

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

# GIORDANO

## GIORDANO INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 709)**

### **Unaudited 2009 Third Quarter Operations Update**

#### **Unaudited 2009 Third Quarter Operations Update – Highlights**

- The Group’s gross margin for the three months ended September 30, 2009 recovered to 52.1 percent, 170 basis points above the same period last year.
- Hong Kong, Taiwan and Singapore achieved same store sales growth of 4.8, 2.6 and 1.5 percent respectively while Mainland China recorded a 10.0 percent decline in same store sales in the third quarter. Overall, the Group’s Retail & Distribution Division third quarter same store sales were flat against last year while turnover was 6.9 percent below the same period last year.
- For the nine months ended September 2009, the Group’s turnover decreased by 12.9 percent year-on-year and gross margin came in at 49.4 percent (nine months ended September 2008: 51.3 percent).
- The Group’s inventory and cash levels remained healthy. Inventory turnover on sales for the nine months ended September 2009 was 32 days (nine months ended September 2008: 30 days). On September 30, 2009, the Group had approximately HK\$621 million in net cash and bank balances (June 30, 2009: HK\$585 million).
- We added a net total of 52 outlets during the third quarter, bringing the Group’s global network to 2,045 outlets at the end of September 2009.

In order to provide better disclosure to the financial markets and to the existing and potential shareholders of Giordano International Limited (the “Company”) so that they can better assess the financial performance of the Company and its subsidiaries (the “Group”), the Board of Directors of the Company announces the unaudited 2009 third quarter operations update of the Group for the period ended September 30, 2009. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

In the second half of 2008, the Group substantially divested its 51.0 percent interest in Placita Holdings Limited (“Placita”), the Group’s principal garment manufacturing subsidiary. The discussion below pertains to the Group’s continuing operations and excludes Placita’s results unless otherwise stated.

## Overview

The decline in the Group's turnover narrowed from 14.5 percent during the first half to 9.6 percent year-on-year in the third quarter. Meanwhile, the Group's third quarter gross margin increased to 52.1 percent, up by 170 basis points from the 50.4 percent recorded in the same period last year. For the nine months ended September 2009, the Group's turnover decreased by 12.9 percent year-on-year and gross margin was 49.4 percent (nine months ended September 2008: 51.3 percent).

<b>YOY Turnover Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
Retail & Distribution	-6.9%	-11.2%	-13.0%
Group total	-9.6%	-12.9%	-14.5%

## Retail & Distribution Division – Performance by Market

Our third quarter turnover in Mainland China was down by 5.0 percent and same store sales decreased by 10.0 percent year-on-year, a slightly bigger decline than first half 2009 reflecting the absence this year of the “Olympic boost”, though lower product cost and less frequent discounting enabled us to improve our third quarter gross margin against 2008. With the economic outlook brightening, we resumed our expansion in Mainland China, adding a total of 51 outlets in the third quarter to bring our total network to 963 as at September 30, 2009.

Hong Kong, Taiwan and Singapore all posted smaller year-on-year sales declines in the third quarter than the first half, while same store sales increased by 4.8, 2.6 and 1.5 percent in the three markets respectively. Mainland China, Hong Kong, Taiwan and Singapore all achieved year-on-year gross margin gains in the third quarter.

<b>YOY Turnover Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
Mainland China	-5.0%	-3.9%	-3.5%
Hong Kong & Macau	-7.7%	-12.6%	-15.1%
Taiwan	-11.9%	-17.4%	-19.5%
Singapore	-8.4%	-18.3%	-22.2%
<b>Retail &amp; Distribution Total</b>	<b>-6.9%</b>	<b>-11.2%</b>	<b>-13.0%</b>

<b>YOY Same Store Sales<sup>1</sup> Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
Mainland China	-10.0%	-9.4%	-9.2%
Hong Kong & Macau	+4.8%	-5.5%	-10.8%
Taiwan	+2.6%	-6.2%	-9.5%
Singapore	+1.5%	-2.9%	-4.9%
<b>Retail &amp; Distribution Total</b>	<b>Flat</b>	<b>-6.3%</b>	<b>-9.2%</b>

<sup>1</sup> In local currency for self-operated outlets which were open for the full three, six and nine months in each of the two fiscal years under comparison.

### ***Retail & Distribution Division – Performance by Brand***

With the exception of *Giordano Concepts* which is being re-launched in Fall/Winter 2009, the performance of all our brands improved in the third quarter, with turnover recording smaller declines than the first half and better gross margins than third quarter 2008.

<b>YOY Turnover Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
<i>Giordano &amp; Giordano Junior</i>	-3.0%	-8.4%	-10.6%
<i>Giordano Ladies</i>	-8.6%	-10.4%	-10.9%
<i>Giordano Concepts</i>	-58.5%	-46.0%	-40.7%
<i>BSX</i>	-17.8%	-27.0%	-31.5%
<b>Retail &amp; Distribution Total</b>	<b>-6.9%</b>	<b>-11.2%</b>	<b>-13.0%</b>

<b>YOY Same Store Sales<sup>1</sup> Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
<i>Giordano &amp; Giordano Junior</i>	+0.1%	-6.0%	-8.4%
<i>Giordano Ladies</i>	-2.7%	-7.6%	-10.0%
<i>Giordano Concepts</i>	-17.6%	-24.3%	-27.0%
<i>BSX</i>	+8.4%	-5.9%	-10.3%
<b>Retail &amp; Distribution Total</b>	<b>Flat</b>	<b>-6.3%</b>	<b>-9.2%</b>

<sup>1</sup> In local currency for self-operated outlets which were open for the full three, six and nine months in each of the two fiscal years under comparison.

### ***Inventory and Cash***

The Group's inventory turnover on sales for the nine months ended September 2009 was 32 days, slightly higher than the 30 days recorded for the same period last year, while its net cash and bank balances increased to about HK\$621 million as at September 30, 2009 (June 30, 2009: HK\$585 million).

### ***Jointly Controlled and Associated Companies***

South Korea showed significant improvement in the third quarter, posting a 15.3 percent year-on-year increase in sales and same store sales growth of 22.3 percent. As a result, South Korea's turnover decline narrowed to 10.7 percent in the nine months ended September 2009 from the 21.5 percent recorded in the first half of the year. We also began expanding in South Korea again, adding 14 stores to bring our network to 183 stores as at September 30, 2009. In contrast, consumer sentiment remained weak in the Middle East and it suffered a 15.2 percent decrease in sales during the third quarter.

<b>YOY Turnover Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
South Korea	+15.3%	-10.7%	-21.5%
Middle East	-15.2%	-11.3%	-8.9%

<b>YOY Same Store Sales<sup>1</sup> Increase/Decrease</b>	<b>3 months ended September 30, 2009</b>	<b>9 months ended September 30, 2009</b>	<b>6 months ended June 30, 2009</b>
South Korea	+22.3%	+6.0%	+0.1%
Middle East	-16.4%	-14.6%	-13.6%

<sup>1</sup> *In local currency for self-operated outlets which were open for the full three, six and nine months in each of the two fiscal years under comparison.*

### ***Store Network***

The Group added 52 outlets to its global network in the third quarter, with Mainland China and South Korea accounting for practically all the increase. Our global network stood at 2,045 outlets as at the end of the third quarter.

<b>Number of Outlets by Market</b>	<b>As at September 30, 2009</b>	<b>As at June 30, 2009</b>	<b>As at December 31, 2008</b>
Mainland China	963	912	909
Hong Kong & Macau	75	80	82
Taiwan	176	179	192
Singapore	47	46	51
Other self-operated markets	305	311	314
<b>Retail &amp; Distribution Total</b>	<b>1,566</b>	<b>1,528</b>	<b>1,548</b>
South Korea	183	169	167
Middle East	169	172	169
Other markets	127	124	122
<b>Export &amp; Licensing Total</b>	<b>479</b>	<b>465</b>	<b>458</b>
<b>Group Total</b>	<b>2,045</b>	<b>1,993</b>	<b>2,006</b>

<b>Number of Outlets by Brand</b>	<b>As at September 30, 2009</b>	<b>As at June 30, 2009</b>	<b>As at December 31, 2008</b>
<i>Giordano &amp; Giordano Junior</i>	1,435	1,393	1,392
<i>Giordano Ladies</i>	41	40	45
<i>Giordano Concepts</i>	22	24	31
<i>BSX</i>	60	64	74
Others	8	7	6
<b>Retail &amp; Distribution Total</b>	<b>1,566</b>	<b>1,528</b>	<b>1,548</b>

### ***Outlook***

In the coming months the Group will continue to focus on enhancing its margins while seeking every opportunity to increase its market share. The Group has resumed its expansion in Mainland China and has added 51 outlets in the third quarter. While the Group's focus will continue to be on Mainland China, it continues to look for long term growth in its other major markets such as South Korea, Taiwan and Singapore.

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

By Order of the Board  
**LAU Kwok Kuen, Peter**  
*Chairman*

Hong Kong, November 10, 2009

As at the date of this announcement, the Directors of the Company are:

Executive Directors: Dr. LAU Kwok Kuen, Peter and Mr. MAH Chuck On, Bernard;

Non-executive Director: Professor LEUNG Kwok; and

Independent non-executive directors: Mr. Barry John BUTTIFANT, Mr. KWONG Ki Chi and Dr. LEE Peng Fei, Allen.