



**GIORDANO**

**2009 Third Quarter Update**

**Giordano International Limited (Stock code: 709)**

**November 10, 2009 (Tuesday)**

## Group Operations Highlights

### Continuing operations <sup>1</sup>

Three Months Ended Sep 30, 2009

YOY Change

<b>Group turnover</b>	<b>- 9.6%</b>
<b>Retail &amp; Distribution turnover</b>	<b>- 6.9%</b>
<b>Retail &amp; Distribution same store sales <sup>2</sup></b>	<b>Flat</b>
<b>Mainland China turnover</b>	<b>- 5.0%</b>
<b>Mainland China same store sales <sup>2</sup></b>	<b>- 10.0%</b>
<b>Hong Kong turnover</b>	<b>- 7.7%</b>
<b>Hong Kong same store sales <sup>2</sup></b>	<b>+ 4.8%</b>
<b>Group gross margin (3Q08: 50.4%)</b>	<b>52.1% / + 170 bps</b>

<sup>1</sup> Excluding the results of Placita, the Group's main garment manufacturing subsidiary, which was divested in 2H08.

<sup>2</sup> In local currency for self-operated outlets which were open for the full three months in each of the two fiscal years under comparison.

## Group Operations Highlights

### Continuing operations <sup>1</sup>

Nine Months Ended Sep 30, 2009

### YOY Change

<b>Group turnover</b>	<b>- 12.9%</b>
<b>Group gross margin (2008: 51.3%)</b>	<b>49.4% / - 190 bps</b>
<b>Retail &amp; Distribution turnover</b>	<b>- 11.2%</b>
<b>Retail &amp; Distribution same store sales <sup>2</sup></b>	<b>- 6.3%</b>
<b>Mainland China turnover</b>	<b>- 3.9%</b>
<b>Mainland China same store sales <sup>2</sup></b>	<b>- 9.4%</b>
<b>Net cash &amp; bank balances (in HK\$ millions)</b>	<b>621</b>
<b>Inventory turnover on sales (2008: 30 days)</b>	<b>32 days</b>

<sup>1</sup> Excluding the results of Placita, the Group's main garment manufacturing subsidiary, which was divested in 2H08.

<sup>2</sup> In local currency for self-operated outlets which were open for the full nine months in each of the two fiscal years under comparison.

## Group Operations Highlights

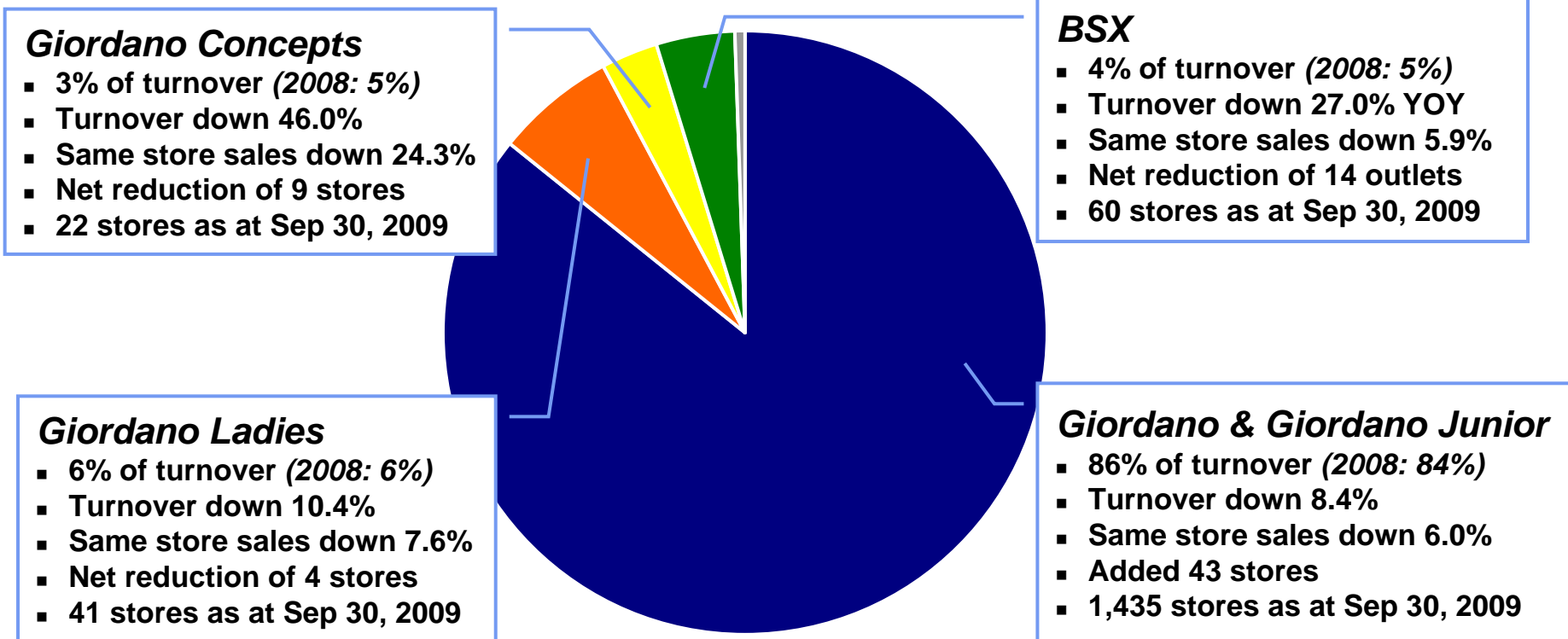
	YOY Change		
	3 months ended Sep 30, 2009	9 months ended Sep 30, 2009	6 months ended Jun 30, 2009
<b>Group turnover <sup>1</sup></b>	<b>- 9.6%</b>	<b>- 12.9%</b>	<b>- 14.5%</b>
<b>Retail &amp; Distribution turnover</b>	<b>- 6.9%</b>	<b>- 11.2%</b>	<b>- 13.0%</b>
<b>Retail &amp; Distribution same store sales <sup>2</sup></b>	<b>Flat</b>	<b>- 6.3%</b>	<b>- 9.2%</b>
<b>Group gross profit <sup>1</sup></b>	<b>- 6.4%</b>	<b>- 16.0%</b>	<b>- 20.2%</b>
<b>Group gross margin <sup>1</sup></b>	<b>52.1%</b>	<b>49.4%</b>	<b>48.2%</b>

<sup>1</sup> Excluding the results of Placita, the Group's main garment manufacturing subsidiary, which was divested in 2H08.

<sup>2</sup> In local currency for self-operated outlets which were open for the full three, six and nine months in each of the two fiscal years under comparison.

# Retail & Distribution Turnover by Brand

Nine Months Ended Sep 30, 2009



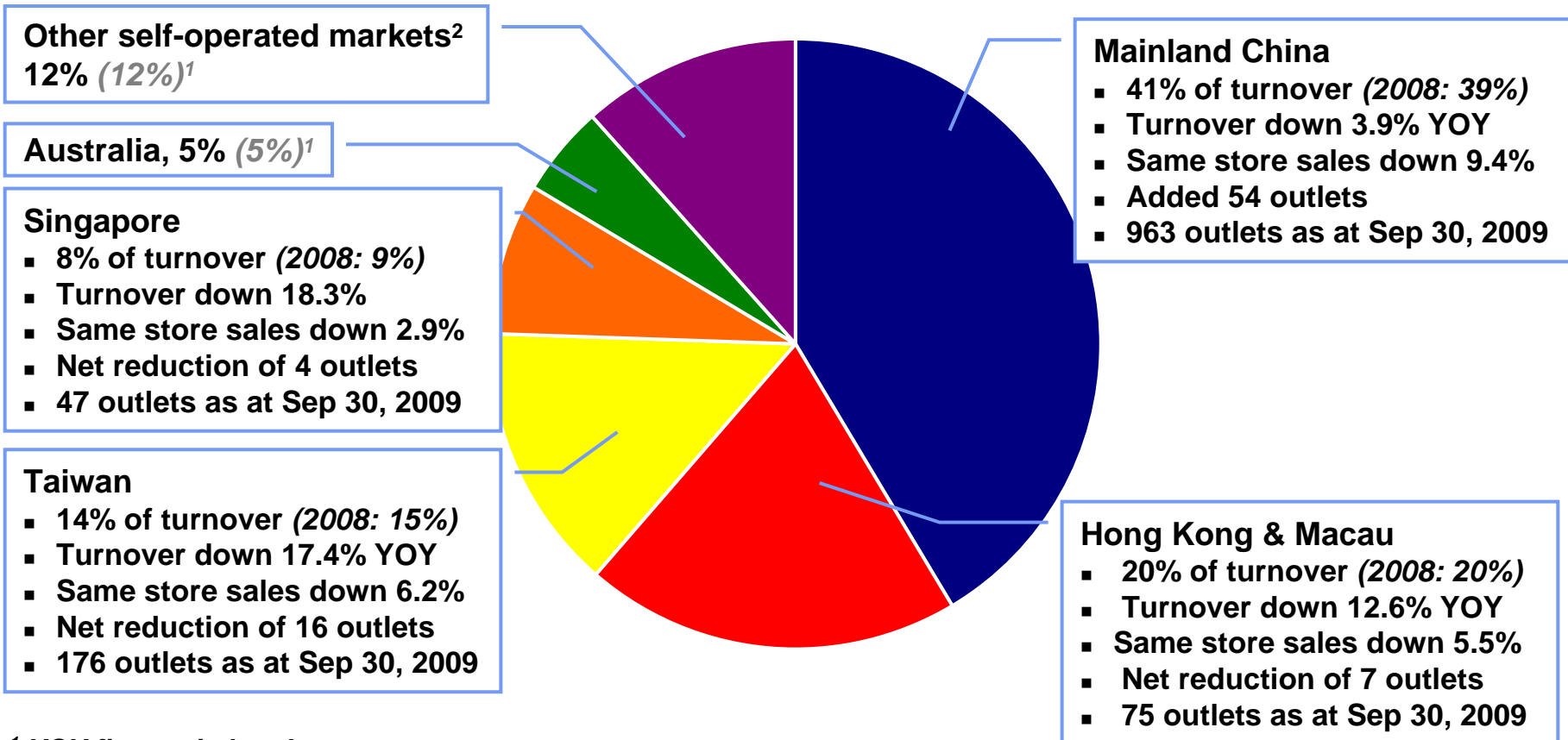
## Review by Brand

	YOY Change		
	3 months ended Sep 30, 2009	9 months ended Sep 30, 2009	6 months ended Jun 30, 2009
Turnover			
<i>Giordano &amp; Giordano Junior</i>	- 3.0%	- 8.4%	- 10.6%
<i>Giordano Ladies</i>	- 8.6%	- 10.4%	- 10.9%
<i>Giordano Concepts</i>	- 58.5%	- 46.0%	- 40.7%
<i>BSX</i>	- 17.8%	- 27.0%	- 31.5%
Retail & Distribution Total	- 6.9%	- 11.2%	- 13.0%
Same Store Sales <sup>1</sup>			
<i>Giordano &amp; Giordano Junior</i>	+ 0.1%	- 6.0%	- 8.4%
<i>Giordano Ladies</i>	- 2.7%	- 7.6%	- 10.0%
<i>Giordano Concepts</i>	- 17.6%	- 24.3%	- 27.0%
<i>BSX</i>	+ 8.4%	- 5.9%	- 10.3%
Retail & Distribution Total	Flat	- 6.3%	- 9.2%

<sup>1</sup> In local currency for self-operated outlets which were open for the full three, six and nine months in each of the two fiscal years under comparison.

# Retail & Distribution Turnover by Market

Nine Months Ended Sep 30, 2009



<sup>1</sup> YOY figures in brackets

<sup>2</sup> Includes Malaysia, Thailand, Indonesia and Japan

## Performance Review by Market

Turnover	YOY Change		
	3 months ended Sep 30, 2009	9 months ended Sep 30, 2009	6 months ended Jun 30, 2009
<b>Mainland China</b>	- 5.0%	- 3.9%	- 3.5%
<b>Hong Kong &amp; Macau</b>	- 7.7%	- 12.6%	- 15.1%
<b>Taiwan</b>	- 11.9%	- 17.4%	- 19.5%
<b>Singapore</b>	- 8.4%	- 18.3%	- 22.2%
Retail & Distribution Total <sup>1</sup>	- 6.9%	- 11.2%	- 13.0%
<b>South Korea <sup>1</sup></b>	+ 15.3%	- 10.7%	- 21.5%
<b>Middle East <sup>1</sup></b>	- 15.2%	- 11.3%	- 8.9%

<sup>1</sup> South Korea and Middle East sales are not consolidated into Group sales. On Sep 30, 2009, the Group held 48.5% in Giordano South Korea and 20.0% in Giordano Middle East.



## Performance Review by Market

Same Store Sales <sup>1</sup>	YOY Change		
	3 months ended Sep 30, 2009	9 months ended Sep 30, 2009	6 months ended Jun 30, 2009
<b>Mainland China</b>	- 10.0%	- 9.4%	- 9.2%
<b>Hong Kong &amp; Macau</b>	+ 4.8%	- 5.5%	- 10.8%
<b>Taiwan</b>	+ 2.6%	- 6.2%	- 9.5%
<b>Singapore</b>	+ 1.5%	- 2.9%	- 4.9%
Retail & Distribution Total <sup>2</sup>	Flat	- 6.3%	- 9.2%
<b>South Korea <sup>2</sup></b>	+ 22.3%	+ 6.0%	+ 0.1%
<b>Middle East <sup>2</sup></b>	- 16.4%	- 14.6%	- 13.6%

<sup>1</sup> In local currency for self-operated outlets which were open for the full three, six and nine months in each of the two fiscal years under comparison.

<sup>2</sup> South Korea and Middle East sales are not consolidated into Group sales. On Sep 30, 2009, the Group held 48.5% in Giordano South Korea and 20.0% in Giordano Middle East.

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## Review & Outlook

### ■ **Business improving in 3Q09**

- Turnover decline narrowed compared to 1H09
- 3Q09 same store sales turned positive in Hong Kong, Taiwan and Singapore
- 3Q09 gross margin up YOY in Mainland China, Hong Kong, Taiwan and Singapore.
- Group gross margin up 170 basis points YOY to 52.1% in 3Q09

### ■ **Group finances remain healthy**

- Inventory turnover on sales for 9 months ended Sep 2009 was 32 days (9 months ended Sep 2008: 30 days)
- Net cash of HK\$621M as at Sep 30, 2009 (June 30, 2009: HK\$585M)

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## Review & Outlook

- **Resume expansion in Mainland China**
  - 51 outlets added in 3Q09
  
- **Reduce discounting and focus on high margin products to rebuild margins**
  
- **Sales and gross margin continued to improve in Oct**
  - Sales up about 10% in Mainland China
  - Group turnover increased by low single digit
  - Mainland China, Hong Kong, Taiwan and Singapore all achieved YOY gross margin gains

Number of outlets	As at Sep 30, 2009						Total	As at Dec 31, 2008	YTD Change
	<i>Giordano &amp; Junior</i>	<i>Giordano Ladies</i>	<i>Giordano Concepts</i>	<i>BSX</i>	<i>Others</i>				
Mainland China	917	15	15	16	-	963	909	+ 54	
Hong Kong & Macau	42	9	5	19	-	75	82	- 7	
Taiwan	142	11	-	23	-	176	192	- 16	
Singapore	45	2	-	-	-	47	51	- 4	
Australia	46	-	-	-	-	46	56	- 10	
Malaysia	63	2	1	-	-	66	67	- 1	
Indonesia	86	2	1	2	8	99	97	+ 2	
Thailand	89	-	-	-	-	89	87	+ 2	
Japan	5	-	-	-	-	5	7	- 2	
<i>Retail &amp; Distribution</i>	<i>1,435</i>	<i>41</i>	<i>22</i>	<i>60</i>	<i>8</i>	<i>1,566</i>	<i>1,548</i>	<i>+ 18</i>	
South Korea	148	-	-	35	-	183	167	+ 16	
Middle East & India	165	-	1	3	-	169	169	-	
Philippines	44	1	1	4	-	50	50	-	
Others	77	-	-	-	-	77	72	+ 5	
<i>Export &amp; Licensing</i>	<i>434</i>	<i>1</i>	<i>2</i>	<i>42</i>	<i>-</i>	<i>479</i>	<i>458</i>	<i>+ 21</i>	
<b>TOTAL</b>	<b>1,869</b>	<b>42</b>	<b>24</b>	<b>102</b>	<b>8</b>	<b>2,045</b>	<b>2,006</b>	<b>+ 39</b>	