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GIORDANO
GIORDANO INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 709)

Unaudited 2010 First Quarter Operations Update

The Group's turnover grew by 4.9 percent and same store sales by 3.9 percent year-on-year for the three months ended March 31, 2010. Gross margin came in at 56.5 percent, an increase of 11.7 percentage points compared to the same period in 2009. The Group's gross profit and same store gross profit increased by 32.5 percent and 27.3 percent respectively against the same period last year.

Owing to prudent inventory management, inventory turnover on sales came in at 23 days for the three months ended March 31, 2010, two days less than the same period last year.

Net cash and bank balances increased by HK\$205 million to approximately HK\$955 million on March 31, 2010 (December 31, 2009: HK\$750 million) as a result of the Group's improved cash flow from operations.

Mainland China, Hong Kong, Taiwan, Singapore and South Korea all achieved double-digit year-on-year gross profit gains during the first quarter of 2010.

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

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 operations update of the Group for the three months ended March 31, 2010. 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.

Overview of Group Performance

The Group made steady progress building on the recovery that began in the second half of 2009. The rebound was especially strong in Singapore and other Southeast Asian markets, all of which recorded double-digit year-on-year turnover growth in the first quarter. Overall, the Group's turnover grew by 4.9 percent and same store sales by 3.9 percent year-on-year in the three months ended March 31, 2010. With our continued focus on closely managing inventory, controlling sourcing costs and limiting markdowns, the Group increased its gross margin to 56.5 percent, a remarkable 11.7 percentage point gain over the same period last year. As a result, the Group's gross profit and same store gross profit rose by 32.5 percent and 27.3 percent respectively against the first quarter of 2009.

Group	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
Turnover ¹ YOY increase/(decrease)	4.9%	(2.9%)	(9.6%) ^a	(16.3%) ^a	(12.8%) ^a
Same store sales ² YOY increase/(decrease)	3.9%	3.0%	Flat	(9.3%)	(8.9%)
Gross profit ¹ YOY increase/(decrease)	32.5%	15.1%	(6.4%) ^a	(19.5%) ^a	(21.1%) ^a
Same store gross profit ² YOY increase/(decrease)	27.3%	22.6%	2.1%	(12.2%)	(16.2%)
Gross margin	56.5%	56.0%	52.1%	52.0%	44.8%
Number of outlets ³	2,148	2,114	2,045	1,993	1,979

^a In August 2008, the Group disposed of its principal garment manufacturing subsidiary Placita Holdings Limited ("Discontinued Operations"). The comparisons between 2009 and 2008 relate to the Group's retail and other businesses ("Continuing Operations") only.

The Group's inventory turnover on sales⁴ for the three months ended March 31, 2010 was 23 days, two days less than the same period last year. Net cash and bank balances increased by HK\$205 million to approximately HK\$955 million as at March 31, 2010 (December 31, 2009: HK\$750 million).

April's turnover was more or less even with 2009, but with gross margin trending up, the Group achieved double-digit year-on-year increase in gross profit during the month.

Retail & Distribution Segment — Performance by Market

Mainland China's same store gross profit continued to post year-on-year gains, rising by 19.3 percent in the first quarter despite same store sales registering a 5.6 percent decline. Overall, the Group achieved a 34.0 percent year-on-year increase in first quarter gross profit in Mainland China. The trend continued into April.

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
Mainland China					
Turnover ¹ YOY increase/(decrease)	(0.8%)	(2.1%)	(5.0%)	(2.2%)	(4.3%)
Same store sales ² YOY increase/(decrease)	(5.6%)	Flat	(10.0%)	(5.8%)	(11.3%)
Same store gross profit ² YOY increase/(decrease)	19.3%	17.2%	(8.9%)	(9.5%)	(17.4%)
Number of outlets ³	1,040	1,017	963	912	895

We added 23 outlets during the first quarter and another 35 in April, putting us on track to meet our goal of expanding our Mainland China network by over 150 stores in 2010.

Both Hong Kong and Taiwan recorded single-digit turnover and same store sales growth but double-digit gross profit gains in the first quarter and in April compared to 2009.

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
Hong Kong & Macau					
Turnover ¹ YOY increase/(decrease)	2.8%	1.6%	(7.7%)	(19.3%)	(10.9%)
Same store sales ² YOY increase/(decrease)	7.7%	10.6%	3.0%	(17.7%)	(5.8%)
Same store gross profit ² YOY increase/(decrease)	24.0%	25.4%	6.5%	(20.0%)	(12.4%)
Number of outlets ³	73	75	75	80	82

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
Taiwan					
Turnover ¹ YOY increase/(decrease)	3.2%	1.1%	(11.9%)	(23.9%)	(15.7%)
Same store sales ² YOY increase/(decrease)	5.2%	9.1%	2.3%	(14.1%)	(5.9%)
Same store gross profit ² YOY increase/(decrease)	27.3%	44.4%	13.6%	(10.4%)	(11.8%)
Number of outlets ³	176	174	176	179	183

In Southeast Asia, positive consumer reception of our Spring merchandise helped Singapore to achieve a 23.1 percent increase in turnover and a 12.5 percent increase in same store sales in the first quarter. Due to improved gross margin, Singapore's first quarter gross profit and same store gross profit rose by 65.5 percent and 52.4 percent respectively compared to the same period last year. Similarly, Indonesia, Malaysia and Thailand all reported double-digit turnover and gross profit growth in the first quarter. With the exception of Thailand where business was badly affected by the widespread demonstrations, the Group's Southeast Asian markets achieved double-digit year-on-year sales and gross profit gains in April.

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
Singapore					
Turnover ¹ YOY increase/(decrease)	23.1%	(8.9%)	(8.4%)	(20.3%)	(24.5%)
Same store sales ² YOY increase/(decrease)	12.5%	(9.6%)	1.5%	(2.9%)	(6.4%)
Same store gross profit ² YOY increase/(decrease)	52.4%	16.2%	1.6%	(3.8%)	(20.1%)
Number of outlets ³	47	47	47	46	47

Retail & Distribution Segment — Performance by Brand

With improving sales and gross margins, *Giordano*, *Giordano Ladies* and *BSX* all posted double-digit year-on-year gross profit increases in the first quarter of 2010. We have also resumed store expansion, adding a total of 25 *Giordano* stores during the quarter, all in Mainland China. Finally, in the process of re-branding to *Concepts One*, sales of *Giordano Concepts* decreased by almost half while same store sales and same store gross profit both improved.

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
<i>Giordano & Giordano Junior</i>					
Turnover ¹ YOY increase/(decrease)	9.0%	3.8%	(3.0%)	(10.1%)	(11.2%)
Same store sales ² YOY increase/(decrease)	3.8%	2.2%	Flat	(7.9%)	(8.2%)
Same store gross profit ² YOY increase/(decrease)	28.1%	22.3%	1.7%	(11.1%)	(15.8%)
Number of outlets ³	1,510	1,485	1,435	1,393	1,381

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
<i>Giordano Ladies</i>					
Turnover ¹ YOY increase/(decrease)	1.4%	6.8%	(8.6%)	(16.9%)	(6.0%)
Same store sales ² YOY increase/(decrease)	3.0%	11.4%	(2.7%)	(14.3%)	(8.3%)
Same store gross profit ² YOY increase/(decrease)	16.8%	21.9%	2.5%	(13.7%)	(13.5%)
Number of outlets ³	43	43	41	40	40

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
<i>Concepts One/ Giordano Concepts</i>					
Turnover ¹ YOY increase/(decrease)	(48.9%)	(64.1%)	(58.5%)	(58.0%)	(23.8%)
Same store sales ² YOY increase/(decrease)	7.4%	(9.7%)	(17.6%)	(32.7%)	(21.6%)
Same store gross profit ² YOY increase/(decrease)	46.6%	37.1%	(15.9%)	(34.8%)	(38.6%)
Number of outlets ³	20	22	22	24	23

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
<i>BSX</i>					
Turnover ¹ YOY increase/(decrease)	8.6%	(8.1%)	(17.8%)	(27.1%)	(33.8%)
Same store sales ² YOY increase/(decrease)	9.4%	6.6%	7.2%	(8.0%)	(12.0%)
Same store gross profit ² YOY increase/(decrease)	30.6%	27.4%	13.9%	(10.4%)	(7.5%)
Number of outlets ³	58	59	60	64	70

Performance of Jointly Controlled Company

Our performance in South Korea continued to strengthen, with turnover increasing by 80.2 percent and same store sales and gross profit rising by 30.9 percent and 34.2 percent respectively in the three months ended March 31, 2010. We also added 11 outlets in South Korea during the period. On March 31, 2010, the Group held 48.5 percent equity in its South Korean jointly controlled company. April also saw South Korea posting double-digit year-on-year sales and gross profit increases.

	1st Quarter 2010	4th Quarter 2009	3rd Quarter 2009	2nd Quarter 2009	1st Quarter 2009
South Korea					
Turnover ¹ YOY increase/(decrease)	80.2%	71.5%	15.3%	(9.1%)	(33.2%)
Same store sales ² YOY increase/(decrease)	30.9%	46.8%	22.3%	13.4%	(8.4%)
Same store gross profit ² YOY increase/(decrease)	34.2%	63.0%	18.8%	12.0%	(13.2%)
Number of outlets ³	202	191	183	169	169

¹ In Hong Kong Dollars.

² In local currency for directly managed outlets that were open in the periods under comparison.

³ As at period end.

⁴ Inventory held at period end divided by turnover times the number of days in the period.

The information contained in this announcement represents a preliminary assessment based on the management accounts of the Group and such information has not been audited or reviewed by the Company's auditor.

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, May 25, 2010

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.