

Giordano disposes of its interest in garment manufacturing subsidiary

June 30, 2008, Hong Kong

Giordano International Limited (“Giordano” or the “Company”) announced today that it entered into a sale and purchase agreement (the “Agreement”) on June 27, 2008 to dispose of the Company’s 51% interest in Placita Holdings Limited (“Placita”) in a multi-step transaction involving the immediate sale of a 21% interest in Placita to its management (the “Purchaser”) for HK\$22.9 million and the option to dispose of the remaining 30% to the Purchaser. The Company expects to record a gain of approximately HK\$12.6 million on disposal of the 21% interest in Placita. The Purchaser already owns 49% of Placita.

Placita is Giordano’s principal garment manufacturing subsidiary, with production facilities located in Shenzhen and Dongguan in Guangdong and Yantai in Shandong. Placita supplies Giordano as well as various third-party customers. In the year ended December 31, 2007, Placita recorded a total turnover of HK\$828.2 million and a net profit of HK\$0.5 million. Its sales to Giordano were HK\$307.1 million, accounting for about 13.4% of Giordano’s merchandise purchases in 2007.

The Agreement provides for the Purchaser to immediately acquire a 21% shareholding in Placita from the Company for consideration in the amount of HK\$22.9 million. On completion of the acquisition, the Company’s remaining 30% interest in Placita will be re-designated into approximately 6.1 million non-voting preferred shares that have a guaranteed minimum annual dividend of HK\$0.43 per share or HK\$2.6 million per year. The Agreement also gives the Company the option, exercisable two years after completion, to put its preferred shares to the Purchaser at a price of HK\$27.8 million. At the same time, the Company has granted the Purchaser the call option to purchase the preferred shares at a price of HK\$32.7 million within five years of completion.

“Giordano’s long term strategy is to focus on growing our retailing business, especially in Mainland China, and to de-emphasize our manufacturing operations. In the last two years, we have steadily increased out-sourcing so that the proportion of our products that are sourced internally has declined from 25.7% in 2006 to 16.2% last year, with 13.4% coming from Placita. Although we will only dispose of 21% of Placita outright immediately, the re-designation of the remaining 30% into non-voting preferred shares with a guaranteed dividend plus the put and call options have effectively mitigated any downside risk from the non-strategic garment manufacturing business and significantly improved our long term profitability prospects,” remarked Dr. Lau Kwok Kuen, Peter, Chairman and Chief Executive of Giordano International Limited.

Dr. Lau continued, “Earlier this month, we reduced our interest in Speedy Garment, our garment manufacturing joint venture in Dongguan, Guangdong, from 49.0% to 9.9%. With the Placita disposal, Giordano has for all intents and purposes exited from the garment manufacturing business, thus freeing us to concentrate our attention and resources on growing our retailing business in Mainland China. The deal also allows Placita’s management to more aggressively pursue its own growth strategies and build its business with other brands. This is definitely a win-win proposition for both sides.”

The Company expects to record a gain of approximately HK\$12.6 million on disposal of its 21% interest in Placita, and expects to use the HK\$22.9 million in proceeds from the disposal for further expansion of its retailing business in Mainland China.

The transaction constitutes a connected and discloseable transaction under the Listing Rules and is subject to approval by the Company’s independent shareholders at a Special General Meeting. The transaction is expected to be completed on or about August 29, 2008.

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About Giordano

Giordano is a leading international retailer of men’s, women’s and children’s apparel under the brand names *Giordano*, *Giordano Concepts*, *Giordano Ladies*, *Giordano Junior* and *BSX*. Established in 1981, Giordano now operates 1,900 stores and counters in Greater China, Japan, Korea, Southeast Asia, Australia, India and the Middle East.

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