

## Giordano Announces 2007 Final Results

### Highlights

- Group turnover increased by 13.2% to HK\$4,950 million.
- Profit attributable to shareholders increased by 43.9% to HK\$295 million due mainly to strong growth in Mainland China, the absence of the one-off tax charge recorded in 2006 and a rebound in profits contribution from South Korea.
- The Retail Division saw turnover growing by 10.0% to HK\$4,420 million and achieved a 15.0% increase in operating profit.
- Achieved six consecutive quarters of double-digit top line growth in Mainland China; sales rose by 23.8% while operating profit increased by 81.7%. Ninety-one outlets added to bring Mainland China store network to 820 at the end of 2007.
- Added 120 stores worldwide, bringing global network to 1,895 at the end of 2007.
- The Board of Directors recommended a final dividend of 5.0 HK cents per share and a special final dividend of 10.0 HK cents per share.

### March 28<sup>th</sup>, 2008, Hong Kong

Giordano International Limited (“Giordano” or the “Group”) announced its 2007 final results today. Propelled by the strong growth in the Group’s retail and distribution business in Mainland China, Group turnover increased 13.2% to HK\$4,950 million. Profits attributable to shareholder amounted to HK\$295 million, a 43.9 percent increase over 2006. The Board of Directors recommended a final dividend of 5.0 HK cents and a special dividend of 10.0 HK cents per share.

Our steady push to differentiate and elevate its brands gained consumer acceptance, with all brands achieving better performance in 2007. *Giordano Ladies* was the Group’s best performer, with turnover growing by 17.8% and comparable store sales increasing by 9.1% in 2007.

*Giordano Concepts* had performed to Management’s expectation in its first full year of operation, with its launch in Hong Kong in 2006 being followed in quick succession by new stores in Beijing, Shanghai, Guangzhou, Taipei, Singapore, Kuala Lumpur and Jakarta. The brand grew to account for 4% of the Group’s Retail and Distribution turnover, and had 14 stores in the region by the end of 2007.

We also devoted significant resources to re-energize the core *Giordano* business by expanding and updating its product offering as well as upgrading its stores. In order to

cater to increasingly sophisticated and demanding consumers, Management has moved to more than double *Giordano*'s collection to over 3,000 styles a year. This, together with the introduction of a new contemporary store design concept to provide a more attractive and comfortable shopping environment, helped the brand to increase its turnover by 5.7% to HK\$3,707 million in 2007.

The Group's Mainland China expansion program also yielded strong results. We added 91 stores in Mainland China to expand our distribution network to 820 outlets. This, coupled with a 15.2% increase in comparable store sales, drove turnover to increase by 23.8% and operating profit to surge by 81.7%. The jump in Mainland China's turnover contribution from 24% to 31% clearly signals the Group's renewed focus on this market. Growth momentum remained robust going into 2008 and, with the help of a cold Chinese New Year, sales rose by 43.2% in the first two months of 2008.

"We are encouraged by the steady and solid growth that the Group has achieved in 2007, especially the noticeably better reception that our brand upgrading efforts have received in Mainland China," remarked Dr. Lau Kwok Kuen, Peter, Chairman and Chief Executive of *Giordano*. "As such, we will push for faster growth in Mainland China, with a view to adding 120 stores in 2008. We will also ensure our other markets will take advantage of more favourable trading conditions, especially Taiwan and Korea. To support our growth plan, management has substantially increased the capital expenditure from the HK\$142 million in 2007 to an estimated HK\$250 million to HK\$300 million in 2008 for store procurement and furnishing, including a number of new and exciting flagship locations in Mainland China and Hong Kong. Overall, we target to expand our global distribution network by at least 150 outlets to over 2,000 worldwide and to sustain double digit turnover growth in 2008. In order to reserve cash for investment and expansion, the Company's dividends will be 19% less than 2006. I believe that the Group's ongoing efforts in bringing new blood, more creativity and innovation will bring even better results in the coming years, particularly in Mainland China." continued Dr. Lau.

(Attachment: Audited consolidated results for the year ended 31 December 2007)

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#### **About *Giordano* :**

*Giordano* is a leading international retailer of men's, women's and children's apparel under the brand names *Giordano*, *Giordano Concepts*, *Giordano Ladies*, *Giordano Junior*, *Bluestar Exchange* and *BSX*. Established in 1981, *Giordano* now operates over 1,800 stores and counters in Greater China, Japan, Korea, Southeast Asia, Australia, India and the Middle East.

**For further information, please contact:**

William Yue

Telephone: +852.2746.4727

E-mail: [williamyue@giordanogroup.com](mailto:williamyue@giordanogroup.com)

Rosa Li

Telephone: +852.2746.3774

E-mail: [rosali@giordanogroup.com](mailto:rosali@giordanogroup.com)**Attachment:**

Audited consolidated results for the year ended 31 December 2007, together with comparative figures for the previous year, as follows:

<i>(In HK\$ millions except earnings per share)</i>	<b>2007</b>	<b>2006</b>
Turnover	<b>4,950</b>	4,372
Cost of sales	<b>(2,593)</b>	(2,194)
Gross profit	<b>2,357</b>	2,178
Other income	<b>108</b>	114
Distribution expense	<b>(1,598)</b>	(1,449)
Administrative expense	<b>(192)</b>	(171)
Other operating expense	<b>(291)</b>	(296)
Operating profit	<b>384</b>	376
Finance expense	<b>(2)</b>	(1)
Share of profit of jointly controlled companies	<b>23</b>	8
Share of profit of an associate	<b>12</b>	8
Profit before taxation	<b>417</b>	391
Taxation	<b>(113)</b>	(173)
Profit after taxation	<b>304</b>	218
Profit attributable to:		
Shareholders of the Company	<b>295</b>	205
Minority interests	<b>9</b>	13
	<b>304</b>	218
Dividends	<b>321</b>	395
Earnings per share		
Basic	<b>19.8¢</b>	13.8¢
Diluted	<b>19.8¢</b>	13.7¢