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(I) 購回股份授權

以下說明函件乃遵照香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）向佐丹奴國際有限公司（「本公司」）股東提供資料，以便股東考慮是否批准授予本公司董事（「董事」）一般性授權購回本公司股份（「購回股份授權」）。倘若購回股份授權在本公司擬於二零零六年五月九日舉行之股東週年大會（「二零零六年股東週年大會」）上獲得通過，董事將獲得一般性授權，以便在直至本公司下屆股東週年大會或在相關普通決議案中所列明之較早期間內，隨時購回本公司股本中已發行並全數繳付之每股面值港幣五仙之普通股股份（「股份」），最多不超過於決議案通過當日本公司已發行股本之百分之十。

(A) 建議購回股份授權

建議董事可行使本公司之權力購回之股份數目不得超過購回股份授權決議案通過之日本公司已發行股份百分之十。於二零零六年三月二十一日，即本年報付印之前最後可行日期（「最後可行日期」），本公司已發行股份數目為十四億八千九百七十二萬零五百一十八股。倘若購回股份授權之決議案獲通過，並假定本公司在二零零六年股東週年大會舉行前再無發行或購回股份之情況下，本公司根據購回股份授權可購回最多一億四千八百九十七萬二千零五十一股股份。

(I) SHARE REPURCHASE MANDATE

The following is the explanatory statement, as required by the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), to provide information to shareholders of Giordano International Limited (“Company”) for their consideration of the proposed granting of a general mandate to the Company’s directors (“Directors”) to repurchase shares of the Company (“Share Repurchase Mandate”). The Share Repurchase Mandate, upon obtaining shareholders’ approval at the Company’s annual general meeting to be held on May 9, 2006 (“2006 Annual General Meeting”), gives a general authority to the Directors to repurchase, at any time until the next annual general meeting of the Company or such earlier period as stated in the relevant resolution, the issued and fully paid-up ordinary shares of HK\$0.05 each in the capital of the Company (“Shares”), up to a maximum of ten percent of its issued share capital at the date of passing of the relevant resolution.

(A) Proposed Share Repurchase Mandate

It is proposed that the Directors may exercise the powers of the Company to repurchase up to ten percent of the Shares in issue as at the date of passing of the resolution to approve the granting to the Directors the Share Repurchase Mandate. As at March 21, 2006, being the latest practicable date prior to the printing of this annual report (“Latest Practicable Date”), the number of Shares in issue was 1,489,720,518 Shares. Subject to the passing of the proposed resolution for approving the Share Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the date of the 2006 Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a limit of 148,972,051 Shares.

(B) 購回原因

董事深信倘若股東授予董事該一般性授權在市場購回股份，可為本公司及其股東帶來最佳利益。董事根據市場實況及資金安排，並認為該購回股份可增加本公司資產淨值及/或每股盈利以及對本公司及其股東有裨益時，才會進行。

(C) 購回之資金

購回任何股份所需之資金，必須是依據百慕達法例及本公司組織章程大綱及細則所規定可合法使用於該用途之資金。董事建議根據購回股份授權而作出之股份購回將由本公司之內部資源或現有之銀行信貸支付。

對比本公司於其截至二零零五年十二月三十一日止年度之經審核財務報表所披露之狀況而言，購回股份授權倘若全面付諸實行，可能會對本公司之營運資金或負債情況有重大之不利影響。惟董事祇在彼等認為行使該授權並不會導致此等重大不利影響之情形下才會行使是項權力。

(B) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders of the Company to repurchase Shares in the market. A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

(C) Funding of Repurchases

Repurchases must be funded out of funds legally available for such purposes in accordance with the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company. The Directors propose that repurchases of Shares under the Share Repurchase Mandate would be financed from the Company's internal resources or existing banking facilities.

Whilst the Share Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2005, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

(D) 股價

過去十二個月每月在聯交所錄得每股股份之最高及最低價如下：

二零零五年

三月
四月
五月
六月
七月
八月
九月
十月
十一月
十二月

二零零六年

一月
二月

(D) Share Prices

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:

		最高 Highest	最低 Lowest
		港元 HK\$	港元 HK\$
2005	2005		
March	March	5.350	4.800
April	April	6.100	5.150
May	May	5.500	5.000
June	June	5.750	5.100
July	July	5.950	5.050
August	August	5.950	5.150
September	September	5.400	4.650
October	October	5.450	4.350
November	November	4.750	4.225
December	December	4.725	4.175
2006	2006		
January	January	4.600	4.100
February	February	4.600	4.100

(E) 一般資料

倘若股東授予董事購回股份授權，現時董事或(在董事作出一切合理查詢後確知)其任何聯繫人士(按上市規則定義)概無意將股份售予本公司。

董事已向聯交所作出承諾，將根據上市規則、百慕達法例及本公司組織章程大綱及細則，按照購回股份授權行使本公司購回股份之權力。

倘若股東授予董事購回股份授權，本公司之有關連人士(按上市規則定義)現時並無向本公司表示有意將股份售予本公司，而所述人士亦無承諾不會將任何該股份售予本公司。

(E) General Information

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of the Directors who have a present intention to sell Shares to the Company in the event that the Share Repurchase Mandate is granted by shareholders.

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Share Repurchase Mandate is granted by shareholders.

說明函件

EXPLANATORY STATEMENT

於最後可行日期前六個月內，本公司概無在聯交所或以其他方式購回任何股份。

倘若因本公司根據購回股份授權行使購回股份之權力，而使股東所佔本公司投票權比例增加，則根據香港公司收購及合併守則（「收購守則」）第三十二條，該項增加將被視作一項收購。因此，某股東或一群一致行動之股東可取得或鞏固公司控制權，則須根據收購守則第二十六及第三十二條提出強制收購建議。

下列股東於最後可行日期已根據證券及期貨條例（「該條例」）第XV部第二及第三分部向本公司披露，並已根據該條例第三百三十六條列入記錄於本公司存置之登記冊，擁有本公司之股份或相關股份之權益或淡倉，及倘若董事行使全部權力購回股份，則各股東於本公司之股本權益會增加如下：

During the six months prior to the Latest Practicable Date, the Company had not repurchased any of the Shares whether on the Stock Exchange or otherwise.

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Share Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code of Takeovers and Mergers ("Takeovers Code"). As a result, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The interests or short positions of the following shareholders in the shares or underlying shares of the Company which have been disclosed to the Company, at the Latest Practicable Date, pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") and have been recorded in the register kept by the Company pursuant to section 336 of the SFO; together with the respective total interests would be increased in the event that the Directors exercise in full the Share Repurchase Mandate:

名稱 Name	股份數目 No. of shares	權益 百分率概約	若行使全部 購回股份授權之 權益百分率概約
		Approximate percentage of interests	Approximate percentage of interests if the Share Repurchase Mandate is exercised in full
Aberdeen Asset Management Plc and its associates	225,401,000	15.13%	16.81%
Harris Associates L.P.	209,719,800	14.08%	15.64%
JPMorgan Chase & Co.	178,230,682	11.96%	13.29%
Matthews International Capital Management, LLC	134,937,000	9.06%	10.06%

因此，董事並不知悉，任何因根據購回股份授權購回股份，而就收購守則而言可能出現之情況。

Accordingly, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchase made under the Share Repurchase Mandate.

(II) 修訂本公司細則

於二零零五年一月一日，聯交所修訂上市規則，其中包括以企業管治常規守則取代附錄十四之最佳應用守則。此外，於二零零六年三月一日，上市規則亦有若干修訂；當中包括，除法律有所規定外，股東可於股東大會上以普通決議案（而非特別決議案）罷免董事（「新修訂」）。

為使本公司之組織章程與企業管治常規守則之若干條文和上述之新修訂一致，董事建議修訂本公司現行之細則，使(i)每名董事（除主席及董事總經理外，但包括該等按特定年期委任之董事）最少每三年輪值告退一次；(ii)每名由董事會委任的新董事（除主席及董事總經理外）須於其獲委任後本公司舉行之下一次股東大會上（如屬填補臨時空缺）或下一次股東週年大會上（如屬增加董事人數）由股東重選；及(iii)本公司可於股東大會上以普通決議案（而非特別決議案）罷免任期還未屆滿的董事。有關修訂建議已詳載於股東週年大會通告第九項內。

(II) AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

On January 1, 2005, the Listing Rules were amended by the Stock Exchange, among others, by replacing the Code of Best Practice in Appendix 14 by a new Code on Corporate Governance Practices ("CG Code"). In addition, on March 1, 2006, there were certain amendments to the Listing Rules, inter alia, including that, otherwise provided by law, the Directors may be removed by an ordinary resolution instead of a special resolution in general meeting ("New Amendment").

To bring the constitution of the Company in alignment with certain code provisions of the CG Code and the New Amendment, the Directors proposed to amend the Company's Bye-Laws so 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. Details of the proposed amendments are set out under item 9 of the Notice of Annual General Meeting.