

GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2007

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Giordano International Limited (the "Company") is pleased to announce that the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended June 30, 2007 along with comparative figures for the corresponding period and selected explanatory notes are as follows:

Condensed Consolidated Profit and Loss Account

		Six months ended June 30	
		2007	2006
<i>(In HK\$ millions except earnings per share)</i>	<i>Note</i>	(Unaudited)	(Unaudited)
Turnover	2	2,328	2,021
Cost of sales		<u>(1,209)</u>	<u>(1,000)</u>
Gross profit		1,119	1,021
Other revenue		58	53
Distribution, administrative and other operating expenses		<u>(985)</u>	<u>(890)</u>
Operating profit	2,3	192	184
Finance expense	4	(1)	(1)
Share of profit of jointly controlled companies		7	4
Share of profit of an associate		5	5
Profit before taxation		<u>203</u>	<u>192</u>
Taxation	5	<u>(48)</u>	<u>(38)</u>
Profit after taxation		<u>155</u>	<u>154</u>
Profit attributable to:			
Shareholders of the Company		143	151
Minority interests		<u>12</u>	<u>3</u>
		<u>155</u>	<u>154</u>
Dividends	6(a)	<u>97</u>	<u>97</u>
Earnings per share	7		
Basic		<u>9.6¢</u>	<u>10.1¢</u>
Diluted		<u>9.6¢</u>	<u>10.1¢</u>

Condensed Consolidated Balance Sheet

		June 30 2007 (Unaudited)	December 31 2006 (Audited)
(In HK\$ millions)	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		270	261
Investment property		85	86
Interest in jointly controlled companies		365	358
Interest in an associate		37	32
Leasehold land and rental prepayments		316	307
Rental deposits		267	253
Deferred tax assets		38	34
		1,378	1,331
Current assets			
Inventories		411	422
Leasehold land and rental prepayments		20	14
Trade and other receivables	8	457	494
Cash and bank balances		461	723
		1,349	1,653
Total assets		2,727	2,984
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		75	75
Reserves		1,670	1,614
Proposed dividends		97	298
Equity attributable to shareholders of the Company		1,842	1,987
Minority interests		114	103
Total equity		1,956	2,090
Non-current liabilities			
Deferred tax liabilities		106	103
Current liabilities			
Trade and other payables	9	555	599
Bank loans		52	58
Taxation		58	134
		665	791
Total liabilities		771	894
Total equity and liabilities		2,727	2,984

Notes:

1. Principal Accounting Policies

Basis of preparation

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 HKAS and Interpretations, the Hong Kong Financial Reporting Standards ("HKFRS") 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.

These condensed interim financial statements should be read in conjunction with the 2006 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, 2006 except for the adoption of new HKFRS and Interpretations which are effective for accounting periods beginning on or after January 1, 2007 as set out below:

HKFRS 7	Financial Instruments : Disclosures
HK(IFRIC) Interpretation 8	Scope of HKFRS 2
HK(IFRIC) Interpretation 9	Reassessment of Embedded Derivatives
HK(IFRIC) Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above new accounting standards and interpretations 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, 2008 or later periods. The Group has not early adopted the following new and revised standards and interpretations for the period ended June 30, 2007:

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) Interpretation 11	HKFRS 2 - Group and Treasury Share Transactions

2. Turnover and segment information

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

<i>(In HK\$ millions)</i>	Six months ended June 30			
	2007		2006	
	Operating		Operating	
	Turnover	profit	Turnover	profit
Retail and distribution	2,089	174	1,869	164
Garment trading and manufacturing	457	18	480	20
Less: Inter-segment sales	(218)	-	(328)	-
	2,328	192	2,021	184

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

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2007	2006
Mainland China	648	496
Hong Kong	471	451
Taiwan	334	346
Singapore	211	192
Australia	124	110
Middle East	102	58
Korea	84	91
Japan	53	63
Others	301	214
	2,328	2,021

3. Operating profit

The operating profit is stated after charging:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2007	2006
Amortization of leasehold land prepayments	5	4
Depreciation of property, plant and equipment	54	53
Depreciation of investment property	1	1
Net loss on disposal of property, plant and equipment	1	1
Provision for obsolete stock and stock write-off	7	10

4. Finance expense

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2007	2006
Interest on bank loans	<u>1</u>	<u>1</u>

5. Taxation

Hong Kong profits tax is calculated at the rate of 17.5 percent (2006: 17.5 percent) on the estimated assessable profits for the six months ended June 30, 2007. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2007	2006
Income tax		
Current income tax		
- Hong Kong profits tax	13	11
- Overseas taxation	34	23
Over provision in previous period		
- Hong Kong profits tax	-	(1)
- Overseas taxation	(3)	(1)
	<u>44</u>	<u>32</u>
Withholding tax	<u>6</u>	<u>4</u>
Deferred tax		
Relating to the origination and reversal of temporary differences	<u>(2)</u>	<u>2</u>
Taxation charge	<u>48</u>	<u>38</u>

Share of jointly controlled companies' Hong Kong taxation for the six months ended June 30, 2007 of HK\$1 million (2006: HK\$1 million) and no overseas taxation (2006: HK\$1 million) are included in the share of profit of jointly controlled companies.

No profits tax provision has been made in the accounts of an associate for the six months ended June 30, 2007 and 2006.

6. Dividends

(a) Interim dividends attributable to the period:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	2007	2006
Interim dividend declared after balance sheet date of 4.5 HK cents (2006: 4.5 HK cents) per share	67	67
Special interim dividend declared after balance sheet date of 2.0 HK cents (2006: 2.0 HK cents) per share	30	30
	97	97

At the board meeting held on August 23, 2007, the directors declared interim and special interim dividends of 4.5 HK cents and 2.0 HK cents per share respectively. 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:

<i>(In HK\$ millions)</i>	Six months ended June 30	
	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

7. Earnings per share

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders of the Company for the period of HK\$143 million (2006: HK\$151 million).

The basic earnings per share is based on the weighted average of 1,491,185,148 shares (2006: 1,489,809,800 shares) in issue during the six months ended June 30, 2007.

The diluted earnings per share is based on 1,491,185,148 shares (2006: 1,489,809,800 shares) which is the weighted average number of shares in issue during the six months ended June 30, 2007 plus the weighted average of 886,314 shares (2006: 1,915,366 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

<i>(In HK\$ millions)</i>	June 30 2007	December 31 2006
Trade receivables	287	327
Less: Provision for impairment	(10)	(10)
Trade receivables - net	277	317
Other receivables, deposits and prepayments	180	177
	457	494

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:

<i>(In HK\$ millions)</i>	June 30 2007	December 31 2006
0 - 30 days	191	236
31 - 60 days	61	54
61 - 90 days	10	13
Over 90 days	15	14
	277	317

9. Trade and other payables

<i>(In HK\$ millions)</i>	June 30 2007	December 31 2006
Trade payables	257	292
Other payables and accrued expenses	298	307
	555	599

The ageing analysis of trade payables is as follows:

<i>(In HK\$ millions)</i>	June 30 2007	December 31 2006
0 - 30 days	198	218
31 - 60 days	29	39
61 - 90 days	12	20
Over 90 days	18	15
	257	292

MANAGEMENT'S DISCUSSION & ANALYSIS

RESULTS OF GROUP OPERATIONS

Turnover

The Group made solid progress implementing its brand differentiation and Mainland China expansion plans. Successful execution of these two programs drove first half sales of the Retail & Distribution Division to grow by 11.8 percent to HK\$2,089 million (1H06: HK\$1,869 million), with Mainland China in particular increasing its first half sales by HK\$127 million to HK\$599 million (1H06: HK\$472 million). At the same time, the Garment Trading & Manufacturing Division's ongoing efforts to move up the value chain and reduce its reliance on other Giordano Group companies resulted in the division increasing its third-party sales by 57.2 percent to HK\$239 million (1H06: HK\$152 million). Overall, Group turnover grew by 15.2 percent to HK\$2,328 million in first half of 2007 (1H06: HK\$2,021 million).

Gross Profit

The strong turnover growth propelled gross profit increase of 9.6 percent to HK\$1,119 million (1H06: HK\$1,021 million). However, first half 2007 gross margin decreased by 240 basis points to 48.1 percent (1H06: 50.5 percent) due to season-end discounting of inventories built up from a record warm winter. As a result, the Group managed to reduce its inventory turnover on sales to 32 days as at the end of June, down three days from the 35 days recorded at the end of December 2006.

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

The Group, along with most retailers worldwide, continued to experience soaring rental and staff costs in the first half of 2007. As such, operating expenses increased 10.7 percent to HK\$985 million (1H06: HK\$890 million). However, helped by an increase of HK\$5 million in other revenue, attributable to foreign exchange gains arising mainly from the RMB's appreciation, first half operating profit increased by 4.3 percent to HK\$192 million (1H06: HK\$184 million) though first half operating margin declined by 0.9 percentage point to 8.2 percent (1H06: 9.1 percent). Similarly, EBITDA rose 4.7 percent to HK\$265 million (1H06: HK\$253 million) but EBITDA margin was 1.1 percentage point lower at 11.4 percent (1H06: 12.5 percent).

Profit Attributable to Shareholders

Profit attributable to shareholders decreased 5.3 percent to HK\$143 million from the HK\$151 million reported for the same period in 2006.

The introduction of new brands has helped stabilize operations of our South Korean joint venture but fierce competition and a weak consumption environment slowed its recovery. Meanwhile, our Dongguan manufacturing joint-venture significantly boosted its profit contribution. As a result, our share of profits of jointly controlled companies increased by 75.0 percent to HK\$7 million (1H06: HK\$4 million). Meanwhile, first half profit contribution from our Middle East associated company remained steady at HK\$5 million. This resulted in a 5.7 percent increase in profit before taxation to HK\$203 million (1H06: HK\$192 million).

As a result of increased profit contribution from markets with higher corporate tax rates, first half 2007 taxation expense rose to HK\$48 million (1H06: HK\$38 million), causing the Group's effective tax rate to rise to 25.1 percent (1H06: 20.8 percent).

Cash Flows

Net cash generated from operating activities in the first half was HK\$123 million (1H06: HK\$106 million). Net cash used for investing activities increased to HK\$90 million (1H06: HK\$36 million), with the bulk of the increase attributed to HK\$19 million in rental prepayments to secure a number of prime new store locations in Mainland China, and a HK\$16 million increase in capital expenditure to HK\$61 million (1H06: HK\$45 million) in the period. Interest received from banks and dividends received from jointly controlled and associated companies decreased by HK\$15 million to HK\$8 million (1H06: HK\$23 million), due to a reduction in dividends received from South Korea and the Middle East in order to fund developments in these two markets.

Meanwhile, net cash used for financing activities in the first half was HK\$299 million, essentially unchanged from the HK\$301 million recorded in the same period last year.

Liquidity and Capital Resources

As at June 30, 2007, total cash and bank balances was HK\$461 million (December 31, 2006: HK\$723 million), total liabilities was HK\$771 million (December 31, 2006: HK\$894 million) and shareholders' equity stood at HK\$1,842 million (December 31, 2006: HK\$1,987 million).

As at June 30, 2007, the Group had trade finance and revolving loan facilities amounting to HK\$369 million (December 31, 2006: HK\$403 million), of which HK\$52 million had been drawn and was outstanding. The Group also had contingent liabilities on bank guarantees in the amount of HK\$13 million (December 31, 2006: HK\$11 million), incurred in the normal course of business.

OPERATIONS REVIEW

Retail & Distribution Division

Giordano Ladies was the Group's best performer, with turnover growing by 22.8 percent to HK\$113 million (1H06: HK\$92 million) and comparable store sales up 14.4 percent in the first half. In addition, *Ladies* first half 2007 gross margin was up 1.5 percentage points compared to the same period last year. We also launched the new *Giordano Concepts* brand and by the end of June had nine stores (five of which were converted from *Giordano core line* stores) operating in Hong Kong, Shanghai, Taipei and Singapore which generated HK\$82 million turnover in the first half. Together our two premier brands had 43 outlets as at June 30, 2007, and accounted for about 9.3 percent of our first half 2007 Retail & Distribution Division turnover.

Riding the wave of strong and steady economic growth in Mainland China, first half turnover of *Giordano core line* and *Giordano Junior* (and excluding *Giordano Concepts*) increased by 8.1 percent to HK\$1,755 million (1H06: HK\$1,624 million) while comparable store sales grew 4.8 percent.

During the period, the Group also began its program to position the *Bluestar Exchange* business away from the overcrowded and declining mass market apparel sector with the test launch of the new *BSX* brand in five locations in Hong Kong. Consumers have so far responded well to the design and merchandising changes, with the best store posting double digit sales growth after conversion. Nevertheless with the bulk of its business still in the declining mass market apparel sector at this early transitional stage, *Bluestar Exchange/BSX* turnover posted a 9.8 percent decrease to HK\$138 million (1H06: HK\$153 million) while comparable store sales were down 6.9 percent. However, improved merchandising allowed us to achieve a 0.9 percentage point gross margin increase compared to first half 2006.

Overall, first half 2007 Retail & Distribution Division turnover was 11.8 percent higher at HK\$2,089 million (1H06: HK\$1,869 million) and comparable store sales were up 4.3 percent year-on-year. However, first half gross margin decreased by 1.1 percentage point year-on-year due to clearance of winter apparel left over from a record warm winter. Despite the lower gross margin and escalating rental and staff costs, the division managed to post a first half operating profit of HK\$174 million, an increase of 6.1 percent (1H06: HK\$164 million).

Retail & Distribution Division	Turnover (<i>in HK\$ millions</i>)			1H07 Comparable Store Sales Change
	1H07	1H06	Change	
Mainland China	599	472	26.9%	20.6%
Hong Kong	431	420	2.6%	7.8%
Taiwan	320	322	(0.6%)	(3.5%)
Singapore	200	190	5.3%	(4.6%)
Malaysia, Indonesia & Thailand	202	168	20.2%	3.9%
Australia	117	105	11.4%	(9.4%)
Other Markets	220	192	14.6%	N/A
Division Total	2,089	1,869	11.8%	4.3%

The Group added 41 stores in Mainland China during the first half of the year, increasing our distribution network to 770 and putting us well on track to exceed our goal of growing a minimum of 50 outlets in Mainland China in 2007. Overall, turnover in Mainland China surged 26.9 percent to HK\$599 million in the first half (1H06: HK\$472 million) with a strong comparable store sales increase of 20.6 percent.

Despite mounting competition from both international and domestic brands in a mature market, our turnover in Hong Kong still increased by 2.6 percent year-on-year to HK\$431 million (1H06: HK\$420 million) while comparable store sales increased by 7.8 percent. We had a net reduction of two stores during the period so that our network stood at 96 outlets at the end of the period.

With the overall economy and consumer confidence still at a low ebb and the retail sector remaining stagnant in Taiwan, our sales in first half 2007 held steady at HK\$320 million (1H06: HK\$322 million) while comparable store sales decreased by 3.5 percent year-on-year. The Group remains confident in the Taiwan market and intends to ride out the structural adjustments its economy is undergoing. The period also saw the opening of our first two *Giordano Concepts* store in Taipei and, after a net reduction of five non-performing stores, our Taiwan network stood at a total of 234 stores at the end of June 2007.

The Group continued to focus on growing its premier brand business in Singapore, opening its first *Giordano Concepts* store in June, as well as reorganizing the local management team. Turnover grew by 5.3 percent to HK\$200 million (1H06: HK\$190 million) as a result. Typical of any organization in transition, comparable store sales decreased by 4.6 percent though there were signs of improvement in the second quarter. The Group continues to monitor and fine-tune its marketing and merchandising programs in this extremely competitive market. Our store network at the end of the first half of 2007 stood at 54 outlets.

The recovery in consumer confidence in Southeast Asia which began in the latter half of 2006 continued into 2007. Sales in Malaysia increased by 19.6 percent to HK\$67 million (1H06: HK\$56 million), Thailand by 32.6 percent to HK\$57 million (1H06: HK\$43 million) and Indonesia by 13.0 percent to HK\$78 million (1H06: HK\$69 million) in the first half. We expect market conditions and business in Southeast Asia to continue to improve in the second half.

First half turnover in Australia increased 11.4 percent to HK\$117 million (1H06: HK\$105 million). Three stores were added to our network to take our Australian footprint to a total of 62. Finally, Japan and other markets together posted first half turnover of HK\$220 million, an improvement of 14.6 percent from the HK\$192 million recorded in the same period last year.

As part of our ongoing efforts to broaden our South Korea business beyond its established base in the fiercely competitive young casual-wear segment, we introduced two new brands, *Giordano Her* and *Giordano Him*, that features smart career-wear targeted at young professionals. The new brands have helped stabilize our performance, though fierce competition and a weak consumption environment slowed our recovery. First half 2007 turnover decreased by 7.0 percent to HK\$441 million (1H06: HK\$474 million) while comparable store sales were down 12.0 percent. In spite of the above, a 1.1 percentage point expansion in gross margin enabled Korea to record a small profit in the first half of 2007 whereas it just managed to break even in the same period last year. During the period we added eight outlets to bring our network to 156 stores. As at June 30, 2007, the Group held a 49.4 percent share in its South Korean jointly controlled company.

The consumption boom in the Middle East continued and first half turnover of our associated company grew by 17.4 percent to HK\$202 million (1H06: HK\$172 million) while comparable store sales recorded a 2.4 percent increase. We added 10 outlets during the period to bring the total store count in the region to 139. Helped by a 0.6 percentage point improvement in gross margin, first half profits contribution from our Middle East associated company was steady at HK\$5 million in spite of the continued escalation in rental and staff costs. As at June 30, 2007, the Group held a 20.0 percent share in its Middle East associated company.

Garment Trading & Manufacturing Division

We continued to push the Garment Trading & Manufacturing Division to reduce its reliance on other Giordano Group companies. As a result of persistent efforts to grow its high value-add third party ODM (Original Design Manufacturer) business, the division achieved a 57.2 percent increase in third party sales to HK\$239 million (1H06: HK\$152 million), accounting for 52.3 percent of first half sales (1H06: 31.7 percent). However, total Garment Trading & Manufacturing sales decreased 4.8 percent to HK\$457 million (1H06: HK\$480 million) due to lower intra-group sales. First half operating profit was slightly lower at HK\$18 million (1H06: HK\$20 million) due to higher costs incurred in acquiring and servicing new clients.

Higrowth Ventures, the Group's garment manufacturing joint-venture based in Dongguan, China, continued to grow its business and increased sales by 82.7 percent to HK\$291 million in the first half, and made an after-tax profit contribution of HK\$6 million to the Group. The Group held a 49.0 percent shareholding in the joint venture as at June 30, 2007.

HUMAN RESOURCES

As at June 30, 2007, the Group had about 11,900 employees (December 31, 2006: 11,400 employees). Besides offering incentive bonus schemes to certain senior executives as a means to reward and retain a high caliber management team, the Group also provides competitive remuneration packages and goal-oriented bonuses to staff at various levels. Performance-based discretionary bonuses and share options may also be awarded to eligible employees.

OUTLOOK

The Group maintained its growth momentum going into the third quarter as we steadily implement our brand differentiation strategy and stay the course on our Mainland China expansion plan, posting double-digit year-on-year sales growth in July.

We will continue to expand our premier *Giordano Ladies* and *Giordano Concepts* brands. In the first half we added a total of nine *Ladies* and *Concepts* stores, and will follow up with another four new stores, including two in the new market of Kuala Lumpur in September 2007. This will bring total *Ladies* and *Concepts* stores to 47 by the end of the year. July continued to see us achieving double-digit sales growth with *Ladies*. We also expect *Concepts* performance to pick up pace as we introduce a clearly differentiated and more refined “dress-up casual” collection in Fall/Winter.

Our first test of the new *BSX* brand in five locations in Hong Kong revealed a positive consumer reaction to a younger, more urban collection presented in a distinctive and modern shop environment. The new brand’s performance has met Management’s expectations and as such we will continue to convert *Bluestar Exchange* locations to *BSX* and open new *BSX* outlets where appropriate, and at the same time monitor and fine-tune the brand’s marketing and merchandising programs.

Our other strategic priority is to maintain our growth momentum in Mainland China. We added a total of 41 outlets in the first half of 2007, and have plans to add at least 20 more in the latter half of the year. Turnover growth in Mainland China continues to be strong, with July posting double-digit year-on-year sales gains. The prospect for sustained profitable growth in Mainland China is good in view of the strong underlying economic fundamentals. The Group is also expected to benefit from the scheduled implementation of the new PRC Corporate Income Tax Law which will see the corporate income tax rate being reduced from the current 33 percent to 25 percent with effect from January 1, 2008.

Top-line growth has also remained strong in Malaysia, Indonesia and Thailand, as well as Australia and the Middle East, with all of them recording double-digit turnover increases in July. We expect these markets to continue driving growth for the Group during the balance of the year.

As international retailers keep expanding their global presence, rental pressure continues to escalate in Hong Kong and Singapore. The Group has therefore decided to put its store expansion plan for these two markets on hold and has instead focused on growing comparable store sales and boosting gross margins. In particular, the Group will place greater emphasis on upgrading *Giordano core line* product and stores to deliver on our sales and margin targets. These two markets recorded slightly lower sales in July, but gross margins expanded significantly by about two percentage points compared to last year.

Market conditions are expected to remain challenging in Taiwan and South Korea. However, the Group remains convinced of these two markets’ long term economic fundamentals, and will continue to focus on growing comparable store sales and rebuilding gross margins as well as prudently investing in our retail networks.

Our stores in Chennai continued to produce favorable results, reinforcing our confidence in the Indian market. Although our expansion in India has been slowed somewhat by delays in new shopping mall construction, we expect the pace of expansion to pick up significantly, with at least half a dozen new store openings planned for Mumbai and other major cities in the second half of 2007.

Finally, in February we opened our first *Giordano* store in North America in Vancouver, followed by a second store in Los Angeles in May, and a third one, again in Los Angeles, is planned for later in the year. These franchised stores will enable the Group to test the North American market and establish strong working relationships with local business partners ahead of a wider roll-out.

DIVIDENDS

In line with Company dividend policy, the Company has been paying an ordinary dividend amounting to about one-third of its earnings plus a special dividend that varies depending on the underlying earnings performance of the Group's business, the level of cash in hand, and the Group's future operating and investment needs, among other factors. Although the Company intends to return surplus cash to its shareholders through the payment of dividends, the dividend amount may vary from year to year.

After due consideration of the Group's cash position and anticipated cash receipts and requirements, the Board of the Company declared an interim dividend of 4.5 HK cents (2006: 4.5 HK cents) per share and a special interim dividend of 2.0 HK cents (2006: 2.0 HK cents) per share for the year ending December 31, 2007 payable on or about Friday, September 14, 2007 to shareholders whose names appear on the register of members of the Company on Tuesday, September 11, 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Monday, September 10, 2007 and Tuesday, September 11, 2007, during which period no transfer of shares will be registered. In order to qualify for the interim dividend and special interim dividend, 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, Hong Kong for registration no later than 4:30 p.m. on Friday, September 7, 2007.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended June 30, 2007 in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (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 the Managing Director are not subject to retirement by rotation (Code Provision A.4.2). Currently Mr. LAU Kwok Kuen, Peter, holds the positions of Chairman and Chief Executive. In view of Mr. Lau's extensive experience in the industry and deep understanding of the Group's businesses, the Board believes that vesting the roles of both Chairman and Chief Executive in Mr. 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.

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, 2007. 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, 2007. 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 23, 2007

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 interim results announcement is published on the websites of the Company (www.giordano.com.hk) and Hong Kong Exchanges and Clearing Limited. The Interim Report 2007 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites on or about September 4, 2007.