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GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

Unaudited 2011 Third Quarter Operations Update

Unaudited 2011 Third Quarter Operations Update – Highlights

- Sales for the quarter ended September 30, 2011 were HK\$1,334 million, an increase of 18.6% over the same period last year. Year-to-date, sales have increased by 22.1% to HK\$3,983 million. Excluding the effect of translating sales in foreign currencies into Hong Kong dollars, sales for the quarter increased by 13.0% while year-to-date sales increased by 16.2% over the same period last year.
- Gross profit for the quarter was HK\$767 million, an increase of 20.2% over the same period last year. Year-to-date gross profit increased by 25.2% to HK\$2,348 million.
- Gross margin for the quarter increased by 0.8 percentage points to 57.5% over the same period last year while year-to-date gross margin increased by 1.5 percentage points to 59.0%.
- Inventory at September 30, 2011, represents 34 days of sales, a decrease of 1 day over inventory levels at the same date last year.
- Net cash and bank balances decreased by HK\$22 million to HK\$1,110 million during the quarter, which represented a net effect of interim dividend paid of HK\$228 million offset by the cash generated from operations and rental deposits refunded.
- During the quarter, the Group added a net total of 54 outlets, 33 of which are in Mainland China, which brings the Group’s global network to 2,496 outlets as of September 30, 2011.

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

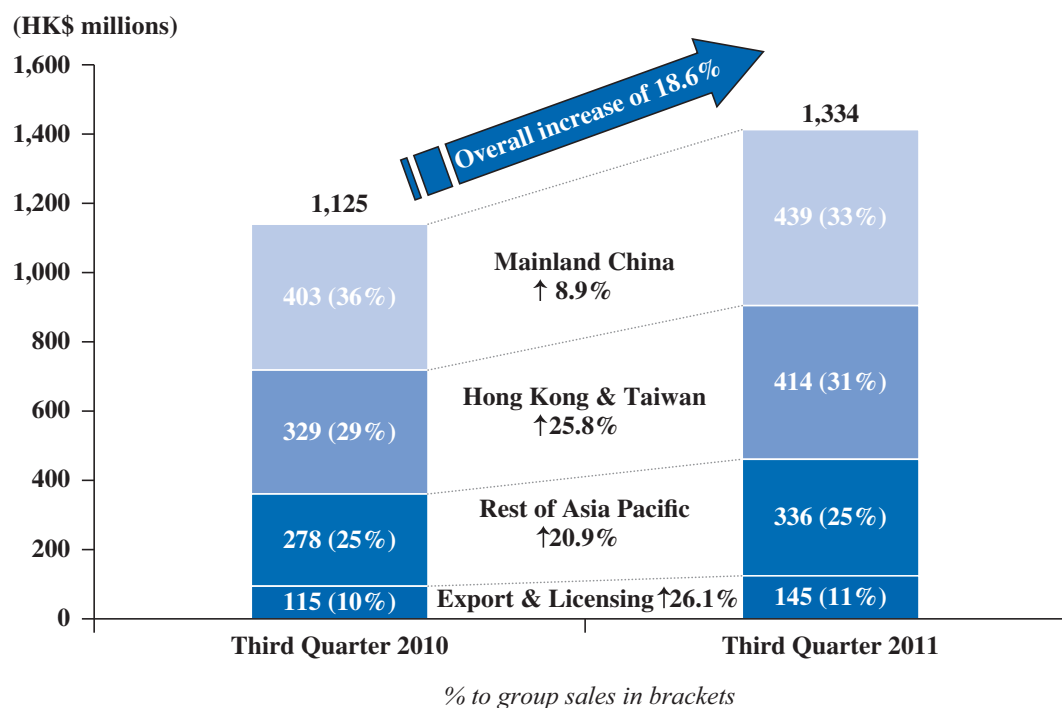
In order to provide better disclosure to the financial markets and to the existing and potential shareholders of Giordano International Limited (the “Company”) so that they can better assess the financial performance of the Company and its subsidiaries (the “Group”), the Board of Directors of the Company announces the following unaudited operations update of the Group for the nine months ended September 30, 2011. 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's Performance

<i>(In HK\$ millions)</i>	Third Quarter 2011	Third Quarter 2010	Increase/ (Decrease)	YTD Sep 2011	YTD Sep 2010	Increase/ (Decrease)
Sales	1,334	1,125	18.6%	3,983	3,262	22.1%
Gross profit	767	638	20.2%	2,348	1,875	25.2%
Gross margin	57.5%	56.7%	0.8 pp	59.0%	57.5%	1.5 pp
Global brand sales <i>(Note 1)</i>	1,762	1,548	13.8%	5,393	4,656	15.8%
Comparable store sales increase <i>(Note 2)</i>	8.3%	8.2%		12.4%	6.0%	
Net cash and bank balances <i>(Note 3)</i>	1,110	756	46.8%	1,110	756	46.8%
Inventory days of sales (days)	34	35	(1)	34	35	(1)
Number of outlets <i>(Note 3)</i>	2,496	2,249	247	2,496	2,249	247

Sales

Sales growth and contribution for the third quarter of 2011

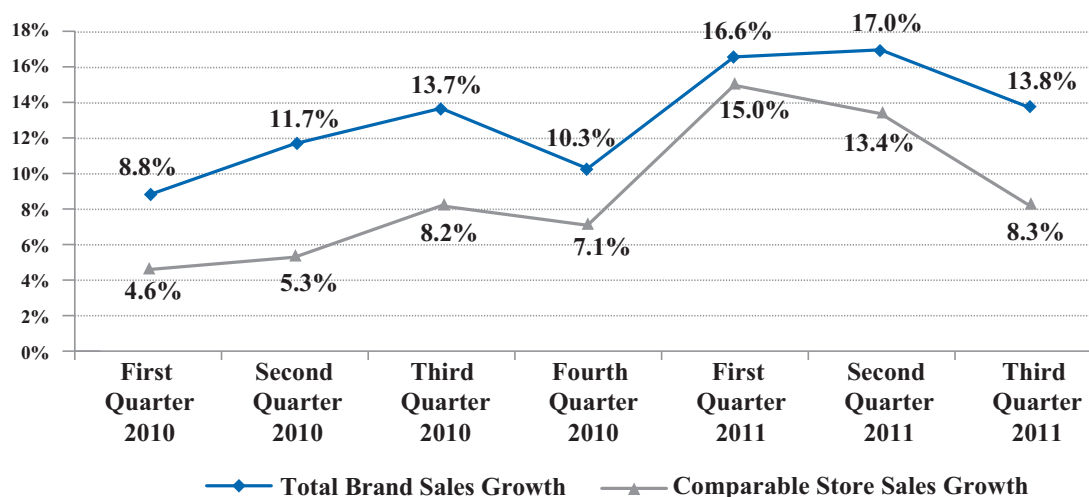


Note 1: Global Brand Sales are total retail sales, at constant exchange rates, in self-operated and franchised stores and stores operated by subsidiaries and associates/jointly controlled entities.

Note 2: Comparable Store Sales are total Brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated in the prior period. E-shop business has been included in Comparable Store Sales for this announcement and all relevant figures have been restated retrospectively.

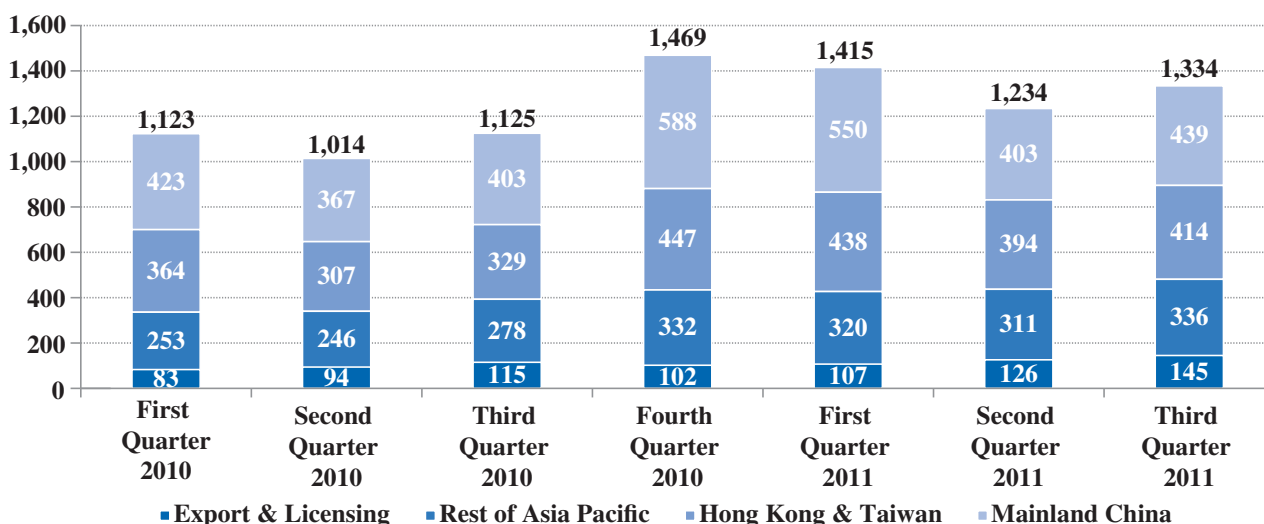
Note 3: At the end of the period.

Total brand sales growth and comparable store sales growth for the last seven quarters



Sales for the last seven quarters

(HK\$ millions)

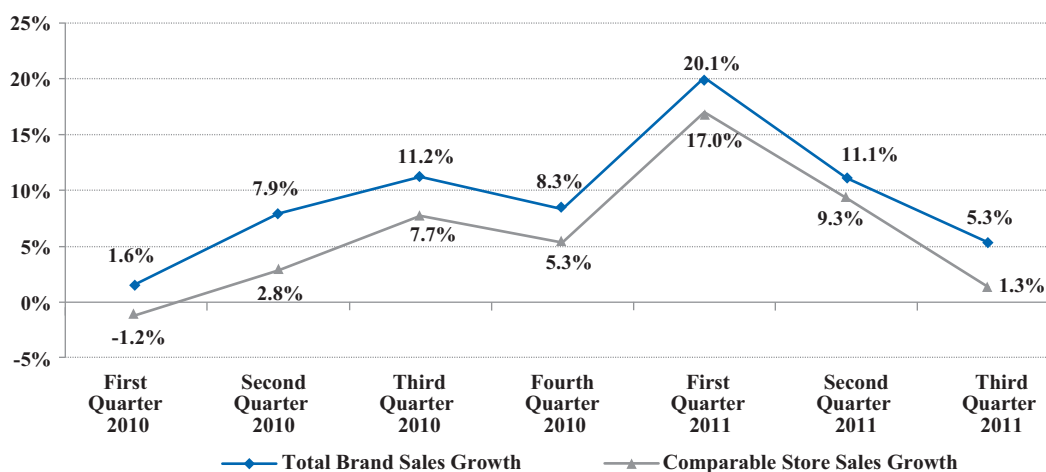


- Sales growth over the same period last year in third quarter 2011 was 18.6%, down from 26.0% in an exceptionally strong first quarter (following a very successful fall/winter campaign and a strong Chinese new year) and 21.7% in second quarter. Some headwinds have emerged in Mainland China where sales grew by 8.9% with comparable store sales growth of 1.3% during the quarter. The economy has slowed down following government actions to cool housing markets, and a slowdown in the export sector, negatively impacted consumer confidence.
- Nonetheless, our other markets continued to deliver strong results, in particular Hong Kong and Indonesia, which have partially compensated for the slower growth in Mainland China.

Mainland China

(In HK\$ millions)	Third Quarter 2011	Third Quarter 2010	Increase	YTD Sep 2011	YTD Sep 2010	Increase
Total sales (Note 1)	439	403	8.9%	1,392	1,193	16.7%
Retail self-operated stores	263	240	9.6%	896	761	17.7%
Wholesale to franchisees	176	163	8.0%	496	432	14.8%
Total brand sales (Note 2)	481	457	5.3%	1,686	1,495	12.8%
Comparable store sales increase (Note 3)	1.3%	7.7%		9.9%	3.0%	
Number of outlets (Note 4)	1,295	1,127	168	1,295	1,127	168
Self-operated stores	520	433	87	520	433	87
Franchised stores	775	694	81	775	694	81

Total brand sales growth and comparable store sales growth in Mainland China for the last seven quarters



- We started year 2011 with a very strong first quarter with brand sales growth of 20.1%, benefiting from cold weather in China during the winter and a strong performance at Chinese New Year. Growth of 11.1% slowed in the second quarter of 2011 with fewer promotions done in department stores following strict implementation of anti-deception rules by local authorities.
- Mainland China sales grew by HK\$36 million, or 8.9% in the third quarter of 2011, to HK\$439 million from HK\$403 million in the same period last year. Excluding effect of translating Chinese yuan into Hong Kong dollars, sales grew by 4.0%.
- During the quarter market and consumer confidence declined. This was due to a number of factors: government attempts to cool an overheated real estate market, a reduction in exports and the global economic slowdown. Despite this headwind, we sustained our strategy of margin protection which helped to maintain and enhance our brand position.
- As a result, total sales increased by 8.9% primarily due to new store openings and currency appreciation during the quarter, with comparable same store sales growth of 1.3% from prior year period.

Note 1: Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.

Note 2: Total Brand Sales are total retail sales, at constant exchange rates, in self-operated and franchised stores.

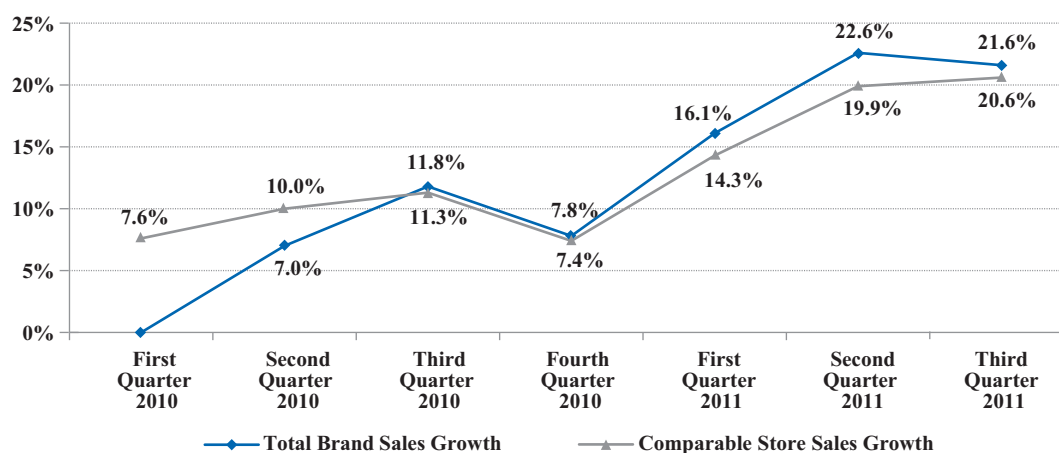
Note 3: Comparable Store Sales are total Brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated in the prior period. E-shop business has been included in Comparable Store Sales for this announcement and all relevant figures have been restated retrospectively.

Note 4: At the end of the period.

Hong Kong and Taiwan

(In HK\$ millions)	Third Quarter 2011	Third Quarter 2010	Increase	YTD Sep 2011	YTD Sep 2010	Increase
Total sales (Note 1)	414	329	25.8%	1,246	1,000	24.6%
Comparable store sales increase (Note 2)	20.6%	11.3%		18.2%	9.2%	
Number of outlets (Note 3)	266	250	16	266	250	16

Total brand sales growth and comparable store sales growth in Hong Kong and Taiwan for the last seven quarters



- Hong Kong and Taiwan sales grew by HK\$85 million, or 25.8% in the third quarter of 2011, to HK\$414 million from HK\$329 million in the same period last year. Excluding the effect of translating Taiwan dollars into Hong Kong dollars, sales grew by 21.3%.
- The strong performance in Hong Kong was mainly driven by attractive product mix and successful marketing campaigns. Following a significant rental increase, we took the decision to close a major store in the quarter. An excellent special shop closure campaign resulted in very strong sales in July and August. This campaign has helped sales lost from this closure to be absorbed by other shops in our network. We are also looking to find some new retail space which will enable us to sustain modest sales growth in Hong Kong going forward. Innovative marketing campaigns will continue to strengthen our brand position in Hong Kong by increasing public awareness and support for the *Giordano* brand.
- Increased tourism in Taiwan brought excellent sales growth during the quarter. In addition, fewer typhoons and favorable weather in Taiwan this year also helped to improve business performance.

Note 1: Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.

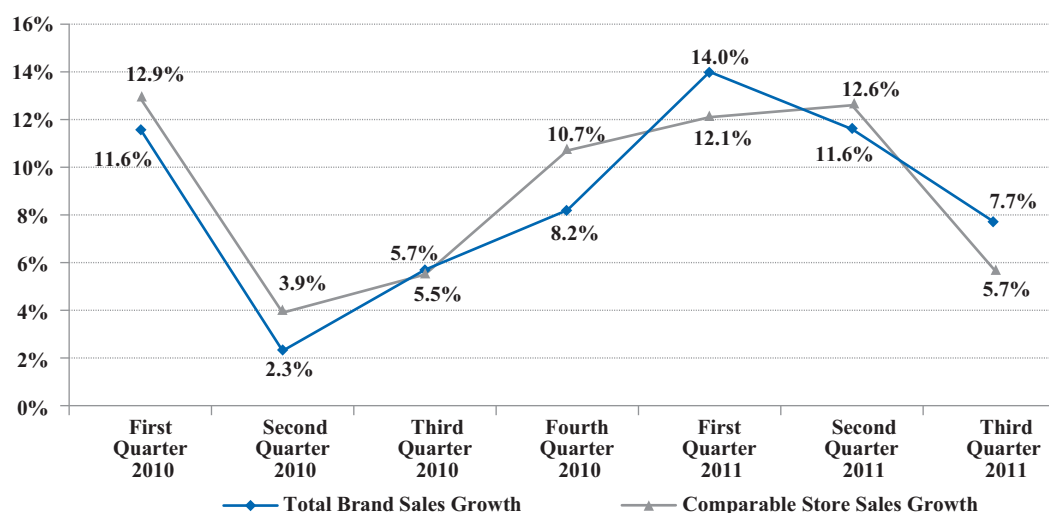
Note 2: Comparable Store Sales are total Brand sales, at constant exchange rates, from existing stores that have been open in the prior period.

Note 3: At the end of the period.

Rest of Asia Pacific

(In HK\$ millions)	Third Quarter 2011	Third Quarter 2010	Increase	YTD Sep 2011	YTD Sep 2010	Increase
Total sales (Note 1)	336	278	20.9%	967	777	24.5%
Comparable store sales increase (Note 2)	5.7%	5.5%		10.2%	7.4%	
Number of outlets (Note 3)	403	349	54	403	349	54

Total brand sales growth and comparable store sales growth in Rest of Asia Pacific for the last seven quarters



- Sales in the third quarter of 2011 in other markets in Asia, mainly comprising Singapore, Malaysia, Thailand and Indonesia, grew by 20.9% or HK\$58 million to HK\$336 million from HK\$278 million in the same period last year. Excluding the effect of translating foreign currencies into Hong Kong dollars, sales grew by 10.8%.
- Sales grew strongly by 28.6% (excluding exchange effect) in Indonesia. In other countries sales continued to grow but this growth slowed modestly from the exceptional levels achieved in the first half of the year.

Note 1: Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.

Note 2: Comparable Store Sales are total Brand sales, at constant exchange rates, from existing stores that have been open in the prior period.

Note 3: At the end of the period.

- In Singapore, the overall market was volatile and has been impacted by the financial crisis in Europe. Tourist spending declined and Singaporeans have adopted a cautious spending attitude. In addition, a persistent rainy season weakened sales performance during the quarter.
- In Malaysia, growth was weaker than last year as the Muslim New Year and the National Day fell on the same day, giving one less festival celebration day compared to last year.
- In Thailand, sales growth was stronger in second quarter 2011 as our shop operations had been disrupted by the 2010 protest in Bangkok. In the third quarter extensive monsoon rains have brought massive floods in the country resulting in reduced sales growth. We anticipate the effect of floods will continue to soften our performance in Thailand in the coming months.
- In Indonesia, stronger performance was mainly driven by improved product mix, new sales from the 8 shops added since last year and the strong sales performance during the 2011 Muslim New Year.

Export & Licensing

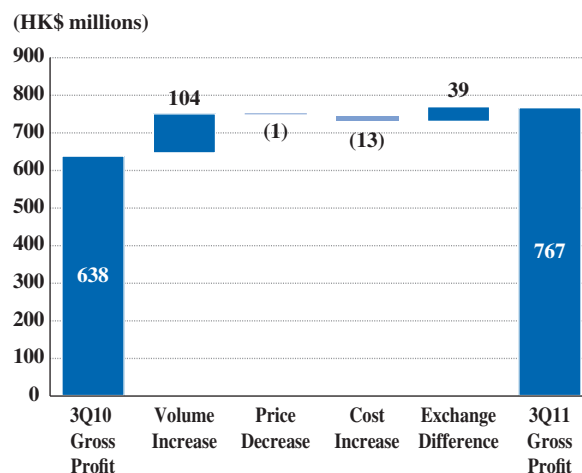
<i>(In HK\$ millions)</i>	Third Quarter 2011	Third Quarter 2010	Increase	YTD Sep 2011	YTD Sep 2010	Increase
Total sales	157	126	24.6%	411	321	28.0%
Number of outlets	532	523	9	532	523	9

- The Group's export and licensing segment primarily consists of sales to its South Korea and Middle East joint ventures, which accounted for 80% of export and licensing sales during the quarter.
- Sales of South Korea and Middle East during the quarter increased by 25.5% and 24.3% respectively over the same period last year.
- During the quarter, 2 shops were opened by a new Japanese franchisee.

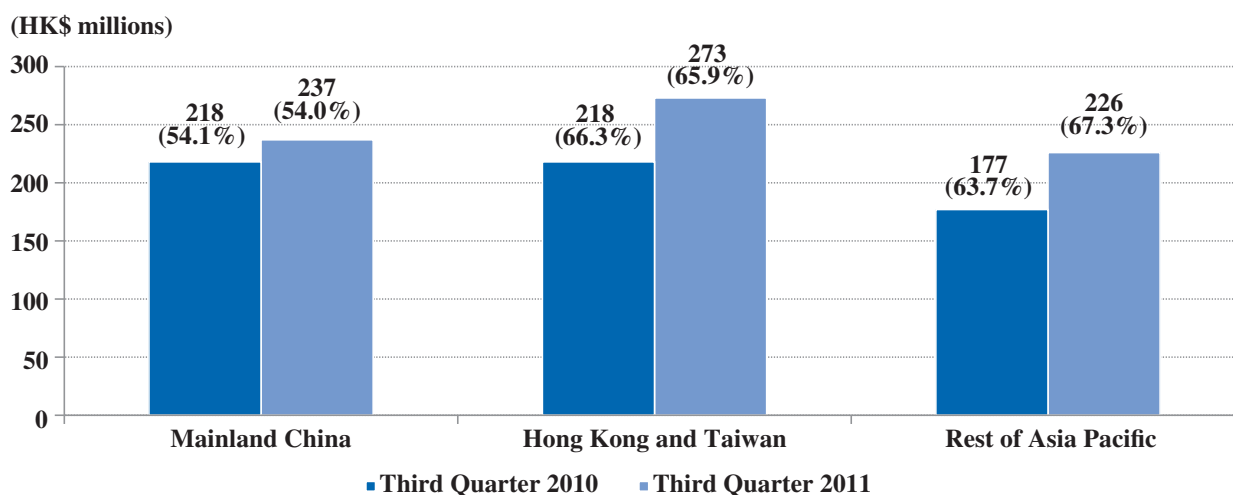
Gross Profit

- The Group increased gross margin by 0.8 percentage points to 57.5% year on year and the Group's gross profit increased by HK\$129 million, or 20.2%, to HK\$767 million from HK\$638 million in the same period last year.
- Improved gross profit was mainly driven by increased volume, more attractive product price mix, control of markdowns and effective advertising and promotion campaigns.
- These actions have helped to mitigate the effect of increases in raw material prices and production costs.

Gross profit reconciliation for the third quarter of 2011



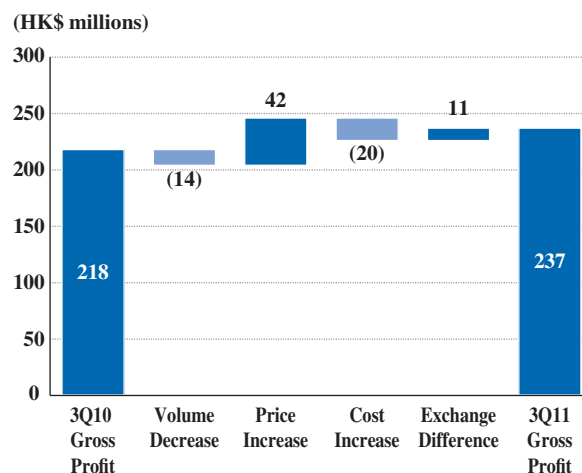
Gross profit (margin) by region for the third quarter of 2011



Mainland China

- Gross profit in Mainland China increased by 8.7% and gross margin decreased by 0.1 percentage points.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit increased by 3.7%.
- To differentiate our brand in a keen competitive market environment and to protect our margin, fewer promotions were launched and thus, the gross margin for the quarter remained at a similar level to last year. Additionally, increases in prices helped offset the impact of product cost increases.

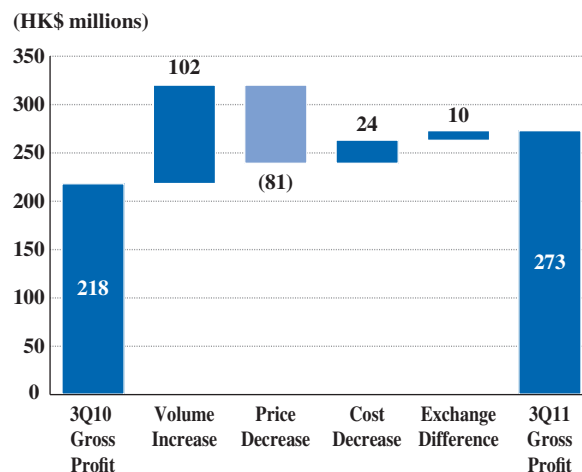
Mainland China



Hong Kong and Taiwan

- Gross profit in Hong Kong and Taiwan increased by 25.2% and gross margin decreased by 0.4 percentage points.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit increased by 20.6%.
- Discounting promotion limited to a major shop closure in Hong Kong resulted in a significant increase in volume, partly offset by lower margin on these sales.

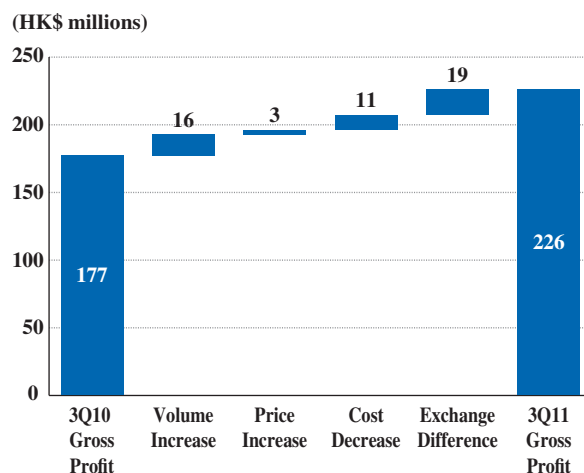
Hong Kong and Taiwan



Rest of Asia Pacific

- Other Asia Pacific markets showed the highest growth as gross profit increased by 27.7% and gross margin by 3.6 percentage points.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit increased by 16.9%.
- Unlike other regions, the increase in gross profit in other Asia Pacific markets was driven by volume, price and favorable product mix. Total quantities sold increased by 7.7%, average price increased by 2.4% and average costs decreased by 8.2%.

Rest of Asia Pacific



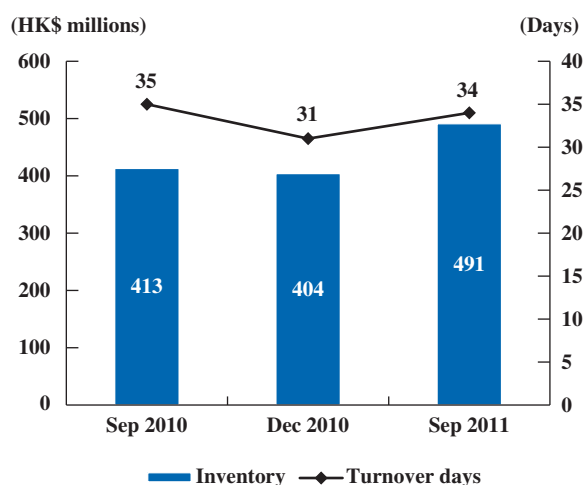
Net Cash and Bank Balances

- Net cash and bank balances decreased by HK\$22 million to HK\$1,110 million during the quarter (June 30, 2011: HK\$1,132 million), which represented the net effect of interim dividend paid of HK\$228 million, offset by the cash generated from operations and rental deposits refunded.
- With strong underlying cash flow, the Group is well-positioned to fund the further expansion of our business in different markets and other growth opportunities as they arise.

Inventory

- Group inventory increased by HK\$78 million to HK\$491 million over the same period last year. Inventory turnover on sales¹ was 34 days, one day less than last year.
- The increase in inventory level reflected the higher inventory costs and the provisioning for new shops added.

Inventory



¹ Inventory held at period end divided by sales and multiplied by number of days in the period

Jointly Controlled and Associated Companies

South Korea

<i>(In HK\$ millions)</i>	Third Quarter 2011	Third Quarter 2010	Increase/ (Decrease)	YTD Sep 2011	YTD Sep 2010	Increase/ (Decrease)
Total sales <i>(Note 1)</i>	369	294	25.5%	1,093	887	23.2%
Comparable store sales increase <i>(Note 2)</i>	13.4%	14.1%		10.5%	24.5%	
Number of outlets <i>(Note 3)</i>	213	215	(2)	213	215	(2)

- Excluding exchange impact, sales in South Korea grew by 17.4%.
- Continuous improvement in product design and variety, together with strong marketing campaign are the key success factors in South Korea.

Middle East

<i>(In HK\$ millions)</i>	Third Quarter 2011	Third Quarter 2010	Increase	YTD Sep 2011	YTD Sep 2010	Increase
Total sales <i>(Note 1)</i>	189	152	24.3%	467	359	30.1%
Comparable store sales increase/(decrease) <i>(Note 2)</i>	22.2%	15.2%		29.9%	(1.3%)	
Number of outlets <i>(Note 3)</i>	168	158	10	168	158	10

- Middle East continued to deliver strong result. Part of the sales increase was due to strong performance during Muslim New Year.

Note 1: Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.

Note 2 : Comparable Store Sales are total Brand sales, at constant exchange rates, from existing stores that have been open in the prior period.

Note 3: At the end of the period.

Summary of total sales, comparable store sales growth and store development by market

Summary by market (In HK\$ millions)	Total sales			Comparable store sales	
	YTD Sep 2011	YTD Sep 2010	Increase	YTD Sep 2011	YTD Sep 2010
Mainland China	1,392	1,193	16.7%	9.9%	3.0%
Hong Kong	714	586	21.8%	23.1%	10.3%
Taiwan	532	414	28.5%	12.8%	7.7%
Singapore	305	258	18.2%	4.4%	3.3%
Indonesia, Malaysia and Thailand	511	403	26.8%	13.2%	16.8%
Australia	131	113	15.9%	12.7%	(8.6%)
Other Markets	20	3	566.7%	24.4%	N/A
Retail & Distribution total	3,605	2,970	21.4%	12.4%	6.0%
Export & Licensing total	411	321	28.0%		
Inter-segment sales	(33)	(29)	13.8%		
Group total	3,983	3,262	22.1%		

Number of outlets as at	Sep 30 2011	Jun 30 2011	Dec 31 2010
Mainland China	1,295	1,262	1,188
Hong Kong	73	75	75
Taiwan	193	186	181
Singapore	55	55	52
Indonesia, Malaysia and Thailand	282	272	268
Australia	34	33	36
India (Note 1)	32	31	–
Retail & Distribution total	1,964	1,914	1,800
South Korea	213	215	214
Middle East	168	164	162
Other Markets	151	149	177
Export & Licensing total	532	528	553
Group total	2,496	2,442	2,353

Note 1: Included in Export & Licensing in 2010.

Sales Review by Brand

Total sales (Note 1) (In HK\$ millions)	Third Quarter 2011	Third Quarter 2010	Increase/ (Decrease)	YTD Sep 2011	YTD Sep 2010	Increase/ (Decrease)
<i>Giordano & Giordano Junior</i>	1,007	876	15.0%	3,109	2,578	20.6%
<i>BSX</i>	76	42	81.0%	187	123	52.0%
<i>Giordano Ladies</i>	84	70	20.0%	243	199	22.1%
<i>Concepts One</i>	10	15	(33.3%)	36	51	(29.4%)
Others	12	7	71.4%	30	19	57.9%
Retail & Distribution Total	1,189	1,010	17.7%	3,605	2,970	21.4%
Export & Licensing total	157	126	24.6%	411	321	28.0%
Inter-segment sales	(12)	(11)	9.1%	(33)	(29)	13.8%
Group total	1,334	1,125	18.6%	3,983	3,262	22.1%

Note 1: Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.

Number of outlets	Sep 30 2011	Jun 30 2011	Dec 31 2010
<i>Giordano & Giordano Junior</i>	2,242	2,206	2,127
<i>BSX</i>	161	150	146
<i>Giordano Ladies</i>	51	50	46
<i>Concepts One</i>	32	27	25
Others	10	9	9
Group total	2,496	2,442	2,353

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, November 17, 2011

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.