GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED DECEMBER 31, 2024

Overview

- The Group achieved a notable 1.2% increase in revenue for the full year, driven by a robust sales rebound of 5.9% in the second half. On a constant exchange rate basis, revenue was up by 3.2% for the full year, fueled by improved performances in Southeast Asia and Australia ("SEA") and the Gulf Cooperation Council ("GCC") regions, as well as the online business in Mainland China. This growth underscores the effectiveness of our Quick Win strategic initiatives implemented in May and our ability to adapt to market dynamics.
- The Group's gross profit margin declined by 1.4 percentage points to 57.0%, partly due to a shift in channel mix, with a higher contribution from the online business, which typically has a lower gross profit margin compared to offline channels, and from the additional strategic stock clearance of aged inventories built up from previous years. Despite this, our future pricing strategy between different channels will balance the revenue growth and gross margin, which aligns with our omni-channel strategy.
- Operating expenses as a percentage of revenue increased to 48.7% (2023: 47.2%), mainly driven by non-recurring expenses in the first half due to the corporate exercise held in the early second quarter and the resulting severance package to the Group's former CEO. That said, the operating expense ratio in the second half remained stable as compared to the previous year, despite investments undertaken in association with the Company's *'Beyond Boundaries'* 5-year business transformation strategy, reflecting our disciplined approach to expense management.
- The net profit attributable to the shareholders of the Company was HK$216 million (2023: HK$345 million). This decline was primarily due to the non-recurring expenses incurred in 2024, which took place mainly in the first half and which were already reflected in the interim results, a substantial reduction in shared profit from the South Korean joint venture and the underperformance of Greater China, coupled with the increased operating expenses associated with the Company's *'Beyond Boundaries'* 5-year transformation program. Despite these challenges, our strategic investments are positioning us to become a growth company as we enter the first year of our *'Beyond Boundaries'* 5-year strategy in 2025.
- The Group's inventory balance closed at HK$508 million (2023: HK$474 million), with inventory turnover on cost (ITOC) at 110 days (2023: 108 days). This demonstrates our effective inventory management practices, ensuring a healthy inventory situation year on year.
- Cash and bank balances, net of bank loans, were HK$810 million (2023: HK$905 million). The decrease was primarily due to the profit decline on the back of higher non-recurring expenses YOY. Nevertheless, our financial position remains robust, providing a solid foundation for future growth.
- The Board of Directors has recommended a final dividend of 6.0 HK cents per share. If approved, the final dividend payable will amount to approximately HK$97 million, reflecting our commitment to returning value to shareholders while balancing investment in growth opportunities.

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The board of directors (the "Board") of Giordano International Limited (the "Company") presents the following audited annual results of the Company and its subsidiaries (the "Group") for the year ended December 31, 2024, along with comparative figures and explanatory notes.

Consolidated Income Statement

(In HK$ million, except earnings per share)	*Note*	**2024**	2023
Revenue	*2*	**3,919**	3,873
Cost of sales	*4*	**(1,685)**	(1,610)
Gross profit		**2,234**	2,263
Other income and other gains, net	*3*	**52**	68
Distribution expense	*4*	**(1,670)**	(1,630)
Administrative expense	*4*	**(239)**	(198)
Operating profit	*4*	**377**	503
Finance expense	*5*	**(46)**	(40)
Share of profit of a joint venture		**20**	45
Profit before income taxes		**351**	508
Income taxes	*6*	**(99)**	(119)
Profit after income taxes for the year		**252**	389
Attributable to:			
Shareholders of the Company		**216**	345
Non-controlling interests		**36**	44
		252	389
Earnings per share attributable to shareholders of the Company	*7*		
Basic *(HK cents)*		**13.4**	21.6
Diluted *(HK cents)*		**13.3**	21.4

Consolidated Statement of Comprehensive Income

(In HK$ million)	**2024**	2023
Profit after income taxes for the year	**252**	389
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	**2**	(2)
Exchange adjustments on translation of overseas subsidiaries which are attributed to the non-controlling interests	**(5)**	–
Items that may be reclassified to profit or loss:		
Exchange adjustments on translation of overseas subsidiaries, a joint venture and branches	**(66)**	(10)
Total comprehensive income for the year	**183**	377
Attributable to:		
Shareholders of the Company	**152**	333
Non-controlling interests	**31**	44
	183	377

Consolidated Balance Sheet

(In HK$ million)	*Note*	**2024**	2023
ASSETS			
Current assets			
Cash and bank balances		**836**	935
Trade and other receivables	*9*	**342**	319
Inventories		**508**	474
Rental prepayments		**2**	3
Income tax recoverable		**4**	4
Total current assets		**1,692**	1,735
Non-current assets			
Financial asset at fair value through other comprehensive income		**3**	1
Financial asset at fair value through profit or loss		**28**	28
Deposits and other receivables	*9*	**88**	74
Interest in a joint venture		**414**	494
Investment properties		**14**	16
Property, plant and equipment		**160**	166
Right-of-use assets		**805**	762
Goodwill		**541**	541
Deferred tax assets		**21**	39
Total non-current assets		**2,074**	2,121
Total assets		**3,766**	3,856
LIABILITIES AND EQUITY			
Current liabilities			
Bank loans		**26**	30
Trade and other payables	*10*	**611**	552
Lease liabilities		**328**	329
Put option liabilities		**81**	81
Income tax payables		**88**	104
Total current liabilities		**1,134**	1,096
Non-current liabilities			
Deferred tax liabilities		**95**	111
Other non-current liabilities		**417**	337
Total non-current liabilities		**512**	448
Total liabilities		**1,646**	1,544
Capital and reserves			
Share capital		**81**	81
Reserves		**1,820**	1,890
Proposed dividends	*8*	**97**	218
Equity attributable to shareholders of the Company		**1,998**	2,189
Non-controlling interests		**122**	123
Total equity		**2,120**	2,312
Total equity and liabilities		**3,766**	3,856
Net current assets		**558**	639
Total assets less current liabilities		**2,632**	2,760

Notes to the Financial Statements

1. Material accounting policies

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include 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 by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

(b) Impact of amended standards

The Group has applied the following amended standards issued by HKICPA, which were relevant and 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 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 Wholesales to Overseas Franchisees. Management manages the Retail and Distribution operating segments geographically and by brand.

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

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

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

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

	2024						
(In HK$ million)	**Mainland China**	**Hong Kong and Macau**	**Taiwan**	**Southeast Asia and Australia**	**Gulf Cooperation Council**	**Wholesale to Overseas Franchisees**	**Total**
Sales	**661**	**366**	**427**	**1,508**	**697**	**260**	**3,919**
Adjusted EBITDA	**(6)**	**122**	**86**	**443**	**264**	**28**	**937**
Depreciation and amortization							
— Right-of-use assets	**(26)**	**(77)**	**(41)**	**(170)**	**(106)**	**–**	**(420)**
— Property, plant and equipment and investment properties	**(6)**	**(4)**	**(6)**	**(31)**	**(15)**	**–**	**(62)**
Impairment							
– Right-of-use assets	**(1)**	**–**	**–**	**–**	**(2)**	**–**	**(3)**
– Property, plant and equipment	**–**	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Segment results	**(39)**	**41**	**39**	**241**	**141**	**28**	**451**
Corporate functions							**(74)**
Finance expense							**(46)**
Share of profit of a joint venture							**20**
Profit before income taxes							**351**

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
	2023						
Sales	664	380	440	1,471	675	243	3,873
Adjusted EBITDA	32	144	94	462	245	24	1,001
Depreciation and amortization							
— Right-of-use assets	(25)	(75)	(44)	(165)	(103)	–	(412)
— Property, plant and equipment and investment properties	(6)	(3)	(6)	(26)	(12)	–	(53)
Segment results	1	66	44	271	130	24	536
Corporate functions							(33)
Finance expense							(40)
Share of profit of a joint venture							45
Profit before income taxes							508

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

(In HK$ million)	**2024** Sales	**2024** Operating profit (loss)	2023 Sales	2023 Operating profit (loss)
Retail and Distribution				
Giordano and Giordano Junior	**3,064**	**367**	3,011	407
Giordano Ladies	**248**	**35**	268	48
BSX	**8**	**(1)**	8	(1)
Others	**339**	**22**	343	58
	3,659	**423**	3,630	512

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$626 million (2023: HK$623 million), Mainland China was HK$661 million (2023: HK$664 million), and external customers from other markets were HK$2,632 million (2023: HK$2,586 million).

Inter-segment sales of HK$876 million (2023: HK$738 million) have been eliminated upon consolidation.

2. Sales and operating segments (continued)

Income taxes charged related to Mainland China was HK$2 million (2023: HK$1 million), Hong Kong and Macau were HK$14 million (2023: HK$13 million), Taiwan was HK$7 million (2023: HK$8 million), Southeast Asia and Australia were HK$55 million (2023: HK$63 million) and the GCC was HK$11 million (2023: HK$5 million).

Analysis of the Group's assets by geographic regions is as follows.

(In HK$ million)	**2024**	2023
Southeast Asia and Australia	**974**	1,089
Gulf Cooperation Council	**1,094**	1,037
Hong Kong and Macau	**549**	570
Mainland China	**474**	365
Taiwan	**209**	233
Segment assets	**3,300**	3,294
Interest in a joint venture	**414**	494
Financial asset at fair value through other comprehensive income	**3**	1
Financial asset at fair value through profit or loss	**28**	28
Deferred tax assets	**21**	39
Total assets	**3,766**	3,856

The total of non-current assets other than financial instruments and deferred tax assets located in Hong Kong and Macau were HK$225 million (2023: HK$179 million), Mainland China was HK$104 million (2023: HK$49 million), and other markets were HK$1,696 million (2023: HK$1,826 million).

3. Other income and other gains, net

(In HK$ million)	**2024**	2023
Interest income	**15**	23
Royalty and licensing income	**23**	22
Rental and sub-lease rental income	**9**	8
Dividend income	**3**	3
Government grants	**3**	2
Claims and compensation	**–**	2
Net loss on disposal of property, plant and equipment	**(4)**	(1)
Net exchange loss	**(11)**	(5)
Fair value loss on financial assets at fair value through profit or loss	**–**	(6)
Others	**14**	20
	52	68

4. Operating profit

Operating profit is after charging (crediting):

(In HK$ million)	**2024**	2023
Cost of sales		
Cost of inventories sold	**1,683**	1,607
Net provision for obsolete stock and stock written off	**2**	3
	1,685	1,610
Distribution expense		
Staff cost	**608**	601
Depreciation expense		
— Right-of-use assets	**404**	396
— Property, plant and equipment	**56**	48
Rentals in respect of land and buildings		
— Minimum lease payments	**25**	39
— Contingent rent	**194**	192
Building management fee, government rent and rates and utilities	**103**	99
Advertising, promotion and incentives	**92**	89
Packaging and deliveries	**63**	53
Bank and credit card charges	**29**	27
Impairment		
— Right-of-use assets	**3**	–
— Property, plant and equipment	**1**	–
Change in loss allowance for trade receivables	**3**	(4)
Others	**89**	90
	1,670	1,630
Administrative expense		
Staff cost	**157**	134
Depreciation expense		
— Right-of-use assets	**16**	16
— Property, plant and equipment and investment properties	**6**	5
Legal and professional fee	**24**	8
Auditor's remuneration	**7**	7
Computer and telecommunication	**6**	6
Travelling	**4**	3
Business and other taxes	**1**	1
Others	**18**	18
	239	198

5. Finance expense

(In HK$ million)	**2024**	2023
Interest on lease liabilities	**45**	39
Interest on bank loans	**1**	1
	46	40

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 year. Income taxes on profits assessable outside Hong Kong are calculated at the rates applicable in the respective jurisdictions.

(In HK$ million)	**2024**	2023
Current income taxes		
Hong Kong	**4**	2
Outside Hong Kong	**61**	70
Withholding taxes	**22**	30
	87	102
Deferred income taxes		
Origination and reversal of temporary differences	**12**	17
	99	119

This charge excludes the share of the joint venture's income taxes of HK$5 million (2023: HK$13 million) for the year. 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 year of HK$216 million (2023: HK$345 million).

The basic earnings per share is based on the weighted average of 1,614,555,002 shares (2023: 1,598,745,713 shares) in issue during the year.

The diluted earnings per share is calculated by adjusting the weighted average of 1,614,555,002 shares (2023: 1,598,745,713 shares) in issue during the year by the weighted average of 6,807,881 shares (2023: 13,646,324 shares) deemed to be issued if all outstanding share options granted under the share option schemes of the Company had been exercised.

8. Dividends

Dividends attributable to the year:

(In HK$ million)	**2024**	2023
Interim dividend declared and paid of 8.0 HK cents per share (2023: 17.0 HK cents per share)	**129**	274
Final dividend proposed after the balance sheet date of 6.0 HK cents per share (2023: 13.5 HK cents per share)	**97**	218
	226	492

On March 26, 2025, the Board has recommended a final dividend of 6.0 HK cents per share and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The proposed dividend has not been recognized as a liability at the balance sheet date. The amount of the proposed dividend was based on the shares of the Company in issue as of the reporting date.

9. Trade and other receivables

(In HK$ million)	**2024**	2023
Trade receivables	**249**	234
Less: Loss allowance	**(40)**	(37)
Trade receivables, net	**209**	197
Other receivables, including deposits and prepayments	**133**	122
Trade and other receivables	**342**	319
Deposits and other receivables	**88**	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.

9. Trade and other receivables (continued)

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

(In HK$ million)	**2024**	2023
0 – 30 days	**142**	153
31 – 60 days	**48**	33
61 – 90 days	**13**	3
Over 90 days	**6**	8
	209	197

10. Trade and other payables

(In HK$ million)	**2024**	2023
Trade payables	**292**	199
Pension obligation	**36**	41
Other payables and accrued expense	**283**	312
	611	552

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

(In HK$ million)	**2024**	2023
0 – 30 days	**262**	185
31 – 60 days	**19**	4
61 – 90 days	**4**	4
Over 90 days	**7**	6
	292	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 years ended December 31, 2024, and 2023.

OVERVIEW

- The Group achieved a notable 1.2% increase in revenue for the full year, driven by a robust sales rebound of 5.9% in the second half. On a constant exchange rate basis, revenue was up by 3.2% for the full year, fueled by improved performances in Southeast Asia and Australia ("SEA") and the Gulf Cooperation Council ("GCC") regions, as well as the online business in Mainland China. This growth underscores the effectiveness of our Quick Win strategic initiatives implemented in May and our ability to adapt to market dynamics.

- The Group's gross profit margin declined by 1.4 percentage points to 57.0%, partly due to a shift in channel mix, with a higher contribution from the online business, which typically has a lower gross profit margin compared to offline channels, and from the additional strategic stock clearance of aged inventories built up from previous years. Despite this, our future pricing strategy between different channels will balance the revenue growth and gross margin, which aligns with our omni-channel strategy.

- Operating expenses as a percentage of revenue increased to 48.7% (2023: 47.2%), mainly driven by non-recurring expenses in the first half due to the corporate exercise held in the early second quarter and the resulting severance package to the Group's former CEO. That said, the operating expense ratio in the second half remained stable as compared to the previous year, despite investments undertaken in association with the Company's *'Beyond Boundaries'* 5-year business transformation strategy, reflecting our disciplined approach to expense management.

- The net profit attributable to the shareholders of the Company was HK$216 million (2023: HK$345 million). This decline was primarily due to the non-recurring expenses incurred in 2024, which took place mainly in the first half and which were already reflected in the interim results, a substantial reduction in shared profit from the South Korean joint venture and the underperformance of Greater China, coupled with the increased operating expenses associated with the Company's *'Beyond Boundaries'* 5-year transformation program. Despite these challenges, our strategic investments are positioning us to become a growth company as we enter the first year of our *'Beyond Boundaries'* 5-year strategy in 2025.

- The Group's inventory balance closed at HK$508 million (2023: HK$474 million), with inventory turnover on cost (ITOC) at 110 days (2023: 108 days). This demonstrates our effective inventory management practices, ensuring a healthy inventory situation year on year.

- Cash and bank balances, net of bank loans, were HK$810 million (2023: HK$905 million). The decrease was primarily due to the profit decline on the back of higher non-recurring expenses YOY. Nevertheless, our financial position remains robust, providing a solid foundation for future growth.

- The Board of Directors has recommended a final dividend of 6.0 HK cents per share. If approved, the final dividend payable will amount to approximately HK$97 million, reflecting our commitment to returning value to shareholders while balancing investment in growth opportunities.

RESULTS OF OPERATIONS

Table 1: <u>Group results of operations</u>

(In HK$ million)	**2024**	**% to revenue**	2023	% to revenue	**Change**
Group revenue[1]	**3,919**	**100.0%**	3,873	100.0%	**1.2%**
Gross profit	**2,234**	**57.0%**	2,263	58.4%	**(1.3%)**
Other income and other gains, net	**52**	**1.3%**	68	1.8%	**(23.5%)**
Operating expense	**(1,909)**	**(48.7%)**	(1,828)	(47.2%)	**4.4%**
Operating profit	**377**	**9.6%**	503	13.0%	**(25.0%)**
Share of profit of a joint venture	**20**	**0.5%**	45	1.2%	**(55.6%)**
Finance expense	**(46)**	**(1.2%)**	(40)	(1.0%)	**15.0%**
Income taxes	**(99)**	**(2.5%)**	(119)	(3.1%)	**(16.8%)**
Profit after income tax attributable to non-controlling interests	**(36)**	**(0.9%)**	(44)	(1.2%)	**(18.2%)**
Profit after income tax attributable to shareholders	**216**	**5.5%**	345	8.9%	**(37.4%)**
Group same-store sales[2]	**2,858**		2,793		**2.3%**
Global brand sales[3]	**4,580**		4,607		**(0.6%)**
Global brand gross profit[3]	**2,818**		2,871		**(1.8%)**
Cash and bank balances, net of bank loans at year-end	**810**		905		**(10.5%)**
Inventories at year-end	**508**		474		**7.2%**
Inventory turnover on cost, days[4]	**110**		108		**2**
Stores at year-end	**1,732**		1,822		**(90)**

Revenue and gross profit

The Group achieved full-year revenue growth of 1.2%, underscored by a strong 5.9% sales rebound in the second half. Despite a 3.4% decline in revenue during the first half, the second half saw a significant recovery, fulfilling our ambition to achieve growth in the latter part of the year and ultimately resulting in a 1.2% revenue growth for the fiscal year, and despite the flat year-on-year ("YOY") revenue performance outlook for FY2024 given in the first half. On a constant exchange rate basis, full-year revenue increased by 3.2%, driven by improved performances in the Southeast Asia and Australia ("SEA") and Gulf Cooperation Council ("GCC") regions, as well as robust growth in the Mainland China online business. Same-store sales also increased by 2.3% YOY driven by a positive growth of 6.4% in same-store sales in the second half, as compared to a 1.4% decline in the first half. This growth underscores the effectiveness of our strategic Quick Win initiatives, which were highlighted in our interim results and implemented in May. These initiatives focus back on the core of our business; that is, store operations improvement, e-commerce acceleration, product allocation, storytelling and inventory management.

Specifically, Greater China's YOY sales were down by 0.8% on the back of an 8.3% decline in the first half, reflecting the challenging market environment. In contrast, the SEA region achieved a 2.5% YOY positive growth, and the GCC region experienced an increase of 3.3% YOY. Notably, all key markets grew faster in the second half by 5.9%, as compared to the 3.4% decrease in the first half. The revenue improvement in the second half was the result of several Quick Win initiatives, including targeted marketing campaigns, enhanced product offerings, retail operations improvements, and acceleration of the e-commerce business.

Group retail revenue was up by 1.4% (3.6% on a constant exchange rate basis), with both figures resulting in a positive growth of 5.6% in the second half. Offline sales managed to catch up with last year's performance, driven by improved product assortment in stores and a well-executed launch plan for new products. This strategic focus on enhancing the in-store experience and optimizing the product mix helped mitigate the earlier declines and drive increased foot traffic back to our stores.

Online sales reported a significant growth of 11.3%, up 22.4% in the second half as compared to 0.9% decline in the first half, driven by the e-commerce Quick Win initiatives in Mainland China across various platforms for key promotions such as the Double Eleven sale. Targeted digital marketing efforts, improved user experience on our e-commerce platforms, and strategic collaborations with major online marketplaces supported this growth. Despite the strong performance in Mainland China, the size of our online business outside this region remained relatively small, contributing to only 19.9% of the total online revenue. However, the completion of the API integration with most third-party platforms in the second half is expected to further accelerate online business growth in other markets. This integration will enhance our ability to leverage data analytics, improve inventory management, and offer our customers a more seamless shopping experience across different regions.

Wholesale channels experienced a slight drop of 0.7%, primarily dragged by lower wholesale volumes in Mainland China due to a reduced number of franchised stores. This decline was partially offset by strategic efforts to streamline operations and focus on key accounts. In contrast, wholesale to overseas markets achieved a 6.4% growth, driven by strong demand in regions such as the Philippines and South Korea. This positive trend in overseas markets is expected to continue into 2025, barring any unexpected macroeconomic issues. Our commitment to building strong relationships with key franchisees and licensees, expanding our product range, and enhancing our supply chain efficiency has positioned us well to capitalize on growth opportunities in these markets.

Table 2: Revenue analysis

(In HK$ million)	**2024**	**Contribution**	2023	Contribution	**Change**
Greater China	**1,714**	**43.7%**	1,727	44.6%	**(0.8%)**
Southeast Asia and Australia	**1,508**	**38.5%**	1,471	38.0%	**2.5%**
Gulf Cooperation Council	**697**	**17.8%**	675	17.4%	**3.3%**
Group revenue by market	**3,919**	**100.0%**	3,873	100.0%	**1.2%**
Offline	**2,976**	**76.0%**	2,980	77.0%	**(0.1%)**
Online	**523**	**13.3%**	470	12.1%	**11.3%**
Retail	**3,499**	**89.3%**	3,450	89.1%	**1.4%**
Wholesale to overseas franchisees	**301**	**7.7%**	283	7.3%	**6.4%**
Wholesale to franchisees in Mainland China	**119**	**3.0%**	140	3.6%	**(15.0%)**
Wholesale to franchisees	**420**	**10.7%**	423	10.9%	**(0.7%)**
Group revenue by channel	**3,919**	**100.0%**	3,873	100.0%	**1.2%**

Group's gross profit margin decreased by 1.4 percentage points to 57.0% for FY2024. This decline was partially attributed to a shift in channel mix, with the online business contributing more significant growth as planned, which generally has a lower gross profit margin compared to offline channels. Additionally, the planned strategic clearance of aged inventories from previous years also affected the overall gross margin. Despite these challenges, our future pricing strategy will focus on balancing revenue growth and gross margin across different channels, in alignment with our overall strategic objectives.

As a result, our full-year gross profit recorded a slight decrease of 1.3% YOY, improving from the 3.1% decline reported in the first half. This improvement was driven by a strong 5.9% YOY sales growth in the second half, which offset the decline in gross profit margin, and resulted in a 0.6% increase in the second-half gross profit. This underscores the impact of the aforementioned factors, including the increased focus on online sales and strategic inventory clearance strategies, especially in Mainland China. In the SEA and GCC regions, gross margins remained relatively stable, benefiting from favourable market conditions and better brand positioning. These regions' performance highlights the potential for margin improvement as we continue to optimize our operations and focus on higher-margin product offerings.

Table 3: **Gross profit analysis**

(In HK$ million)	**2023 gross profit**	**Product costs**	**Selling prices**	**Volume**	**Miscellaneous**	**Currency translation difference**	**2024 gross profit**
Southeast Asia and Australia	883	(43)	38	28	2	(25)	**883**
Gulf Cooperation Council	429	6	(1)	16	(1)	(2)	**447**
Mainland China	320	–	(34)	21	(1)	(6)	**300**
Taiwan	277	(10)	14	(8)	–	(9)	**264**
Hong Kong and Macau	285	1	(60)	36	–	–	**262**
Market mix	–	6	(10)	4	–	–	**–**
Retail and distribution	**2,194**	**(40)**	**(53)**	**97**	**–**	**(42)**	**2,156**
Wholesale to overseas franchisees/subsidiaries	69						**78**
Group	**2,263**						**2,234**

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 mainly due to the reduction in interest income and exchange differences.

Operating expenses and operating profit

The operating expenses as a percentage of revenue increased to 48.7% for 2024 (2023: 47.2%). This increase was mainly driven by non-recurring expenses incurred in the first half of the year due to a corporate resolution exercise, as well as the additional operating expenses associated with the Company's 5-year business strategy transformation program – *'Beyond Boundaries'*. Despite these challenges, the operating expense ratio in the second half remained stable compared to the previous year, reflecting our disciplined approach to expense management. The absence of last year's rental concessions and government reliefs related to COVID-19 also contributed to the increase in operating expenses.

As a result, the Group's operating profit was down by 25.0% to HK$377 million, with an operating margin of 9.6%. However, if the unusual items referred to in the previous paragraph were excluded, the underlying operating profit would only have dropped by 15.8% due to the challenges in Greater China. Overall, the Group remains committed to optimizing our cost structure and improving our operating efficiency as we move forward.

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

The Group made a net impairment provision of HK$4 million for the right-of-use assets and property, plant, and equipment for the year based on Hong Kong Accounting Standard 36.

Finance expense

The finance expense increased to HK$46 million (2023: HK$40 million), mainly 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") was HK$216 million (2023: HK$345 million). This decline led to a net margin contraction to 5.5% (2023: 8.9%).

The economic conditions in Greater China remained challenging, leading to a continued weaker performance in this key market. Our South Korean joint venture also faced economic headwinds together with YOY reduction in fair-value gain of Korean Bonds, which reduced its profitability and, consequently, our share of profit from this venture. That said, the profit contribution from SEA and GCC markets remained stable.

The unusual items affected our profitability included expenses related to the corporate resolution exercise, the severance payments to our former CEO, and the implementation of our 5-year business strategy transformation program. While crucial for our long-term growth, these strategic initiatives temporarily increased our cost structure.

Despite these challenges, we remain committed to continuing executing our strategic initiatives as we embark on our *'Beyond Boundaries'* 5-year strategy that ensures we have a disciplined approach to expense management and focus on long-term growth which will in turn position us well for future improvements in profitability.

Table 4: Changes in PATS

(In HK$ million)	
2023 PATS	**345**
Gulf Cooperation Council	**11**
Taiwan	**(3)**
Southeast Asia and Australia	**(22)**
South Korea	**(24)**
Hong Kong and Macau	**(25)**
Mainland China	**(41)**
Wholesale to overseas franchisees/subsidiaries	**15**
Headquarter expenses, finance expense, income taxes and non-controlling interests	**(35)**
Changes in PATS	**(124)**
2024 PATS, at constant exchange rates	**221**
Currency translation difference	**(5)**
2024 PATS	**216**

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

(In HK$ million, translated at constant exchange rates)	**2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**1,482**	**100.0%**	1,484	100.0%	**(0.1%)**
Gross profit	**841**	**56.7%**	882	59.4%	**(4.6%)**
Other income and other gains, net	**13**	**0.9%**	14	1.0%	**(7.1%)**
Operating expense	**(812)**	**(54.8%)**	(785)	(52.9%)	**3.4%**
Operating profit	**42**	**2.8%**	111	7.5%	**(62.2%)**
Finance expense	**(10)**	**(0.7%)**	(6)	(0.4%)	**66.7%**
Profit before income taxes	**32**	**2.1%**	105	7.1%	**(69.5%)**

Hong Kong and Macau

The performance in the Hong Kong and Macau markets mirrored the trends observed in the first half of the year. Sales reported a low-single-digit decline year-over-year, primarily driven by the continued trend of consumers shifting their spending northbound to Mainland China and the absence of government consumption vouchers, which had previously contributed to a one-time surge in spending.

The profitability in these markets was notably impacted by several factors. The post-COVID-19 period saw rental costs normalizing to pre-COVID levels, which has increased our operating expenses. Additionally, the need to clear aged merchandise from previous years led to a reduced gross margin, further affecting our profitability.

Despite these challenges, we observed some positive developments towards the latter part of the year. The implementation of our Quick Win initiatives in May continued to show promise. These initiatives focused on store operations, and turnaround through better merchandising and buying. These strategies ensure the improved availability of bestsellers and enhanced storytelling at points-of-sale, helping to drive traffic, customer engagement and sales.

Looking ahead, we are optimistic about the potential for sales and gross margin improvement. The launch of new merchandise, supported by our storytelling efforts, and focus on improved retail operations are expected to resonate well with consumers and drive better performance in the future. It should be noted that in December all stores in Hong Kong and Macau were profitable.

Mainland China

Our performance in Mainland China showed signs of recovery, driven primarily by a strong rebound in online business during the second half of the year of 9.7%. In comparison, the first half reported a revenue drop of 6.6%. The full-year revenue successfully swung the overall Mainland China business to a mild growth of 1.5%. This positive turnaround was aligned with the Quick Win initiatives implemented, which focused on accelerating our online business across various channels.

As a result of these efforts, the contribution of online sales to our overall business increased significantly, reaching 63% compared to 55% in 2023. This shift underscores the growing importance of our online presence in Mainland China. However, the increased focus on online channels, coupled with planned discounting strategies to flush out aged inventory and the build-up of slow-moving merchandise, led to a lower gross profit margin overall.

Conversely, our offline business continues to face challenges. The significant decline in offline sales earlier in the year, driven by high-aged inventory and diminished brand perception highlighted the need for substantial efforts to rebuild growth momentum. The de-prioritization and the lack of brand investment in previous periods have necessitated a more focused and strategic approach to revitalizing our offline presence. As outlined in our *'Beyond Boundaries'* 5-year strategy, we will concentrate on developing the business in the Southern region first, leveraging existing brand awareness and ensuring operating efficiencies. Once successful, we plan to adopt the model in other regions across Mainland China as we invest in the brand and products. Despite these efforts, the overall profitability in Mainland China has been impacted by the change in channel mix business leading to a lower gross profit and higher operating expenses associated with the online business. Consequently, coupled with the continued loss of our offline business we reported a loss for the year in this market.

Looking forward, Mainland China remains a "must-win" battlefield according to our five-year strategic plan. We are committed to resetting, recalibrating, and revitalizing our business back to profitability in both channels in this crucial market to drive the Group's long-term growth.

Taiwan

The Taiwanese market demonstrated resilience despite ongoing economic uncertainties. In the first half of the year, we experienced a mid-single-digit decline in sales, reflecting the challenges posed by the uncertain economic climate. However, the second half of the year saw a notable recovery, with sales reporting a mid-single-digit growth, as compared to a 4.4% decline in the first half, as a result of the implementation of our Quick Win initiatives in May.

This rebound in the latter half of the year enabled us to catch up to the previous year's revenue figure, achieving a stable sales performance YOY. The resilience and strong performance of our sub-brands, such as BSX and Giordano Ladies, played a crucial role in moderating the overall profit decline and driving the recovery in sales.

Looking forward, we remain cautiously optimistic about the Taiwanese market. We will continue to monitor the economic situation closely and adapt our strategies as needed to maintain our market position and support long-term growth in Taiwan.

Table 6: Greater China revenue and store count

(In HK$ million, translated at constant exchange rates)	Revenue			Stores at year-end: Franchised		Direct operated		Total	
	2024	2023	**Change**	**2024**	2023	**2024**	2023	**2024**	2023
Mainland China	**674**	664	**1.5%**	**294**	343	**107**	143	**401**	486
Taiwan	**442**	440	**0.5%**	**–**	–	**167**	168	**167**	168
Hong Kong and Macau	**366**	380	**(3.7%)**	**–**	–	**41**	41	**41**	41
Total	**1,482**	1,484	**(0.1%)**	**294**	343	**315**	352	**609**	695

In summary, the performance in Greater China has been impacted by the former deprioritization of the business in Mainland China and previous underinvestment in products and the brand, leading to unsatisfactory results in the region. Again, our *'Beyond Boundaries'* 5-year plan has identified Greater China as a key geographic focus to grow. Recognizing the strategic importance of this market, we are dedicated to resetting, recalibrating and revitalizing this market and deploying more resources to grow the business in this region.

Moving forward, we will implement targeted initiatives to enhance brand investment, improve store performance, and optimize inventory management. These efforts are expected to address the challenges faced in the past and set a solid foundation for sustainable growth in this must-win market.

Southeast Asia and Australia

Table 7: Southeast Asia and Australia profit before income taxes

(In HK$ million, translated at constant exchange rates)	**2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**1,555**	**100.0%**	1,471	100.0%	**5.7%**
Gross profit	**908**	**58.4%**	883	60.0%	**2.8%**
Other income and other gains, net	**6**	**0.4%**	19	1.3%	**(68.4%)**
Operating expense	**(665)**	**(42.8%)**	(631)	(42.9%)	**5.4%**
Operating profit	**249**	**16.0%**	271	18.4%	**(8.1%)**
Finance expense	**(22)**	**(1.4%)**	(21)	(1.4%)	**4.8%**
Profit before income taxes	**227**	**14.6%**	250	17.0%	**(9.2%)**

Our business in the region is stable in terms of revenue and profitability. Indonesia continued to be the largest contributor in the region, demonstrating robust sales growth for both Giordano and non-Giordano brands supported by effective local marketing initiatives. Throughout the year, we have undertaken brand reshuffling efforts to streamline the non-Giordano business, and we anticipate higher contributions from the Giordano brand going forward. This strategic adjustment is expected to enhance our market position of Giordano and drive further growth in this key market.

Overall, the region has demonstrated revenue growth opportunities, with efforts to implement Quick Win initiatives, including optimizing brand performance, improving brand performance and addressing market-specific challenges. We remain optimistic about the future prospects in Southeast Asia and Australia and are devoted to leveraging our strategic initiatives to drive continued growth and profitability in these markets.

Table 8: Southeast Asia and Australia revenue and store count

(In HK$ million, translated at constant exchange rates)	Revenue			Stores at year-end	
	2024	2023	**Change**	**2024**	2023
Indonesia	**805**	739	**8.9%**	**210**	238
Thailand	**278**	272	**2.2%**	**155**	156
Singapore	**210**	195	**7.7%**	**31**	30
Malaysia	**159**	164	**(3.0%)**	**86**	88
Vietnam	**77**	75	**2.7%**	**30**	44
Australia	**22**	20	**10.0%**	**5**	6
Cambodia	**4**	6	**(33.3%)**	**2**	3
Total	**1,555**	1,471	**5.7%**	**519**	565

The Gulf Cooperation Council

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

(In HK$ million, translated at constant exchange rates)	**2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**699**	**100.0%**	675	100.0%	**3.6%**
Gross profit	**449**	**64.2%**	429	63.6%	**4.7%**
Other income and other gains, net	**5**	**0.7%**	6	0.9%	**(16.7%)**
Operating expense	**(313)**	**(44.8%)**	(305)	(45.2%)	**2.6%**
Operating profit	**141**	**20.1%**	130	19.3%	**8.5%**
Finance expense	**(16)**	**(2.3%)**	(13)	(1.9%)	**23.1%**
Profit before income taxes	**125**	**17.9%**	117	17.4%	**6.8%**
Franchised stores	**44**		40		**4**
Direct-operated stores	**139**		138		**1**
Stores at year-end	**183**		178		**5**

The GCC region achieved positive revenue growth and has demonstrated a business uptrend, despite intense geopolitical tensions in the area. Both revenue and profitability have improved YOY, driven by enhanced product availability and effective marketing campaigns.

Our commitment to driving product innovation and tailored marketing strategies has proven successful, contributing to the overall growth in this vital market. The GCC continues to be a key profit driver for the Group, and we remain focused on leveraging these strategies to sustain and further enhance our market position.

South Korea

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

(In Korean Won million)	**2024**	**% to revenue**	2023	% to revenue	**Change**
Revenue	**147,825**	**100.0%**	169,703	100.0%	**(12.9%)**
Gross profit	**77,826**	**52.6%**	88,873	52.4%	**(12.4%)**
Net profit	**7,356**	**5.0%**	15,709	9.3%	**(53.2%)**
Share of net profit	**3,571**		7,619		**(53.1%)**
Stores at year-end	**123**		120		**3**

Our shared profit from the South Korean joint venture experienced a significant year-over-year drop. This decline was primarily due to two factors: worsening sales performance driven by the weakening economy due to the recent political instability, as well as a decrease in fair valuation gains from Korean Bonds.

In the short term, the volatile business environment will continue to hinder our performance in the South Korean market. However, we remain cautiously optimistic about our long-term prospects due to our strong branding and effective localization strategy in terms of product offerings and marketing initiatives.

Also, we will leverage our resources and knowledge of South Korea, such as merchandising, to other markets for synergy which is expected to be beneficial to our business at Group level.

Overseas (outside Greater China) franchisees and licensees

Table 11: Overseas franchised store count

	2024	2023
Southeast Asia	**190**	190
South Korea*	**123**	120
South Asia	**102**	69
Africa	**27**	24
Other markets	**23**	21
Total	**465**	424

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

Our overseas franchised and licensed network experienced a notable turnaround. With adequate support provided to our franchisees and licensees, our wholesale to these markets significantly rebounded in the second half, helping to achieve double-digit growth in full-year revenue.

We expect the wholesale to mature markets, such as the Philippines, to continue increasing steadily. In addition, in terms of store count, we anticipate growth driven by expansion in various emerging markets such as South Asia.

This positive trend reflects our strategic efforts to bolster our overseas presence and support our partners in navigating challenging market conditions. We remain committed to providing robust support to our franchisees and licensees, ensuring sustainable growth and success in our overseas markets.

FINANCIAL POSITION

Liquidity and financial resources

As of December 31, 2024, the cash and bank balance, net of bank loans, stood at HK$810 million (2023: HK$905 million). The reduction in cash was primarily due to decreased operating cash inflow partly due to a higher non-recurring cash outflow items stated previously. As discussed in the 1H report, management continues to closely examine the dividend payout strategy to align with more of the typical market norms. Despite the significant year-over-year cash flow reduction, the Company's financial position remains robust.

The bank borrowings amounted to HK$26 million (2023: HK$30 million). The Group's gearing ratio, defined as the total bank borrowings over total equity, was 1.2% (2023: 1.3%). The Group's current ratio was 1.5 (2023: 1.6), based on current assets of HK$1,692 million (2023: HK$1,735 million) and current liabilities of HK$1,134 million (2023: HK$1,096 million).

Property, plant, and equipment

Capital expenditure for the year was HK$66 million (2023: HK$87 million), primarily allocated for store upgrades and relocations.

Goodwill and put option liabilities

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

Interest in the South Korea joint venture

The carrying value of our 48.5% interest in the South Korea joint venture, accounted for using the equity method, experienced a decrease of 16.2% to HK$414 million. This reduction was primarily attributed to the depreciation of the Korean Won and the receipt of dividends.

Inventories

Group inventories closed at HK$508 million (2023: HK$474 million). Inventory turnover on cost remained steady at 110 days. The planned strategic price promotion effectively cleared the build-up of aged inventory from previous years, which will help improve the composition of the inventory mix going forward for our consumers.

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. The finished goods at suppliers were higher than last year, primarily due to stock-up in preparation for the early Chinese New Year and early Ramadan in the first quarter of 2025 compared to the second quarter of 2024. In summary, our system inventories remain healthy.

Management is actively reviewing the entire sourcing and supply chain process with the aim of enhancing stock efficiency. This comprehensive review is expected to streamline operations, reduce excess inventory, and ensure a more agile response to market demands. By optimizing these processes, the Group aims to drive future business growth and improve overall inventory management.

Table 12: System inventories

	At December 31	
(In HK$ million)	**2024**	2023
Inventories owned by the Group	**508**	474
Inventories held by 48.5% South Korea joint venture	**178**	182
Inventories held by franchisees in Mainland China	**34**	38
Finished goods at suppliers	**28**	15
Inventories not owned by the Group	**240**	235
Total system inventories	**748**	709

Trade receivables and payables

The turnover days for trade receivables and payables were 44 days (2023: 52 days) and 63 days (2023: 45 days), respectively. The increase in trade payables was primarily attributable to the earlier receipt of Chinese New Year merchandise in December.

Dividends

The Company adopted a dividend policy on November 8, 2018 (the "Dividend Policy"). The Dividend Policy aims to return surplus cash to its shareholders through dividend payouts. In line with the Dividend Policy, the Company has been paying a substantial portion of its earnings as an ordinary dividend, which may vary depending on cash on hand, future investment requirements, and working capital considerations.

As discussed in the interim report, management continues to closely examine the dividend payout decision to align with more typical market norms, with consideration of long-term sustainability and balanced capital allocation for future growth. Therefore, the Board of Directors recommended a final dividend of 6.0 HK cents per share (2023: 13.5 HK cents per share). With the interim dividend of 8.0 HK cents per share (2023: 17.0 HK cents per share) paid on Friday, September 20, 2024, the full-year dividend will amount to 14.0 HK cents per share (2023: 30.5 HK cents per share) with a payout ratio of 104.5%. Subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the final dividend will be payable on Friday, June 20, 2025 to shareholders whose names appear on the register of members of the Company on Tuesday, June 10, 2025.

OUTLOOK

The past year has been a year of transition for the Group, marked by a renewed focus on the fundamentals of our business under the new leadership of our CEO. With his vision, we have embarked on our ambitious Giordano *'Beyond Boundaries'* five-year plan. This strategic roadmap is built on four strategic choices:

1. Revitalize our Brand Portfolio

2. Digital First

3. Greater China

4. One Giordano

The strategic choices will allow us to reset, revitalize, recalibrate, and reconnect with our customers allowing us to achieve our goal to transform Giordano into a growth company, and reclaim our position as the best Asian apparel brand. We aim to win in Greater China and accelerate our expansion in the GCC and SEA regions. We strive to achieve revenue at a high single to low double-digit compound annual growth rate (CAGR) between 2025 and 2030 and pursue to achieve the profit margin trending towards historic levels.

Strategic Achievements and Key Initiatives

Our commitment to achieving growth in the second half of 2024 and maintaining flat full-year revenue compared to 2023 has been met with success. We are proud to report a 1.2% year-over-year (YOY) increase in full-year revenue driven by a turnaround in positive growth in the third quarter of 4.4% and the fourth quarter of 7.3%. This achievement underscores the effectiveness of Quick Win initiatives launched in May and our ability to adapt to evolving market conditions.

Several key initiatives have been instrumental in driving this performance:

1. **Quick Win Initiatives:** These initiatives implemented in May have been pivotal in our recovery. We focused on accelerating our online business, enhancing our product assortment, improving our retail operations and leveraging storytelling initiatives. These efforts resulted in a robust sales rebound in the latter half of the year. Our targeted marketing campaigns and strategic partnerships have enabled us to reach a broader audience and increase engagement.

2. **One-Brand Alignment:** We successfully unified our Men, Women, and Kids designs and products in our stores, ensuring a consistent and cohesive brand experience. This strategic move has strengthened our brand identity and improved the overall shopping experience for our customers. By harmonizing our product lines, we have created a more streamlined and appealing shopping environment, which has been well-received by our customers.

3. **Enhanced Retail Excellence:** We have placed a strong emphasis on improving our retail operations, particularly in product and merchandising. Recognizing that product is paramount, we have focused on enhancing the sell-through ratio of our merchandise by making data-driven decisions. This approach has enabled us to optimize our product mix and ensure the availability of best-sellers in our stores. Our efforts to refine our inventory management and enhance our in-store displays have also contributed to this success.

Marketing and Customer Engagement

In our marketing efforts, we have adopted a customer-centric approach, creating compelling narratives around our products to meet customer needs. For instance, our crossover campaigns launched in January for Chinese New Year received a positive response from consumers with a sell-thru of overall 70%. We will continue to pursue relevant and meaningful collaborations with other partners to attract consumer attention and engagement. Our goal is to create a strong emotional connection with our customers, enhancing their overall experience with our brand. By leveraging digital marketing strategies and social media platforms, we aim to reach a wider audience, drive traffic to our store and build lasting relationships with our customers.

Geographic Focus and Growth Strategies

Geographically, Greater China, especially Mainland China, remains the must-win battlefield in our five-year plan. Despite the challenges faced earlier in the year, our performance in Mainland China showed signs of recovery in the second half, driven primarily by a strong rebound in online business during the second half of the year. We believe our brand and business will be revitalized by improving competency and capabilities in areas such as product, marketing, retail operation, people and process. Mainland China, along with our home market of Hong Kong, is earmarked as the hub of our growth strategy. Our deep roots and understanding of this market, will enable us to leverage local insights and grow in this important and dynamic market.

In addition to Greater China, SEA and GCC are vital to our business, particularly in terms of profitability. The SEA region saw positive growth of 2.5% YOY, and the GCC region experienced an increase of 3.3% YOY. These regions have demonstrated the ability to grow especially in the second half with targeted efforts to optimize brand performance and address market-specific challenges. We will continue to leverage our local knowledge while enhancing our competency to sustain and improve our business in these markets, especially in the online business which has an enormous growth potential. Our digital-first approach will ensure we focus on developing the e-commerce channel for accelerating growth as our penetration across all markets in the online channel is far below industry norms. Our expansion plans include accelerating the online and offline footprints, enhancing our product offerings, and strengthening our relationships with key partners and distributors.

Staff and Organizational Development

Our staff are our most important asset and are strong brand advocates who have positively embraced the changes and quickly adapted to new challenges. With the first year of our 5-year journey commencing in 2025, we have already reorganized our organizational structure and operating model by bringing in top talent in Design, Product & Merchandising, and Digital and e-commerce. The *'Beyond Boundaries'* 5-year strategy is not merely a plan for expansion, but a concerted effort to place the customer at the centre of all our endeavors. 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.

To further strengthen our focus on pivotal markets, we have appointed a senior leader to focus solely on the must-win battlefield of Mainland China. We have already implemented our reset business plan, which will transform our business into a channel-based model from a regional one. We are confident that we have established a path to guide Mainland China toward profitability. In addition, we will continue to foster a culture of innovation, collaboration, and excellence, ensuring that our staff are well-equipped to support our strategic goals. To support our staff, we have introduced various incentive and development programs aimed at enhancing their skills and knowledge. These initiatives include leadership development programs, technical training, and workshops focused on customer service excellence. By investing in our people, we are building a strong foundation for future growth and ensuring that our team is prepared to meet the evolving needs of our customers.

Management would also like to extend our heartfelt gratitude to our staff for their unwavering dedication and hard work. Their commitment has been instrumental in driving the success of our organization. It is their resilience and passion that empowers us to pursue our *'Beyond Boundaries'* strategy with confidence and optimism. We thank them for their relentless pursuit of excellence and for continuously going above and beyond to serve our customers. Their efforts are the backbone of our company, and we are immensely proud to have such a talented and committed team. Together, we will continue to achieve great things and shape a bright future for our organization.

Financial Performance and Future Outlook

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 the profit margin trending towards historic levels, which in turn will create even more shareholder value. For 2025 our ambition is to strive to achieve a revenue growth between 3-5% with profit growing faster than the revenue growth.

Our strategic investments in technology, process improvements, and customer engagement are positioning us for long-term growth. By refining our pricing strategies, improving inventory control, and focusing on high-margin product introductions, we aim to stabilize and enhance our gross margins in the coming years. Despite the challenges faced in 2024, our financial position remains robust, providing a solid foundation for future growth.

We are also exploring opportunities to expand our digital presence, enhance our e-commerce capabilities, and leverage data analytics to better understand customer preferences and behaviours. These efforts will enable us to make more informed decisions, optimize our marketing strategies, and deliver a more personalized shopping experience.

Commitment to Innovation and Customer-Centricity

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'* five-year strategy is summarized in the latter section of this Report. 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.

As we look to the future, we are committed to driving innovation, enhancing our customer-centric approach, and leveraging our strategic initiatives to achieve sustainable growth. We are confident that the steps we have taken and the plans we have in place will enable us to navigate the evolving market landscape, capitalize on new opportunities, and deliver long-term value to our shareholders.

We will continue to focus on customer satisfaction, ensuring that every interaction with our brand is positive and memorable. By listening to our customers and responding to their needs, we will build stronger relationships and foster loyalty. Our commitment to quality, innovation, and excellence will guide us as we strive to exceed customer expectations and achieve our growth objectives.

In summary, the future of Giordano is bright. With a clear strategic vision, a strategic 5-year plan and a roadmap called *'Beyond Boundaries'*, coupled with a passionate, dedicated and talented team, we are well-positioned to start out on our 5-year journey and achieve our goal to become a growth company and deliver exceptional value to our shareholders. We are excited about the opportunities that lie ahead and remain committed to executing our *'Beyond Boundaries'* strategy with excellence, precision and passion.

Gratitude and Commitment to Shareholders

In closing, we would like to express our deepest gratitude to our shareholders for their unwavering support and confidence in Giordano. Your trust and belief in our vision and strategy have been instrumental in our journey. We remain steadfastly committed to striving for higher shareholder value, guided by our strategic roadmap and our dedication to operational excellence. Together, we look forward to a future of sustained growth, innovation, and success, delivering exceptional value and returns to our esteemed shareholders.

OTHER INFORMATION

Human Resources

As of December 31, 2024, the Group had approximately 6,627 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 training in sales and customer service, management, planning, and leadership development to maintain a skilled and motivated workforce. The Group facilitates the younger executives to take up management roles. On December 31, 2024, the average age of the Group's management team was 49.

Annual General Meeting

The annual general meeting of the Company is scheduled to be held on Friday, May 30, 2025 (the "2025 AGM"). A notice convening the 2025 AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders together with the 2024 annual report of the Company. The notice of the 2025 AGM and the proxy form will also be available on the websites of the Company and Hong Kong Exchanges and Clearing Limited.

Closure of Register of Members

Annual General Meeting

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, May 27, 2025 to Friday, May 30, 2025 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the 2025 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, May 26, 2025.

Final Dividend

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, June 6, 2025 to Tuesday, June 10, 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, June 5, 2025.

Corporate Governance Code

During the year ended December 31, 2024, the Company has complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, 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 Managing Director, therefore, the Board is of the view that the Chairman and the Managing Director should be exempt from this arrangement at the present time.

Code provision C.2.1

Mr TSANG On Yip, Patrick, a Non-executive Director, was appointed as the Chairman of the Board and, Mr Colin Melville Kennedy CURRIE, an Executive Director, was appointed as the Chief Executive Officer, both effective from April 5, 2024.

Prior to that, the role of Chairman of the Board and the Chief Executive were both taken by Dr LAU Kwok Kuen, Peter ("Dr Lau") since 1994. Such practice deviated from code provision C.2.1, which stipulates that the role 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 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 of the Board 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.

Following the aforementioned changes and segregation, the role 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.

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 of the Company, all directors of the Company 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 year ended December 31, 2024.

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

During the year ended December 31, 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 Annual Results

The Group's audited consolidated financial statements for the year ended December 31, 2024, including the accounting principles and practices adopted have been reviewed by the Audit Committee in conjunction with the Company's external auditor.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, and the related notes thereto for the year ended December 31, 2024, as set out in the preliminary announcement have been agreed upon by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement, and consequently, no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, March 26, 2025

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

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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 year-end by the cost of sales multiplied by the number of days in the year.