	**24**	36
Distribution expense	4	**(811)**	(815)
Administrative expense	4	**(131)**	(103)
Operating profit	4	**202**	274
Finance expense	5	**(22)**	(17)
Share of profit of a joint venture		**15**	30
Profit before income taxes		**195**	287
Income taxes	6	**(53)**	(68)
Profit after income taxes for the period		**142**	219
Attributable to:			
Shareholders of the Company		**120**	190
Non-controlling interests		**22**	29
		142	219
Earnings per share attributable to shareholders of the Company	7		
Basic *(HK cents)*		**7.4**	12.0
Diluted *(HK cents)*		**7.4**	11.8

Consolidated Statement of Comprehensive Income

(In HK$ million)	(Unaudited) Six months ended June 30 **2024**	2023
Profit after income taxes for the period	**142**	219
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Fair value change on financial asset at fair value through other comprehensive income	**–**	1
Exchange adjustments on translation of overseas subsidiaries which are attributed to the non-controlling interests	**(5)**	7
Items that may be reclassified to profit or loss:		
Exchange adjustments on translation of overseas subsidiaries, a joint venture and branches	**(49)**	(20)
Total comprehensive income for the period	**(88)**	207
Attributable to:		
Shareholders of the Company	**71**	171
Non-controlling interests	**17**	36
	(88)	207

Consolidated Balance Sheet

(In HK$ million)	Note	**(Unaudited) June 30 2024**	(Audited) December 31 2023
ASSETS			
Current assets			
Cash and bank balances		**749**	935
Trade and other receivables	9	**297**	319
Inventories		**514**	474
Rental prepayments		**4**	3
Income tax recoverable		**3**	4
Total current assets		**1,567**	1,735
Non-current assets			
Financial asset at fair value through other comprehensive income		**1**	1
Financial asset at fair value through profit or loss		**28**	28
Deposits and other receivables	9	**84**	74
Interest in a joint venture		**440**	494
Investment properties		**15**	16
Property, plant and equipment		**156**	166
Right-of-use assets		**802**	762
Goodwill		**541**	541
Deferred tax assets		**34**	39
Total non-current assets		**2,101**	2,121
Total assets		**3,668**	3,856
LIABILITIES AND EQUITY			
Current liabilities			
Bank loans		**29**	30
Trade and other payables	10	**496**	552
Lease liabilities		**315**	329
Put option liabilities		**81**	81
Income tax payables		**102**	104
Total current liabilities		**1,023**	1,096
Non-current liabilities			
Lease liabilities		**392**	337
Deferred tax liabilities		**99**	111
Total non-current liabilities		**491**	448
Total liabilities		**1,514**	1,544
Capital and reserves			
Share capital		**81**	81
Reserves		**1,835**	1,890
Proposed dividends	8	**129**	218
Equity attributable to shareholders of the Company		**2,045**	2,189
Non-controlling interests		**109**	123
Total equity		**2,154**	2,312
Total equity and liabilities		**3,668**	3,856
Net current assets		**544**	639
Total assets less current liabilities		**2,645**	2,760

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, 2024, 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, 2023, 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, 2023, 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 15, 2024.

(b) Impact of 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, 2024:

–	Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
–	Amendments to HKFRS 16	Lease liability in sales and leaseback
–	HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
–	Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

(c) Amended standards issued, but not yet effective

The Group has not early applied the new and amended standards that have been issued but have not yet to become effective. The adoption of these is not expected to have a material impact on the financial results or position of the Group.

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 Wholesale to Overseas Franchisees. Management manages the Retail and Distribution operating segment 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 (loss) 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.

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, 2024						
(In HK$ million)	**Mainland China**	**Hong Kong and Macau**	**Taiwan**	**Southeast Asia and Australia**	**Gulf Cooperation Council**	**Wholesale 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**

2. Sales and operating segments (continued)

(In HK$ million)	Mainland China	Hong Kong and Macau	Taiwan	Southeast Asia and Australia	Gulf Cooperation Council	Wholesale to Overseas Franchisees	Total
	(Unaudited) Six months ended June 30, 2023						
Sales	333	188	226	734	361	128	1,970
Adjusted EBITDA	17	73	51	240	129	9	519
Depreciation and amortization							
– Right-of-use assets	(13)	(37)	(22)	(81)	(48)	–	(201)
– Property, plant and equipment and investment properties	(3)	(1)	(3)	(12)	(6)	–	(25)
Segment results	1	35	26	147	75	9	293
Corporate functions							(19)
Finance expense							(17)
Share of profit of a joint venture							30
Profit before income taxes							287

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

(In HK$ million)	**Sales**	**Operating profit**	Sales	Operating profit (loss)
	(Unaudited) Six months ended June 30			
	2024		2023	
Retail and Distribution				
Giordano and Giordano Junior	**1,502**	**201**	1,548	237
Giordano Ladies	**122**	**18**	135	25
BSX	**4**	**–**	4	(1)
Others	**161**	**13**	155	23
	1,789	**232**	1,842	284

2. Sales and operating segments (continued)

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$296 million (2023: HK$316 million), Mainland China was HK$300 million (2023: HK$333 million) and external customers from other markets were HK$1,307 million (2023: HK$1,321 million).

Inter-segment sales of HK$422 million (2023: HK$375 million) have been eliminated upon consolidation.

3. Other income and other gains, net

	(Unaudited) Six months ended June 30	
(In HK$ million)	**2024**	2023
Royalty and licensing income	**14**	14
Government grants	**–**	1
Interest income	**10**	11
Rental and sub-lease rental income	**4**	4
Fair value loss on financial assets at fair value through profit or loss	**–**	(6)
Net loss on disposal of property, plant and equipment	**(1)**	–
Net exchange loss	**(7)**	(2)
Others	**4**	14
	24	36

4. Operating profit

Operating profit is after charging:

(In HK$ million)	**(Unaudited) Six months ended June 30 2024**	2023
Cost of sales		
Cost of inventories sold	**783**	813
Net provision for obsolete stock and stock written off	**–**	1
	783	814
Distribution expense		
Staff cost	**303**	304
Depreciation expense		
– Right-of-use assets	**202**	194
– Property, plant and equipment	**27**	22
Rentals in respect of land and buildings		
– Minimum lease payments	**15**	20
– Contingent rent	**89**	100
Building management fee, government rent and rates and utilities	**50**	48
Advertising, promotion and incentives	**39**	42
Packaging and deliveries	**28**	26
Bank and credit card charges	**14**	14
Others	**44**	45
	811	815
Administrative expense		
Staff cost	**93**	73
Depreciation expense		
– Right-of-use assets	**7**	7
– Property, plant and equipment and investment properties	**3**	3
Legal and professional fee	**11**	3
Auditor's remuneration	**3**	3
Computer and telecommunication	**3**	3
Travelling	**2**	1
Others	**9**	10
	131	103

5. Finance expense

(In HK$ million)	**(Unaudited) Six months ended June 30**	
	2024	2023
Interest on lease liabilities	**22**	17
Interest on bank loans	**–**	–
	22	17

6. Income taxes

Hong Kong profits tax is calculated at the rate of 16.5% (2023: 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.

(In HK$ million)	**(Unaudited) Six months ended June 30**	
	2024	2023
Current income taxes		
Hong Kong	**1**	1
Outside Hong Kong	**34**	38
Withholding taxes	**18**	11
	53	50
Deferred income taxes		
Origination and reversal of temporary differences	**–**	18
	53	68

This charge excludes the share of the joint venture's income taxes of HK$4 million (2023: HK$9 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$120 million (2023: HK$190 million).

The basic earnings per share is based on the weighted average of 1,614,555,002 shares (2023: 1,587,483,303 shares) in issue during the six months ended June 30, 2024.

The diluted earnings per share is calculated by adjusting the weighted average of 1,614,555,002 shares (2023: 1,587,483,303 shares) in issue during the period by the weighted average of 8,911,412 shares (2023: 17,195,576 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

8. Dividends

(In HK$ million)	**(Unaudited) Six months ended June 30 2024**	2023
Interim dividend declared of 8.0 HK cents per share (2023: 17.0 HK cents per share)	**129**	272
2023 final dividend paid of 13.5 HK cents per share (2022: 15.0 HK cents per share)	**218**	240

The distribution for the 2023 final dividend was based on the total number of issued shares of the Company on May 29, 2024.

At the Board meeting on August 15, 2024, the Board declared an interim dividend of 8.0 HK cents per share (2023: 17.0 HK cents per share). The interim dividend has not been recognized as a liability at the balance sheet date.

9. Trade and other receivables

(In HK$ million)	**(Unaudited) June 30 2024**	(Audited) December 31 2023
Trade receivables	**208**	234
Less: Loss allowance	**(37)**	(37)
Trade receivables, net	**171**	197
Other receivables, including deposits and prepayments	**126**	122
Trade and other receivables	**297**	319
Deposits and other receivables	**84**	74

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

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

(In HK$ million)	**(Unaudited) June 30 2024**	(Audited) December 31 2023
0 – 30 days	**122**	153
31 – 60 days	**20**	33
61 – 90 days	**12**	3
Over 90 days	**17**	8
	171	197

10. Trade and other payables

(In HK$ million)	**(Unaudited) June 30 2024**	(Audited) December 31 2023
Trade payables	**195**	199
Other payables and accrued expense	**301**	353
	496	552

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

(In HK$ million)	**(Unaudited) June 30 2024**	(Audited) December 31 2023
0 – 30 days	**170**	185
31 – 60 days	**15**	4
61 – 90 days	**4**	4
Over 90 days	**6**	6
	195	199

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

MANAGEMENT DISCUSSION AND ANALYSIS OF GROUP RESULTS OF OPERATIONS AND FINANCIAL POSITION

Unless otherwise stated, the following commentaries refer to the year-on-year ("YOY") comparison for the six months ended June 30, 2024, and 2023.

OVERVIEW

- Group revenue was flat YOY at a constant exchange rate and down 3.4% with currency impact. Revenue growth on a constant-dollar basis of 0.6% was recorded in the Gulf Cooperation Council, while Southeast Asia and Australia was up 6.7%. Greater China declined by a further 5.1% YOY, a continuation of the downtrend that had started in 2H2023. The previous strategy which focused on profitability through raising prices and cost-cutting measures with insignificant investment in brand, product, and marketing has resulted in a year-on-year revenue decline in Greater China.

- Gross margin was recorded at 58.9%, up 0.2 percentage points, mainly attributable to a change in channel mix; that is, it was driven by a lower contribution from wholesale, which generally has a lower margin than other channels, thus gearing up the Group's gross margin. The higher average selling price in our own retail channels could not mitigate the volume drop and product cost increase. As a result, the Group's gross profit reported a drop of 3.1% YOY on the back of negative currency impact.

- Operating expenses – as a percentage of revenue – were up 2.9 percentage points; the ratio grew from 46.6% to 49.5%, primarily driven by one-off non-recurring expenses related to the corporate requisition exercise.

- The net profit attributable to the shareholders of the Company was HK$120 million (2023: HK$190 million). This drop was due to the one-off non-recurring expenses of 2024, the substantial reduction in one-off income from the South Korean joint venture, the significant profit drop from Greater China, as well as the increase in operating expenses associated with the Company's 5-year business strategy transformation program.

- In Q2, we implemented a series of Quick Win initiatives across the Group that focused on marketing, merchandising, store operations, inventory management and online business acceleration. We have started to see positive results after their implementation.

- Group inventory remained relatively constant at HK$514 million (2023: HK$501 million), while inventory turnover on cost rose by eight days to 119 days.

- Net cash flow from operating activities amounted to HK$265 million. The Group's net cash balance was HK$720 million as of June 30, 2024. Although the exchange rate difference negatively impacted the Company's cash position, our overall financial health remains robust.

- Basic earnings per share were 7.4 HK cents (2023: 12.0 HK cents).

- The Board of Directors has declared an interim dividend of 8.0 HK cents per share (2023: 17.0 HK cents per share).

RESULTS OF OPERATIONS

Table 1: Group results of operations

(In HK$ million)	Six months ended June 30 **2024**	**% to revenue**	2023	% to revenue	**Change**
Group revenue[1]	**1,903**	**100.0%**	1,970	100.0%	**(3.4%)**
Gross profit	**1,120**	**58.9%**	1,156	58.7%	**(3.1%)**
Other income and other gains, net	**24**	**1.2%**	36	1.8%	**(33.3%)**
Operating expense	**(942)**	**(49.5%)**	(918)	(46.6%)	**2.6%**
Operating profit	**202**	**10.6%**	274	13.9%	**(26.3%)**
Share of profit of a joint venture	**15**	**0.8%**	30	1.5%	**(50.0%)**
Finance expense	**(22)**	**(1.2%)**	(17)	(0.9%)	**29.4%**
Income taxes	**(53)**	**(2.7%)**	(68)	(3.4%)	**(22.1%)**
Profit after income tax attributable to non-controlling interests	**(22)**	**(1.2%)**	(29)	(1.5%)	**(24.1%)**
Profit after income tax attributable to shareholders	**120**	**6.3%**	190	9.6%	**(36.8%)**
Group same-store sales[2]	**1,444**		1,464		**(1.4%)**
Global brand sales[3]	**2,247**		2,324		**(3.3%)**
Global brand gross profit[3]	**1,406**		1,460		**(3.7%)**
Cash and bank balances, net of bank loans at period end	**720**		1,014		**(29.0%)**
Inventories at period end	**514**		501		**2.6%**
Inventory turnover on cost, days[4]	**119**		111		**8**
Stores at period end	**1,774**		1,798		**(24)**

Revenue and gross profit

Revenue for the first half of 2024 was flat on a constant-dollar basis but, in HK$ terms, was down 3.4% compared to the previous year. This is primarily due to the underperformance in Greater China, which recorded a decline of 8.3%. Within this region, Mainland China, Hong Kong and Taiwan reported a drop of 9.9%, 6.3% and 8.8%, respectively.

Group retail revenue was up 1.1% on a constant exchange rate basis, but still represented a 2.6% decline YOY. The difference was due to exchange loss on the back of HK$ appreciation against most currencies. Geographically, the revenue drop was primarily due to the decline in Greater China of 5.1%, continuing the downtrend from 2H2023, while the revenue reported a growth of 0.6% in GCC and 6.7% in Southeast Asia and Australia. In summary, the previous strategy which focused almost solely on profitability through raising prices and cost-cutting measures with insignificant investment in brand, product, and marketing, is unsustainable for future growth.

In terms of retail channels, the offline sales were HK$1,539 million on a constant exchange rate basis, but, in HK$ terms, declined by 2.9% owing to the drop in Mainland China's offline business by 26.5% on the back of a lack of brand investment, leading to high inventory and culminating in the delayed introduction of new products for the season. Therefore, the Group experienced a decline in comparable store sales and store closures.

On the other hand, the online sales posted an almost flat performance YOY, where Mainland China drove the growth with an increase of 1.7% on a constant exchange rate basis, while the gross margin was down by 1.5 percentage points, resulting in a gross profit decline of HK$1 million due to the deeper pricing discount for inventory clearance. The price discounting started to deepen from 2H2023 into 1H2024. The size of our online business outside Mainland China was relatively small and its contribution was only 21.2% of the total online revenue, partly due to a lack of API integration with third-party platforms. The share of business for online is 11.7%, which is below industry standards. IT upgrades are expected to be completed in 2H2024, and we are confident of accelerating and driving higher sales in 2025 and beyond.

Wholesale channels experienced a downturn of 9.6%, with Mainland China recording a decline of 10.1%, driven primarily by a large shipment of inventory at the end of 2023. South Korea also faced a YOY decline of 9.5%. As a result, our overseas franchised markets declined by 9.3%.

Table 2: Revenue analysis

(In HK$ million)	**2024**	**Contribution**	2023	Contribution	**Change**
	Six months ended June 30				
Greater China	**802**	**42.1%**	875	44.4%	**(8.3%)**
Southeast Asia and Australia	**739**	**38.9%**	734	37.3%	**0.7%**
Gulf Cooperation Council	**362**	**19.0%**	361	18.3%	**0.3%**
Group revenue by markets	**1,903**	**100.0%**	1,970	100.0%	**(3.4%)**
Offline	**1,483**	**77.9%**	1,527	77.5%	**(2.9%)**
Online	**222**	**11.7%**	224	11.4%	**(0.9%)**
Retail	**1,705**	**89.6%**	1,751	88.9%	**(2.6%)**
Wholesale to overseas franchisees	**136**	**7.1%**	150	7.6%	**(9.3%)**
Wholesale to franchisees in Mainland China	**62**	**3.3%**	69	3.5%	**(10.1%)**
Group revenue by channel	**1,903**	**100.0%**	1,970	100.0%	**(3.4%)**

Gross margin was recorded at 58.9%, up 0.2 percentage points. It was mainly attributable to a change in channel mix where our wholesale contribution reduced YOY, dragged by the decline in the wholesale to South Korea. As the wholesale business generally has a lower-than-average gross margin when compared to other channels, it geared up the Group's gross margin. The higher average selling price in our own retail channels could not mitigate the volume drop as well as the product cost increase on the back of higher freight costs and unfavourable currency impact. As a result, the Group's gross profit reported a drop of 3.1% YOY.

Table 3: Gross profit analysis

(In HK$ million)	**Six months ended June 30, 2023 gross profit**	**Product costs**	**Selling prices**	**Volume**	**Miscellaneous**	**Currency translation difference**	**Six months ended June 30, 2024 gross profit**
Southeast Asia and Australia	446	(69)	173	(76)	2	(26)	**450**
Gulf Cooperation Council	227	(24)	77	(46)	–	(1)	**233**
Mainland China	164	(7)	5	(13)	–	(6)	**143**
Hong Kong and Macau	143	(9)	13	(15)	–	–	**132**
Taiwan	144	(18)	43	(34)	–	(6)	**129**
Market mix	–	1	(8)	7	–	–	**–**
Retail and distribution	**1,124**	**(126)**	**303**	**(177)**	**2**	**(39)**	**1,087**
Wholesale to overseas franchisees/subsidiaries	32						**33**
Group	1,156						**1,120**

Other income and other gains, net

Other income and other gains included royalties, licensing fees, interest, rental income, government assistance, and exchange differences. The decrease in other income was partly due to the unfavourable YOY exchange differences and a reduction in government subsidies.

Operating expense and operating profit

The operating expense-to-revenue ratio experienced an increase of 2.9 percentage points (2023: 46.6%), primarily due to non-recurring expenses in the form of our former CEO's severance package and legal expenditure associated with the corporate resolution exercise.

The absence of last year's rental concessions also impacted our operating expenses as landlords continued to normalize their rents in line with pre-COVID-19 rates. When setting aside the non-recurring items, the underlying operating profit would have only declined by 14.7%, dragged by the 62.9% drop in Greater China's operating profit.

The Group's operating profit was HK$202 million, down by 26.3% with an operating margin of 10.6%, driven primarily by the one-off non-recurring items stated above, as well as the decline of our Greater China business and currency exchange impacts.

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

There was no significant impairment provision or reversal for the right-of-use assets, property, plant and equipment, based on Hong Kong Accounting Standard 36.

Finance expense

The finance expense was HK$22 million (2023: HK$17 million), primarily due to higher imputed interest on lease liabilities.

Profit after income taxes attributable to shareholders

Profit after income taxes attributable to shareholders of the Company ("PATS") for the first half of 2024 was recorded at HK$120 million, a decrease from the previous year's HK$190 million, and resulting in a net margin contraction to 6.3% (2023: 9.6%). The decline was due to the reduced operational profitability stemming primarily from one-off non-recurring items and underperformance in Greater China, as well as the lower shared profit from our South Korean joint venture amidst a challenging economic environment.

Table 4: Changes in PATS

(In HK$ million)	
PATS for the six months ended June 30, 2023	**190**
Wholesale to overseas franchisees/subsidiaries	**7**
Gulf Cooperation Council	**1**
Southeast Asia and Australia	**(5)**
Taiwan	**(7)**
South Korea	**(14)**
Mainland China	**(15)**
Hong Kong and Macau	**(17)**
Headquarter expenses, finance expense, income taxes and non-controlling interests	**(14)**
Changes in PATS	**(64)**
PATS for the six months ended June 30, 2024, at constant exchange rates	**126**
Currency translation difference	**(6)**
PATS for the six months ended June 30, 2024	**120**

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 5: Greater China profit before income taxes

	Six months ended June 30				
(In HK$ million, translated at constant exchange rates)	**2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**709**	**100.0%**	747	100.0%	**(5.1%)**
Gross profit	**416**	**58.7%**	451	60.4%	**(7.8%)**
Other income and other gains, net	**4**	**0.6%**	10	1.3%	**(60.0%)**
Operating expense	**(397)**	**(56.0%)**	(399)	(53.4%)	**(0.5%)**
Operating profit	**23**	**3.3%**	62	8.3%	**(62.9%)**
Finance expense	**(4)**	**(0.6%)**	(2)	(0.3%)	**100.0%**
Profit before income taxes	**19**	**2.7%**	60	8.0%	**(68.3%)**

Hong Kong and Macau

In Hong Kong and Macau, we observed a modest decline in revenue YOY driven by the trend of consumers moving their spending northbound to Mainland China and the absence of government consumption vouchers, which had contributed to a one-time surge in spending last year. The profitability was notably affected, not only by the aforementioned factors, but also by higher rental costs and a strategic move to higher discounting in response to rising inventory levels in the market. We saw the Hong Kong and Macau markets improving in May and June following the implementation of our Quick Win initiatives, which focused on store turnaround through merchandise initiatives that improved the availability of best-sellers and the execution of storytelling at the points-of-sale.

Mainland China

During the period under review, our offline sales in Mainland China have seen a significant decrease of 26.5%, with comparable store sales dropping by 15.9%. This downturn was driven by high-aged inventory in the marketplace, a direct result of our diminishing brand perception and awareness. The sales decline deepened as we further disconnected our brand from customers through various cost-cutting measures. Our gross profit in Mainland China dropped significantly by 12.8%. With the introduction of our Quick Win initiatives centred around store operations and merchandise initiatives, we have seen gradual improvements in Q2, mitigating the Q1 offline YOY sales decline of 30.6% to 20.9% in Q2.

The online channel achieved sales growth of 1.7%, primarily due to discounting, but which also resulted in a lower gross margin of 1.5 percentage points. This strategy of discounting started in 2H2023 and continued into 1H2024. While this growth in the online channel is positive, it has come at the expense of offline retail and lower gross profit, which could not offset the loss in offline profitability. With the introduction of our Quick Win initiatives focused on accelerating our online business onto other platforms with higher gross profit margins, we have seen improvements in revenue in Q2 of 13.5% growth compared with the 11.0% decline in Q1.

Taiwan

The Taiwanese market has been subject to fluctuations due to the uncertain economic climate. However, the resilience of our sub-brands, such as BSX and Giordano Ladies, has helped moderate the overall profit decline.

Table 6: Greater China revenue and store count

	Six months ended June 30								
				Stores at period end					
	Revenue			Franchised		Direct operated		Total	
(In HK$ million, translated at constant exchange rates)	**2024**	2023	**Change**	**2024**	2023	**2024**	2023	**2024**	2023
Mainland China	**311**	333	**(6.6%)**	**320**	335	**134**	145	**454**	480
Taiwan	**216**	226	**(4.4%)**	**–**	–	**161**	171	**161**	171
Hong Kong and Macau	**182**	188	**(3.2%)**	**–**	–	**41**	39	**41**	39
Total	**709**	747	**(5.1%)**	**320**	335	**336**	355	**656**	690

Greater China's revenue, as a consequence of increased selling prices and high inventory in the marketplace, has seen both a revenue and store decline, affecting the overall profitability of the market.

Southeast Asia and Australia

Table 7: Southeast Asia and Australia profit before income taxes

(In HK$ million, translated at constant exchange rates)	Six months ended June 30				
	2024	**% to revenue**	2023	% to revenue	**Change**
Revenue	**783**	**100.0%**	734	100.0%	**6.7%**
Gross profit	**477**	**60.9%**	446	60.8%	**7.0%**
Other income and other gains, net	**1**	**0.1%**	14	1.9%	**(92.9%)**
Operating expense	**(336)**	**(42.9%)**	(313)	(42.7%)	**7.3%**
Operating profit	**142**	**18.1%**	147	20.0%	**(3.4%)**
Finance expense	**(12)**	**(1.5%)**	(9)	(1.2%)	**33.3%**
Profit before income taxes	**130**	**16.6%**	138	18.8%	**(5.8%)**

This region has maintained a stable business environment. Markets such as Indonesia and Singapore have shown robust growth, supported by effective local marketing initiatives. However, performance in Thailand and Malaysia has been stagnant, affected by inventory shortages of in-demand merchandise. The situation is expected to improve in the second half of the year through our Quick Win initiatives.

Table 8: 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	
	2024	2023	**Change**	**2024**	2023
Indonesia	**409**	360	**13.6%**	**231**	241
Thailand	**135**	139	**(2.9%)**	**157**	154
Singapore	**102**	91	**12.1%**	**30**	28
Malaysia	**88**	94	**(6.4%)**	**87**	86
Vietnam	**37**	37	**Flat**	**35**	46
Australia	**10**	10	**Flat**	**5**	6
Cambodia	**2**	3	**(33.3%)**	**2**	3
Total	**783**	734	**6.7%**	**547**	564

The Gulf Cooperation Council

The GCC region has continued to exhibit growth, with sales and profits advancing further in the first half of 2024, even though geopolitical tensions continued to impact the GCC markets' macroeconomic environment, particularly tourist arrivals into the UAE. However, we are committed to driving product innovation and tailored marketing strategies, which remain critical to our long-term sustainability in this vital market.

Table 9: The Gulf Cooperation Council profit before income taxes and store count

(In HK$ million, translated at constant exchange rates)	Six months ended June 30 **2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**363**	**100.0%**	361	100.0%	**0.6%**
Gross profit	**233**	**64.2%**	227	62.9%	**2.6%**
Other income and other gains, net	**2**	**0.5%**	–	–	**N/A**
Operating expense	**(159)**	**(43.8%)**	(152)	(42.1%)	**4.6%**
Operating profit	**76**	**20.9%**	75	20.8%	**1.3%**
Finance expense	**(7)**	**(1.9%)**	(6)	(1.7%)	**16.7%**
Profit before income taxes	**69**	**19.0%**	69	19.1%	**Flat**
Franchised stores	**41**		38		**3**
Direct-operated stores	**138**		134		**4**
Stores at period end	**179**		172		**7**

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

Table 10: South Korea's share of net profit and store count

(In Korean Won million)	Six months ended June 30 **2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**77,640**	**100.0%**	87,676	100.0%	**(11.4%)**
Gross profit	**41,936**	**54.0%**	47,704	54.4%	**(12.1%)**
Net profit	**5,486**	**7.1%**	10,186	11.6%	**(46.1%)**
Share of net profit	**2,662**		4,945		**(46.2%)**
Stores at period end	**115**		138		**(23)**

The South Korean market has been impacted by macroeconomic pressures, leading to a downturn in sales. Nonetheless, we anticipate an improvement in the second half of the year, driven by positive consumer reception to new merchandise and strategic marketing efforts.

Overseas (outside Greater China) franchisees and licensees

Table 11: Overseas franchised and licensed store count

	Stores at June 30	
	2024	2023
Southeast Asia	**183**	175
South Korea*	**115**	138
South Asia	**89**	56
Africa	**26**	22
Other markets	**20**	19
Total	**433**	410

* The Group owns a 48.5% equity interest in the South Korean joint venture, also the Group's franchisee.

While our overseas franchised and licensed network in emerging markets such as South Asia and Africa increased, it was not enough to offset the underperformance in our larger, traditional franchise markets such as Myanmar, where business has suffered due to political tension, resulting in a 9.3% sales decline in our overseas franchised markets.

FINANCIAL POSITION

Liquidity and financial resources

On June 30, 2024, the cash and bank balance, net of bank loans, was HK$720 million (2023: HK$1,014 million). The significant cash reduction was primarily due to the reduced operating cash inflow coupled with the increased cash outflow from financing activities owing to dividend payout. The recent dividend payout has been significantly higher than our peers and the market norm. Despite this significant YOY cash flow reduction, the Company's financial position remains robust. However, the reduction in net cash warrants a closer examination of the dividend payout to move towards a more typical norm. This will ensure the Company's financial stability and operational agility in the future.

The bank borrowings amounted to HK$29 million (2023: HK$5 million). The Group's gearing ratio, defined as the total bank borrowings over total equity, was 1.3% (2023: 0.2%). The Group's current ratio was 1.5 (2023: 1.8), based on current assets of HK$1,567 million (2023: HK$1,836 million) and current liabilities of HK$1,023 million (2023: HK$995 million).

Property, plant and equipment

Capital expenditure was HK$27 million (2023: HK$32 million), primarily for store upgrades and relocation.

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 the 48.5% interest in the South Korea joint venture, accounted for by the equity method, mildly decreased by 6.6% to HK$440 million, mainly due to the depreciation of the Korean Won and dividend receipts.

Inventories

Group inventories were HK$514 million (2023: HK$501 million). Inventory turnover on cost slightly rose by eight days to 119 days (2023: 111 days), attributable to the high inventory in Greater China on the back of declining sales performance in the first half of the year. However, the composition of inventory has worsened with the increase in aged inventory compared with the past year, particularly in Mainland China. The consequence of the lack of fresh products has resulted in declining sales.

To ensure there is no excessive "off-balance sheet" inventory that could pose a problem in the future, the Group tracks the inventories at suppliers and franchisees. Our system inventories remained healthy.

Table 12: **System inventories**

	At		
(In HK$ million)	**June 30 2024**	December 31 2023	June 30 2023
Inventories owned by the Group	**514**	474	501
Inventories held by 48.5% South Korea joint venture	**181**	182	205
Inventories held by franchisees in Mainland China	**34**	38	35
Finished goods at suppliers	**11**	15	53
Inventories not owned by the Group	**226**	235	293
Total system inventories	**740**	709	794

Trade receivables and payables

The turnover days for trade receivables and payables were 38 days (2023: 38 days) and 45 days (2023: 27 days), respectively.

OUTLOOK

This year is a pivotal year of transition for the Group, with our new CEO at the helm since April 2024. Under his guidance, we are implementing our five-year strategy '*Giordano – Beyond Boundaries*'- focusing on four pillars: reset, revitalize, recalibrate and reconnect. This strategy aims to turn the Company into a growth business and help the Group regain its position as a leading fashion apparel brand in Greater China, accelerate growth in the Gulf Cooperation Council and Southeast Asia, and return Giordano to being a growth company.

The new leadership conducted a thorough business review in all markets, and it shows that the previous strategy stemming back from over a decade, which focused almost exclusively on profitability through raising prices and cost-cutting measures with insignificant investment in brand, product, and marketing, is unsustainable for future growth. The result has been reflected by the deteriorating sales and brand perception, declining performance in our hero products, and a worsening customer connection. While the investment community has generally welcomed our generous above-market dividend payout ratio, it also contributed to diluting our cash position in 2024. Given this situation, we recognize the need to reset our foundation and implement various measures to reposition the Group for growth. Our consumer-centric strategy will focus on strategic pillars that will reset our fundamentals, revitalize our brand, recalibrate our channels to a '*digital-first*' model, and reconnect with consumers through exceptional products and compelling storytelling, enhancing their overall experiences.

Reset fundamentals with Quick Win initiatives and internal capability

We already started our Quick Win initiatives in Q2, which centred around our product offering, and have already shown results. One of the initiatives was to enhance our store productivity and consumer experience, for instance, through amplifying the storytelling of products at the points of sale; we have seen our Cool Pants collection sell through up to 30% in 30 days in Greater China. Another initiative was optimizing our product offering with an accelerated response rate through, for example, reallocation of the best sellers to all stores to capture all business opportunities, and focus on re-merchandising our stores to ensure we would not be out of stock of best-sellers to avoid sales loss. As a result of these Quick Win initiatives, YOY revenue decline in Greater China in Q2 was narrowed down to -2.8%, compared to a decrease of 12.8% in Q1.

We will aim to deliver positive growth in the second half of 2024, and work towards achieving a flat full-year revenue growth comparable to 2023.

In August 2024, Giordano will be hosting its SS25 Buying Conference in Dongguan, China for our business partners and markets, and we will feature our refined go-to-market strategy, with a focus on best-selling products across the markets. To generate market "buzz" and excitement, we will also leverage our existing product line, starting with the testing of Giordano Korea products in China through our e-commerce platform. This strategic move will allow us to gauge customer response and adapt our offerings accordingly, enhancing our market presence in the region.

Additionally, we recognize the need to enhance our capabilities across the organization. We will develop a comprehensive IT roadmap, reorganize our team functions, and review and improve our processes to ensure we are well-equipped for future growth. One of the key priorities in '*Beyond Boundaries*' will be the implementation of '*One Giordano*', a program that will drive cost savings through efficiencies and economies of scale via a centralized headquarters function. Under '*One Giordano*', the Group will develop product, brand communications, store design and fixtures on behalf of the markets, and it will source on behalf of all channels and create shared services to drive efficiency and effectiveness.

Revitalize brand and recalibrate channels

At the heart of '*Beyond Boundaries*' is the revitalization of the Giordano brand portfolio. This initiative is set to infuse new life into our offerings, ensuring that Giordano remains synonymous with contemporary style and quality. Recognizing the shift toward online consumption, we are poised to move our focus significantly toward expanding our digital footprint across all markets, particularly in Mainland China. This digital transformation is not just about enhancing our online presence; it is also about reshaping how we connect with our customers.

Regain our position in Greater China, accelerate growth in the Gulf Cooperation Council and Southeast Asia and become a growth company

The decision to de-prioritize the Mainland China market leading into 2018 has led to unsatisfactory retail performance across all channels in the region. However, Mainland China, along with our home market of Hong Kong, is now earmarked as the hub of our growth strategy. We see substantial opportunities for expansion and profitability. Our deep roots and understanding of this market will enable us to leverage local insights to secure our position as market leaders.

Beyond our stronghold, we will continue to sustain and expand our footprints in the Gulf Cooperation Council and Southeast Asia. These regions represent a burgeoning opportunity for growth, and our strategy is tailored to tap into their dynamic retail environments.

A strategy supported by our staff

Our staff are strong brand advocates who have positively embraced the changes and quickly adapted to new challenges. The '*Beyond Boundaries*' strategy is not merely a plan for expansion; it is a concerted effort to place the customer at the centre of all our endeavours. As we move forward, the Group remains committed to investing in our staff, recognizing that our culture is paramount to our success. Developing the capabilities and competencies of our team is essential to drive our transformation and sustain our growth trajectory.

Improve financial performance for our shareholders

This new operational approach is expected to be a catalyst for improved financial performance. The leadership team will strive to achieve revenue at a high single to low double-digit compound annual growth rate (CAGR) between 2025 and 2030 and endeavour to achieve profit before tax margins trending towards historic levels, which in turn will create even more shareholder value.

In conclusion, '*Beyond Boundaries*' is more than a strategy; it is a promise of innovation, a blueprint for success, and a vision for a prosperous and dynamic future for Giordano where it once again becomes a growth company. The Giordano "*Beyond Boundaries*" 5-year strategy is summarized in the latter section of this Announcement.

Management continues to extend our gratitude to our shareholders and stakeholders for their unwavering support and trust in the Group's resilience and prospects for success.

Giordano 5-Year Strategy – "Beyond Boundaries"

"*Giordano – Beyond Boundaries*" is a 5-year strategy that aims to help Giordano regain its position as a leading fashion apparel brand in Greater China, accelerate growth in the Gulf Cooperation Council and Southeast Asia, and return to being a growth company. It focuses on robustly engineered pillars designed to reset and support the Company's fundamentals, revitalize the Giordano brand, recalibrate the Company's channels to a '*digital-first*' model, and reconnect with consumers through exceptional products and compelling storytelling, enhancing their overall experiences.

As referred to in detail in the Outlook section, at the heart of the 5-year strategy is the revitalization of the Giordano brand portfolio. It is set to infuse new life into our offerings, ensuring that Giordano remains synonymous with contemporary style and quality. Recognizing the shift towards online consumption, the Company is also poised to move its focus significantly towards expanding its digital footprint across the world, particularly in Mainland China. Competencies and capabilities will therefore be fully enhanced across the organization. The Company will develop a comprehensive IT roadmap, reorganize our team functions, review and improve our processes and reshape how we connect with our customers to ensure Giordano is well-equipped for future growth.

One of '*Beyond Boundaries*' key priorities will be the implementation of '*One Giordano*', a program that will drive cost savings through efficiencies and economies of scale via a centralized headquarter function. '*One Giordano*' will develop products, brand communications, store designs, and fixtures on behalf of the markets. It will also source on behalf of all channels and create shared services to drive efficiency and effectiveness.

Additionally, our staff have always been strong brand advocates. They have positively embraced the new strategy and quickly adapted to new challenges. As Beyond Boundaries is a concerted effort to place the customer at the centre of all our endeavours, Giordano remains committed to investing in our staff, recognizing that our culture is paramount to our success.

Furthermore, '*Beyond Boundaries*' is expected to be a catalyst for improved financial performance. The leadership team will strive to achieve a high single to low double-digit compound annual growth rate (CAGR) in revenue between 2025 and 2030, and endeavour to achieve profit before tax margins trending towards historic levels, which in turn will create even more shareholder value.

OTHER INFORMATION

Human Resources

As of June 30, 2024, the Group had approximately 6,800 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 and share options to reward and retain a high-calibre leadership team. We also invest heavily in sales and customer service training, 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, 2024, 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 8.0 HK cents per share (2023:17.0 HK cents per share) for the six months ended June 30, 2024. The dividend is payable on Friday, September 20, 2024 to shareholders whose names appear on the register of members of the Company on Monday, September 9, 2024.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed on Friday, September 6, 2024 to Monday, September 9, 2024, 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 Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, September 5, 2024.

Corporate Governance Code

A corporate governance report has been published and included in the Company's 2023 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 deviations:

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, therefore, the Board is of the view that the Chairman should be exempt from this arrangement at the present time.

Code provision C.2.1

Dr LAU Kwok Kuen, Peter ("Dr Lau") held the roles of both the Chairman and Chief Executive since 1994. Such practice deviated from Code Provision C.2.1, which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. In view of Dr Lau's extensive experience in the industry and deep understanding of the Group's businesses, during Dr Lau's tenure with the Company, the Board was of the view that vesting the roles of both Chairman and Chief Executive in Dr Lau provided the Group with strong leadership, allowing for more effective planning and execution of long term business strategies and enhanced efficiency in decision-making.

With effect from the conclusion of the special general meeting of the Company held on April 3, 2024, Dr Lau was removed from his position as a Director and automatically ceased (a) to be the Chairman and (b) all roles in Board committees onto which he had been appointed. With effect from April 5, 2024, Dr Lau's appointment as Chief Executive was also terminated. The role of Chairman was taken over by Mr TSANG On Yip, Patrick, a Non-Executive Director, while the role of Chief Executive was taken over by Mr Colin Melville Kennedy CURRIE, an Executive Director.

Following the aforementioned changes and segregation, the roles of the Chairman and the Chief Executive were no longer performed by the same individual, hence the Company is now in compliance with the requirement under code provision C.2.1 of the CG Code. The Board believes that, notwithstanding such changes, the Company has always maintained a strong corporate governance structure appropriate for its circumstances to ensure effective oversight of Management.

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 2023 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, 2024.

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

During the six months ended June 30, 2024, a total of 610,000 ordinary shares of the Company (the "Shares") were repurchased by the Company on the Stock Exchange. As at the date of this announcement, all the repurchased Shares were cancelled by the Company. The Directors believe that the repurchases were made to reflect the Company's confidence in its long-term business prospects and would ultimately benefit the Company and create value for the shareholders of the Company. Details of the repurchases of Shares were as follows:

Month of repurchase	**Number of Shares repurchased**	**Highest price paid per Share** *(HK$)*	**Lowest price paid per Share** *(HK$)*	**Aggregate purchase price** *(HK$)* (before expenses)
January 2024	610,000	2.03	1.96	1,221,920

Review of Interim Results

The unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2024 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, 2024 with Management.

By Order of the Board
TSANG On Yip, Patrick
Chairman and Non-executive Director

Hong Kong, August 15, 2024

At the date of this announcement, the Board comprises four Executive Directors; namely, Mr Colin Melville Kennedy CURRIE (Chief Executive), 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.