

GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

Unaudited 2008 First Quarter Operations Update

Unaudited 2008 First Quarter Operations Update – Highlights

- **The Group’s sales in Mainland China surged by 40.8 percent in the three months ended March 31, 2008. On the back of this strong growth in Mainland China, the Group’s Retail & Distribution Division (the “Retail Division”) achieved a 16.4 percent increase in turnover in the first quarter of 2008.**
- The Group as a whole registered an increase of 15.1 percent in turnover and 17.2 percent in gross profit in the first quarter due to continued challenges experienced by the Group’s Garment Trading & Manufacturing Division (the “Manufacturing Division”).
- The Retail Division’s gross margin widened by 140 basis points to 49.4 percent. Overall, the Group’s gross margin for the three months ended March 31, 2008 increased to 46.9 percent (1Q07: 46.1 percent) due to reduced gross margin at the Manufacturing Division.
- Inventory turnover days on sales improved to 27 days from the 34 days recorded last year.
- Net cash and bank balances were approximately HK\$561 million on March 31, 2008 (December 31, 2007: HK\$474 million).
- The Group continued to achieve strong growth in Mainland China in April, with turnover increasing by 22.3 percent. Overall, turnover at the Retail Division increased by 10.0 percent year-on-year in April 2008. The Manufacturing Division continued to struggle and as a result the Group recorded an 8.3 percent year-on-year turnover increase in April 2008.
- The earthquake on May 12 caused only minor damage to our 23 stores in Chengdu (out of a total of 827 outlets in Mainland China) and operations have since resumed.
- The Group has arranged to make cash and in-kind donations in excess of RMB5.5 million for emergency relief for the earthquake in Sichuan.

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, 2008. 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.

Performance by Business Segment

On the back of the strong growth in Mainland China which saw sales surging by 40.8 percent in the first quarter, turnover of the Group’s Retail & Distribution Division (the “Retail Division”) increased by 16.4 percent year-on-year in the three months ended March 31, 2008. Retail gross margin increased to 49.4 percent, up by 140 basis points over the same period last year when excess winter merchandise was being cleared. As a result, the Retail Division achieved a 19.7 percent year-on-year increase in gross profit during the first quarter of 2008.

On the other hand, the Group’s Garment Trading & Manufacturing Division (the “Manufacturing Division”) continued to be challenged by difficult trading conditions, posting a 3.5 percent increase in sales to external customers on lower gross margin due to rising costs and the appreciation of the RMB. As a result, Group turnover for the three months ended March 31, 2008 grew by 15.1 percent and gross profit increased by 17.2 percent over the same period last year. Group gross margin came in at 46.9 percent (1Q07: 46.1 percent).

YOY Turnover Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
Retail & Distribution	+ 16.4%	+ 13.4%	+ 10.0%
Garment Trading & Manufacturing sales to external customers	+ 3.5%	+ 34.9%	+ 50.1%
Total	+ 15.1%	+ 15.3%	+ 13.2%

So far second quarter 2008 performance has stayed on course, with turnover at the Retail Division increasing by 10.0 percent year-on-year in April 2008. The Manufacturing Division continued to struggle and as a result the Group recorded an 8.3 percent year-on-year turnover increase in April 2008.

Retail & Distribution Division – Performance by Brand

Aided by favorable weather conditions in Greater China in January and February, turnover of our main *Giordano* and *Giordano Junior* business grew by 17.0 percent while comparable store sales increased by 5.2 percent in the three months ended March 31, 2008. We added seven stores during the quarter to increase our *Giordano* and *Giordano Junior* store count to 1,730 worldwide.

The Group's two premier brands also performed well, with *Giordano Ladies* and *Giordano Concepts* achieving year-on-year sales growth of 15.7 percent and 53.1 percent respectively in the first quarter of 2008. We added one *Giordano Concepts* store during the quarter.

BSX continued to gain consumer acceptance, with comparable store sales increasing by 11.4 percent year-on-year in the first quarter. Overall, *BSX* sales dipped by 11.4 percent as we carried through with rationalizing our store network, closing nine stores during the first quarter to reduce total store count to 108.

For the three months ended March 31, 2008, the Retail Division achieved overall turnover increase of 16.4 percent while comparable store sales grew by 5.3 percent. In the absence of heavy markdowns to clear winter stocks, gross margin expanded by 140 basis points to 49.4 percent and gross profit increased by 19.7 percent over the same period in 2007.

YOY Turnover Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
<i>Giordano core line & Giordano Junior</i>	+ 17.0%	+ 10.7%	+ 5.7%
<i>Giordano Ladies</i>	+ 15.7%	+ 24.8%	+ 17.8%
<i>Giordano Concepts</i>	+ 53.1%	N/A	N/A
<i>BSX</i>	- 11.4%	- 11.1%	- 9.9%
Retail & Distribution Total	+ 16.4%	+ 13.4%	+ 10.0%

YOY Comp Store Sales Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
<i>Giordano core line & Giordano Junior</i>	+ 5.2%	+ 6.5%	+ 2.0%
<i>Giordano Ladies</i>	+ 6.5%	+ 17.5%	+ 9.1%
<i>Giordano Concepts</i>	- 1.1%	N/A	N/A
<i>BSX</i>	+ 11.4%	- 8.7%	- 2.3%
Retail & Distribution Total	+ 5.3%	+ 5.8%	+ 2.4%

Retail & Distribution Division – Performance by Market

Cold temperatures in January and February gave an extra push to the Group's already strong growth momentum in Mainland China, enabling us to achieve an outstanding 40.8 percent year-on-year increase in our turnover and, in the absence of the heavy markdowns we were compelled to undertake last year, gross profit swelled by 61.3 percent during the first quarter of 2008. We added seven stores to bring our network to 827 outlets in Mainland China at the end of March, and expect to add about 40 outlets in the second quarter, including a number of flagship stores. Turnover grew by 22.3 percent in April.

The earthquake on May 12 caused only minor damage to our 23 stores in Chengdu and operations have since resumed. The Group has arranged to make cash and in-kind donations in excess of RMB5.5 million for emergency relief for the earthquake in Sichuan.

Hong Kong saw turnover increasing by 4.4 percent while comparable store sales grew by 6.6 percent during the first quarter. To manage rising rental costs, we consolidated our network from 92 at the beginning of the year to 88 stores at the end of March.

Taiwan's first quarter turnover grew by 11.2 percent year-on-year in spite of a further consolidation of our network by ten stores during the quarter to 200. In addition, comparable store sales in Taiwan increased by 5.8 percent. Meanwhile, Singapore continued to struggle with first quarter turnover down 1.1 percent year-on-year.

YOY Turnover Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
Mainland China	+ 40.8%	+ 29.4%	+ 23.8%
Hong Kong	+ 4.4%	+ 4.0%	+ 2.2%
Taiwan	+ 11.2%	+ 1.6%	- 0.6%
Singapore	- 1.1%	+ 1.1%	- 3.2%
Retail & Distribution Total	+ 16.4%	+ 13.4%	+ 10.0%

YOY Comp Store Sales Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
Mainland China	+ 19.0%	+ 22.1%	+ 15.2%
Hong Kong	+ 6.6%	+ 8.9%	+ 8.1%
Taiwan	+ 5.8%	- 0.4%	- 4.2%
Singapore	- 8.0%	- 10.2%	- 10.9%
Retail & Distribution Total	+ 5.3%	+ 5.8%	+ 2.4%

Margins, Inventory and Cash

Despite a 140 basis point gross margin improvement at the Retail Division, the Group's gross margin for the three months ended March 31, 2008 increased by 80 basis points only to 46.9 percent due to continued margin pressure experienced by the Manufacturing Division. Inventory turnover days on sales improved to 27 days, down seven days from the 34 days recorded last year. On March 31, 2008, the Group had approximately HK\$561 million in net cash and bank balances.

Performance of Non-consolidated Markets

The nascent turnaround in South Korea that began in the fourth quarter of 2007 continued into 2008, with turnover increasing by 12.0 percent and comparable store sales increasing by 4.7 percent in the three months ended March 31, 2008. Meanwhile, turnover sales in the Middle East continued to enjoy strong growth, with turnover increasing by 27.0 percent year-on-year.

YOY Turnover Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
South Korea	+ 12.0%	- 5.0%	- 3.2%
Middle East	+ 27.0%	+ 13.3%	+ 29.5%

YOY Comp Store Sales Increase/Decrease	3 months ended March 31, 2008	3 months ended March 31, 2007	12 months ended December 31, 2007
South Korea	+ 4.7%	- 11.0%	- 8.6%
Middle East	+ 21.0%	- 1.4%	+ 10.9%

On March 31, 2008, the Group held 48.8 percent equity in its South Korean jointly controlled company and 20.0 percent in its Middle East associated company.

Store Network

There was no net change to the number of outlets in the Group's global retail network during the first quarter.

Number of Outlets by Brand	As at March 31, 2008	As at March 31, 2007	As at December 31, 2007
<i>Giordano core line & Giordano Junior</i>	1,730	1,613	1,723
<i>Giordano Ladies</i>	39	32	39
<i>Giordano Concepts</i>	15	4	14
<i>BSX</i>	108	146	117
<i>Others</i>	3	–	2
Total	1,895	1,795	1,895

Number of Outlets by Market	As at March 31, 2008	As at March 31, 2007	As at December 31, 2007
Mainland China	827	741	820
Hong Kong	88	96	92
Taiwan	200	236	210
Singapore	55	54	53
South Korea	175	162	173
Middle East & India	150	137	147
Other Markets	400	369	400
Total	1,895	1,795	1,895

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 22, 2008

As at the date of this announcement, the Board of the Company comprises three independent non-executive directors, namely, 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.