GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2007

RESULTS

The board of directors (the "Board") of Giordano International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended December 31, 2007, together with comparative figures for the previous year, as follows:

Consolidated Profit and Loss Account

(In HK$ millions except earnings per share)	*Note*	**2007**	2006
Turnover	*2*	**4,950**	4,372
Cost of sales		**(2,593)**	(2,194)
Gross profit		**2,357**	2,178
Other income		**108**	114
Distribution expense		**(1,598)**	(1,449)
Administrative expense		**(192)**	(171)
Other operating expense		**(291)**	(296)
Operating profit	*2,3*	**384**	376
Finance expense		**(2)**	(1)
Share of profit of jointly controlled companies		**23**	8
Share of profit of an associate		**12**	8
Profit before taxation		**417**	391
Taxation	*4*	**(113)**	(173)
Profit after taxation		**304**	218
Profit attributable to:			
Shareholders of the Company		**295**	205
Minority interests		**9**	13
		304	218
Dividends	*5*	**321**	395
Earnings per share	*6*		
Basic		**19.8¢**	13.8¢
Diluted		**19.8¢**	13.7¢

Consolidated Balance Sheet

(In HK$ millions)	*Note*	**2007**	2006
ASSETS			
Non-current assets			
Property, plant and equipment		**287**	261
Investment property		**84**	86
Interest in jointly controlled companies		**375**	358
Interest in an associate		**43**	32
Leasehold land and rental prepayments		**311**	307
Rental deposits		**262**	253
Deferred tax assets		**37**	34
		1,399	1,331
Current assets			
Inventories		**441**	422
Leasehold land and rental prepayments		**21**	14
Trade and other receivables	*7*	**504**	494
Cash and bank balances		**570**	723
		1,536	1,653
Total assets		**2,935**	2,984
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**75**	75
Reserves		**1,628**	1,614
Proposed dividends	*5*	**224**	298
Equity attributable to shareholders of the Company		**1,927**	1,987
Minority interests		**99**	103
Total equity		**2,026**	2,090
Non-current liabilities			
Deferred tax liabilities		**109**	103
Current liabilities			
Trade and other payables	*8*	**646**	599
Bank loans		**96**	58
Taxation		**58**	134
		800	791
Total liabilities		**909**	894
Total equity and liabilities		**2,935**	2,984

Notes:

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements are prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with those used in 2006 except for the adoption of new and revised HKASs and HKFRSs which are effective for accounting periods beginning on or after January 1, 2007.

The Group has adopted HKFRS 7 “Financial Instruments: Disclosures”, and the complementary Amendment to HKAS 1 “Presentation of Financial Statements – Capital Disclosures” which introduced new disclosures relating to financial instruments and capital management, respectively. The following new interpretations are effective on January 1, 2007 but are not relevant or do not have significant impact to the Group’s operations:

HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Group’s business and are mandatory for the Group’s accounting periods beginning on or after January 1, 2008 or later periods. The Group has not early adopted the following new standards and interpretations for the year ended December 31, 2007:

HKFRS 8	Operating Segments
HKAS 23 (Revised)	Borrowing Costs
HK(IFRIC) - Int 11	HKFRS 2 - Group and Treasury Share Transactions
HK(IFRIC) - Int 13	Customer Loyalty Programmes

Apart from certain presentational changes, the adoption of the above new standards, amendments and interpretations will have no significant impact on the Group’s financial statements. The Group will adopt these new and revised HKFRSs when they become effective.

2. Turnover and segment information

An analysis of the Group's turnover and operating profit by business segments is as follows:

(In HK$ millions)	**2007** Turnover	**2007** Operating profit	2006 Turnover	2006 Operating profit
Retail and distribution	**4,420**	**384**	4,019	334
Garment trading and manufacturing	**936**	**-**	956	42
Less: Inter-segment sales	**(406)**	**-**	(603)	-
	4,950	**384**	4,372	376

The geographical segments of the Group's turnover are as follows:

(In HK$ millions)	**2007**	2006
Mainland China	**1,465**	1,170
Hong Kong	**963**	925
Taiwan	**677**	696
Singapore	**409**	409
Australia	**247**	238
Middle East	**203**	142
Korea	**183**	166
Japan	**93**	129
Others	**710**	497
	4,950	4,372

3. Operating profit

The operating profit is stated after charging:

(In HK$ millions)	**2007**	2006
Amortization of leasehold land prepayments	**9**	9
Depreciation of property, plant and equipment	**116**	108
Depreciation of investment property	**2**	2
Impairment of property, plant and equipment	**3**	-
Net loss on disposal of property, plant and equipment	**3**	3
Provision for obsolete stock and stock written off	**23**	23

4. Taxation

The provision for taxation of the Company and its Hong Kong subsidiaries is calculated by applying the current rate of taxation of 17.5 percent (2006: 17.5 percent) to the estimated assessable profits earned in or derived from Hong Kong during the year.

Taxation on the profits of other subsidiaries operating overseas is calculated at the rates applicable in the respective jurisdictions.

The charge for taxation in the consolidated profit and loss account represents:

(In HK$ millions)	**2007**	2006
Income tax		
Current income tax		
- Hong Kong profits tax	**23**	26
- Overseas taxation	**82**	74
- Withholding tax on distribution from subsidiaries and a jointly controlled company	**6**	5
Under provision in previous year		
- Overseas taxation	**-**	73
	111	178
Deferred tax		
Relating to the origination and reversal of temporary differences	**1**	(5)
Effect of changes in tax rate	**1**	-
	2	(5)
Taxation charge	**113**	173

In 2006, the Guangzhou Municipal Office of the State Administration of Taxation (the "SAT Guangzhou Office") of the People's Republic of China conducted a review of the Group's transfer pricing policy in Mainland China for the past years since 1996, focusing primarily on royalties. As a consequence of this review, the SAT Guangzhou Office made a demand for payment of approximately RMB66 million additional Foreign Enterprise Income Tax, which the Group has recognized as a tax provision in 2006 and paid in 2007.

5. Dividends

(a) Dividends attributable to the year:

(In HK$ millions)	**2007**	2006
Interim dividend declared and paid of 4.5 HK cents (2006: 4.5 HK cents) per share	**67**	67
Special interim dividend declared and paid of 2.0 HK cents (2006: 2.0 HK cents) per share	**30**	30
	97	97
Final dividend proposed after the balance sheet date of 5.0 HK cents (2006: 5.0 HK cents) per share	**75**	75
Special final dividend proposed after the balance sheet date of 10.0 HK cents (2006: 15.0 HK cents) per share	**149**	223
	224	298
	321	395

At the board meeting held on March 28, 2008, the directors proposed final and special final dividends of 5.0 HK cents and 10.0 HK cents per share respectively. These proposed dividends have not been recognized as a liability at the balance sheet date.

(b) Dividends attributable to the previous year, approved and paid during the year:

(In HK$ millions)	**2007**	2006
2006 final dividend approved and paid of 5.0 HK cents (2005: 5.0 HK cents) per share	**75**	75
2006 special final dividend approved and paid of 15.0 HK cents (2005: 15.0 HK cents) per share	**223**	223
	298	298

6. Earnings per share

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders for the year of HK$295 million (2006: HK$205 million).

The basic earnings per share is based on the weighted average of 1,491,322,447 shares (2006: 1,490,228,540 shares) in issue during the year.

The diluted earnings per share is based on 1,491,322,447 shares (2006: 1,490,228,540 shares) which is the weighted average number of shares in issue during the year plus the weighted average of 787,037 shares (2006: 1,602,321 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

7. Trade and other receivables

(In HK$ millions)	**2007**	2006
Trade receivables	**343**	327
Less: Provision for impairment	**(10)**	(10)
Trade receivables – net	**333**	317
Other receivables, including deposits and prepayments	**171**	177
	504	494

Other than cash and credit card sales, the Group normally allows an average credit period of 60 days to its trade customers.

As at the balance sheet date, the ageing analysis from the invoice date of trade receivables (net of allowance for doubtful debts) was as follows:

(In HK$ millions)	**2007**	2006
0 - 30 days	**227**	236
31 - 60 days	**70**	54
61 - 90 days	**21**	13
Over 90 days	**15**	14
	333	317

The carrying amount of trade receivables are stated approximately at fair value. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers.

8. Trade and other payables

(In HK$ millions)	**2007**	2006
Trade payables	**300**	292
Other payables and accrued expenses	**346**	307
	646	599

The ageing analysis of trade payables is as follows:

(In HK$ millions)	**2007**	2006
0 - 30 days	**251**	218
31 - 60 days	**36**	39
61 - 90 days	**7**	20
Over 90 days	**6**	15
	300	292

The carrying amount of trade payables are stated approximately at fair value.

9. Net current assets

The Group's net current assets, defined as current assets less current liabilities, amounted to HK$736 million and HK$862 million in 2007 and 2006 respectively.

10. Total assets less current liabilities

The Group's total assets less current liabilities amounted to HK$2,135 million and HK$2,193 million in 2007 and 2006 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF GROUP OPERATIONS

Overview

The Group made steady progress executing its brand differentiation and store expansion plans, delivering sharply better performance in key markets such as Mainland China, South Korea, Southeast Asia and the Middle East. Mainland China performed especially well, recording six consecutive quarters of double-digit top line growth since the third quarter of 2006, and achieving turnover and comparable store sales increases of 23.8 percent and 15.2 percent respectively. Malaysia, Indonesia and Thailand also saw turnover rising by 20.8 percent in 2007. This helped drive the Group's turnover to increase by 13.2 percent to HK$4,950 million (2006: HK$4,372 million). The strong performance of the Retail & Distribution Division (which encompasses the Group's directly managed retail operations as well as its franchise and wholesale businesses) drove the Group's gross profit to increase by HK$179 million or 8.2 percent, despite the Garment Trading & Manufacturing Division (the "Manufacturing Division") recording an 11.9 percent decrease in gross profit. The Retail & Distribution Division achieved a 15.0 percent increase in its operating profit but this was offset by a much diminished contribution from the Manufacturing Division so that the Group's operating profit increased by 2.1 percent to HK$384 million (2006: HK$376 million). A strong recovery in profit contribution from South Korea and the Middle East lifted earnings before interest, tax, depreciation and amortisation ("EBITDA") by 7.6 percent to HK$552 million (2006: HK$513 million). With increased contribution from the Group's jointly-controlled and associated companies and in the absence of the one-time tax charge of HK$66 million recorded in 2006, profit attributable to shareholders of the Company increased by 43.9 percent to HK$295 million (2006: HK$205 million). The Group added 126 stores in 2007 to bring its global network to 1,895 at the end of 2007.

Growth momentum remained strong going into 2008 and, with the help of a cold Chinese New Year, sales in Mainland China surged by 43.2 percent and overall Group turnover increased by 17.1 percent year-on-year in the first two months of 2008.

Turnover and Gross Profit

Propelled by the strong results of our Mainland China operations which delivered turnover growth of 23.8 percent, the Retail & Distribution Division saw its turnover growing by 10.0 percent to HK$4,420 million in 2007. The Group's directly managed retail outlets recorded a 2.4 percent increase in comparable store sales, a significant improvement over the 3.0 percent decline recorded in 2006. Meanwhile, third party sales of the Manufacturing Division grew by 50.1 percent but the increase was offset by a 32.7 percent reduction in sales to other Group companies resulting in the division posting a small net decrease in sales of 2.1 percent in 2007. Overall, the Group's turnover grew 13.2 percent to HK$4,950 million in 2007.

(HK$ millions)	**2007**	2006	YOY Change
Retail & Distribution turnover	**4,420**	4,019	10.0%
Garment Trading & Manufacturing turnover	**936**	956	(2.1%)
Intra-group elimination	**(406)**	(603)	(32.7%)
Group turnover	**4,950**	4,372	13.2%
Group gross profit	**2,357**	2,178	8.2%
Group gross margin	**47.6%**	49.8%	(2.2)
Retail & Distribution comparable store sales	**2.4%**	(3.0%)	N/A

Retail & Distribution gross profit increased by 9.4 percent and gross margin held steady at 50.6 percent (2006: 50.8 percent) despite heavy winter stock clearance in the first quarter of the year. However, manufacturing gross profit decreased by 11.9 percent and gross margin narrowed by 1.4 percentage points due to higher input costs (exacerbated by the appreciation of the RMB) on the one hand and continued downward pressure on selling prices on the other. The total effect then was the Group's gross profit grew by 8.2 percent, but gross margin was squeezed by 2.2 percentage points to 47.6 percent.

Operating Expenses, Operating Profit and Earnings before Interest, Taxation, Depreciation and Amortisation Expense (EBITDA)

Although the Retail & Distribution Division continued to experience escalating rental and staff costs, with the former rising by 5.9 percent and the latter by 16.0 percent (due largely to a 9.1 percent increase in our sales force) in 2007, they were more than matched by a 9.4 percent growth in gross profit, resulting in the division achieving a 15.0 percent increase in operating profit to HK$384 million and a 0.4 percentage point increase in its operating margin to 8.7 percent in 2007. On the other hand, declining gross margins and rising costs caused the Manufacturing Division to break even on an operating level in 2007.

For the Group as a whole, operating expenses increased 8.6 percent to HK$2,081 million (2006: HK$1,916 million). Other income was HK$108 million, a decrease of HK$6 million from 2006. As a result, the Group's operating profit posted a 2.1 percent increase in 2007 to HK$384 million. The Group's EBITDA increased by 7.6 percent to HK$552 million (2006: HK$513 million) while the 2007 EBITDA margin was 11.2 percent (2006: 11.7 percent).

(HK$ millions)	Retail & Distribution			Garment Trading & Manufacturing			Group		
	2007	2006	YOY Change	2007	2006	YOY Change	2007	2006	YOY Change
Operating profit	384	334	15.0%	-	42	(100.0%)	384	376	2.1%
Operating margin	8.7%	8.3%	0.4	-	4.4%	(4.4)	7.8%	8.6%	(0.8)

Profit Attributable to Shareholders

With improved focus within merchandising and tighter cost control, our South Korea joint-venture staged a recovery to post an after-tax profit in 2007 from breakeven in 2006. Meanwhile both our Middle East associated company and our Dongguan manufacturing joint venture continued to deliver sales and profit gains. As a result, after-tax profit contribution from the Group's jointly controlled companies and associated company increased 118.8 percent to HK$35 million (2006: HK$16 million). This helped to generate a 43.9 percent increase in profit attributable to shareholders in 2007 to HK$295 million (2006: HK$205 million).

In the absence of a one-time provision for additional PRC Foreign Enterprise Income Tax, the Group's taxation expense reverted to a more normal level of HK$113 million (2006: HK$173 million) and the Group's effective tax rate decreased to 29.6 percent in 2007 (2006: 46.1 percent). Although profits in higher tax Mainland China are expected to increase, the effect on the Group's effective tax rate is expected to be mitigated by the implementation of the new Enterprise Income Tax Law of the People's Republic of China, under which the income tax levied on foreign enterprises will be reduced from 33.0 percent to 25.0 percent with effect from January 1, 2008.

Cash Flow

Cash generated from operations increased by HK$103 million but this was largely offset by a HK$80 million increase in overseas tax paid, attributable largely to the additional PRC Foreign Enterprise Income Tax discussed above. As a result, net cash inflow from operating activities increased by HK$37 million to HK$343 million (2006: HK$306 million).

Net cash outflow from investing activities increased by HK$58 million to HK$153 million (2006: HK$95 million) due mainly to a HK$31 million increase in capital expenditure to HK$142 million in 2007 and a HK$28 million increase in rental deposits, leasehold land and rental prepayments.

Net cash outflow from financing activities decreased by HK$48 million to HK$367 million in 2007 due mainly to an additional bank loan of HK$38 million.

GROUP FINANCIAL POSITION

On December 31, 2007, the Group had cash and bank balances of HK$570 million (2006: HK$723 million) and inventories totalling HK$441 million (2006: HK$422 million). As a result, working capital decreased to HK$736 million (2006: HK$862 million). Healthy sales growth helped to reduce inventory turnover on sales to 33 days (2006: 35 days).

On December 31, 2007, total liabilities were HK$909 million (2006: HK$894 million). The increase is mainly due to a HK$47 million increase in trade and other payables and a HK$38 million increase in bank loans but was offset by a HK$76 million reduction in tax. Shareholders' equity was HK$1,927 million (2006: HK$1,987 million). The Group's current ratio was 1.9 times (2006: 2.1 times) and its gearing was 5.0 percent (2006: 2.9 percent) based on shareholders' equity.

The Group significantly stepped up its store refurbishment and expansion programs, adding a total of 126 outlets in 2007, up from the 73 it added in 2006. As a result, capital expenditure during the year rose by 27.9 percent to HK$142 million (2006: HK$111 million) to account for 41.4 percent (2006: 36.3 percent) of net cash inflow from operating activities. In view of our plan to add at least 150 outlets worldwide in 2008, including the planned procurement and furnishing of a number of prime flagship locations in Mainland China and Hong Kong, Management anticipates capital expenditure to increase substantially to an estimated HK$250 million to HK$300 million in 2008.

The Group had financing facilities totalling HK$368 million at the end of the year (2006: HK$403 million), of which HK$96 million had been drawn down and were outstanding.

OPERATIONS HIGHLIGHTS

Garment Trading & Manufacturing Division

The Manufacturing Division saw its external sales to third parties rising by 50.1 percent to HK$530 million but the increase was offset by a planned 32.7 percent reduction in sales to other Group companies resulting in the division posting a small overall decrease in sales of 2.1 percent in 2007. As a result, external sales to third parties accounted for 56.6 percent of the Manufacturing Division’s 2007 turnover (2006: 36.9 percent) and the division supplied 16.2 percent of the Group’s merchandise needs (2006: 25.7 percent). The division’s results were negatively impacted by the continued downward pressure on selling prices coupled with a sharp rise in raw material and labour costs which was exacerbated by the steady appreciation of the RMB. Gross profit decreased by 11.9 percent and gross margin narrowed by 1.4 percentage points to 12.8 percent, resulting in the Manufacturing Division breaking even on an operating level in 2007. With the increasingly cloudy global economic outlook and the implementation of new labour regulations adding to the already strong upward pressure on wage costs, the Group will curtail new investment in manufacturing and employ various strategies to reduce its exposure to a challenging business. In the meantime, the Manufacturing Division will concentrate on expanding its high value-added product lines.

Retail & Distribution Division - Overview

The Group’s steady push to differentiate and elevate its brands gained consumer acceptance, with all brands achieving improved performance in 2007. Mainland China growth was especially strong, posting six consecutive quarters of double-digit top line growth since the third quarter of 2006. Overall, the Retail & Distribution Division saw its turnover growing by 10.0 percent to HK$4,420 million and its comparable store sales increasing by 2.4 percent in 2007, a significant improvement over the 3.0 percent decline in 2006. Retail & Distribution gross profit increased by 9.4 percent and gross margin held steady at 50.6 percent (2006: 50.8 percent) despite heavy clearance of winter stocks in the first quarter of the year. As a result, the Retail & Distribution Division’s operating profit increased by 15.0 percent to HK$384 million and its operating margin widened by 0.4 percentage points to 8.7 percent in 2007.

Retail & Distribution Division – Review by Brand

Giordano Ladies was the Group's best performer, with turnover growing by 17.8 percent and comparable store sales up by 9.1 percent in 2007. Brand elevation continued apace with an 11.0 percent increase in average selling price which helped gross margin to achieve a 1.0 percentage point improvement. During the year we launched the brand in Kuala Lumpur and Jakarta and added a total of eight outlets to bring the network to 39 by the end of 2007. Turnover increased by 13.2 percent in the first two months of 2008.

Giordano Concepts had performed to Management's expectation in its first full year of operations. The launch in Hong Kong in 2006 was followed in quick succession by new stores in Beijing, Shanghai, Guangzhou, Taipei, Singapore, Kuala Lumpur and Jakarta. The network grew from three stores in Hong Kong at the end of 2006 to stand at 14 outlets at the end of 2007 and the brand accounted for 4.4 percent of the Retail & Distribution Division's 2007 turnover. The brand was especially well received by Mainland Chinese consumers and as such we will focus on a rapid roll-out in 2008, with a view to adding at least ten outlets to the existing network of four in Mainland China. *Giordano Concepts* turnover increased 57.0 percent year-on-year in the first two months of 2008.

Although the spotlight is on growing our premium *Giordano Ladies* and *Giordano Concepts* brands, we have continued to devote significant resources to re-energize the core *Giordano* business by expanding and updating its range, while keeping true to the brand promise of offering basic, functional and value-oriented casual wear for the all-important middle market. One of our most important moves was to more than double our collection to over 3,000 styles a year so as to offer a wide enough selection to cater to the increasingly sophisticated and demanding consumers in our disparate markets today. We have also upgraded our store design to provide a more attractive and comfortable shopping environment. The revamp has been well received and as a result turnover increased by 5.7 percent to HK$3,707 million in 2007. We added a total of 137 *Giordano* and *Giordano Junior* outlets in 2007, bringing our global network to 1,723 by the end of 2007. *Giordano* and *Giordano Junior* turnover increased by 17.1 percent year-on-year in the first two months of 2008.

Recognising that the lack of a distinctive brand identity and differentiated product offering has been holding back the performance of the *Bluestar Exchange* line, in the first half of 2007 the Group launched a program to re-brand *Bluestar Exchange* to *BSX* which features a younger, more urban collection presented in a distinctive and modern shop environment. We converted a total of 17 stores to *BSX* and exited from 46 under-performing locations, leading to the network being consolidated to 117 stores and turnover decreasing by 9.9 percent to HK$274 million in 2007. However, the fact that we were able to achieve same store sales growth of 12.1 percent post-conversion plus an overall 2.5 percentage point gross margin expansion and a 13.2 percent increase in average selling price during this early transitional stage is indicative of the potential of this rebranded line.

	Giordano & Giordano Junior		*Giordano Ladies*		*Giordano Concepts*		*BSX / Bluestar Exchange*		*Retail & Distribution*	
	Turnover *(HK$ millions)*	Comp Store Sales	Turnover *(HK$ millions)*	Comp Store Sales	Turnover *(HK$ millions)*	Comp Store Sales	Turnover *(HK$ millions)*	Comp Store Sales	Turnover *(HK$ millions)*	Comp Store Sales
2007	3,707	2.0%	245	9.1%	194	N/A	274	(2.3%)	4,420	2.4%
2006	3,507	(3.4%)	208	8.1%	-	N/A	304	(6.8%)	4,019	(3.0%)
YOY Change	5.7%	N/A	17.8%	N/A	N/A	N/A	(9.9%)	N/A	10.0%	N/A

Retail & Distribution Division – Review by Market

Mainland China

Mainland China	**2007**	2006	2005	2004	2003
Sales (*HK$ millions*) [1]	**1,349**	1,090	987	952	815
Sales per sq. ft. (*HK$*) [2]	**2,900**	2,400	2,400	2,400	3,000
Comparable store sales increase/(decrease) [3]	**15.2%**	8.5%	5.5%	6.9%	(12.9%)
Retail floor area (sq. ft.) [4]	**690,700**	605,100	585,600	557,800	484,300
Number of outlets [4]	**820**	729	706	671	581

1 Including net sales to authorized dealers
2 On weighted-average basis for directly managed outlets
3 For directly managed outlets which were open for the full 12 months in each of the two fiscal years under comparison
4 Total directly managed and authorized dealer outlets as at December 31

Our efforts to elevate our brands and expand our distribution in Mainland China yielded strong results. On the branding side, consumers reacted positively to our new and more upmarket collections, enabling us to raise average selling price by 18.8 percent and helping us to widen our gross margin by 1.4 percentage points in 2007. On the store growth side, we added 91 stores in Mainland China to expand our distribution network to 820 outlets. This, coupled with a 15.2 percent increase in comparable store sales, propelled our turnover to increase by 23.8 percent. As a result, Mainland China increased its share of the Retail & Distribution Division’s turnover to 30.5 percent in 2007. Growth remained robust going into 2008 and, with the help of a cold Chinese New Year, sales surged by 43.2 percent year-on-year in the first two months of 2008. We plan to capitalize on the strong momentum to add at least 120 outlets in Mainland China in 2008, including new and exciting landmark locations in cities such as Guangzhou, Hangzhou and Changchun to showcase our products and service offerings.

Hong Kong

Hong Kong	**2007**	2006	2005	2004	2003
Sales (*HK$ millions*)	**892**	873	867	810	697
Sales per sq. ft. (*HK$*) [1]	**7,800**	7,600	7,400	7,100	6,200
Comparable store sales increase/(decrease) [2]	**8.1%**	5.4%	4.4%	11.0%	(15.4%)
Retail floor area (sq. ft.) [3]	**110,900**	117,300	119,500	113,700	112,100
Number of outlets [3]	**92**	98	101	92	75

1 On weighted-average basis
2 For outlets which were open for the full 12 months in each of the two fiscal years under comparison
3 As at December 31

Overall performance of our Hong Kong operations was affected by the *BSX* re-branding program which necessitated the closure of eight *Bluestar Exchange* stores in 2007, resulting in sales in Hong Kong increasing by 2.2 percent only to HK$892 million. However, sales under the *Giordano* brands (ie *Giordano, Giordano Junior, Giordano Ladies* and *Giordano Concepts*) grew by 7.0 percent in 2007 while comparable store sales rose by 8.6 percent, with average selling price and gross margin increasing by 19.3 percent and 1.0 percentage point respectively. Although we expect to further consolidate our distribution network in Hong Kong in light of the continued rental escalation and the ongoing reorganization of the *BSX/Bluestar Exchange* store portfolio, we expect our brand uplift and product improvement efforts to enable Hong Kong to continue to deliver respectable growth in 2008. Indeed, growth remained on trend with the *Giordano* brands posting an 11.8 percent turnover growth and 6.7 percent for the market as a whole in the first two months of 2008.

Taiwan

Taiwan	**2007**	2006	2005	2004	2003
Sales (*HK$ millions*)	**654**	658	732	707	604
Sales per sq. ft. (*HK$*) [1]	**2,800**	2,800	3,000	2,900	2,600
Comparable store sales (decrease)/increase [2]	**(4.2%)**	(9.1%)	(5.8%)	0.8%	(13.2%)
Retail floor area (sq. ft.) [3]	**218,700**	235,800	243,900	245,800	241,500
Number of outlets [3]	**210**	239	237	236	195

1 On weighted-average basis
2 For outlets which were open for the full 12 months in each of the two fiscal years under comparison
3 As at December 31

We continued to restructure our store portfolio to exit from under-performing locations (most of them belonging to *Bluestar Exchange*) and to trade up into better ones. In the process, we reduced our store network by 29 locations to a total of 210 outlets at the end of 2007. In spite of a generally stagnant economy and a reduction in our retail network, we kept our 2007 turnover more or less even at HK$654 million (2006: HK$658 million). With the conclusion of the 2008 legislative and presidential elections, we expect market conditions to begin improving the second half of 2008 or early 2009, especially in light of the incoming government's stated focus on improving economic growth and cross straits relations. In the meantime the year started strongly for us, with turnover in January and February rising by 13.6 percent year-on-year, and we will focus on optimizing operations to prepare for future growth.

Singapore

Singapore	**2007**	2006	2005	2004	2003
Sales (*HK$ millions*)	**390**	403	403	391	348
Sales per sq. ft. (*HK$*) [1]	**6,900**	7,700	8,300	8,700	7,700
Comparable store sales (decrease)/increase [2]	**(10.9%)**	(11.9%)	(1.2%)	12.6%	(14.0%)
Retail floor area (sq. ft.) [3]	**57,300**	55,100	50,500	48,600	43,600
Number of outlets [3]	**53**	53	48	47	43

[1] On weighted-average basis
[2] For outlets which were open for the full 12 months in each of the two fiscal years under comparison
[3] As at December 31

Our performance in Singapore experienced a temporary setback in 2007 due to a reorganization of our operations there. The close monitoring and support from a strong management team brought in from Hong Kong has reduced the sales decline in the first two months of 2008.

Malaysia, Indonesia, Thailand, Australia, and Other Markets

Buoyed by a pick up in commodity prices and exports, consumer confidence and spending strengthened in Southeast Asia in 2007, benefiting our business. Sales in Malaysia, Indonesia and Thailand increased by 20.8 percent in 2007, on a par with the growth we experienced in Mainland China. The three markets saw sales growing by 12.5 percent in the first two months of 2008.

Although the Australian economy also benefited from the global commodities boom, our Australian operations did not achieve the double-digit growth experienced by our Southeast Asian businesses in 2007. We are, however, in the process of improving its merchandising strategy in order to build on the 3.5 percent turnover growth Australia achieved in 2007. Finally, our other markets together recorded a 13.9 percent turnover growth in 2007.

Sales (*HK$ millions*)	**Australia**	**Malaysia**	**Indonesia**	**Thailand**	**Others**
2007	235	151	169	121	459
2006	227	120	145	100	403
Year-on-year increase	3.5%	25.8%	16.6%	21.0%	13.9%

Jointly Controlled and Associated Companies

South Korea

Although fierce competition and a weak retail environment still hindered our overall top line performance in South Korea, with full year turnover down 3.2 percent compared to 2006, sales trend began to turn in the fourth quarter of 2007 and the first two months of 2008 saw sales growing by 13.0 percent year-on-year. More importantly, better merchandising discipline at the core *Giordano* business allowed South Korea to achieve a 2.4 percentage point expansion in its gross margin in 2007. This, together with a greater focus on cost control, enabled our South Korean business to post a profit for the full year whereas it just managed to break even last year. As a result, our South Korean jointly controlled company made a profit contribution of HK$13 million (2006: Nil). On December 31, 2007, the Group held 48.8 percent in its South Korean jointly controlled company.

South Korea	**2007**	2006	2005	2004	2003
Sales (*HK$ millions*)	**982**	1,014	995	895	1,004
Sales per sq. ft. (*HK$*) [1]	**6,700**	7,500	6,300	5,900	7,200
Comparable store sales decrease [2]	**(8.6%)**	(6.5%)	(4.0%)	(13.4%)	(30.6%)
Retail floor area (sq. ft.) [3]	**145,600**	135,600	157,000	150,600	139,100
Number of outlets [3]	**173**	148	168	172	172

1 On weighted-average basis
2 For outlets which were open for the full 12 months in each of the two fiscal years under comparison
3 As at December 31

Middle East and India

Aided by the region's continuing economic and consumption boom, our Middle East business achieved a 29.5 percent increase in its turnover to HK$465 million and a 10.9 percent increase in its comparable store sales. As a result, profit contribution from our Middle East associated company increased to HK$12 million (2006: HK$8 million). We added 13 outlets during the year to bring the total store count to 142. The Group held a 20.0 percent shareholding in its Middle East associate at December 31, 2007. Although growth in the region is expected to slow from the torrid pace in 2007, we continue to expect good growth in 2008, with the first two months seeing turnover growing by 11.8 percent year-on-year.

We completed our first full year of operations in India, recording sales of HK$6 million in 2007. We expanded out of our base in Chennai with new store launches in Delhi, Mumbai and Ahmedabad so that our network stood at five at the end of 2007. We plan to at least double our network in 2008 to ten stores with launches in other key urban centres such as Bangalore and Hyderabad.

Middle East	**2007**	2006	2005	2004	2003
Sales (*HK$ millions*)	**465**	359	332	288	234
Sales per sq. ft. (*HK$*) [1]	**3,100**	2,700	3,100	3,200	3,000
Comparable store sales increase/(decrease) [2]	**10.9%**	1.6%	2.4%	6.1%	(4.1%)
Retail floor area (sq. ft.) [3]	**149,900**	132,600	107,500	90,800	77,800
Number of outlets [3]	**142**	129	107	89	75

1 On weighted-average basis
2 For outlets which were open for the full 12 months in each of the two fiscal years under comparison
3 As at December 31

Manufacturing

Dongguan Speedy Garment, the Group's manufacturing joint-venture in Dongguan, China, just about doubled its turnover to HK$612 million in 2007 (2006: HK$321 million) and made an after-tax profit contribution of HK$10 million (2006: HK$8 million) to the Group. The Group held a 49.0 percent shareholding in Dongguan Speedy Garment as at December 31, 2007.

HUMAN RESOURCES

On December 31, 2007, the Group had 12,100 employees. Human resources - how to recruit, retain, develop and motivate high potential people - have always been a priority for the Company. The Company offers competitive remuneration packages and generous, goal-oriented bonuses to different levels of staff. Senior managers are also offered generous incentive bonus schemes and share options as a means to reward and retain a high calibre management team.

Although a competitive remuneration package is important, numerous studies and experiences have shown that it is not sufficient in attracting and retaining staff. Values, fairness and opportunities for further professional and personal development are also important considerations for people. As such, the Group invests heavily in a comprehensive staff training and development program. The program focuses not only on basic sales and service training for front-line staff, but also includes topics such as advanced sales training, basic and advanced management training, leadership seminars and other talent development programs that are designed to address the all round personal and professional development needs of our people. The Company also encourages individual initiative and responsibility for development and has instituted an Employee Self Learning Program. Performance in the program is an important consideration in evaluating an individual employee's performance for advancement, salary and bonus.

OUTLOOK

The Group is encouraged by the steady and solid growth it has achieved this year. Our strategy of measured, profitable growth through meaningful brand differentiation and targeted geographical expansion has proven to be the correct one. We will stay the course in 2008 to focus on further differentiation and elevation of our brands. We will also push for faster growth in Mainland China and reinforce the nascent turnaround in South Korea. Our target is to expand our global distribution network by at least 150 outlets to over 2,000 and to sustain double-digit turnover growth in 2008. To this end, Management has substantially increased capital expenditure from the HK$142 million in 2007 to an estimated HK$250 million to HK$300 million in 2008 to fund store procurement and furnishing, including a number of new and exciting landmark locations in Mainland China and Hong Kong.

In particular, Mainland China with its strong underlying economic fundamentals and favourable outlook will continue to be the key growth engine for us. As such, we plan to add at least 120 outlets in Mainland China in 2008 and will continue to invest heavily in building our design and management teams there. The first two months of 2008 have seen turnover in Mainland China increasing by 43.2 percent year-on-year.

Further expansion of our premium *Giordano Ladies* and *Giordano Concepts* brands will also be a priority for the Group. We started the year on a positive note with *Giordano Ladies* and *Giordano Concepts* together achieving a 29.9 percent year-on-year increase in the first two months of 2008. Plans are underway to increase store openings from the 19 achieved in 2007 to a targeted 30 to bring the number of *Giordano Ladies* and *Giordano Concepts* outlets to over 80 by the end of 2008. The bulk of the growth will consist of new *Giordano Concepts* locations in both first tier and selected second tier cities in Mainland China.

DIVIDENDS

It is the Company's intention to return surplus cash to its shareholders through the regular payment of dividends and, in line with its dividend philosophy, the Company has been paying an ordinary dividend amounting to about one-third of its earnings plus a special dividend the amount of which may vary depending on cash on hand, future investment requirements and other considerations.

After due consideration of the Group's upcoming investment needs, especially in light of its significantly more aggressive expansion plan in Mainland China, the Board has resolved to recommend to shareholders the payment of a final dividend of 5.0 HK cents (2006: 5.0 HK cents) per share and a special final dividend of 10.0 HK cents (2006: 15.0 HK cents) per share for the year ended December 31, 2007. Together with the interim dividend of 4.5 HK cents (2006: 4.5 HK cents) per share and the special interim dividend of 2.0 HK cents (2006: 2.0 HK cents) per share paid on September 14, 2007, total 2007 dividend amounted to 21.5 HK cents (2006: 26.5 HK cents) per share, representing a payout of 108.6 percent of 2007 per share earnings. Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the final and special final dividends will be payable on or about Monday, May 19, 2008 to shareholders whose names appear on the register of members of the Company on Wednesday, May 14, 2008.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on Wednesday, May 14, 2008. For details of the Annual General Meeting, please refer to the Notice of Annual General Meeting, which is expected to be published on or about Wednesday, April 16, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, May 9, 2008 to Wednesday, May 14, 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special final dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, May 8, 2008.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended December 31, 2007, except that (i) the roles of the Chairman and Chief Executive are vested in the same person (Code Provision A.2.1); and (ii) the Chairman and the Managing Director are not subject to retirement by rotation (Code Provision A.4.2). Currently, Dr. LAU Kwok Kuen, Peter, holds the positions of Chairman and Chief Executive. In view of Dr. Lau's extensive experience in the industry and deep understanding of the Group's business, the Board believes that vesting the roles of both Chairman and Chief Executive in Dr. Lau provides the Group with strong and consistent leadership, allows for more effective planning and execution of long term business strategies and enhances efficiency in decision-making. Further information will be provided in the "Corporate Governance Report" of the 2007 Annual Report.

REVIEW OF ACCOUNTS

The Group's audited consolidated financial statements for the year ended December 31, 2007 including the accounting principles and practices adopted have been reviewed by the Audit Committee in conjunction with the Company's external auditors. Also, this preliminary results announcement has been agreed with the Company's external auditors.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

By Order of the Board
LAU Kwok Kuen, Peter
Chairman

Hong Kong, March 28, 2008

As at the date of this announcement, the Board of the Company comprises four independent non-executive directors, namely, Mr. AU Man Chu, Milton, Mr. Barry John BUTTIFANT, Mr. KWONG Ki Chi and Dr. LEE Peng Fei, Allen, and three executive directors, namely, Dr. LAU Kwok Kuen, Peter, Mr. FUNG Wing Cheong, Charles and Mr. MAH Chuck On, Bernard.

The results announcement is published on the websites of the Company (www.giordano.com.hk) and Hong Kong Exchanges and Clearing Limited. The Annual Report 2007 containing all the information required by the Listing Rules will be dispatched to shareholders and made available on the above websites on or about April 16, 2008.