

# GIORDANO

## GIORDANO INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 709)

### PROFIT WARNING

The Board wishes to inform the shareholders of the Company and investors that due to the additional Foreign Enterprise Income Tax provision required pursuant to a ruling by the Guangzhou Municipal Office of the State Administration of Taxation of the People's Republic of China received in February 2007, the Group's results for the year ended December 31, 2006 are expected to be unfavorably affected.

**Shareholders of the Company and investors are advised to exercise caution when dealing in shares of the Company.**

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.

The board of directors (the "Board") of Giordano International Limited (the "Company" and together with its subsidiaries, the "Group") wishes to inform the shareholders of the Company and investors that the Group's results for the year ended December 31, 2006 are expected to be unfavorably affected by the additional Foreign Enterprise Income Tax provision required pursuant to a ruling by the Guangzhou Municipal Office of the State Administration of Taxation (the "SAT Guangzhou Office") of the People's Republic of China received on February 1, 2007. The Group's results for 2006 will be announced on or before March 31, 2007.

In the second half of 2006, the SAT Guangzhou Office commenced a review of the Group's transfer pricing policy in Mainland China. In its ruling, the SAT Guangzhou Office concluded that the taxable income of the Group's retail and distribution arm in Mainland China should be adjusted upwards and, as a result of such adjustment, additional Foreign Enterprise Income Tax would be incurred, necessitating additional income tax provision that is expected to unfavorably affect the Group's results for the year ended December 31, 2006.

Despite the ruling of the SAT Guangzhou Office above, the Board considers the overall operations of the Group and that of its retail and distribution arm in Mainland China to remain sound and intact. However, as the Group's consolidated results for the year ended December 31, 2006 have not yet been finalized, the Board is not in a position to quantify the exact extent of the financial impact of such additional income tax provision on the Group at this time. Further details will be disclosed when the Group announces its final results for the year ended December 31, 2006.

**Shareholders of the Company and investors are advised to exercise caution when dealing in shares of the Company.**

By Order of the Board  
**Lau Kwok Kuen, Peter**  
*Chairman*

Hong Kong, February 9, 2007

*As at the date of this announcement, the Board comprises four independent non-executive directors, namely, Mr. Au Man Chu, Milton, Mr. Barry John Buttifant, Mr. Kwong Ki Chi and Dr. Lee Peng Fei, Allen, and three executive directors, namely, Mr. Lau Kwok Kuen, Peter, Mr. Fung Wing Cheong, Charles and Mr. Mah Chuck On, Bernard.*

Please also refer to the published version of this announcement in The Standard.