GIORDANO INTERNATIONAL LTD:
WOULD YOU BE HAPPY WITH THESE APPLES ?

The main emphasis of Giordano International Ltd () (Code: 709, Main Board, The Stock Exchange of Hongkong Ltd), today, is very much on selling its garments in the People's Republic of China (PRC), proper, being distinct and separate from the Hongkong Special Administrative Region (HKSAR) of the PRC.

There is, and will continue to be, a retraction on sales of garments in the HKSAR, it seems clear.

In an interview with Mr Peter Lau Kwok Kuen (), the Chairman of Giordano, **TARGET** () was told that the company was looking for higher-end products to sell in the PRC, proper, and that the lower-end goods were being forsaken due to, inter alia, the current manufacturing environment in the PRC, proper.

In the PRC, proper, today, manufacturing costs are higher than years past because of higher labour and other operating costs.

This cuts into profit margins and, as a result, Giordano is aiming at selling higher-end garments where profit margins are larger than those obtained from the sales of its former core, lower-end priced garments.

In the company's Third Quarterly Operations Update for the 9 months, ended September 30, 2007, while garment trading and manufacturing rose about 31.50 percent, Year-On-Year, the Gross Profit slumped by nearly 10 percentile points, from 9.60 percent for the 6 months to June 30, 2007, to 8.70 percent.

The number of operational stores in the PRC, proper, as at September 30, 2007, stood at 786, a figure which compares with 729 stores, as at December 31, 2006.

In the HKSAR, however, the number of operational stores dropped from the December 31, 2006 figure of 98 to the September 30, 2007 figure of 93 stores.

In terms of the turnover in the PRC, proper, for the 9 months to September 30, 2007, there was an increase of about 25.40 percent, Year-On-Year, whereas, in terms of turnover of the HKSAR for the same period, there was an increase of 1.80 percent.

In Taiwan and Singapore, where Giordano operates 223 stores and 53 stores, respectively (2006: 239 stores and 53 stores), Turnovers decreased by 0.30 percent and 0.80 percent.

Mr Peter Lau Kwok Kuen, commenting on the situation in Taiwan and Singapore, said:

> *'Taiwan's third quarter turnover was the same as last year (2006) while Singapore continued to struggle in the midst of a hypercompetitive and overcrowded retail market, with third quarter sales down 12.6 percent year on year.'*

Turning to India, Mr Peter Lau Kwok Kuen commented that sales and contributions to the coffers from this country were '*insignificant*', at this time, and it would take between 3 years and 5 years before operations in India would add materially to the company's fortunes.

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