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GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

Unaudited 2010 Third Quarter Operations Update

Unaudited 2010 Third Quarter Operations Update – Highlights

- The Group’s sales for the quarter ended September 30, 2010 increased by 16.9 percent over 2009; year-to-date sales were up by 10.0 percent over the same period last year.
- China Mainland (the “Mainland”) same store sales grew by 6.0 percent during the quarter and 1.9 percent year-to-date compared to last year. With faster expansion of franchised stores, wholesale sales increased by 25.6 percent in the quarter, compared to 14.6 percent year-to-date. This drove total sales in the Mainland to increase by 15.7 percent on a quarterly basis and 6.1 percent on a year-to-date basis over 2009.
- Hong Kong, Taiwan and Singapore achieved same store sales growth of 8.2, 15.8 and 0.4 percent respectively during the quarter. Sales in these three markets increased by 9.8, 17.3 and 17.6 percent respectively compared with the third quarter of 2009.
- The Group’s third quarter gross margin was 56.7 percent, 4.6 percentage points higher than last year (third quarter 2009: 52.1 percent). Third quarter gross margin was 1.2 percentage points lower than first half 2010 largely due to customary season-end promotions. Year-to-date gross margin increased by 8.1 percentage points to 57.5 percent.
- The Group’s gross profit increased by 27.3 percent on a quarterly basis and by 28.0 percent on a year-to-date basis, compared to 2009.
- The Group’s inventory turnover on sales for the nine months ended September 2010 increased to 35 days (2009: 32 days) as we build inventory in anticipation of a strong winter season.

- After paying HK\$127 million in interim dividends during the quarter, the Group had approximately HK\$756 million in net cash and bank balances on September 30, 2010 (June 30, 2010: HK\$792 million).
- We added a net total of 43 outlets during the third quarter, 26 of these were in the Mainland, bringing the Group’s global network to 2,249 outlets at the end of September 2010.

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 2010 third quarter operations update of the Group for the period ended September 30, 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

China Mainland (the “Mainland”), Taiwan and Singapore all posted mid-to-high teens year-on-year sales growth during the period and contributed to the Group’s sales for the quarter ended September 30, 2010 increasing by 16.9 percent over 2009. Sales for the nine months increased by 10.0 percent compared with the 6.7 percent year-on-year increase recorded in the first half of 2010.

Third quarter gross margin was 56.7 percent, 4.6 percentage points higher than last year (third quarter 2009: 52.1 percent) though 1.2 percentage points lower than first half 2010 mainly due to customary season-end promotions. Gross margin for the nine months was 57.5 percent, an increase of 8.1 percentage points compared to the same period last year. On the back of stronger sales growth and sustained gross margin expansion, the Group’s gross profit increased by 27.3 percent for the quarter and 28.0 percent on a year-to-date basis.

	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
YOY Increase/(Decrease) in:			
– Group Turnover, comprising:			
– Retail & Distribution Turnover	14.5%	9.4%	6.9%
– Export & Licensing Turnover	44.6%	18.2%	6.0%
Total	16.9%	10.0%	6.7%
– Group Gross Profit	27.3%	28.0%	28.2%
Group Gross Margin	56.7%	57.5%	57.9%

Retail & Distribution Division – Performance by Market

In light of the Group's strategic focus on growing its Mainland franchising operations, the same store sales calculation has been changed to include franchised outlets in addition to self-operated stores. On this basis, same store sales growth figures for 2010 have been restated¹. Consistent with this approach, we have also started to measure "Total Brand Sales" when analyzing our Mainland operations. This metric, which comprises retail sales in both self-operated and franchised outlets², provides a fuller and more accurate picture of the Group's performance and an improved alignment with our internal measurement of network growth.

The Group continued to accelerate store expansion in the Mainland through franchising. We have also begun a wider roll-out of *BSX* products by merchandising them inside selected Giordano stores. We added 36 franchised outlets and closed 10 self-operated stores during the quarter, bringing our total store network in the Mainland as at September 30, 2010 to 1,127, of which 694 were franchised outlets.

With faster expansion of franchised stores, wholesale sales to franchisees in the Mainland increased by 25.6 percent in the quarter and 14.6 percent year-to-date. Retail sales in self-operated outlets also increased by 9.9 percent for the quarter and 1.8 percent for the nine months. As a result, the Group's sales in the Mainland (comprising retail sales through self-operated outlets and wholesale sales) increased by 15.7 percent on a quarterly basis and 6.1 percent on a year-to-date basis. Brand sales increased by 11.1 percent on a quarterly basis and 6.3 percent on a year-to-date basis.

¹ Under the old method, only directly operated stores are included in same store sales calculations. A store ceases to be comparable if (i) it is closed for 15 days or more for renovation; (ii) there is a change in the brand being carried; or (iii) its selling area changes by over 15%.

Under the new method, both directly operated and franchised are included in same store sales calculations. A store is not comparable only if the number of trading days in the two periods under comparison differs by more than 10%. Same store sales are calculated in local currency terms under both methods.

Same store sales figures calculated using the old method are given below for comparison:

<i>Same Store Sales (Old Method) YOY Increase/(Decrease)</i>	3 months ended Sep 30, 2010	<i>9 months ended Sep 30, 2010</i>	<i>6 months ended Jun 30, 2010</i>
<i>China Mainland</i>	11.4%	0.2%	(4.9%)
<i>Hong Kong (including Macau)</i>	9.6%	7.9%	7.2%
<i>Taiwan</i>	15.7%	7.9%	4.6%
<i>Singapore</i>	(0.4%)	3.1%	4.7%

² "Total Brand Sales" is not the same as the Group's turnover as it comprises retail sales to end consumers made through both our own self-operated shops as well as franchised stores whereas the Group's turnover represents retail sales from our self-operated shops plus wholesale sales to our franchisees. Furthermore, Total Brand Sales is timed according to when the franchisee, not the Group, makes the sale.

The Mainland's gross margin continued to post year-on-year gains in the third quarter as we continued to maintain discipline on discounting and markdowns. As a result, our Mainland operations achieved an increase in third quarter gross profit of 31.0 percent over 2009.

China Mainland YOY Increase/(Decrease) in:	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
Total Brand Sales	11.1%	6.3%	4.3%
Turnover, comprising:			
– Retail sales in self-operated stores	9.9%	1.8%	(1.5%)
– Wholesales sales to franchisees	25.6%	14.6%	8.9%
Total	15.7%	6.1%	1.8%
Same Store Sales	6.0%	1.9%	0.2%
Gross Profit	31.0%	29.4%	28.5%

Sales in Hong Kong, Taiwan and Singapore increased on a quarterly and year-to-date basis as detailed in the table below. Taiwan in particular benefited from an improvement in consumer confidence to record a 17.3 percent increase in sales during the quarter. All three markets recorded year-on-year gross margin increases which resulted in third quarter gross profit gains of 19.0, 27.4 and 31.9 percent respectively. These gains compare favorably with the first half's which were measured against a low base in 2009.

Hong Kong (including Macau) YOY Increase/(Decrease) in:	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
Turnover	9.8%	7.9%	7.1%
Same Store Sales	8.2%	10.3%	10.5%
Gross Profit	19.0%	23.1%	25.2%

Taiwan YOY Increase/(Decrease) in:	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
Turnover	17.3%	7.8%	3.7%
Same Store Sales	15.8%	7.7%	4.4%
Gross Profit	27.4%	23.5%	21.6%

Singapore YOY Increase/(Decrease) in:	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
Turnover	17.6%	17.4%	17.0%
Same Store Sales	0.4%	3.3%	4.8%
Gross Profit	31.9%	42.3%	48.3%

Retail & Distribution Division – Performance by Brand

With the exception of *Concepts One* which is being consolidated and re-launched, sales of all our brands improved by double digits in the third quarter.

YOY Turnover Increase/(Decrease):	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
<i>Giordano & Giordano Junior</i>	15.4%	10.7%	8.5%
<i>Giordano Ladies</i>	18.3%	15.1%	13.2%
<i>Concepts One</i>	(30.1%)	(39.8%)	(43.8%)
<i>BSX</i>	12.0%	7.7%	6.6%

Inventory and Cash

The Group's inventory turnover on sales for the nine months ended September 2010 increased to 35 days, three days higher than the 32 days recorded for the same period last year as we build inventory in anticipation of a strong winter season.

After paying HK\$127 million in interim dividends during the quarter, the Group's net cash and bank balances amounted to HK\$756 million as at September 30, 2010 (June 30, 2010: HK\$792 million).

Jointly Controlled Companies

Our South Korea joint venture recorded sales increase of 34.9 percent and same store sales growth of 14.1 percent in the third quarter. Sales for the nine months increased by 54.9 percent over the same period last year.

South Korea YOY Increase/(Decrease) in:	3 months ended Sep 30, 2010	9 months ended Sep 30, 2010	6 months ended Jun 30, 2010
Turnover	34.9%	54.9%	67.0%
Same Store Sales	14.1%	24.5%	30.9%

Store Network

The Group added 43 outlets to its global network during the third quarter, mostly in the Mainland and South Korea. Our global network consists of 2,249 outlets as at the end of the third quarter, as follows:

By Market	As at Sep 30, 2010	As at Jun 30, 2010	As at Dec 31, 2009
China Mainland			
– Directly-operated Outlets	433	443	420
– Franchised Outlets	694	658	597
– Total	1,127	1,101	1,017
Hong Kong	73	74	75
Taiwan	177	176	174
Singapore	48	48	47
Other Self-operated Markets	301	297	304
Retail & Distribution Total	1,726	1,696	1,617
South Korea	215	208	191
Middle East	182	176	175
Other Markets	126	126	131
Export & Licensing Total	523	510	497
Group Total	2,249	2,206	2,114

By Brand	As at Sep 30, 2010	As at Jun 30, 2010	As at Dec 31, 2009
<i>Giordano & Giordano Junior</i>	2,049	2,015	1,934
<i>Giordano Ladies</i>	42	42	44
<i>Concepts One</i>	23	23	24
<i>BSX</i>	127	118	104
Others	8	8	8
Group Total	2,249	2,206	2,114

Outlook

In the coming months the Group will continue to focus on enhancing its margins while seeking every opportunity to increase market share.

The Group continued to expand in the Mainland, adding 26 outlets in the third quarter. While it is expected that most of the growth will occur there, we will continue to seek growth opportunities in 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 16, 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; and Independent non-executive directors: Mr. Barry John BUTTIFANT, Mr. KWONG Ki Chi, Dr. LEE Peng Fei, Allen and Professor LEUNG Kwok.