

GIORDANO

2010 Interim Results
For the Six Months Ended June 30, 2010

Giordano International Limited (Stock code: 709)

August 25, 2010

Operations Highlights – Group

▪ Operating margin back to double digit

Six months ended June 30, 2010 (amounts in HK\$M)	2010	YOY Change
Turnover	2,137	+ 6.7%
Gross profit	1,237	+ 28.2%
Gross margin	57.9%	+ 9.7 pp
Operating profit	271	+ 310.6%
Operating margin	12.7%	+ 9.4 pp
Profit attributable to shareholders	202	+ 320.8%
Return on sales	10.0%	+ 7.5 pp
Earnings per share (HK cents)	13.5	+ 321.9%

Operations Highlights – Group

▪ Strong operating cash flow & disciplined inventory management

Six months ended June 30 (amounts in HK\$M)	2010	2009
Net cash & bank balances	792	750 ¹
Net cash inflow from operating activities	260	172
Inventory turnover on sales ²	25 days	25 days
Current ratio ³	2.7x	3.0x ¹
Quick ratio ⁴	2.3x	2.4x ¹
Return on average shareholders' funds ⁵	22.1%	6.5%

¹ As at 31 December 2009

² Inventory held at period end divided by turnover times number of days during the period

³ Current assets divided by current liabilities

⁴ Current assets excluding inventory divided by current liabilities

⁵ Annualized using 2H09 and 1H10 figures

Interim Dividend

▪ Payout ratio sustained

Six months ended June 30 (in HK cents)	2010	2009
Interim dividend	4.5	2.0
Special interim dividend	4.0	-
Total interim dividend	8.5	2.0
Earnings per share	13.5	3.2
Payout ratio	63.0%	62.5%

Book close date: September 13-15, 2010

Dividend payment date: on or about September 24, 2010

Retail & Distribution Operations Highlights

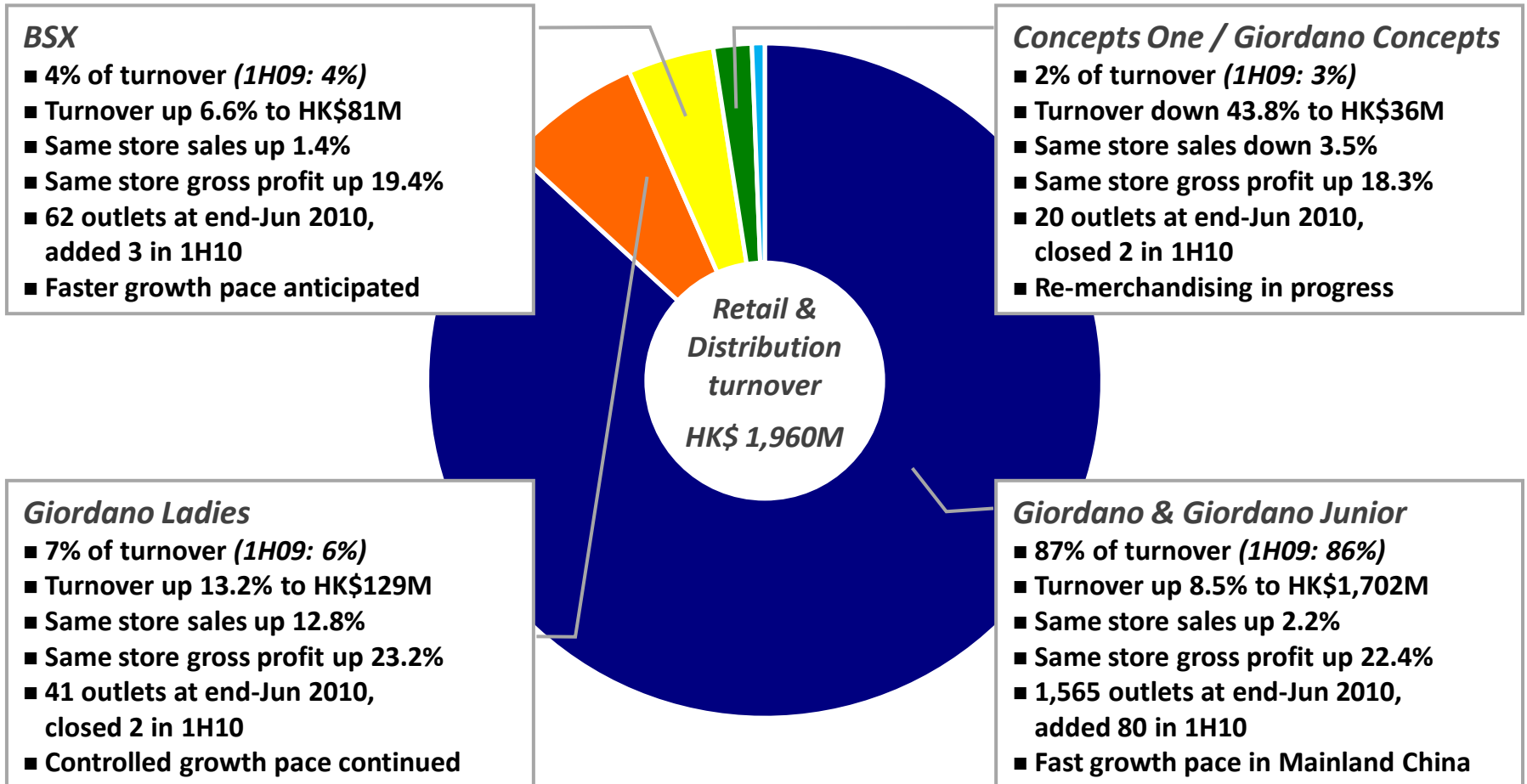
▪ Positive same store sales and gross profit growth

Six months ended June 30, 2010 (amounts in HK\$M)	2010	YOY Change
Turnover	1,960	+ 6.9%
Same store sales YOY increase ¹	+ 2.8%	NA
Gross profit	1,194	+ 30.1%
Same store gross profit YOY increase ¹	+ 22.2%	NA
Gross margin	60.9%	+ 10.8 pp
Operating profit	270	+ 938.5%
Operating margin	13.8%	+ 12.4 pp

¹ YOY % change for directly managed outlets open for the full two periods under comparison.

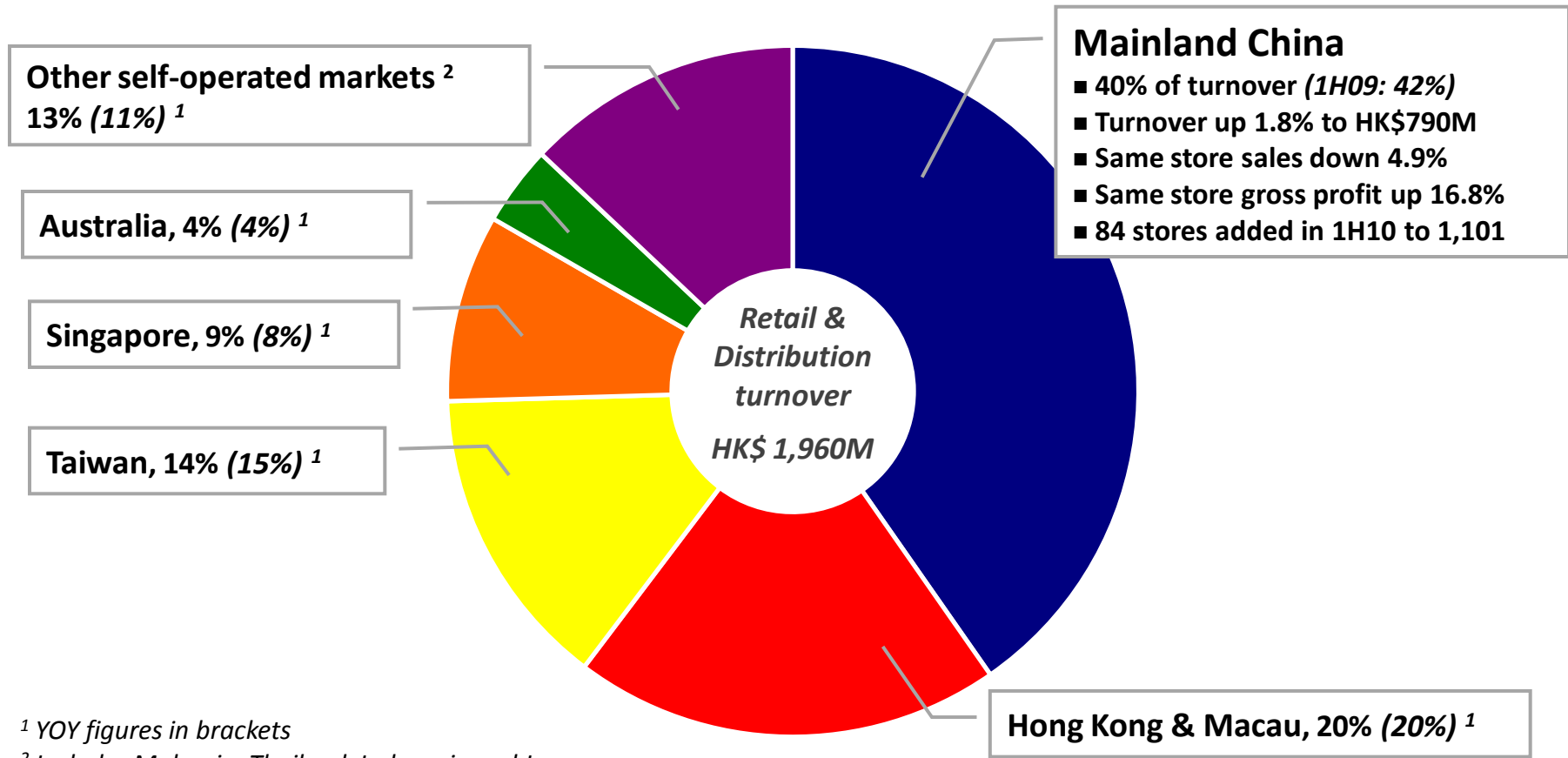
Retail & Distribution turnover by brand

For the six months ended June 30, 2010



Retail & Distribution turnover by market

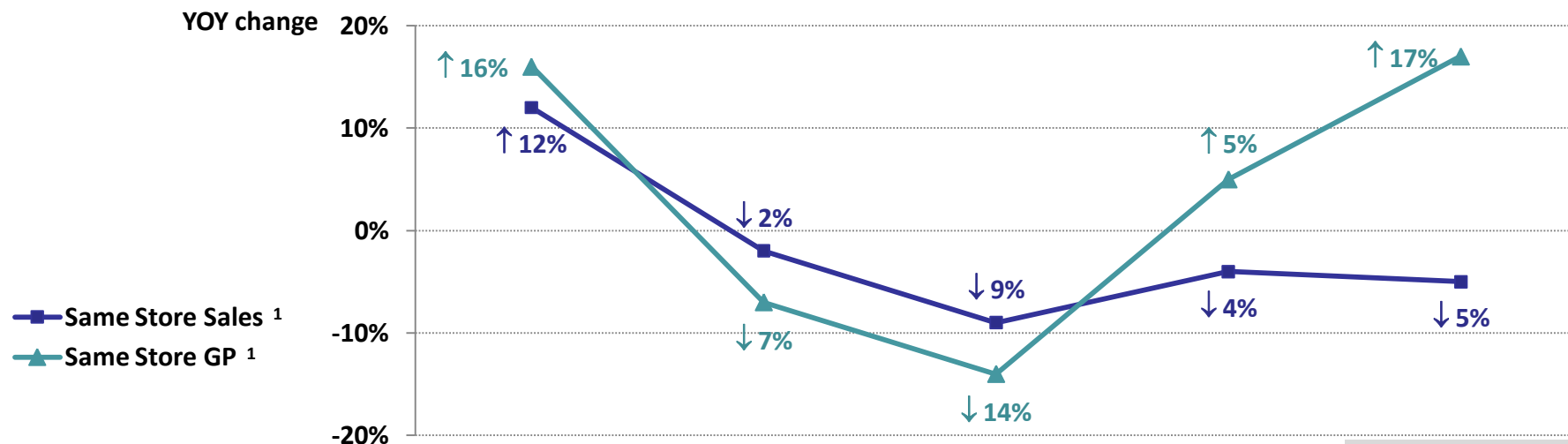
For the six months ended June 30, 2010



¹ YOY figures in brackets

² Includes Malaysia, Thailand, Indonesia and Japan

Operations Highlights – Mainland China



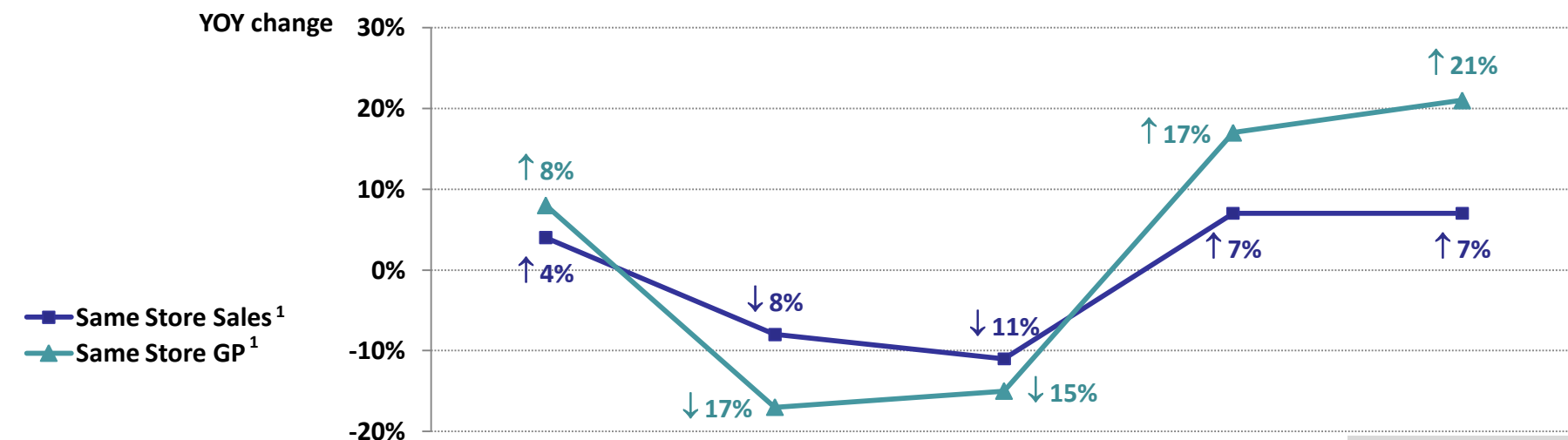
(amounts in HK\$M)

	1H 2008	2H 2008	1H 2009	2H 2009	1H 2010
Turnover	804	885	776	857	790
Operating profit	177²	88	33	119	124
Operating margin	22.0%²	9.9%	4.3%	13.9%	15.7%
Number of outlets	859	909	912	1,017	1,101

¹ Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

² Includes HK\$33M reinvestment tax rebate. Excluding rebate, 1H08 operating profit = HK\$144M and operating margin = 17.9%

Operations Highlights – Hong Kong & Macau

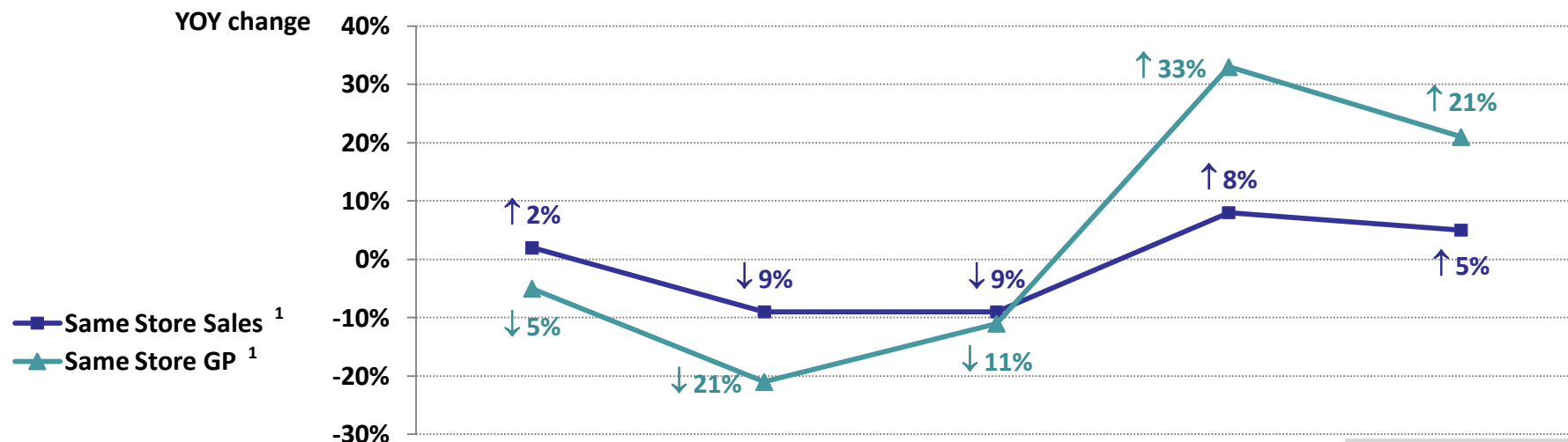


(amounts in HK\$M)

	1H 2008	2H 2008	1H 2009	2H 2009	1H 2010
Turnover	431	419	366	409	392
Operating profit	27	12	10	54	54
Operating margin	6.3%	2.9%	2.7%	13.2%	13.8%
Number of outlets	86	82	80	75	74

¹ Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

Operations Highlights – Taiwan

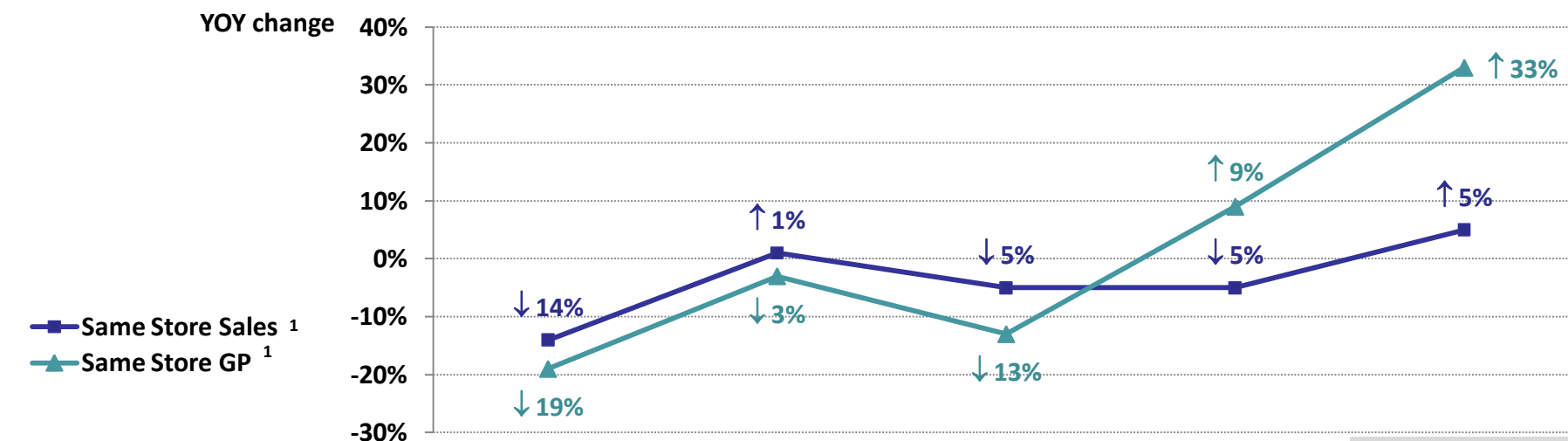


(amounts in HK\$M)

	1H 2008	2H 2008	1H 2009	2H 2009	1H 2010
Turnover	334	300	269	286	279
Operating profit	(2)	(25)	(4)	31	31
Operating margin	(0.6%)	(8.3%)	(1.5%)	10.8%	11.1%
Number of outlets	200	192	179	174	176

¹ Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

Operations Highlights – Singapore

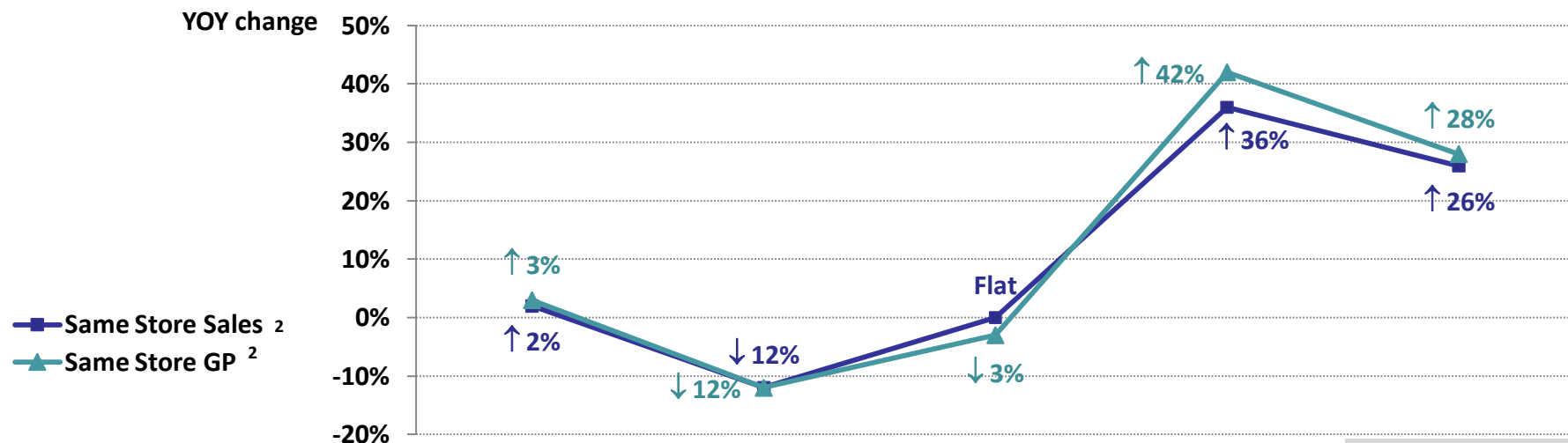


(amounts in HK\$M)

	1H 2008	2H 2008	1H 2009	2H 2009	1H 2010
Turnover	189	179	147	163	172
Operating profit	(4)	(10)	(3)	21	23
Operating margin	(2.1%)	(5.6%)	(2.0%)	12.9%	13.4%
Number of outlets	54	51	46	47	48

¹ Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

Operations Highlights – South Korea¹



(amounts in HK\$M)

	1H 2008	2H 2008	1H 2009	2H 2009	1H 2010
Turnover	452	383	355	550	593
Same store sales²	2%	(12%)	Flat	36%	26%
Same store gross profit²	3%	(12%)	(3%)	42%	28%
Number of outlets	178	167	169	191	208

¹ On June 30, 2010, the Group held 48.5% in Giordano South Korea.

² Local currency YOY % change for directly managed outlets open for the full two periods under comparison.

2nd Half Outlook: China poised for growth

- **Increase marketing activities to drive turnover growth**
 - A&P spending increased by 37.2% YOY in 1H10
 - Continued investment in A&P in 2H10
 - July 2010 group turnover increased by double digit YOY
- **Continue to focus on increasing gross and operating margins**
 - Group gross margin continues to trend up
 - Group gross profit up by double digit YOY in July 2010
 - Hong Kong, Taiwan, Singapore and South Korea all achieved double digit YOY sales and gross profit increase in July
- **Faster expansion in Mainland China**
 - 84 stores added in 1H10; on track to add about 150 stores in 2010
 - Focus on 2nd and 3rd tier cities through increased franchising
 - July 2010 Mainland China turnover and gross profit grew by double digits YOY

Number of outlets	As at Jun 30, 2010						As at Dec 31, 2009	Change
	<i>Giordano & Junior</i>	<i>Giordano Ladies</i>	<i>Concepts One</i>	<i>BSX</i>	<i>Others</i>	Total		
Mainland China	1,046	14	16	25	-	1,101	1,017	+ 84
Hong Kong & Macau	44	9	3	18	-	74	75	- 1
Taiwan	147	12	-	17	-	176	174	+ 2
Singapore	46	2	-	-	-	48	47	+ 1
Australia	40	-	-	-	-	40	45	- 5
Malaysia	63	2	-	-	-	65	66	- 1
Indonesia	88	2	1	2	8	101	99	+ 2
Thailand	91	-	-	-	-	91	91	-
Japan	-	-	-	-	-	-	3	- 3
<i>Retail & Distribution</i>	<i>1,565</i>	<i>41</i>	<i>20</i>	<i>62</i>	<i>8</i>	<i>1,696</i>	<i>1,617</i>	<i>+ 79</i>
South Korea	160	-	-	48	-	208	191	+ 17
Middle East & India	170	-	2	4	-	176	175	+ 1
Philippines	46	1	1	3	-	51	51	-
Others	74	-	-	1	-	75	80	- 5
<i>Export & Licensing</i>	<i>450</i>	<i>1</i>	<i>3</i>	<i>56</i>	<i>-</i>	<i>510</i>	<i>497</i>	<i>+ 13</i>
TOTAL	2,015	42	23	118	8	2,206	2,114	+ 92