

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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

**Unaudited 2009 First Quarter Operations Update and Profit Warning**

The global financial crisis adversely affected consumer confidence in all of the Group's markets. Turnover in Mainland China experienced a 4.3 percent year-on-year decline in the first quarter. Overall, the Group's turnover from continuing operations decreased by 12.8 percent year-on-year and gross margin was 44.8 percent for the three months ended March 31, 2009.

The Group continued to diligently manage inventories and maximize cash. Inventory turnover on sales for the three months ended March 31, 2009 was 25 days. Net cash and bank balances increased to approximately HK\$567 million on March 31, 2009 (December 31, 2008: HK\$454 million).

As a result of the decrease 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.

The information contained in this announcement represents a preliminary assessment based on the management accounts of the Group and such information has not been audited or reviewed by the Company's auditor.

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

In order to provide better disclosure to the financial markets and to the existing and potential shareholders of Giordano International Limited (the "Company") so that they can better assess the financial performance of the Company and its subsidiaries (the "Group"), the Board of Directors of the Company announces the unaudited operations update of the Group for the three months ended March 31, 2009. 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.

On August 25, 2008, the Group completed a transaction to substantially divest its 51.0 percent interest in Placita Holdings Limited ("Placita"), the Group's principal garment manufacturing subsidiary. The discussion below pertains to the Group's continuing operations and excludes Placita's results unless otherwise stated.

## Overview

The global financial crisis adversely affected consumer confidence in all of the Group's markets. Even Mainland China was not immune to its far-reaching effects and recorded a 4.3 percent year-on-year decrease in turnover in the first quarter. Consequently, both the Retail & Distribution Division (the "Retail Division") and the Group saw a 12.8 percent year-on-year decline in turnover in the three months ended March 31, 2009.

During the quarter the Group continued to take aggressive measures to clear inventories and build up its cash reserves. 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<sup>1</sup> was 25 days. However, our efforts to rationalize inventories to anticipated sales 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.

<b>Year-on-year turnover increase/(decrease)<sup>2</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
Retail Division	(12.8%)	16.4%	6.5%
Group total	(12.8%)	16.2%	6.3%

Challenging market conditions and erratic weather dampened sales of our early spring merchandise so that the Retail Division experienced a 14.6 percent decrease in turnover in April 2009. As a result of the decrease 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.

## Retail Division – Performance by Market

For reasons abovementioned, the Group's first quarter turnover in Mainland China decreased by 4.3 percent compared to the same period last year. In comparison, the effect of the global financial crisis was much greater in markets outside Mainland China: Hong Kong, Taiwan and Singapore all experienced double digit turnover declines during the first quarter of 2009.

<b>Year-on-year turnover increase/(decrease)<sup>2</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
Mainland China	(4.3%)	40.8%	25.2%
Hong Kong	(10.9%)	4.4%	(4.7%)
Taiwan	(15.7%)	11.2%	(2.3%)
Singapore	(24.5%)	(1.1%)	(5.6%)
Retail Division	(12.8%)	16.4%	6.5%

<b>Year-on-year comparable store sales increase/(decrease)<sup>3</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
Mainland China	(11.3%)	19.0%	6.1%
Hong Kong	(5.8%)	6.6%	(1.7%)
Taiwan	(5.9%)	5.8%	(3.2%)
Singapore	(6.4%)	(8.0%)	(7.7%)
Retail Division	(8.9%)	5.3%	(1.5%)

### ***Retail Division – Performance by Brand***

*Giordano Ladies* fared the best among our brands, posting a turnover decrease of 6.0 percent in the first quarter of 2009 while turnover of the other brands all experienced double digit year-on-year declines.

<b>Year-on-year turnover increase/(decrease)<sup>2</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
<i>Giordano &amp; Giordano Junior</i>	(12.4%)	17.0%	8.1%
<i>Giordano Ladies</i>	(6.0%)	15.7%	8.2%
<i>Giordano Concepts</i>	(12.8%)	53.1%	11.9%
<i>BSX</i>	(32.2%)	(11.4%)	(24.8%)
Retail Division	(12.8%)	16.4%	6.5%

<b>Year-on-year comparable store sales increase/(decrease)<sup>3</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
<i>Giordano &amp; Giordano Junior</i>	(8.2%)	5.2%	(0.9%)
<i>Giordano Ladies</i>	(8.3%)	6.5%	(0.1%)
<i>Giordano Concepts</i>	(21.6%)	(1.1%)	(11.4%)
<i>BSX</i>	(12.0%)	11.4%	(1.2%)
Retail Division	(8.9%)	5.3%	(1.5%)

### ***Performance of Non-consolidated Markets***

Although turnover dropped by 33.2 percent in South Korea in the three months ended March 31, 2009, much of the decline is attributable to the depreciation of the Korean Won. In fact our operations in South Korea began to show signs of stabilizing, with turnover decreasing by a relatively modest 5.5 percent in local currency terms compared to the same period last year. Meanwhile our sales in the Middle East continued to slow on a year-on-year basis.

<b>Year-on-year turnover increase/(decrease)<sup>2</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
South Korea	(33.2%)	12.0%	(15.0%)
Middle East	(3.5%)	27.0%	15.9%

<b>Year-on-year comparable store sales increase/(decrease)<sup>3</sup></b>	<b>3 months ended March 31, 2009</b>	<b>3 months ended March 31, 2008</b>	<b>12 months ended December 31, 2008</b>
South Korea	(8.4%)	4.7%	(4.1%)
Middle East	(8.8%)	21.0%	10.1%

On March 31, 2009, the Group held 48.5 percent equity in its South Korean jointly controlled company and 20.0 percent in its Middle East associated company.

### ***Store Network***

The Group's on-going efforts to rightsize its operations outside of Mainland China resulted in a reduction of its retail network by 27 to 1,979 outlets worldwide in the three months ended March 31, 2009. The slight reduction in stores in Mainland China reflects a technical adjustment which does not alter the Group's ongoing expansion focus there.

<b>Number of Outlets by Market</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>	<b>As at December 31, 2008</b>
Mainland China	895	827	909
Hong Kong	82	88	82
Taiwan	183	200	192
Singapore	47	55	51
South Korea	169	175	167
Middle East & India	173	150	169
Other Markets	430	400	436
<b>Total</b>	<b>1,979</b>	<b>1,895</b>	<b>2,006</b>

<b>Number of Outlets by Brand</b>	<b>As at March 31, 2009</b>	<b>As at March 31, 2008</b>	<b>As at December 31, 2008</b>
<i>Giordano &amp; Giordano Junior</i>	1,808	1,730	1,825
<i>Giordano Ladies</i>	41	39	46
<i>Giordano Concepts</i>	25	15	33
<i>BSX</i>	99	108	96
Others	6	3	6
<b>Total</b>	<b>1,979</b>	<b>1,895</b>	<b>2,006</b>

<sup>1</sup> *Inventory held at period end divided by turnover times the number of days in the period*

<sup>2</sup> *In Hong Kong Dollars*

<sup>3</sup> *In local currency for directly managed outlets which were open for the full three and 12 months in each of the two fiscal years under comparison*

The information contained in this announcement represents a preliminary assessment based on the management accounts of the Group and such information has not been audited or reviewed by the Company's auditor.

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

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

Hong Kong, May 7, 2009

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;

Non-executive Director: Professor LEUNG Kwok; and

Independent non-executive directors: Mr. Barry John BUTTIFANT, Mr. KWONG Ki Chi and Dr. LEE Peng Fei, Allen.