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GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT BUSINESS UPDATE AND PROPOSED SHARE REPURCHASE

This announcement is made by Giordano International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BUSINESS UPDATE

The board of directors (the “**Board**”) of the Company is pleased to provide a business update to the shareholders (the “**Shareholders**”) and potential investors of the Company.

Reference is made to the announcement of the Company dated May 11, 2017 of the unaudited first quarter operations update of the Group for the three months ended March 31, 2017. Group comparable store sales* and comparable store gross profit* in the first quarter increased by 0.5% and 2.2%, respectively.

The positive growth has continued to increase in the second quarter this year. This is attributable to the improvement in merchandise offering, effective promotion activities and an early Ramadan this year. Last year, the Middle East, Indonesia and Malaysia were positively impacted by Ramadan, with their sales contribution accounting for approximately 30% of the Group sales in the second quarter that year. That said, part of Ramadan fell in the third quarter last year, and this year, the entire Ramadan falls within the second quarter.

Mainland China’s e-business continued to maintain strong sales growth in the second quarter this year, with sales and gross profit in the second quarter improving by 30% and 39%, respectively, up to May. The sales performance during the mid-year online shopping festival in June has been noticeably better than the aforementioned sales growth registered in the second quarter.

Group sales and gross profits are both registering an increase of 7% in the second quarter up to early June.

Management is of view that the above factors are likely to contribute positively towards the interim results of the Group for the six months ended June 30, 2017 (which will be announced in August 2017).

* Group comparable store sales/comparable store gross profits are total Giordano brand sales/gross profit of consolidated subsidiaries, at constant currency rates, from existing directly-operated stores and franchised stores that have been fully operating in the same prior period.

The above-mentioned sales and gross profit data are unaudited and are based on preliminary internal information of the Group, which may differ from figures to be disclosed in the audited or unaudited consolidated financial statements to be published by the Company on an annual or interim basis due to various uncertainties during the process of collating such information. As such, the above data is provided for Shareholders and potential investors' reference only.

PROPOSED SHARE REPURCHASE

The Board has been granted a general mandate by the Shareholders to repurchase up to 157,239,251 shares of the Company (the “**Shares**”), being 10% of the total number of issued Shares as at the date of the Company's 2017 annual general meeting held on May 26, 2017 (the “**Repurchase Mandate**”).

The Board currently intends to exercise its powers under the Repurchase Mandate to repurchase Shares (the “**Proposed Share Repurchase**”) from time-to-time. The Company will conduct the Proposed Share Repurchase in compliance with the Bye-laws of the Company, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the law of the Bermuda and all applicable laws and regulations to which the Company is subject.

The Proposed Share Repurchase shall not result in the number of the Shares held by the public falling below the relevant minimum percentage prescribed by the Listing Rules. The Company will subsequently cancel the repurchased Shares, if any. The Company will finance the Proposed Share Repurchase with its existing available cash.

The Board considers that the current trading price of the Shares does not reflect their intrinsic value. The Board believes that the Proposed Share Repurchase reflects the Company's confidence in its long term business prospects and would ultimately benefit the Company and create value for the Shareholders. The Board also believes that the Company's strong financial position will enable it to conduct the Proposed Share Repurchase while maintaining a solid financial position for the continuation of the Company's business and growth in the current financial year. The Board also believes that the Proposed Share Repurchase is in the interests of the Company and the Shareholders as a whole.

Shareholders and potential investors should note that as at the date of this announcement, the Company has not repurchased any Shares. The exercise of the Repurchase Mandate by the Company will be subject to market conditions and will be at the absolute discretion of the Board. There is no assurance of the time, quantity or price of any repurchase of Shares.

Shareholders and potential investors should exercise caution when dealing in the Shares.

By Order of the Board
LAU Kwok Kuen, Peter
Chairman and Chief Executive

Hong Kong, June 20, 2017

As at the date of this announcement, the Board comprises three executive directors; namely, Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive), Dr. CHAN Ka Wai and Mr. Mark Alan LOYND; two non-executive directors; namely, Dr. CHENG Chi Kong, Adrian and Mr. CHAN Sai Cheong; and four independent non-executive directors; namely, Dr. Barry John BUTTIFANT, Mr. KWONG Ki Chi, Professor WONG Yuk (alias, HUANG Xu) and Mr. Simon Devilliers RUDOLPH.