GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2006

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Giordano International Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended June 30, 2006, together with comparative figures for the corresponding period and selected explanatory notes are as follows:

Condensed Consolidated Profit and Loss Account

(In HK$ millions except earnings per share)	*Note*	**Six months ended June 30** **2006**	2005
Turnover	*2*	**2,021**	2,152
Cost of sales		**(1,000)**	(1,056)
Gross profit		**1,021**	1,096
Other revenue		**53**	45
Distribution, administrative and other operating expenses		**(890)**	(895)
Operating profit	*2, 3*	**184**	246
Finance expense	*4*	**(1)**	–
Share of profit of jointly controlled companies		**4**	10
Share of profit of an associate		**5**	5
Profit before taxation		**192**	261
Taxation	*5*	**(38)**	(58)
Profit after taxation		**154**	203
Profit attributable to:			
Shareholders of the Company		**151**	187
Minority interests		**3**	16
		154	203
Dividends	*6(a)*	**97**	97
Earnings per share	*7*		
Basic		**10.1¢**	12.8¢
Diluted		**10.1¢**	12.7¢

Condensed Consolidated Balance Sheet

(In HK$ millions)	*Note*	**June 30 2006 *(Unaudited)***	December 31 2005 *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**249**	256
Investment property		**87**	88
Interest in jointly controlled companies		**335**	316
Interest in an associate		**28**	30
Leasehold land and rental prepayments		**311**	313
Rental deposits		**256**	251
Deferred tax assets		**27**	24
		1,293	1,278
Current assets			
Inventories		**375**	369
Leasehold land and rental prepayments		**14**	13
Trade and other receivables	*8*	**388**	407
Cash and bank balances		**678**	903
		1,455	1,692
Total assets		**2,748**	2,970
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**74**	74
Reserves		**1,830**	1,750
Proposed dividends		**97**	298
Equity attributable to shareholders of the Company		**2,001**	2,122
Minority interests		**93**	93
Total equity		**2,094**	2,215
Non-current liabilities			
Deferred tax liabilities		**99**	92
Current liabilities			
Trade and other payables	*9*	**437**	515
Bank loans		**72**	76
Taxation		**46**	72
		555	663
Total liabilities		**654**	755
Total equity and liabilities		**2,748**	2,970

Notes:

1. Principal accounting policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, and the applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed interim financial statements should be read in conjunction with the 2005 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2005 except for the adoption of new and revised HKASs and HKFRSs which are effective for accounting periods beginning on or after January 1, 2006 as set out below:

HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS Interpretation 4	Determining whether an Arrangement contains a Lease

The adoption of the above new and revised accounting standards has no material impact on the Group's balance sheet and profit and loss account.

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, 2007 or later periods. The Group has not early adopted these new standards, amendments and interpretations for the period ended June 30, 2006.

2. Turnover and segment information

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

	Six months ended June 30			
	2006		2005	
(In HK$ millions)	**Turnover**	**Operating profit**	Turnover	Operating profit
Retail and distribution	**1,869**	**164**	1,953	214
Garment trading and manufacturing	**480**	**20**	520	32
Less: Inter-segment sales	**(328)**	**–**	(321)	–
	2,021	**184**	2,152	246

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

	Six months ended June 30	
(In HK$ millions)	**2006**	2005
Mainland China	**496**	474
Hong Kong	**451**	462
Taiwan	**346**	391
Singapore	**192**	208
Australia	**110**	112
Japan	**63**	96
Korea	**91**	90
Others	**272**	319
	2,021	2,152

3. Operating profit

The operating profit is stated after charging/(crediting):

(In HK$ millions)	Six months ended June 30 2006	2005
Amortization of leasehold land prepayments	**4**	4
Depreciation of property, plant and equipment	**53**	58
Depreciation of investment property	**1**	1
Fair value gain on forward foreign exchange contracts	**–**	(1)
Net loss on disposal of property, plant and equipment	**1**	–
Provision for obsolete stock and stock write-off/(write-back)	**10**	(1)

4. Finance expense

(In HK$ millions)	Six months ended June 30 2006	2005
Interest on bank loans	**1**	–

5. Taxation

Hong Kong profits tax is calculated at the rate of 17.5 percent (2005: 17.5 percent) on the estimated assessable profits for the six months ended June 30, 2006. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

(In HK$ millions)	Six months ended June 30 2006	2005
Company and subsidiaries:		
Income tax		
Current income tax		
- Hong Kong profits tax	**11**	15
- Overseas taxation	**23**	40
Over provision in previous period		
- Hong Kong profits tax	**(1)**	(2)
- Overseas taxation	**(1)**	(1)
	32	52
Withholding tax	**4**	4
Deferred tax		
Relating to the origination and reversal of temporary differences	**2**	2
Taxation charge	**38**	58

Share of jointly controlled companies' Hong Kong and overseas taxation for the six months ended June 30, 2006 of HK$1 million (2005: HK$1 million) and HK$1 million (2005: HK$3 million) respectively are included in the share of profit of jointly controlled companies.

No profits tax has been made in the accounts of an associate for the six months ended June 30, 2006 and 2005.

The Group has a dispute with the tax authority in Taiwan with respect to tax treatment on certain of the Group's sales in Taiwan. The dispute is not expected to have any material impact on the financial position of the Group.

6. Dividends

(a) Interim dividends attributable to the period:

	Six months ended June 30	
(In HK$ millions)	**2006**	2005
Interim dividend declared after balance sheet date of 4.5 HK cents (2005: 4.5 HK cents) per share	**67**	67
Special interim dividend declared after balance sheet date of 2.0 HK cents (2005: 2.0 HK cents) per share	**30**	30
	97	97

These 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 period:

	Six months ended June 30	
(In HK$ millions)	**2006**	2005
2005 final dividend approved and paid of 5.0 HK cents (2004: 4.5 HK cents) per share	**75**	67
2005 special final dividend approved and paid of 15.0 HK cents (2004: 13.0 HK cents) per share	**223**	193
	298	260

7. Earnings per share

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders for the period of HK$151 million (2005: HK$187 million).

The basic earnings per share is based on the weighted average of 1,489,809,800 shares (2005: 1,465,341,927 shares) in issue during the six months ended June 30, 2006.

The diluted earnings per share is based on 1,489,809,800 shares (2005: 1,465,341,927 shares) which is the weighted average number of shares in issue during the six months ended June 30, 2006 plus the weighted average of 1,915,366 shares (2005: 6,450,417 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

8. Trade and other receivables

(In HK$ millions)	**June 30 2006**	December 31 2005
Trade receivables	**230**	273
Less: Provision for impairment	**(10)**	(10)
Trade receivables - net	**220**	263
Other receivables, deposits and prepayments	**168**	144
	388	407

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

The ageing analysis of trade receivables is as follows:

(In HK$ millions)	**June 30 2006**	December 31 2005
0 - 30 days	**131**	202
31 - 60 days	**54**	36
61 - 90 days	**13**	14
Over 90 days	**22**	11
Total	**220**	263

9. Trade and other payables

(In HK$ millions)	**June 30 2006**	December 31 2005
Trade payables	**196**	246
Other payables and accrued expenses	**241**	269
	437	515

The ageing analysis of trade payables is as follows:

(In HK$ millions)	**June 30 2006**	December 31 2005
0 - 30 days	**149**	192
31 - 60 days	**27**	40
61 - 90 days	**9**	8
Over 90 days	**11**	6
Total	**196**	246

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF GROUP OPERATIONS

Turnover

Total first half 2006 turnover was HK$2,021 million (2005: HK$2,152 million), a 6.1 percent year-on-year decrease.

Warmer than normal temperatures and erratic weather patterns in Greater China in January and February slowed Chinese New Year sales while higher interest rates and fuel prices affected consumer confidence and spending in our Southeast Asian markets. However, stronger performance in the second quarter with new spring merchandise allayed the effects of a disappointing winter. For the first half as a whole, the Retail & Distribution Division recorded a turnover of HK$1,869 million (2005: HK$1,953 million), or a 4.3 percent year-on-year decrease compared to the 6.4 percent decline recorded in the first quarter.

Meanwhile, severe price competition arising from over capacity in the garment industry resulted in sales of the Garment Trading & Manufacturing Division decreasing by 7.7 percent year-on-year to HK$480 million (2005: HK$520 million).

Gross Profit

The Group's gross margins decreased to 48.1 percent in the first quarter (2005: 49.9 percent) but staged a strong recovery in the second quarter, coming in at 53.0 percent, up 1.0 percentage point compared to the same period last year. As a result, the Group's first half gross margins were 50.5 percent (2005: 50.9 percent), while gross profits saw a 6.8 percent reduction to HK$1,021 million (2005: HK$1,096 million). Both the Retail & Distribution Division and the Garment Trading & Manufacturing Division posted lower gross margins compared to the same period last year, the former as a result of an increase in season-end clearance discounts on inventories built up from a warmer winter while the latter because of continuing downward pricing pressure.

Operating Expenses

Although rental cost remained high and on the rise, the effect was offset by good, disciplined expense management and we managed to keep first half operating expenses steady at HK$890 million (2005: HK$895 million).

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

First half 2006 operating profit decreased 25.2 percent year-on-year to HK$184 million (2005: HK$246 million) while EBITDA decreased by 22.9 percent to HK$253 million (2005: HK$328 million). Sales and gross margin improvements in the second quarter resulted in operating margin improving from the 5.6 percent recorded in the first quarter to 9.1 percent for the first half (2005: 11.4 percent). Similarly, EBITDA margin improved from the 8.4 percent recorded in the first quarter to 12.5 percent recorded in the first half (2005: 15.2 percent).

Profit Attributable to Shareholders

Profit attributable to shareholders amounted to HK$151 million, down 19.3 percent from the HK$187 million reported for the same period in 2005. Due to the weaker performance of our Korean operations, our share of profits of jointly controlled companies was 60.0 percent lower at HK$4 million (2005: HK$10 million). First half profits contribution from our Middle East associated company remained steady at HK$5 million.

The effective tax rate decreased to 20.8 percent (2005: 23.6 percent), a result of lower profit contribution from markets with higher corporate tax rates.

Cash Flows

Net cash generated from operating activities in the first half was HK$42 million lower at HK$106 million (2005: HK$148 million). Net cash used for investing activities was HK$36 million, an increase of HK$9 million over the same period in 2005. Interest received from banks and dividends received from jointly controlled and associated companies amounted to HK$23 million. Capital expenditure during the period was HK$45 million (2005: HK$48 million).

In the first half, net cash used for financing activities was HK$301 million (2005: HK$160 million). The increase is attributable to dividends paid to shareholders increasing by 14.6 percent to HK$298 million (2005: HK$260 million) and a reduction in the exercise of management share options which caused the proceeds from the issue of shares arising from such exercise decreasing to HK$2 million (2005: HK$110 million).

Liquidity and Capital Resources

As at June 30, 2006, total cash and bank balances amounted to HK$678 million (December 31, 2005: HK$903 million), total liabilities were HK$654 million (December 31, 2005: HK$755 million) and shareholders' equity was HK$2,001 million (December 31, 2005: HK$2,122 million).

As at June 30, 2006, the Group had trade finance and revolving loan facilities amounting to HK$404 million, up from HK$389 million as at December 31, 2005, of which HK$72 million under revolving loan facility had been drawn and was outstanding. The Group also had contingent liabilities on bank guarantees in the amount of HK$10 million (December 31, 2005: HK$9 million), incurred in the normal course of business.

OPERATIONS REVIEW

Retail & Distribution Division

Erratic weather patterns in Greater China and weak consumer sentiment in Southeast Asia slowed sales in the first quarter. Turnover of *Giordano core line* and *Giordano Junior* decreased 7.3 percent year-on-year in the first quarter but conditions improved in the second quarter so that sales for the first half as a whole only decreased by 4.4 percent to HK$1,624 million (2005: HK$1,698 million). Comparable store sales also improved in the second quarter so that first half comparable store sales decreased by 5.9 percent as compared to the 10.4 percent decrease experienced in the first quarter. *Bluestar Exchange* saw a similar decrease with first half turnover of HK$153 million, 10.5 percent lower than the HK$171 million recorded in the same period in 2005, while comparable store sales were down 6.1 percent. *Giordano Ladies* performed the best with turnover growing by 9.5 percent to HK$92 million (2005: HK$84 million) and comparable store sales up 6.4 percent in the first half. Overall, first half 2006 Retail & Distribution Division turnover was 4.3 percent lower at HK$1,869 million (2005: HK$1,953 million) and comparable store sales were down 5.3 percent year-on-year. First half gross margins decreased by 0.7 percentage point year-on-year. Operating profit decreased 23.4 percent to HK$164 million (2005: HK$214 million) and operating margins were down 2.2 percentage points.

Retail & Distribution Division

Turnover	**Six months ended June 30**		
(in HK$ millions)	**2006**	2005	**YOY Change**
Mainland China	**472**	464	+1.7%
Hong Kong	**420**	412	+1.9%
Taiwan	**322**	391	-17.6%
Singapore	**190**	205	-7.3%
Other Markets & Distribution Sales	**465**	481	-3.3%
Total	**1,869**	1,953	-4.3%

After decreasing by 2.0 percent in the first quarter, turnover in Mainland China staged a strong recovery and grew by 6.1 percent year-on-year in the second quarter. Overall, first half turnover increased 1.7 percent year-on-year to HK$472 million (2005: HK$464 million) and comparable store sales increased by 7.2 percent. We maintained discipline on pricing and discounts and as a result achieved a 0.5 percentage point expansion in gross margin in the first half. We experienced significant upward rental pressure not just in first tier cities like Shanghai and Beijing but also in second tier cities as well. Always mindful not to sacrifice margins in pursuit of growth, we initiated a temporary slowdown of our store opening program and added a total of eight outlets in Mainland China during the period. We expect market conditions to stabilize and we will resume a more aggressive growth plan, as and when conditions improve, with a view to adding about 20 outlets in the second half.

Hong Kong also had a weaker than expected first quarter, with turnover increasing by 1.4 percent year-on-year. However, our performance improved in the second quarter with turnover increasing by 2.5 percent year-on-year. Overall for the first six months of 2006, turnover increased by 1.9 percent year-on-year to HK$420 million (2005: HK$412 million) while comparable store sales increased by 4.4 percent. Though still a concern, rentals have been increasing at a less alarming rate compared to 2005 and we expect rental increases to begin easing in the second half, thus improving the operating environment.

Irregular weather patterns in January and February together with stagnant household income growth and a sharp consumer credit crunch caused Taiwan's first quarter turnover to shrink by 25.6 percent year on year. Lackluster economic performance combined with the political leadership crisis continued to challenge consumer confidence and spending in the second quarter. Nevertheless our performance began to improve though at a slower rate compared to that achieved by Mainland China and Hong Kong. For first half 2006 as a whole, Taiwan's retail sales decreased 17.6 percent to HK$322 million (2005: HK$391 million) and comparable store sales decreased 13.7 percent year-on-year. The tough market conditions have forced some of our weaker competitors to retrench their operations. We view this as a good opportunity to invest for future growth and have been pushing to expand our network, with plans to add about 10 to 20 outlets in the second half of 2006.

The proliferation of both foreign and Asian brands in Singapore intensified competition while weaker consumer sentiment in neighboring countries slowed tourist spending. As a result, first half sales decreased 7.3 percent year-on-year to HK$190 million (2005: HK$205 million) while comparable store sales were down 15.7 percent. We have accelerated the launch of Giordano Concept Stores in Singapore, targeting our key Ngee Ann City, Marina Square and Suntec City locations. We expect the initiative to enhance the Giordano's image and market position and give momentum to the nascent recovery.

Weaker consumer confidence brought on by higher interest rates and fuel prices affected our sales in other Southeast Asian markets. In Malaysia, first half sales decreased 13.8 percent to HK$56 million (2005: HK$65 million). Meanwhile, Thailand saw first half turnover declining by 2.3 percent to HK$43 million (2005: HK$44 million). Only Indonesia posted first half sales increase by 11.5 percent year-on-year on the back of new store openings. We expect market conditions in Southeast Asia to slowly improve in the second half.

First half turnover in Australia grew by 5.0 percent year-on-year to HK$105 million (2005: HK$100 million). In Japan, first half turnover increased 5.5 percent year-on-year in local currency terms but turned into a 3.4 percent decrease upon translation to Hong Kong Dollars, coming in at HK$28 million (2005: HK$29 million). More significantly, our Japanese operations turned a small operating profit in the first half.

Unseasonable weather in Korea led to a 7.6 percent year-on-year decrease in first quarter sales. Conditions improved in the second quarter and sales saw a rebound, increasing by 5.8 percent. Overall, first half turnover of our South Korean jointly controlled company was essentially flat at HK$474 million (2005: HK$478 million) while comparable store sales were down 9.6 percent. As a result of higher season-end discounts to clear winter stocks, its contribution to Group profits decreased from HK$8.5 million in the first half of 2005 to HK$0.4 million in the first half of 2006. We closed a number of under-performing outlets and as a result the number of stores decreased by 18 in the first half. However, we are planning to step up new store openings to add about 10 to 15 outlets in the second half. At June 30, 2006, the Group held 49.4 percent in its South Korean jointly controlled company.

With the continued strength of oil prices, consumer confidence in the Middle East remained buoyant. As a result, turnover of our associated company grew by 18.6 percent to HK$172 million (2005: HK$145 million). We added four outlets to bring the total store count in the region to 111 as at June 30, 2006. However, high oil prices have also fueled an economic boom that resulted in a significant escalation in rental and staff costs, reducing our operating and net margins. As such, first half profits contribution from our Middle East associated company remained steady at HK$5 million. At June 30, 2006, the Group held 20.0 percent in its Middle East associated company.

Garment Trading & Manufacturing Division

Turnover of the Garment Trading & Manufacturing Division, including intra-group sales, decreased 7.7 percent to HK$480 million (2005: HK$520 million). Severe price competition arising from persistent over capacity in garment manufacturing has led third-party sales to decrease by 23.6 percent year-on-year to HK$152 million (2005: HK$199 million). As a result, the proportion of third party sales decreased to 31.7 percent of divisional sales (2005: 38.3 percent). The Garment Trading & Manufacturing Division accounted for 31.2 percent of the Group's first half merchandise purchases, essentially unchanged from the 31.3 percent for the same period last year. Gross margin decreased by 2.5 percentage points while operating margin decreased by 2.0 percentage points compared to the same period last year. As a result, first half 2006 operating profit decreased 37.5 percent to HK$20 million (2005: HK$32 million). The reduced profit contribution from the division accounted for 10.9 percent of the Group's consolidated operating profit (2005: 13.0 percent). We have taken steps to relocate part of our manufacturing operations from high-cost Guangdong to lower cost Shandong in northern China. The relocation is expected to be completed in the fourth quarter of 2006 and the resultant cost savings will help enhance our competitiveness.

HUMAN RESOURCES

As at June 30, 2006, the Group had about 11,300 employees (December 31, 2005: 11,000 employees). Besides offering incentive bonus schemes to certain senior executives as a means to reward and retain a high calibre management team, the Group also provides competitive remuneration packages and goal-oriented bonuses to staff at various levels. Discretionary bonuses and share options may also be awarded to the eligible employees based on the Group's and the individual's performance.

OUTLOOK

We intensified execution of our brand differentiation strategy to a higher level in early 2006 and this has been instrumental in the turnover and gross margin recovery achieved in the second quarter. Meaningful differentiation in both store ambience and merchandising is vital in establishing and deepening customer relationships. We are also extremely pleased at the inroads we have made in India this year.

The Giordano Concept Store program aims to satisfy the demands of an increasingly complex customer base and to differentiate our brand in an overcrowded apparel market. Our Concept Stores are also distinguished from our other Giordano stores and *Bluestar Exchange* by their location in high traffic, highly visible downtown sites and their more striking window displays and in-store presentations. The merchandise offering is also more appealing, featuring exclusive designs and limited editions that epitomize Giordano's updated "dressed-up casual" attitude.

We currently have five Concept Stores in Hong Kong and two in Mainland China. Better than expected performance has encouraged us to accelerate our roll-out plan and we have added four Concept Stores in Taiwan and three in Singapore. Management believes that 15 percent of all stores can be converted to the new Concept Store format by 2008. Regular Giordano stores are also being re-merchandised to spice up their basic, easy casual and value-oriented offerings. Management believes that the merchandising efforts will enhance the brand's market position and enable us to grow the Giordano global network more aggressively by at least 100 outlets a year.

Our *Bluestar Exchange* stores are undergoing a re-branding program as we pare down the color palette and create an edgier and more urban image for younger customers. This will position *Bluestar Exchange* for quicker growth going forward, both in Greater China and new markets such as Australia and Indonesia, at a rate of about 40 outlets a year.

After having established a solid foundation for *Giordano Ladies*, we are now embarking on a more aggressive roll-out of new stores in the region. The first half saw new stores opening in Shanghai's Xintiandi and Singapore's Raffles City. The second half will see a total of four additional outlets in Beijing, Hong Kong and Kaohsiung in Taiwan, bringing the total number of *Giordano Ladies* stores to over 30 by the end of 2006. Going forward, we expect to grow the Giordano Ladies network at a faster rate of about ten outlets a year, with about half of the growth coming from China, especially prosperous and sophisticated second tier cities like Hangzhou, and new markets like Malaysia and Thailand.

We are confident that our various merchandising and branding initiatives will help differentiate our brands in the marketplace and strengthen our competitive position. Meanwhile, we note that many of our competitors have run into varying levels of difficulties, with some of them having to retrench their operations. We expect this retrenchment to continue apace in the second half and view this as an excellent opportunity to invest for future growth. As such, we plan to significantly increase the pace of new store openings in the second half, with a view to adding about 50 to 60 outlets to our network, with most of them in Mainland China.

We have also established a bridgehead in India and our first store, located in the new Chennai City Center shopping mall in Chennai, has seen strong traffic and sales growth since opening in May. The initial success highlights the excellent growth prospects that Giordano enjoys in India and we have intensified our efforts to secure additional store sites. We will open two stores in Mumbai before the end of 2006 and we have confirmed another nine locations in major cities such as Bangalore, Chennai, Hyderabad, Mumbai and Pune for opening in 2007 and 2008. We are on track of achieving our target of having at least ten stores in 2007 and 20 in 2008 in India.

As we announced on August 4, 2006, the Company received an approach from Fast Retailing Co., Ltd., parent of the Uniqlo chain in Japan, about the possibility of a business combination. However, as no offer has been made and no firm intention to make an offer has been indicated, the Board feels that it is inappropriate to give any comment at this time.

DIVIDENDS

The board of directors (the "Board") of the Company declared an interim dividend of 4.5 HK cents (2005: 4.5 HK cents) per share and a special interim dividend of 2.0 HK cents (2005: 2.0 HK cents) per share for the year ending December 31, 2006 payable on or about Friday, September 15, 2006 to shareholders whose names appear on the register of members of the Company on Tuesday, September 12, 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, September 11, 2006 and Tuesday, September 12, 2006, during which period no transfer of shares will be registered. In order to qualify for the interim and special interim dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, September 8, 2006.

CORPORATE GOVERNANCE

Subsequent to the publication of the Corporate Governance Report in the 2005 annual report, a special resolution was passed at the 2006 annual general meeting of the Company to amend the Company's Bye-Laws to the effect that: (i) every Director, other than the Chairman and the Managing Director but including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years; (ii) any new Directors (other than the Chairman and the Managing Director) appointed by the Board shall be subject to re-election by shareholders at the next following general meeting of the Company (in the case of filling a casual vacancy) or at the next following annual general meeting of the Company (in the case of an addition to their number) after their appointments; and (iii) the Company may by ordinary resolution instead of special resolution at a general meeting remove any Director before his period of office has expired.

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended June 30, 2006 in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, 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/or Managing Director is not subject to retirement (Code Provision A.4.2).

REVIEW OF ACCOUNTS

The Audit Committee has discussed with Management internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended June 30, 2006. It has also reviewed the said financial statements in conjunction with the Company's external auditors.

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

The Company has not redeemed any of its shares during the six months ended June 30, 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

By order of the Board
LAU KWOK KUEN, PETER
Chairman

Hong Kong, August 24, 2006

As at the date of this announcement, the Board 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, Mr. Lau Kwok Kuen, Peter, Mr. Fung Wing Cheong, Charles and Mr. Mah Chuck On, Bernard.

This announcement can also be accessed through Internet at the Company's website www.giordano.com.hk.

Please also refer to the published version of this announcement in The Standard.