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

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2011**

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of Giordano International Limited (the “Company”) is pleased to announce that the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended June 30, 2011 along with comparative figures for the corresponding period and selected explanatory notes are as follows:

Condensed Consolidated Income Statement

		Six months ended June 30	
		2011	2010
<i>(In HK\$ millions except earnings per share)</i>	<i>Note</i>	(Unaudited)	(Unaudited)
Sales	2	2,649	2,137
Cost of sales		(1,068)	(900)
Gross profit		1,581	1,237
Other income and other gains		72	41
Distribution, administrative and other operating expenses		(1,201)	(1,007)
Operating profit	2,3	452	271
Loss on disposal of a subsidiary		–	(10)
Finance expense	4	(1)	(1)
Share of profit of jointly controlled companies		30	22
Share of profit of an associate		9	2
Profit before taxation		490	284
Taxation	5	(119)	(70)
Profit for the period		371	214

<i>(In HK\$ millions except earnings per share)</i>	<i>Note</i>	Six months ended June 30	
		2011 (Unaudited)	2010 (Unaudited)
Profit attributable to:			
Shareholders of the Company		346	202
Non-controlling interests		25	12
		371	214
Earnings per share for profit			
attributable to shareholders of the Company	<i>6</i>		
Basic (<i>HK cents</i>)		23.0	13.5
Diluted (<i>HK cents</i>)		22.8	13.5
Dividends	<i>7(a)</i>	227	127

Condensed Consolidated Statement of Comprehensive Income

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
	(Unaudited)	(Unaudited)
Profit for the period	371	214
Other comprehensive income:		
Exchange adjustment on translation of overseas subsidiaries, associate, jointly controlled entities and branches	32	7
Share of reserve of a jointly controlled entity	1	–
Realization of exchange reserve upon disposal of a subsidiary	–	10
Exchange movement on deferred tax	–	1
Total comprehensive income for the period	404	232
Total comprehensive income attributable to:		
Shareholders of the Company	376	216
Non-controlling interests	28	16
	404	232

Consolidated Balance Sheet

<i>(In HK\$ millions)</i>	<i>Note</i>	June 30 2011 (Unaudited)	December 31 2010 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		209	202
Investment property		75	77
Leasehold land and rental prepayments		278	282
Goodwill		5	5
Interest in jointly controlled companies		407	373
Interest in an associate		39	43
Available-for-sale financial assets		13	13
Financial assets at fair value through profit or loss		28	28
Rental deposits		126	164
Deferred tax assets		34	29
		1,214	1,216
Current assets			
Inventories		411	404
Leasehold land and rental prepayments		43	41
Trade and other receivables	8	656	597
Cash and bank balances		1,207	1,062
		2,317	2,104
Total assets		3,531	3,320
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		76	75
Reserves		2,277	2,056
Proposed dividends	7	227	277
Equity attributable to shareholders of the Company		2,580	2,408
Non-controlling interests		92	85
Total equity		2,672	2,493
Non-current liabilities			
Deferred tax liabilities		123	108
		123	108
Current liabilities			
Trade and other payables	9	546	548
Bank loans		75	84
Taxation		115	87
		736	719
Total liabilities		859	827
Total equity and liabilities		3,531	3,320
Net current assets		1,581	1,385
Total assets less current liabilities		2,795	2,601

Notes:

1. Principal Accounting Policies

Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and the applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements are presented in million of units of Hong Kong dollars, unless otherwise stated. These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 30, 2011.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2010 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2010 except for the following new standards, amendments and interpretations that are relevant to the Group’s business and are effective on or after January 1, 2011:

HKAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after January 1, 2011)
Amendment to HKAS 34	Interim Financial Reporting (effective for annual periods beginning on or after January 1, 2011)

2. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers who make strategic decisions.

The chief operating decision-makers assess the business of the Retail and Distribution segment from both a geographic and a brand perspective. From a geographic perspective, the Retail and Distribution segment is further divided into six reportable operating sub-segments, namely Mainland China, Hong Kong and Macau, Taiwan, Singapore, Australia and Other Markets. From a brand perspective, the Retail and Distribution segment is sub-divided into *Giordano & Giordano Junior*, *Giordano Ladies*, *Concepts One* (renamed from *Giordano Concepts*), *BSX* and Others. Wholesale sales to overseas customers and the Group’s licensing activities are grouped under the Export and Licensing business segment.

Segment profit represents the profit earned by each segment before finance cost, tax and share of profit of jointly controlled companies and associate. This is the measurement basis reported to the chief operating decision-makers for the purpose of resource allocation and assessment of segment performance.

An analysis of the Group's reportable segment sales and operating profit/(loss) by geographical location is as follows:

<i>(In HK\$ millions)</i>	Six Months ended June 30			
	2011	Operating profit	2010	Operating profit/(loss)
	Sales		Sales	
By principal markets:				
Mainland China	953	157	790	124
Hong Kong and Macau	472	97	392	54
Taiwan	360	67	279	31
Singapore	208	45	172	23
Australia	88	3	73	(14)
Other Markets	335	89	254	52
Total Retail and Distribution	2,416	458	1,960	270
Export and Licensing business	254	44	195	27
Inter-segment sales on export and licensing business	(21)	–	(18)	–
Total	2,649	502	2,137	297

Further analysis of Retail and Distribution by brands are as follows:

<i>(In HK\$ millions)</i>	Six Months ended June 30			
	2011	Operating profit/(loss)	2010	Operating profit/(loss)
	Sales		Sales	
By brands:				
<i>Giordano & Giordano Junior</i>	2,102	407	1,702	242
<i>Giordano Ladies</i>	159	31	129	21
<i>Concepts One</i> (renamed from <i>Giordano Concepts</i>)	26	(3)	36	(6)
<i>BSX</i>	111	20	81	11
Others	18	3	12	2
Total Retail and Distribution	2,416	458	1,960	270

A reconciliation of operating profit for reportable segments to profit before income tax is provided as follows:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
Operating profit for reportable segments	502	297
Manufacturing business	4	5
Other operating expenses	(54)	(31)
Loss on disposal of a subsidiary	–	(10)
Finance expense	(1)	(1)
Share of profit of jointly controlled companies	30	22
Share of profit of an associate	9	2
Profit before taxation	490	284

3. Operating profit

The operating profit is stated after charging:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
Amortization of leasehold land prepayments	5	5
Depreciation of property, plant and equipment	42	44
Depreciation of investment property	2	1
Net loss on disposal of property, plant and equipment	–	1
Provision for obsolete inventory and inventory write-off	3	7

4. Finance expense

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
Interest on bank loans	1	1

5. Taxation

Hong Kong profits tax is calculated at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the six months ended June 30, 2011. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
Income tax		
Current income tax		
– Hong Kong profits tax	20	11
– Outside Hong Kong	65	50
– Withholding tax on distribution from subsidiaries, a jointly controlled company and an associate	13	8
Under provision in prior periods		
– Hong Kong profits tax	–	2
– Outside Hong Kong	15	1
	113	72
Deferred tax		
Relating to the origination and reversal of temporary differences	6	(2)
Taxation charge	119	70

This charge excludes the share of associate and jointly controlled companies' taxation for the six months ended June 30, 2011 of HK\$10 million (2010: HK\$6 million). The share of the income tax expenses of associate and jointly controlled companies is netted off with the share of profits of associate and jointly controlled companies in the condensed consolidated income statement.

6. Earnings per share

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders of the Company for the period of HK\$346 million (2010: HK\$202 million).

The basic earnings per share is based on the weighted average of 1,500,171,568 shares (2010: 1,491,667,104 shares) in issue during the six months ended June 30, 2011.

The diluted earnings per share is based on 1,500,171,568 shares (2010: 1,491,667,104 shares) which is the weighted average number of shares in issue during the six months ended June 30, 2011 plus the weighted average of 17,299,935 shares (2010: 93,466 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

7. Dividends

(a) Interim dividends attributable to the period:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
Interim dividend declared after balance sheet date of 15.0 HK cents (2010: 4.5 HK cents) per share	227	67
Special interim dividend declared after balance sheet date of nil (2010: 4.0 HK cents) per share	–	60
	227	127

At the board meeting held on August 30, 2011, the directors declared interim dividend of 15.0 HK cents per share. This proposed dividend has not been recognized as a liability at the balance sheet date.

(b) Dividends attributable to the previous year, approved and paid during the period:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2011	2010
2010 final dividend approved and paid of 7.0 HK cents (2009: 7.0 HK cents) per share	106	105
2010 special final dividend approved and paid of 11.5 HK cents (2009: 7.0 HK cents) per share	173	105
	279	210

8. Trade and other receivables

<i>(In HK\$ millions)</i>	June 30	December 31
	2011	2010
Trade receivables	273	291
<i>Less:</i> Provision for impairment	(9)	(9)
Trade receivables – net	264	282
Other receivables, including deposits and prepayments	392	315
	656	597

Other than cash and credit card sales, the Group normally allows an average credit period of 60 days to its trade customers.

As at the balance sheet date, the ageing analysis from the invoice date of trade receivables (net of allowance for doubtful debts) is as follows:

<i>(In HK\$ millions)</i>	June 30 2011	December 31 2010
0 – 30 days	188	185
31 – 60 days	60	60
61 – 90 days	8	29
Over 90 days	8	8
	264	282

9. Trade and other payables

<i>(In HK\$ millions)</i>	June 30 2011	December 31 2010
Trade payables	168	163
Other payables and accrued expenses	378	385
	546	548

The ageing analysis of trade payables is as follows:

<i>(In HK\$ millions)</i>	June 30 2011	December 31 2010
0 – 30 days	125	153
31 – 60 days	29	9
61 – 90 days	12	1
Over 90 days	2	–
	168	163

MANAGEMENT DISCUSSION AND ANALYSIS

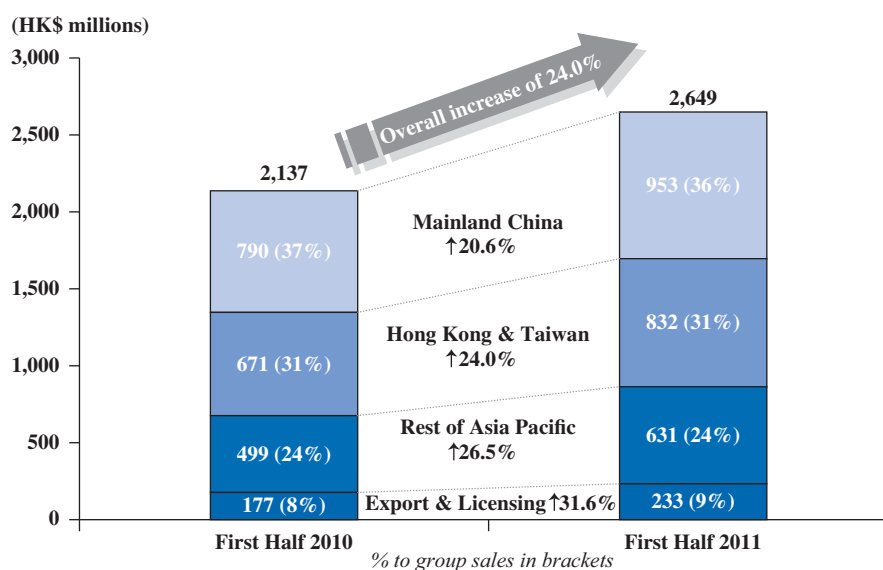
RESULTS OF GROUP OPERATIONS

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Sales	2,649	2,137	24.0%
Gross profit	1,581	1,237	27.8%
Gross margin	59.7%	57.9%	1.8 pp
EBITDA	550	341	61.3%
Operating profit	452	271	66.8%
Operating margin	17.1%	12.7%	4.4 pp
Profit attributable to shareholders	346	202	71.3%
Net profit margin	13.1%	9.5%	3.6 pp
Net cash inflow from operating activities	416	260	60.0%
Net cash and bank balances	1,132	792	42.9%
Inventory days of sales (days)	28	25	3
Number of outlets	2,442	2,206	236

Sales

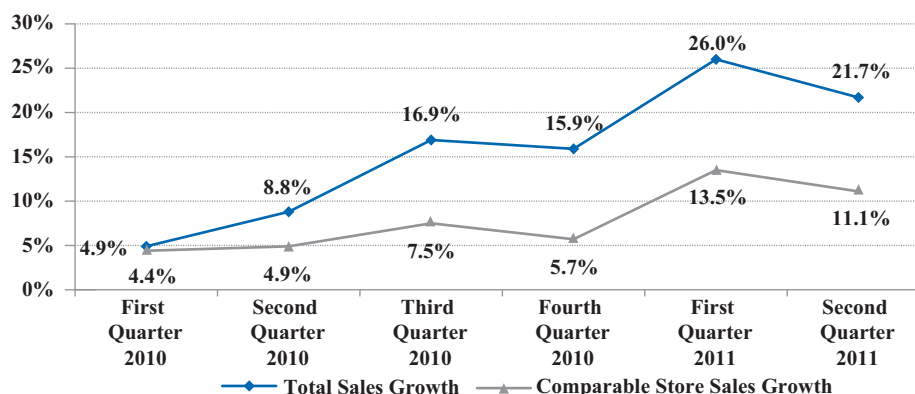
The Group's sales for the first half of 2011 increased by 24.0% to HK\$2,649 million from HK\$2,137 million in the same period last year. Excluding the effects of translating sales made in foreign currencies into Hong Kong dollars, sales increased by 17.8%.

Sales Growth and Contribution for the First Half of 2011



- As shown in the table above, sales in Mainland China and developed markets including Hong Kong and Taiwan grew by 20.6% and 24.0% respectively compared to the same period last year.
- Sales in other developing markets in the Asia Pacific region, mainly Singapore, Malaysia, Indonesia and Thailand, grew by 26.5% compared to the same period last year.

Sales Growth and Comparable Store Sales Growth in the Last Six Quarters

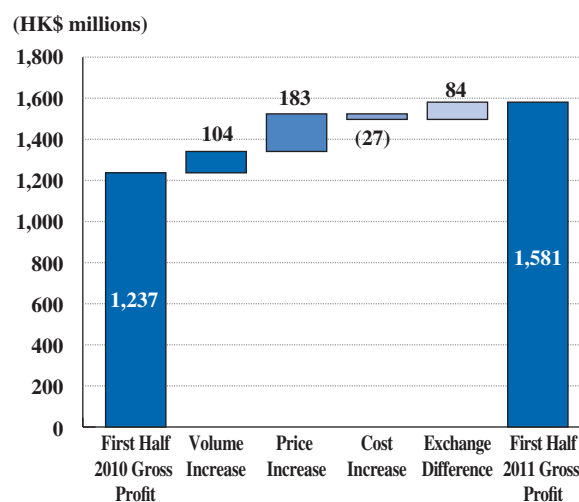


- The Group continues to deliver growth, quarter by quarter.
- Sales grew by 26.0% in the first quarter of 2011 reflecting a strong Chinese New Year and increased sales of winter apparel driven by cold weather conditions in China.
- In the second quarter of 2011 sales continued to grow strongly by 21.7%, but were impacted by a relatively weak second quarter in China, particular in May 2011, partly due to a year on year reduction in tourism in Shanghai following the World Expo 2010.

Gross Profit

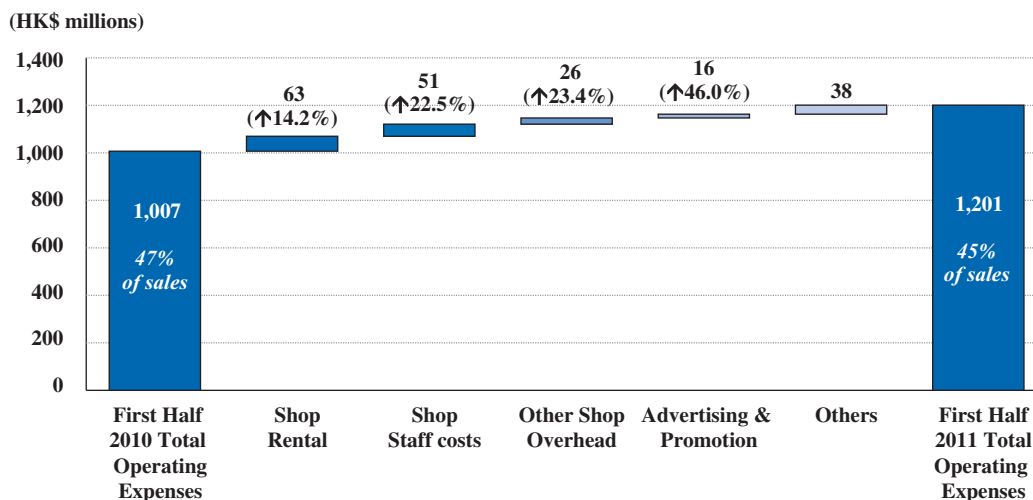
- The Group increased gross margin by 1.8 percentage points to 59.7% year on year and the Group's gross profit increased by HK\$344 million to HK\$1,581 million from HK\$1,237 million in the same period last year.
- Improved gross profit was mainly driven by increased volume, improved pricing and control on markdowns, increased advertising and promotion activity and a more attractive product mix.
- These actions have helped to mitigate the effect of increases in cotton raw material prices.

Gross Profit Reconciliation for the First Half of 2011



Operating Profit

Total Operating Expenses Reconciliation for the First Half of 2011



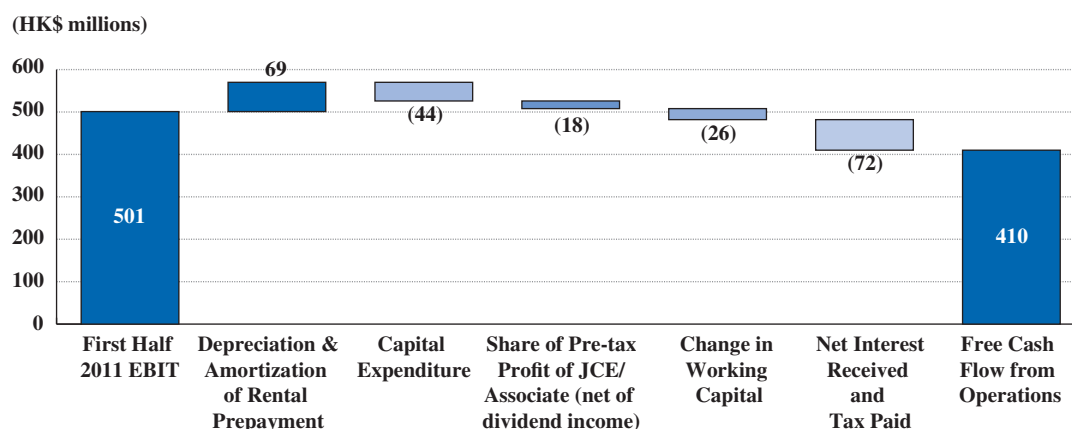
- Overall, the Group's operating expenses increased by 19.3% to HK\$1,201 million from HK\$1,007 million in the same period last year, reflecting the growth in operations and some inflationary cost increases.
- Operating expenses as a proportion of sales decreased from 47% to 45%. Such decrease was mainly due to the decrease in rent to sales from 21% to 19% as a result of better leveraging of rental costs.
- The Group has boosted advertising and promotion spending by 46.0% over last year to enhance brand image and support sales and margin development.
- As a result of the above, the Group's first half operating profit increased by HK\$181 million to HK\$452 million from HK\$271 million in the same period last year. Operating margin improved by 4.4 percentage points to 17.1% from 12.7% in the same period last year.

Profit Attributable to Shareholders

- Post-tax profit from the Group's South Korea joint venture increased by HK\$8 million to HK\$30 million (First Half of 2010: HK\$22 million).
- Our Middle East associate increased its profit contribution by HK\$7 million to HK\$9 million (First Half of 2010: HK\$2 million).
- The Group's first half of 2011 income taxation expense was HK\$119 million (First Half of 2010: HK\$70 million), resulting in an effective tax rate of 24.3% (First Half of 2010: 24.6%).
- Excluding the under-provision from previous periods, the effective tax rate is 21.2%. The lower effective tax rate was a result of relatively more earnings arose from countries with lower income tax rate (e.g. Hong Kong, Taiwan and Singapore).
- As a result of sales and margin growth across the Group's operations, the first half of 2011 profit attributable to shareholders increased by 71.3% or HK\$144 million to HK\$346 million from HK\$202 million in the same period last year.
- Basic and diluted earnings per share increased to 23.0 HK cents (First Half of 2010: 13.5 HK cents) and 22.8 HK cents (First Half of 2010: 13.5 HK cents) respectively.

Free cash flow from operations

EBIT and Free Cash Flow from Operations for the First Half of 2011



Control over capital expenditure and working capital resulted in a conversion of 81.8% of EBIT to free cash flow in the period.

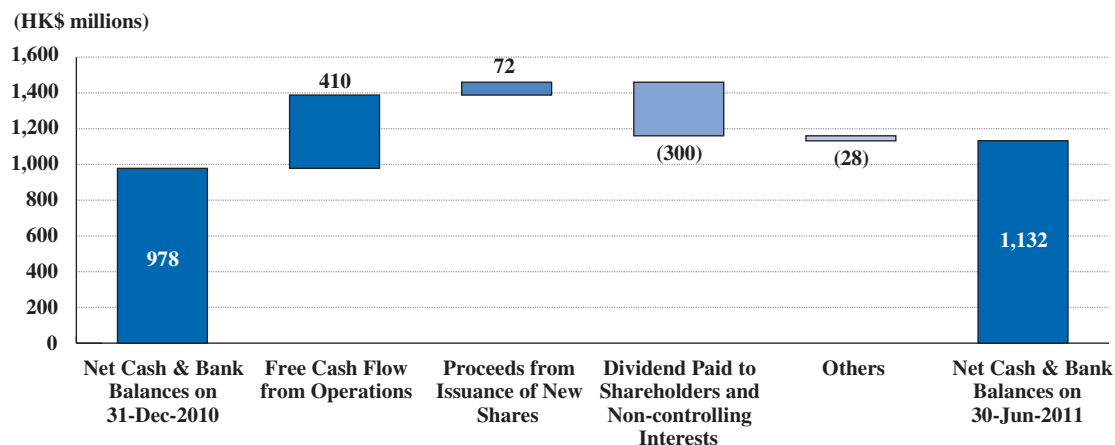
Simplified Free Cash Flow Analysis

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase/ (decrease)
Profit before income tax	490	284	72.5%
Add: Share of tax of JCE/associate	10	6	66.7%
Add: Interest expense	1	1	–
Add: Depreciation and amortization	49	50	(2.0%)
EBITDA	550	341	61.3%
Loss on disposal of a subsidiary	–	10	(100.0%)
Share of pre-tax profit of JCE/associate	(49)	(30)	63.3%
Amortization of rental prepayments	20	21	(4.8%)
Change in working capital	(26)	(29)	(10.3%)
Interest paid	(1)	(1)	–
Income tax paid	(78)	(52)	50.0%
Net cash inflow from operating activities	416	260	60.0%
Dividend income from JCE/associate	31	10	210.0%
Capital expenditure less disposals	(44)	(25)	76.0%
Interest received	7	3	133.3%
Free cash flow from operations	410	248	65.3%

As a result of increased operating profits, free cash flow increased by HK\$162 million, or 65.3%, over the same period last year.

Financial position of the Group

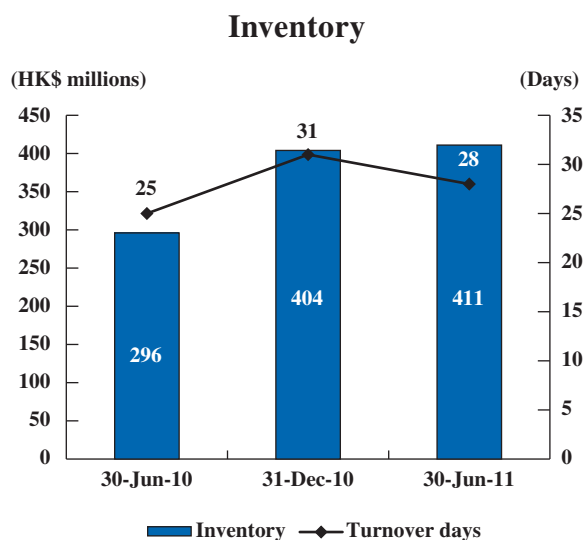
Change in Net Cash and Bank Balances for the First Half of 2011



- The Group had total net cash and bank balances of HK\$1,132 million as at June 30, 2011 (December 31, 2010: HK\$978 million).
- Outstanding bank loans decreased to HK\$75 million (December 31, 2010: HK\$84 million) after the repayment of HK\$10 million of a short-term bank loan during the period.
- Cash and bank balances were HK\$1,207 million (December 31, 2010: HK\$1,062 million) of which HK\$299 million were on fixed term deposits with maturity over three months but less than 12 months from the date of deposit.
- The Group is continuously looking at opportunities to grow, both organically, through strategic partnerships or through acquisitions and is well positioned to fund any such growth initiatives.

Inventory

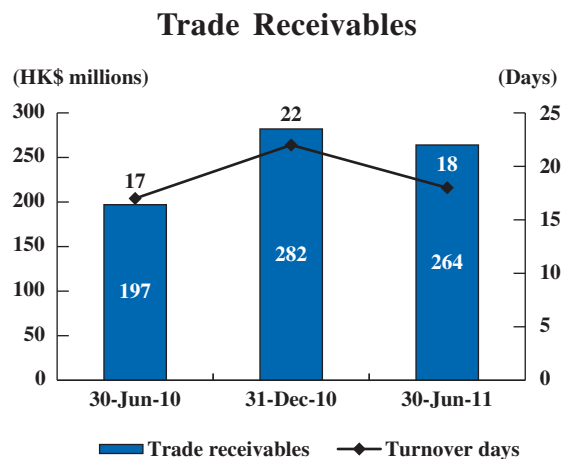
- Group inventory in the first half of 2011 increased by HK\$7 million from HK\$404 million to HK\$411 million due to increased inventory costs and the provisioning for new shops.
- Inventory turnover on sales¹ was 28 days, remaining at the range within our expectation.



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

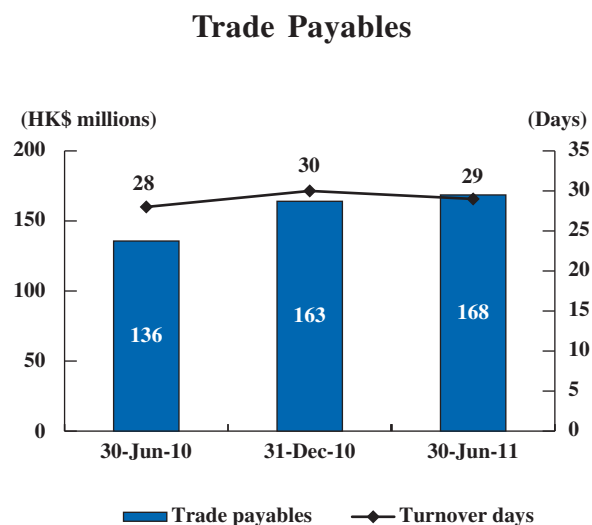
Trade Receivables

- Trade receivables decreased by HK\$18 million to HK\$264 million.
- Decrease in turnover days² on trade receivables was a result of our continuous efforts on trade receivable collection, in particular on sales to franchisees in China.



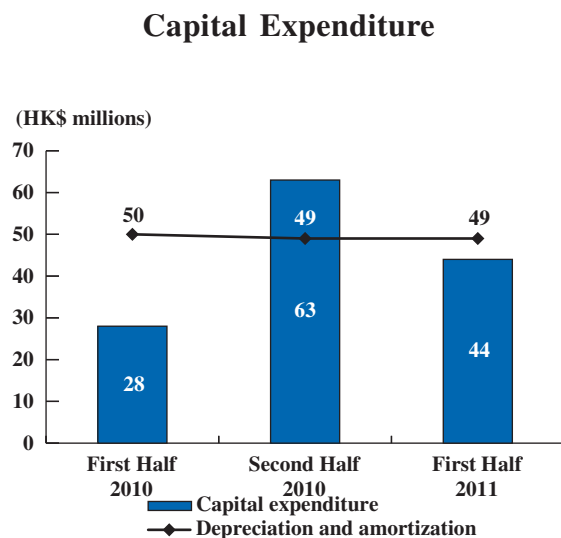
Trade Payables

- Trade payables increased by HK\$5 million to HK\$168 million.
- The trade payable turnover days³ remained stable at approximately one month. This reflects our strategy with supply chain partners for on-time payments in exchange for competitive purchase costs.



Capital Expenditure

- The Group continued to accelerate its store expansion plan, in particular in China, increasing capital expenditure in comparison to the same period last year.
- Total number of self-operated stores increased from 1,052 in December 2010 to 1,138 in June 2011.



² Trade receivables at period end divided by sales and multiplied by number of days in the period

³ Trade payables at period end divided by cost of sales and multiplied by number of days in the period

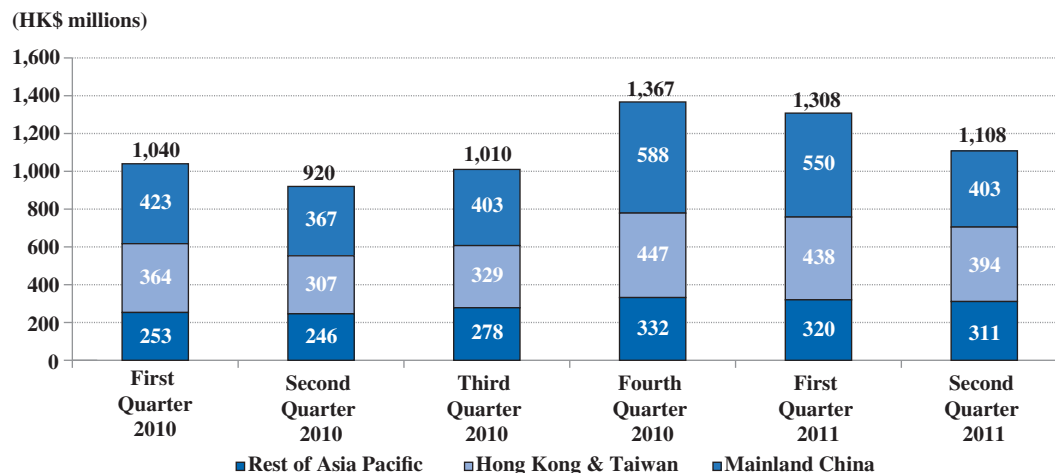
OPERATIONS REVIEW

Retail & Distribution Segment

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total Sales <i>(Note 1)</i>	2,416	1,960	23.3%
Gross profit	1,528	1,194	28.0%
Gross margin	63.2%	60.9%	2.3 pp
Operating profit	458	270	69.6%
Operating margin	19.0%	13.8%	5.2 pp
Global brand sales <i>(Note 2)</i>	3,624	3,101	16.9%
Comparable store sales increase <i>(Note 3)</i>	12.4%	4.5%	
Number of outlets	1,914	1,696	218

SALES

Sales by Region Last Six Quarters



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

Note 3: Comparable Store Sales are total Brand sales, at constant \$ exchange rates, from existing stores that have been open in the prior period.

- Sales continues a strong trend over the last six quarters, growing in Mainland China, more developed markets such as Hong Kong and Taiwan and also in developing countries in the rest of Asia Pacific such as Singapore, Malaysia, Thailand and Indonesia.
- The Group has emerged from the economic downturn in 2008/9 with strong growth across all markets.
- Growth in China in 2011 slowed in second quarter, particular in May.
- Other markets continue to show significant growth in the second quarter of 2011.
- Growth is largely organic and based on well established networks of stores, supplemented by an ambitious expansion plan in Mainland China and selective expansion in other markets as opportunities arise.

Mainland China

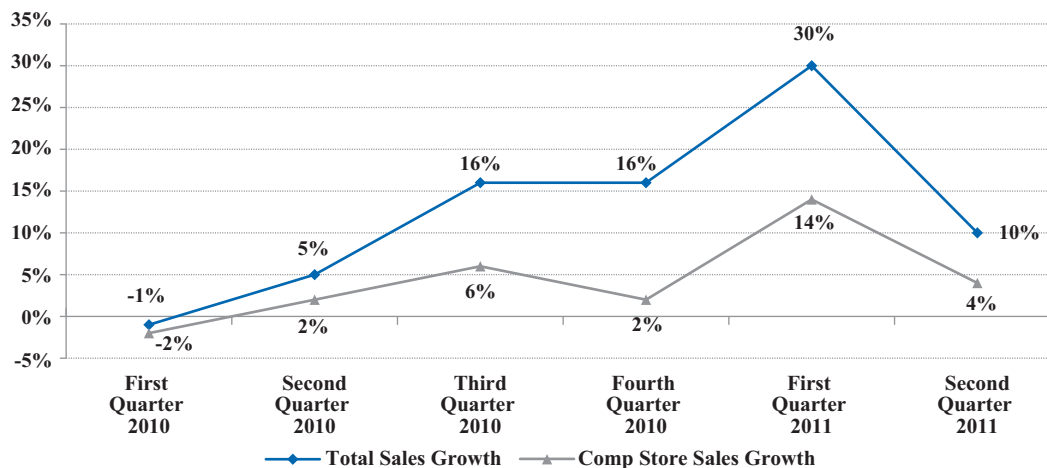
<i>(In HK\$ millions)</i>	First Half 2011	YOY Increase
Total sales (<i>Note 1</i>)		
Retail self-operated stores	626	20.2%
Wholesale to franchisees	327	21.6%
Total sales	953	20.6%
Total brand sales (<i>Note 2</i>)	1,198	16.2%
Comparable store sales increase (<i>Note 3</i>)	9.0%	
Number of outlets	1,262	161
Self-operated stores	495	52
Franchised stores	767	109

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 that have been open in the prior period.

Comparable Store Sales Growth in Mainland China Last Six Quarters

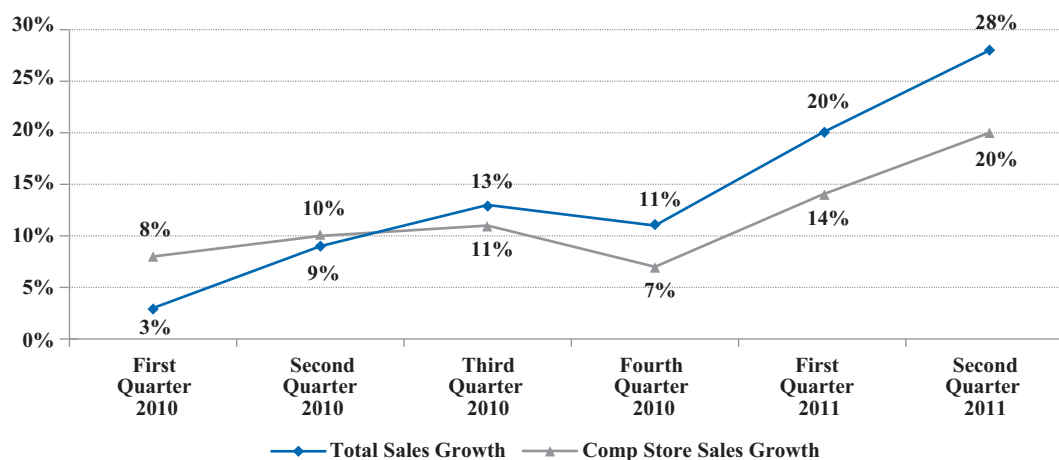


- Mainland China sales grew by 20.6% in the first half of 2011, or HK\$163 million, to HK\$953 million from HK\$790 million in the same period last year.
- Excluding effect of translating Chinese yuan into Hong Kong dollars, sales grew by 15.4%.
- Mainland China has developed well from early 2010 with positive comparable store sales growth over the last five consecutive quarters, ranging from 2% to 14% as shown above.
- The fourth quarter of 2010 and the first quarter of 2011 were strong quarters indicating some traction for our expansion strategy. However, the second quarter of 2011 growth was weaker, primarily due to a slower May following the World Expo 2010 and with fewer promotions done in department stores following strict implementation of anti-deception rules by local authorities.
- Mainland China is now increasingly seen as a collection of vastly different markets rather than a homogeneous whole.
 - The Shanghai region has been very challenging with lower levels of tourists following World Expo 2010.
 - In Southern China, sales growth was lower in the second quarter of 2011, partly due to unseasonably wet weather conditions.
 - By contrast, Northern and Western regions, in developing areas of the country such as Chengdu, Wuhan and Chongqing have shown steady upward growth trends.
- We will continue to grow our Mainland China business by providing more support to our franchisees, increasing our advertising and promotion activities and upgrading our e-tailing capability through our E-shop business.

Hong Kong and Taiwan

<i>(In HK\$ millions)</i>	First Half 2011	YOY Increase
Total sales (<i>Note 1</i>)	832	24.0%
Comparable store sales increase (<i>Note 2</i>)	16.8%	
Number of outlets	261	11

Comparable Store Sales Growth in Hong Kong and Taiwan Last Six Quarters



- Sales increased in Hong Kong and Taiwan markets by 24.0% over the same period last year due to increased tourism, successful and innovative marketing campaigns and strong operational excellence in customer service and merchandising.
- Excluding the effect of translating Taiwan dollars into Hong Kong dollars, sales grew by 19%, out of which, 15% is coming from increase in selling price and remaining 4% is from volume.

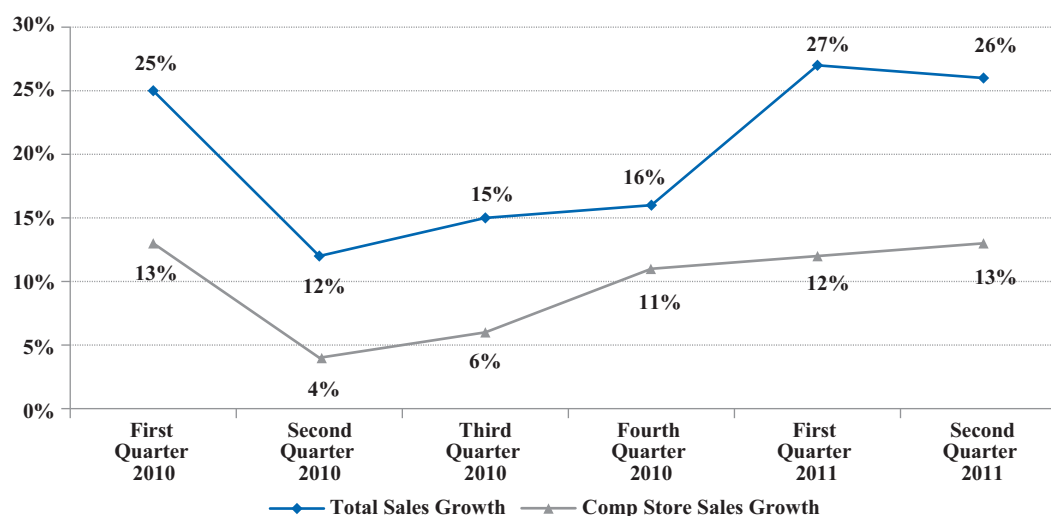
Note 1: Total Sales are total retail sales translated at average \$ exchange rates.

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

Rest of Asia Pacific

<i>(In HK\$ millions)</i>	First Half 2011	YOY Increase
Total sales (<i>Note 1</i>)	631	26.5%
Comparable store sales increase (<i>Note 2</i>)	12.9%	
Number of outlets	391	46

Comparable Store Sales Growth in Rest of Asia Pacific Last Six Quarters



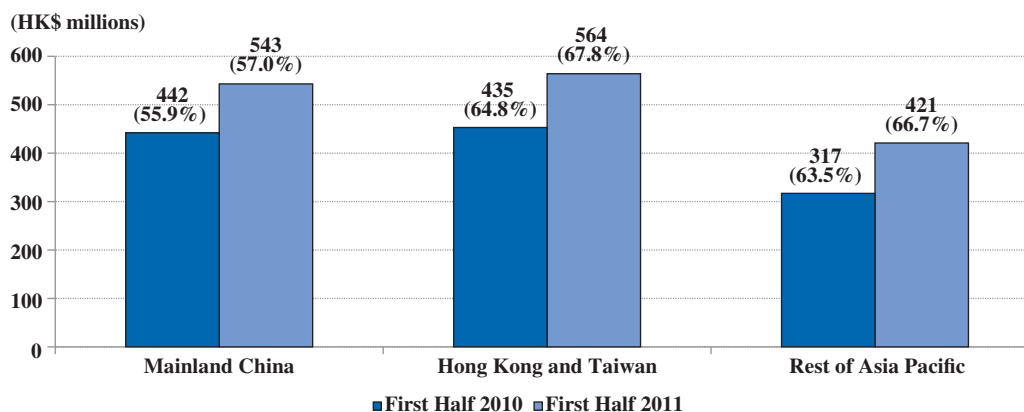
- Sales in other markets in Asia, notably in Singapore, Malaysia, Thailand and Indonesia, grew by 26.5% or HK\$132 million to HK\$631 million from HK\$499 million in the same period last year.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, sales grew by 15.4%.
- Comparable same store sales growth for the first half of 2011 was 12.9%.
- Sales growth in South East Asia is particularly strong reflecting our wide footprint in this region and the successful execution of our growth strategy here. We have well established operations in these countries which are very well represented in shopping malls and department stores in major developed metropolitan cities like Kuala Lumpur, Bangkok and Jakarta and we are increasingly expanding into other tourist and suburb areas such as Langkawi Island, the northern part of Thailand, Surabaya and Bali.

Note 1: Total Sales are total retail sales translated at average \$ exchange rates.

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

GROSS PROFIT

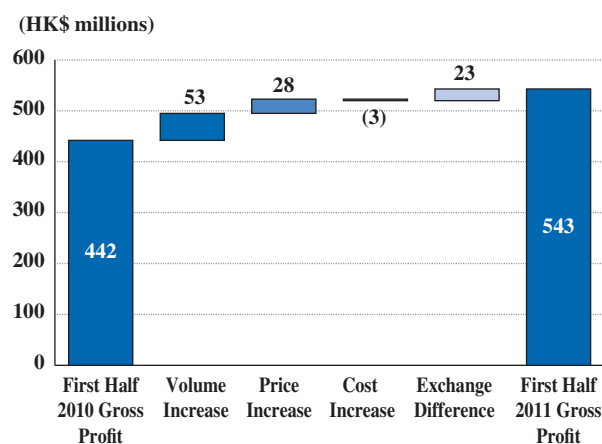
Gross Profit (Margin) by Region for the First Half of 2011



Mainland China

- Gross profit in Mainland China increased by 22.8% and gross margin by 1.1 percentage points.
- Excluding the effect of translating foreign currencies into Hong Kong dollars gross profit increased by 17.6%. The increase in gross profit is mainly driven by volume as quantities sold increased by 11.9%.
- Average selling price (excluding exchange impact) increased by 3.1%.

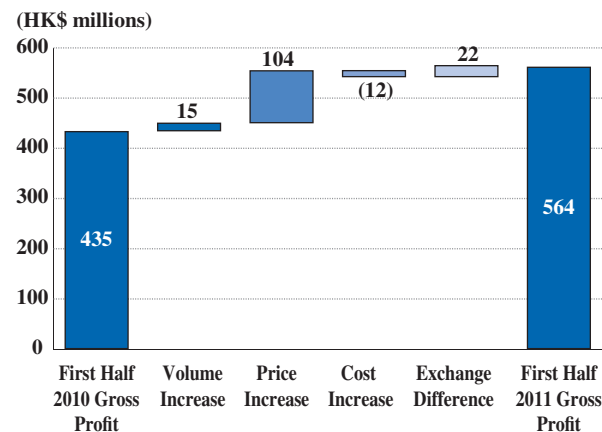
Mainland China



Hong Kong and Taiwan

- Gross profit in Hong Kong and Taiwan increased by 29.7% and gross margin by 3.0 percentage points.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit increased by 24.6%. Increase in our average selling price largely drove increases in gross profit.
- Average selling price (excluding exchange impact) increased by 15.1% and the average cost (excluding exchange impact) increased by 7.5%.

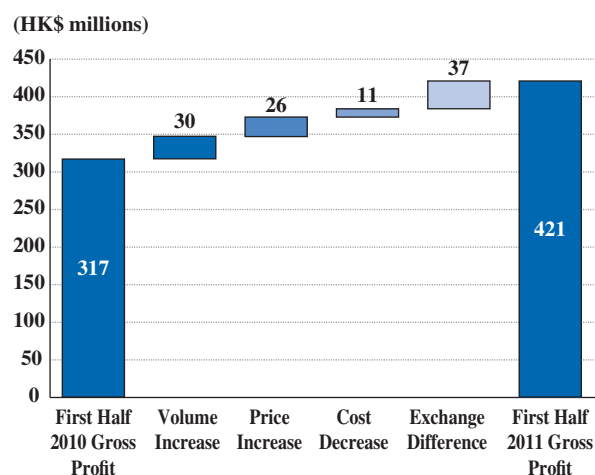
Hong Kong and Taiwan



Rest of Asia Pacific

- Other Asia Pacific markets showed the highest growth as gross profit increased by 32.8% and gross margin by 3.2 percentage points.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit increased by 21.1%.
- Average selling price (excluding exchange impact) increased by 7.3% and the volume of quantities sold increased by 7.5%.
- With a more favourable product mix, average costs (exclude exchange impact) decreased by 1.5%.

Rest of Asia Pacific

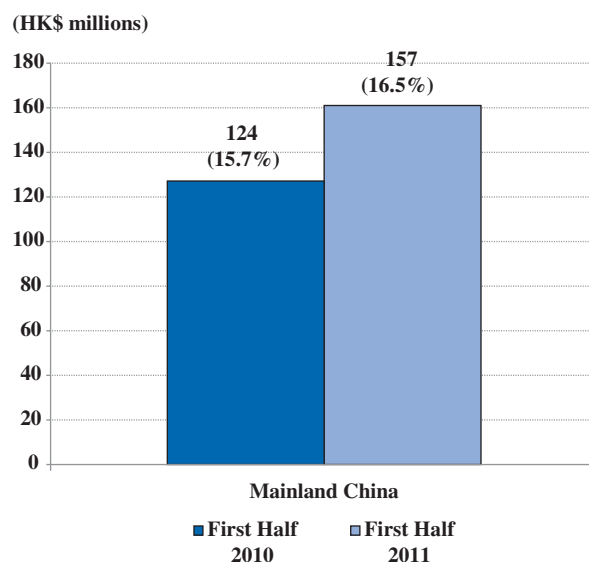


OPERATING PROFIT

Mainland China

- Operating profit in Mainland China increased by 26.6% to HK\$157 million with operating margin increasing by 0.8 percentage point compared to the same period last year.
- The number of self-operated stores in Mainland China increased by 52 over the same period last year.
- The ratio of rent expenses to sales remained at 17% while the ratio of shop staff costs to sales increased by 1 percentage point to 10% due to increases in labour costs across China.

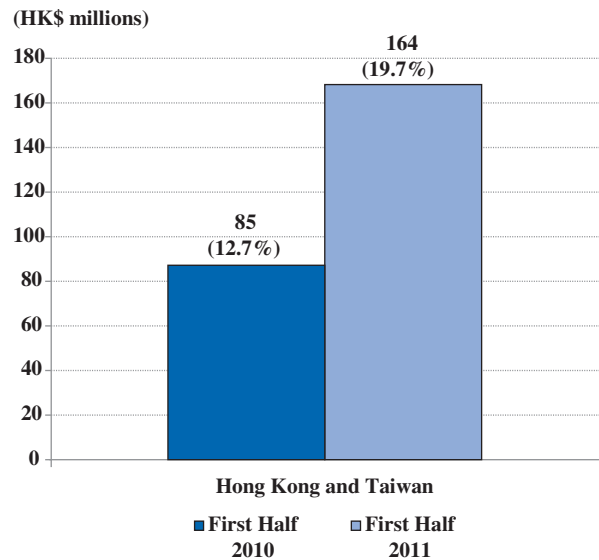
Operating Profit (Margin) for the First Half of 2011



Hong Kong and Taiwan

- Operating profit in Hong Kong and Taiwan has increased by 92.9% to HK\$164 million with operating margin increasing by 7 percentage points compared to the same period last year.
- Of this, the operating margin improved by 3 percentage points due to the increase in gross margin and the remaining improvement results from effectively leveraging operating costs.
- Despite increasing rents and labour costs, we continue to leverage our fixed costs resulting in higher operating margin. The ratio of rent to sales has decreased by 3 percentage points to 24% and the ratio of shop staff costs to sales has decreased by 1 percentage point to 11%.
- This region has launched several successful marketing campaigns during the period resulting in an increase in the ratio of advertising and promotion costs to sales by 1 percentage point.

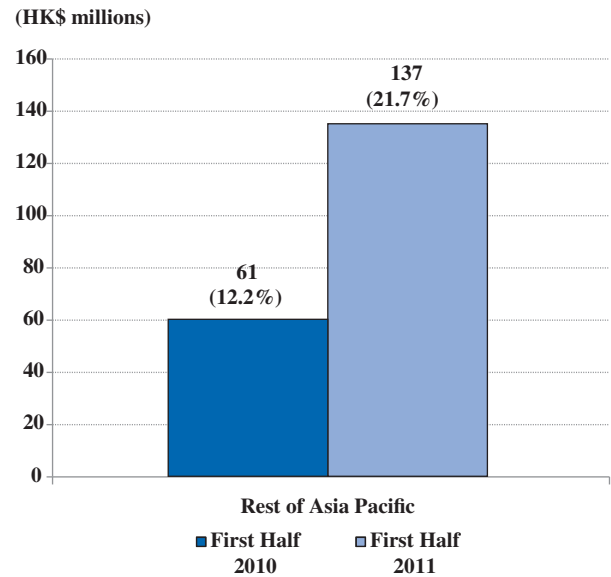
Operating Profit (Margin) for the First Half of 2011



Rest of Asia Pacific

- Operating profit in the rest of Asia Pacific has increased significantly by 124.6% to HK\$137 million with operating margin increasing by 9.5 percentage points compared to the same period last year.
- Of this, the operating margin improved by 3.2 percentage points due to the increase in gross margin.
- In addition, the additional 46 shops compared to last year are performing strongly resulting in a significant improvement in operating margin.
- Strong sales per square foot resulted in a decrease in the ratio of shop staff costs to sales by 1 percentage point to 10% and the ratio of rent to sales by 3 percentage points to 23%.

Operating Profit (Margin) for the First Half of 2011



Retail & Distribution Review by Brand

Giordano & Giordano Junior

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total sales (<i>Note 1</i>)	2,102	1,702	23.5%
Comparable store sales increase (<i>Note 2</i>)	11.8%	4.6%	
Operating profit	407	242	68.2%
Operating margin	19.4%	14.2%	5.2 pp
Number of outlets	1,742	1,565	177

- The main *Giordano* brand accounted for 87% of retail sales and continues to be our focus for expansion, particularly in Mainland China.

BSX

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total sales (<i>Note 1</i>)	111	81	37.0%
Comparable store sales increase (<i>Note 2</i>)	44.5%	20.3%	
Operating profit	20	11	81.8%
Operating margin	18.0%	13.6%	4.4 pp
Number of outlets	88	62	26

- This innovative youth brand continues to expand as we have added 27 stores in Mainland China over the same period last year.
- Sales in Mainland China for the first half of 2011 increased by 161% over the same period last year.
- Additional marketing resources will be invested to promote the *BSX* brand to enhance public awareness among young consumers, in particular in Greater China.

Note 1: Total Sales are total retail sales translated at average \$ exchange rates.

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

Giordano Ladies

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total sales (<i>Note 1</i>)	159	129	23.3%
Comparable store sales increase (<i>Note2</i>)	14.8%	15.3%	
Operating profit	31	21	47.6%
Operating margin	19.5%	16.3%	3.2 pp
Number of outlets	49	41	8

- *Giordano Ladies* remains as a niche and highly profitable brand.
- This brand continues to grow successfully in major developed metropolitan cities throughout Asia, including Hong Kong, Shanghai, Beijing, Taipei, and Singapore.

Concepts One/Giordano Concepts

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase/ (decrease)
Total sales (<i>Note 1</i>)	26	36	(27.8%)
Comparable store sales decrease (<i>Note 2</i>)	(21.8%)	(38.3%)	
Operating loss	(3)	(6)	50.0%
Operating margin	(11.5%)	(16.7%)	5.2 pp
Number of outlets	26	20	6

- *Concepts One* accounted for only 1% of our total retail sales.
- This brand targets customers of premium menswear and still is under development.
- There are 22 shops in Mainland China, an increase of 6 shops from same period last year.

Note 1: Total Sales are total retail sales translated at average \$ exchange rates.

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

Export & Licensing Segment

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total sales	254	195	30.3%
Operating profit	44	27	63.0%
Operating margin	17.3%	13.8%	3.5 pp
Number of outlets	528	510	18

- The Group's export and licensing segment primarily consists of sales to its Korean and Middle East joint ventures, which accounted 73.2% of export and licensing sales.
- Sales to Korea and Middle East increased by 38.5% and 25.9% respectively over the same period last year as a result of the strong underlying organic growth and supplemented by continuous store expansion in these countries.
- Other wholesale markets such as Philippines and Myanmar also showed a double digit sales growth over the same period last year.

Jointly controlled and Associated Companies

South Korea

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total sales (<i>Note 1</i>)	724	593	22.1%
Comparable store sales increase (<i>Note 2</i>)	9.1%	26.4%	
Number of outlets	215	208	7

- Excluding exchange impact, sales in Korea grew by 13.8%.
- The increase in sales in Korea was largely driven by the improvement in merchandising and strong marketing campaigns.
- Slim and skinny fit wrinkle free khakis and multi fit shorts performed particularly strongly in the first half of 2011.

Note 1: Total Sales are total retail sales translated at average \$ exchange rates.

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

Middle East

<i>(In HK\$ millions)</i>	First Half 2011	First Half 2010	Increase
Total sales (<i>Note 1</i>)	278	207	34.3%
Comparable store sales increase/(decrease) (<i>Note2</i>)	34.8%	(8.5%)	
Number of outlets	164	153	11

- Sales growth in the Middle East was strong over the first half of 2011, particularly in Saudi Arabia which accounts for over 40% of total sales, where growth was 55% compared to the same period last year. This was largely driven by the economic stimulus initiated by the King.
- Strong advertising campaigns launched to promote polo, bottoms and shirts, also boosted sales during the period.

Note 1: Total Sales are total retail sales translated at average \$ exchange rates.

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

Summary of sales, comparable store sales growth and store development by markets

Summary by market	Sales			Comparable store sales	
	First Half 2011	First Half 2010	YOY increase	First Half 2011	First Half 2010
Mainland China	953	790	20.6%	9.0%	(0.2%)
Hong Kong	472	392	20.4%	18.8%	10.5%
Taiwan	360	279	29.0%	14.3%	4.4%
Singapore	208	172	20.9%	5.4%	4.8%
Malaysia, Thailand and Indonesia	324	251	29.1%	16.2%	18.4%
Australia	88	73	20.5%	19.3%	(8.7%)
Other Markets	11	3	266.7%	20.7%	(17.9%)
Retail & distribution total	2,416	1,960	23.3%	12.4%	4.5%
Export & Licensing total	254	195	30.3%		
Inter-segment sales	(21)	(18)	16.7%		
Group total	2,649	2,137	24.0%		

Number of outlets

Summary by market	First Half 2011	First Half 2010	YOY change
Mainland China	1,262	1,101	161
Hong Kong	75	74	1
Taiwan	186	176	10
Singapore	55	48	7
Malaysia, Thailand and Indonesia	272	257	15
Australia	33	40	(7)
Other Markets	31	–	31
Retail & distribution total	1,914	1,696	218
South Korea	215	208	7
Middle East	164	153	11
Other Markets	149	149	–
Export & Licensing total	528	510	18
Group total	2,442	2,206	236

OUTLOOK

Management will continue to focus on the following three key objectives for 2011:

1. Concentrate on Mainland China expansion

- Develop a strong regional management structure in Mainland China
- Focus on key franchisee accounts

2. Increase marketing investment to drive sales, reinforce and enhance brand power

- Increase advertising and promotion in targeted local promotional campaigns to support expansion across the Group
- Build brand value through strategic pricing, better product mix and effective marketing

3. Maintain gross and operating margins

- Maintain and enhance pricing discipline
- Sustain and improve supply chain excellence
- Business process simplification

HUMAN RESOURCES

On June 30, 2011, the Group had approximately 7,700 employees (June 30, 2010: approximately 7,100). The Group offers competitive remuneration packages and generous, goal-oriented bonuses to different levels of staff. Senior managers are also offered generous incentive bonus schemes and share options as a means for the Group to reward and retain a high calibre management team. The Group also invests heavily in staff training and development programs in areas such as sales and service, management, planning and leadership development to address our people's professional and personal development needs.

DIVIDENDS

It is the Company's intention to return surplus cash to its shareholders through the payment of dividends. In line with its dividend policy, the Company has been paying a substantial portion of its earnings as an ordinary dividend plus a special dividend, the amount of which may vary depending on cash on hand, future investment requirements and working capital considerations. A special dividend has been paid out in nine of the past ten years. To reflect the Group's policy of returning cash earned to shareholders through dividends, it has been decided to substantially increase the amount paid as an ordinary dividend and to cease the payment of a special dividend for 2011.

After due consideration of the economic outlook, the Group's financial position, its future expansion plans and other factors, the Board of the Company declared an interim dividend of 15.0 HK cents per share (2010: 4.5 HK cents per share and a special interim dividend of 4.0 HK cents per share) for the year ending December 31, 2011. The dividend is payable on or about Friday, September 30, 2011 to shareholders whose names appear on the register of members of the Company on Wednesday, September 21, 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, September 19, 2011 to Wednesday, September 21, 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, September 16, 2011.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended June 30, 2011, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited, except that (i) the roles of the Chairman and Chief Executive are vested in the same person (Code Provision A.2.1); and (ii) the Chairman and the Managing Director are not subject to retirement by rotation (Code Provision A.4.2). Currently, Dr. LAU Kwok Kuen, Peter ("Dr. Lau") holds the positions of Chairman and Chief Executive. In view of Dr. Lau's extensive experience in the industry and deep understanding of the Group's businesses, the Board believes that vesting the roles of both Chairman and Chief Executive in Dr. Lau provides the Group with strong and consistent leadership, allows for more effective planning and execution of long term business strategies and enhances efficiency in decision-making. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of Management.

REVIEW OF ACCOUNTS

The Audit Committee has discussed with Management internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended June 30, 2011. It has also reviewed the said financial statements in conjunction with the Company's external auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board
LAU Kwok Kuen, Peter
Chairman

Hong Kong, August 30, 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.