

Giordano Releases First Quarter 2009 Operations Update

May 7th, 2009, Hong Kong

Giordano International Limited (“Giordano” or the “Group”) released its 2009 first quarter operations update today.

The global financial crisis adversely affected consumer confidence in all of the Group’s markets. As a result, the Group’s first quarter turnover in Mainland China decreased by 4.3 percent compared to the same period last year. The effect of the crisis was much greater in markets outside Mainland China and consequently Hong Kong, Taiwan and Singapore all experienced double digit turnover declines during the period. Overall, the Group saw a 12.8 percent year-on-year decline in turnover in the three months ended March 31, 2009.

3 months ended March 31, 2008	YOY turnover increase/(decrease)	YOY same store sales increase/(decrease)
Mainland China	(4.3%)	(11.3%)
Hong Kong	(10.9%)	(5.8%)
Taiwan	(15.7%)	(5.9%)
Singapore	(24.5%)	(6.4%)
Retail Division Total	(12.8%)	(8.9%)

During the quarter the Group continued to take aggressive measures to clear inventories and build up its cash reserve. As at March 31, 2009, the Group had net cash and bank balance in the amount of HK\$567 million (December 31, 2008: HK\$454 million) while inventory turnover on sales was 25 days. However, our efforts to reduce inventories also resulted in the Group’s first quarter gross margin decreasing to 44.8 percent from the 49.5 percent recorded in the same period last year. As a result of the decline in sales and margins, the Group expects its results for the half year ending June 30, 2009 to be significantly lower compared to the same period last year which will have a substantial negative impact on profits.

“Despite a disappointing first quarter, Management remains cautiously optimistic about Giordano’s long term prospects. Our financial position remains healthy, with net cash of HK\$567 million and inventory turnover at 25 days. Although challenging market conditions and erratic weather have caused turnover to decrease by 14.6 percent in April, with the onset of warmer temperatures and the launch of summer collections sales

have begun to show signs of improvement. For instance Mainland China has reported mid-teens turnover growth during the three-day Labour Day long weekend. Indeed, the Chinese economy continues to achieve solid, albeit slower, growth and we will carry on investing in our operations there,” remarked Dr. Lau Kwok Kuen, Peter, Chairman and Chief Executive of Giordano.

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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 over 1,900 stores and counters in Greater China, Japan, Korea, Southeast Asia, Australia, India and the Middle East. Giordano is listed on the Hong Kong Stock Exchange under the code 709.

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