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GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2012

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 (collectively, the "Group") for the six months ended June 30, 2012 along with comparative figures for the corresponding period and selected explanatory notes are as follows:

Condensed Consolidated Income Statement

		Six months ended June 30	
(In HK$ millions except earnings per share)	*Note*	**2012 (Unaudited)**	2011 (Unaudited)
Sales	*2*	**2,698**	2,649
Cost of sales		**(1,132)**	(1,068)
Gross profit		**1,566**	1,581
Other income and other gains		**125**	72
Distribution, administrative and other operating expenses		**(1,241)**	(1,201)
Operating profit	*3*	**450**	452
Finance expense	*4*	**–**	(1)
Share of profit of jointly controlled companies		**29**	30
Share of profit of an associate		**17**	9
Profit before taxation	*2*	**496**	490
Taxation	*5*	**(120)**	(119)
Profit for the period		**376**	371
Profit attributable to:			
Shareholders of the Company		**352**	346
Non-controlling interests		**24**	25
		376	371
Earnings per share for profit attributable to shareholders of the Company	*6*		
Basic *(HK cents)*		**23.0**	23.0
Diluted *(HK cents)*		**22.7**	22.8
Dividends	*7(a)*	**231**	227

Condensed Consolidated Statement of Comprehensive Income

(In HK$ millions)	Six months ended June 30 **2012** **(Unaudited)**	2011 (Unaudited)
Profit for the period	**376**	371
Other comprehensive income:		
Fair value gain on an available-for-sale financial asset	**6**	–
Realization of reserve upon disposal of manufacturing business	**(1)**	–
Realization of reserve upon disposal of an available-for-sale financial asset	**(14)**	–
Share of reserve of a jointly controlled entity	**–**	1
Exchange adjustment on translation of overseas subsidiaries, associate, jointly controlled entities and branches	**(13)**	32
Total comprehensive income for the period	**354**	404
Total comprehensive income attributable to:		
Shareholders of the Company	**333**	376
Non-controlling interests	**21**	28
	354	404

Consolidated Balance Sheet

(In HK$ millions)	*Note*	**June 30 2012 (Unaudited)**	December 31 2011 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**222**	229
Investment property		**–**	74
Leasehold land and rental prepayments		**245**	265
Goodwill		**5**	5
Interest in jointly controlled companies		**450**	415
Interest in an associate		**50**	54
Available-for-sale financial assets		**25**	19
Financial assets at fair value through profit or loss		**28**	28
Rental deposits		**122**	133
Deferred tax assets		**33**	42
		1,180	1,264
Current assets			
Inventories		**375**	605
Leasehold land and rental prepayments		**44**	45
Trade and other receivables	*8*	**553**	636
Cash and bank balances		**1,452**	1,272
		2,424	2,558
Total assets		**3,604**	3,822
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		**77**	76
Reserves		**2,481**	2,309
Proposed dividends	*7*	**231**	350
Equity attributable to shareholders of the Company		**2,789**	2,735
Non-controlling interests		**89**	86
Total equity		**2,878**	2,821
Non-current liabilities			
Deferred tax liabilities		**103**	101
		103	101
Current liabilities			
Trade and other payables	*9*	**461**	689
Bank loans		**44**	63
Taxation		**118**	148
		623	900
Total liabilities		**726**	1,001
Total equity and liabilities		**3,604**	3,822
Net current assets		**1,801**	1,658
Total assets less current liabilities		**2,981**	2,922

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" 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 unaudited condensed consolidated interim financial statements are presented in million of units of Hong Kong dollars, unless otherwise stated. These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 15, 2012.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2011 annual financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2011 except for the following new standards, amendments and interpretations that are relevant to the Group's business and are effective on or after January 1, 2012:

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets (effective for annual periods beginning on or after January 1, 2012)
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first time adopters (effective for annual periods beginning on or after July 1, 2011)
HKFRS 7 (Amendment)	Disclosures – transfer of financial assets (effective for annual periods beginning on or after July 1, 2011)

2. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers who make strategic decisions.

There are two major business segments, namely Retail and Distribution and Wholesale sales to overseas franchisees. The chief operating decision-makers assess the business of the Retail and Distribution segment from both a geographic location and a brand perspective. From a geographic perspective, the Retail and Distribution segment comprised of retail and franchise sales in Mainland China, retail sales in Hong Kong and Taiwan and Rest of Asia Pacific. From a brand perspective, the Retail and Distribution segment is sub-divided into *Giordano & Giordano Junior, Giordano Ladies, Concepts One, BSX* and Others.

Segment profit represents the profit earned by each segment before exceptional gains, finance cost, tax and share of profit of jointly controlled companies and associate. This is the measurement basis reported to the chief operating decision-makers for the purpose of resource allocation and assessment of segment performance.

An analysis of the Group's reportable segment sales and operating profit by geographical location is as follows:

	Six months ended June 30			
	2012		2011	
(In HK$ millions)	**Sales**	**Operating profit**	Sales	Operating profit
Mainland China	**918**	**78**	953	147
Hong Kong and Taiwan	**859**	**127**	832	146
Rest of Asia Pacific	**656**	**129**	631	128
Total Retail and Distribution	**2,433**	**334**	2,416	421
Wholesale sales to overseas franchisees & other segments	**265**	**34**	233	33
Segment sales/operating profit	**2,698**	**368**	2,649	454
Corporate function		**11**		(2)
Net gain on disposal of manufacturing business and its complex		**57**		–
Net gain on disposal of an available-for-sale financial asset		**14**		–
Finance expense		**–**		(1)
Share of profit of jointly controlled companies		**29**		30
Share of profit of an associate		**17**		9
Profit before taxation		**496**		490

Further analysis of Retail and Distribution business by brand is as follows:

	Six months ended June 30			
	2012		2011	
(In HK$ millions)	**Sales**	**Operating profit/(loss)**	Sales	Operating profit/(loss)
By brand:				
Giordano & Giordano Junior	**2,087**	**302**	2,102	373
Giordano Ladies	**180**	**24**	159	29
BSX	**121**	**8**	111	19
Concepts One (renamed from *Giordano Concepts*)	**21**	**(4)**	26	(3)
Others	**24**	**4**	18	3
Total Retail and Distribution	**2,433**	**334**	2,416	421

The entity is domiciled in Hong Kong. The revenue from external customers in Hong Kong is HK$744 million (2011: HK$705 million), Mainland China is HK$929 million (2011: HK$953 million) and the total of revenue from external customers from other countries is HK$1,025 million (2011: HK$991 million).

Inter-segment sales of HK$344 million (2011: HK$324 million) has been eliminated upon consolidation.

3. Operating profit

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

(In HK$ millions)	Six months ended June 30 **2012**	2011
Amortization of leasehold land prepayments	**(5)**	(5)
Depreciation of property, plant and equipment	**(49)**	(42)
Depreciation of investment property	**(1)**	(2)
Net loss on disposal of property, plant and equipment	**(1)**	–
Net gain on disposal of manufacturing business and its complex *(Note)*	**57**	–
Gain on disposal of an available-for-sale financial asset	**14**	–
Provision for obsolete inventory and inventory write-off	**9**	(3)
Net exchange gains	**1**	23

Note:

On May 31, 2012, the Group disposed its manufacturing business together with its manufacturing complex in Dongguan, the PRC and recorded a gain on disposal of HK$57million.

4. Finance expense

(In HK$ millions)	Six months ended June 30 **2012**	2011
Interest on bank loans	**–**	1

5. Taxation

Hong Kong profits tax is calculated at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the six months ended June 30, 2012. Overseas taxation is calculated at the rates applicable in the respective jurisdictions.

	Six months ended June 30	
(In HK$ millions)	**2012**	2011
Income tax		
Current income tax		
– Hong Kong profits tax	**15**	20
– Outside Hong Kong	**76**	65
– Withholding tax on distribution from subsidiaries and a jointly controlled company	**23**	13
Under provision in prior periods		
– Outside Hong Kong	**–**	15
	114	113
Deferred tax		
Relating to the origination and reversal of temporary differences	**6**	6
Taxation charge	**120**	119

This charge excludes the share of associate and jointly controlled companies' taxation for the six months ended June 30, 2012 of HK$9 million (2011: HK$10 million). The share of the income tax expenses of associate and jointly controlled companies is netted off with the share of profits of associate and jointly controlled companies in the condensed consolidated income statement.

6. 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$352 million (2011: HK$346 million).

The basic earnings per share is based on the weighted average of 1,528,984,122 shares (2011: 1,500,171,568 shares) in issue during the six months ended June 30, 2012.

The diluted earnings per share is based on 1,528,984,122 shares (2011: 1,500,171,568 shares) which is the weighted average number of shares in issue during the six months ended June 30, 2012 plus the weighted average of 21,094,289 shares (2011: 17,299,935 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

7. Dividends

(a) Interim dividends attributable to the period:

(In HK$ millions)	**Six months ended June 30** **2012**	2011
Interim dividend declared after balance sheet date of 15.0 HK cents (2011: 15.0 HK cents) per share	**231**	227

At the board meeting held on August 15, 2012, the directors declared interim dividend of 15.0 HK cents per share. This proposed dividend has not been recognized as a liability at the balance sheet date.

(b) Dividends attributable to the previous year, approved and paid during the period:

(In HK$ millions)	**Six months ended June 30** **2012**	2011
2011 final dividend approved and paid of 23.0 HK cents (2010: 7.0 HK cents) per share	**354**	106
2011 special final dividend approved and paid of nil (2010: 11.5 HK cents) per share	**–**	173
	354	279

8. Trade and other receivables

(In HK$ millions)	**June 30 2012**	December 31 2011
Trade receivables	**293**	368
Less: Provision for impairment	**(9)**	(10)
Trade receivables – net	**284**	358
Other receivables, including deposits and prepayments	**269**	278
	553	636

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

As at the balance sheet date, the ageing analysis from the invoice date of trade receivables (net of allowance for doubtful debts) is as follows:

(In HK$ millions)	**June 30 2012**	December 31 2011
0 – 30 days	**182**	262
31 – 60 days	**57**	62
61 – 90 days	**22**	22
Over 90 days	**23**	12
	284	358

9. Trade and other payables

(In HK$ millions)	**June 30 2012**	December 31 2011
Trade payables	**168**	298
Other payables and accrued expenses	**293**	391
	461	689

The ageing analysis of trade payables is as follows:

(In HK$ millions)	**June 30 2012**	December 31 2011
0 – 30 days	**139**	243
31 – 60 days	**21**	41
61 – 90 days	**1**	8
Over 90 days	**7**	6
	168	298

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF GROUP OPERATIONS

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Sales	**2,698**	2,649	**2%**
Gross profit	**1,566**	1,581	**(1%)**
Gross margin	**58.0%**	59.7%	**(1.7 pp)**
EBITDA	**560**	550	**2%**
Operating profit	**450**	452	**–**
Operating margin	**16.7%**	17.1%	**(0.4 pp)**
Profit attributable to shareholders	**352**	346	**2%**
Net profit margin	**13.0%**	13.1%	**(0.1 pp)**
Free cash flow from operations	**353**	410	**(14%)**
Net cash and bank balances[1]	**1,408**	1,132	**24%**
Inventory days of sales (days)[2]	**25**	28	**(3)**
Inventory days on costs (days)[3]	**60**	70	**(10)**
Number of outlets[1]	**2,723**	2,442	**281**
Net change in outlets for the period	**52**	89	**(37)**

Profit Attributable to Shareholders (PATS)

During the period, profit attributable to shareholders increased by 2% or HK$6 million to HK$352 million from HK$346 million last year. Net profit margin remained at 13.0%.

Impact of Disposals on PATS

Profitability was enhanced in the period by the disposal of the last part of the Company's manufacturing business in Dongguan, China. Additionally our holding of a 9.9% interest in Higrowth Ventures Limited has been converted to a holding in Speedy Global Holdings Limited, resulting in a deemed disposal of our asset and a subsequent accounting profit.

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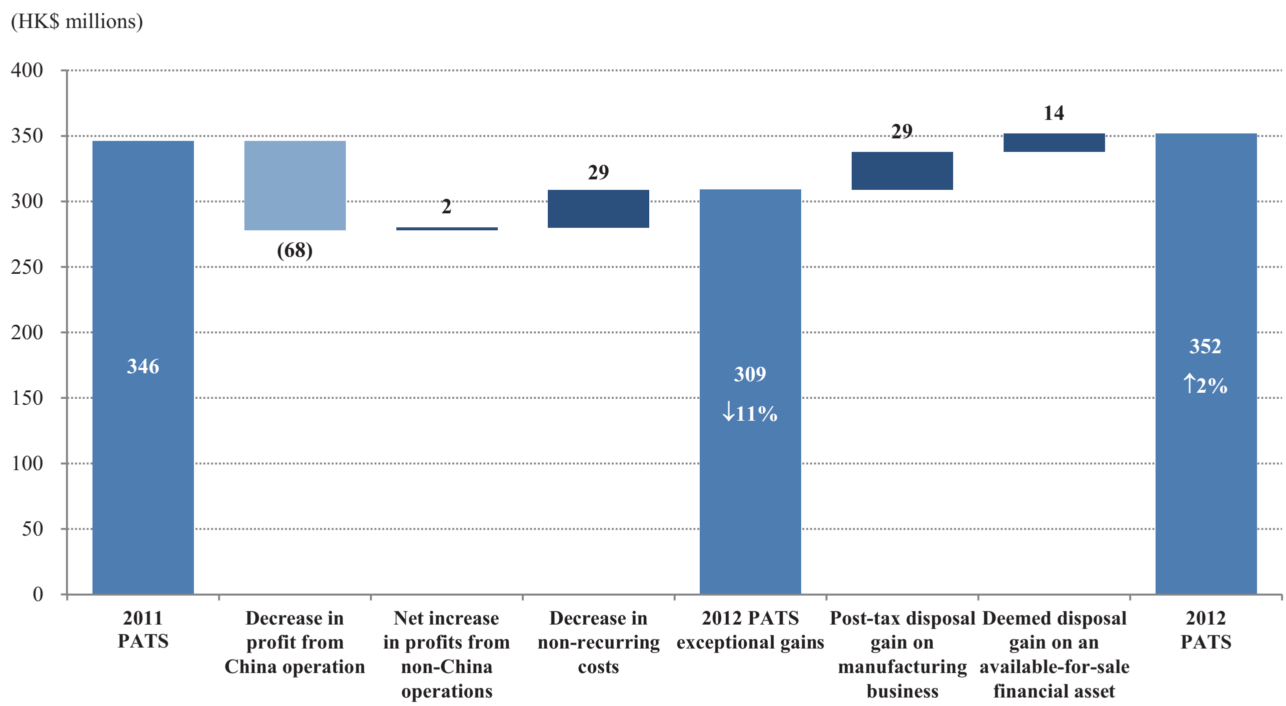
1 *At the end of the period.*

2 *Inventory held at period end divided by sales and multiplied by number of days in the period.*

3 *Inventory held at period end divided by cost of sales and multiplied by number of days in the period.*

Excluding the post-tax gains from these transactions, net profit decreased by 11%, with net profit margin decreasing by 1.6 percentage points to 11.5% compared to the same period last year. A summary of PATS in the first half of 2012 in comparison to the same period last year is as follows:

PATS reconciliation



Sales

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Sales	**2,698**	2,649	**2%**
Global brand sales[1]	**3,724**	3,608	**3%**
Comparable store sales[2] increase	**0%**	14%	**(14 pp)**
Number of outlets[3]	**2,723**	2,442	**281**

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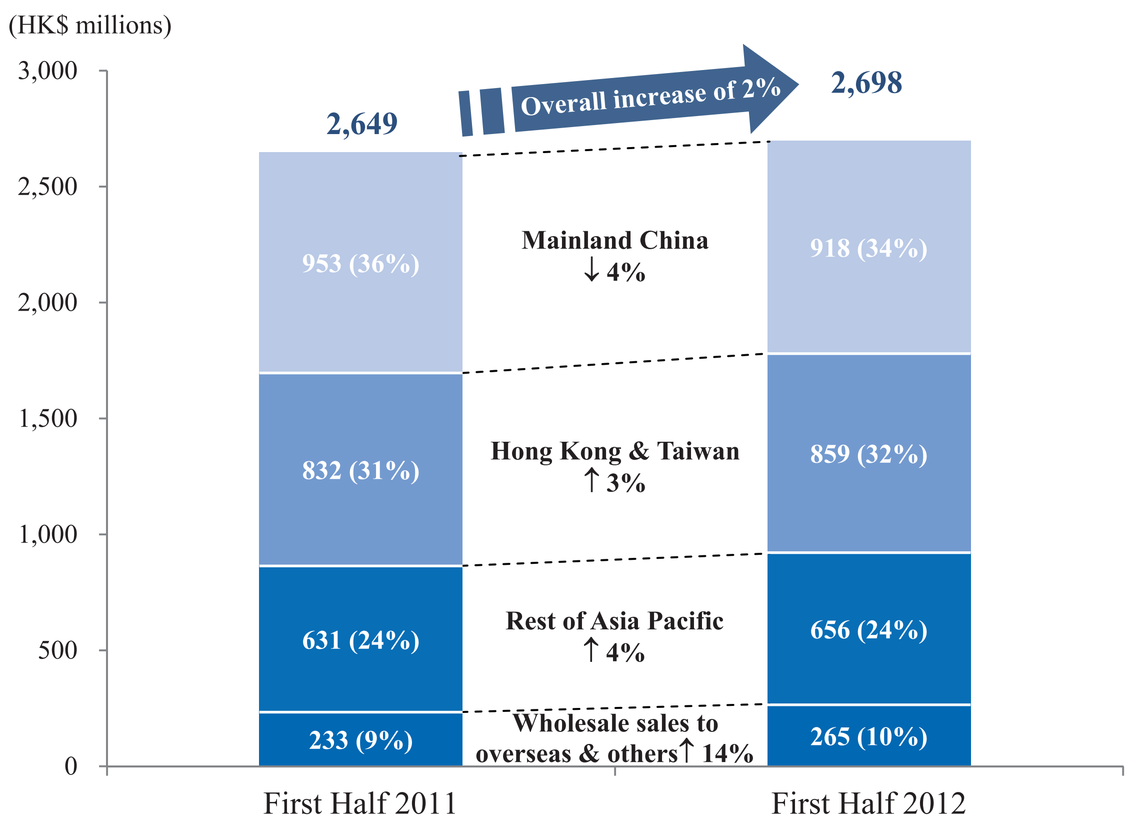
1 *Global Brand Sales are total retail sales, at constant exchange rates, in self-operated (include e-shop) and franchised stores and stores operated by subsidiaries and associates/jointly controlled entities.*

2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated by subsidiaries and associates/jointly controlled entities in the prior period.*

3 *At the end of the period.*

Sales growth and contribution

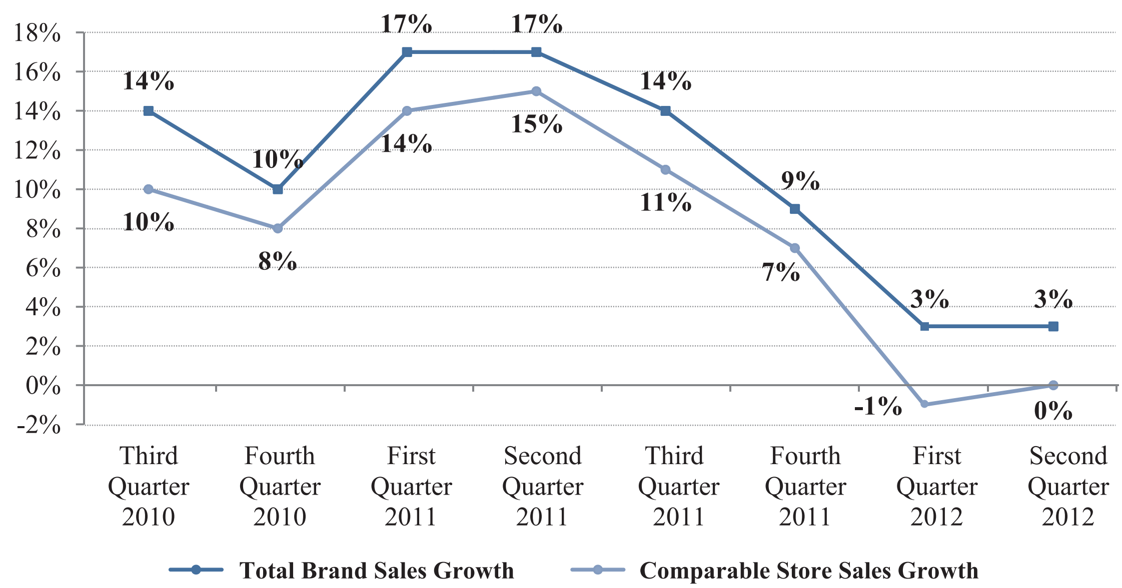


% to group sales in brackets

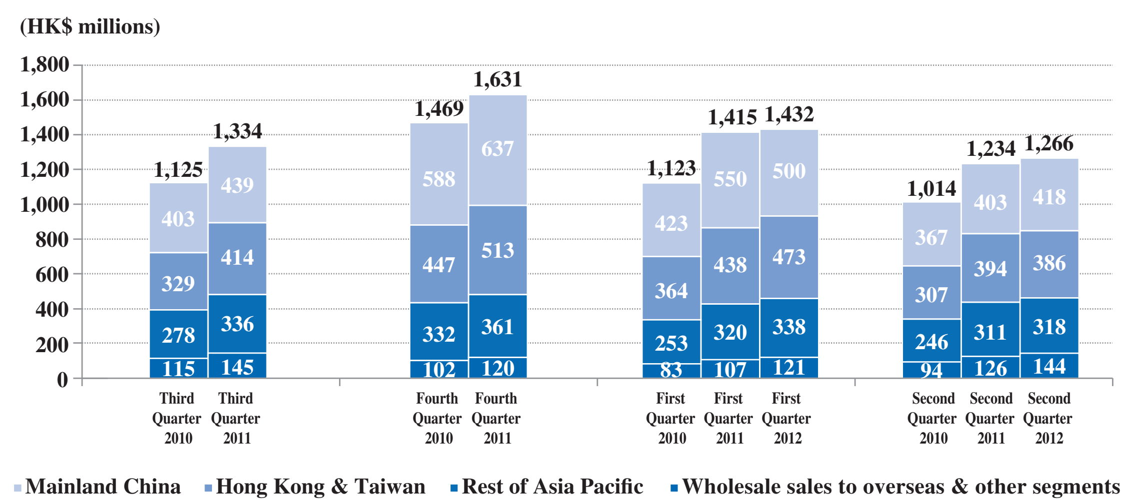
- The Group's sales increased by 2% to HK$2,698 million in first half 2012 from HK$2,649 million in the same period last year. Excluding the effects of translating sales in foreign currencies into Hong Kong dollars, sales also increased by 2% compared to the same period last year.

- Sales in Mainland China decreased by 4% while sales grew by 3% in Hong Kong and Taiwan compared to the same period last year. Sales in other Asia Pacific markets, mainly Singapore, Malaysia, Indonesia and Thailand, grew by 4% compared to the same period last year.

Brand sales growth for the last eight quarters



Sales for the last ten quarters



- The relatively low sales growth over the first half of 2012 is partly impacted by a high base, following very strong sales growth in the first half of 2011. This 2011 first quarter, in terms of weather, was almost a "perfect quarter" in our key markets, particularly Mainland China where cold weather broke at the beginning of 2011 following a relatively warm weather period from the end of 2010. Sales in the first half of 2012 were 26% higher than the first half of 2010, two years earlier.

- During the fourth quarter of 2011 and first quarter of 2012, our suppliers increased their prices by an average of 14%, due to rising fabric costs earlier in 2011. The Company has protected its gross margin and maintained its brand positioning with strong pricing policies.

- Supplier price reductions that had been anticipated in the second quarter of 2012 have been slow to materialize. The effect of reduced prices for imported cotton was diluted by the increase in domestic cotton prices in China. Our average costs increased by 11% in the second quarter. Change in product mix to higher quality merchandise in the product range and the historical high cost of prior year inventory also contributed to higher average costs.

- During the first half of 2012, competitor discounting has been aggressive as consumer demand has been declining. Relatively high product costs together with strong price controls, with a limited amount of discounting have resulted in a gross margin of 58.0%, a reduction of 1.7% compared to the same period last year.

Mainland China

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Total sales[1]	**918**	953	**(4%)**
Retail self-operated stores	**691**	640	**8%**
Wholesale sales to franchisees	**227**	313	**(27%)**
Total brand sales[2]	**1,190**	1,232	**(3%)**
Self-operated stores	**694**	670	**4%**
Franchised stores	**496**	562	**(12%)**
Comparable store sales[3] (decrease)/increase	**(6%)**	13%	**(19 pp)**
Number of outlets[4]	**1,358**	1,262	**96**
Self-operated stores	**549**	495	**54**
Franchised stores	**809**	767	**42**
Net change in outlets for the period	**(14)**	74	**(88)**
Self-operated stores	**4**	47	**(43)**
Franchised stores	**(18)**	27	**(45)**

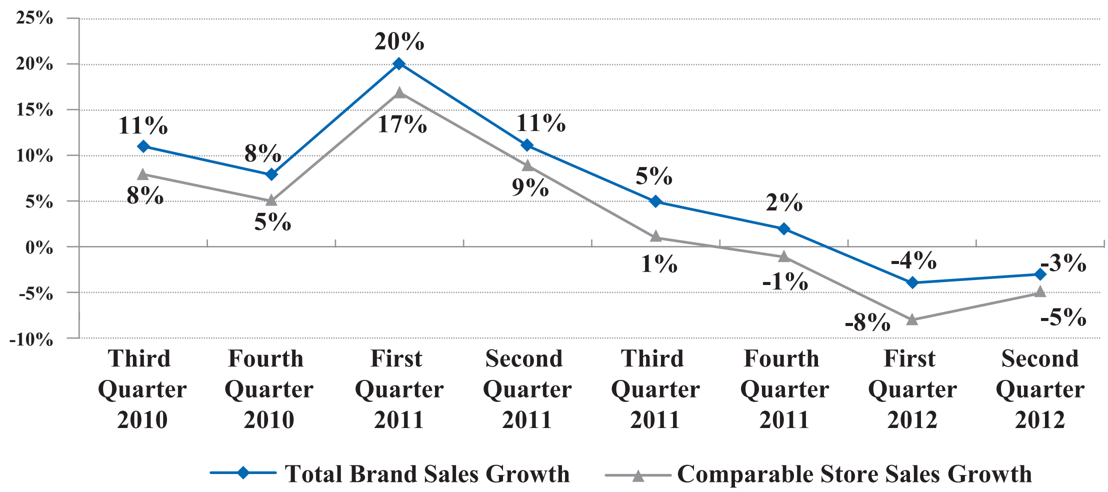
1 *Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.*

2 *Total Brand Sales are total retail sales, at constant exchange rates, in self-operated stores (include e-shop) and franchised stores.*

3 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated in the prior period.*

4 *At the end of the period.*

Brand sales growth in Mainland China for the last eight quarters



- Mainland China sales decreased by 4% in the first half of 2012, by HK$35 million, to HK$918 million from HK$953 million in the first half of 2011. Excluding the effect of translating Chinese yuan into Hong Kong dollars, sales decreased by 6% in the first half of 2012.

- The key underlying measure of sales growth is brand sales. This excludes both currency changes and the impact of inventory changes at franchisees and represents sales made to consumers at Giordano points of sale. Brand sales reduced by 3% in the first half of 2012, compared to an increase of 16% in brand sales in the same period last year.

- A number of factors influenced this result. The high base effect of the last year's first quarter is significant. It was a "perfect quarter" and the cold weather did not repeat this year.

- During the first half of 2012, brand sales in self-operated stores increased by 4% while brand sales in franchised stores decreased by 12%. Sales growth in our self-operated stores was assisted by price promotions which resulted in margin dilution; our franchisees have implemented less price promotion, which due to intense competition and competitor discounting, has led to declining sales. The Group continues to encourage more promotional activities with our franchisees, through improved marketing support and lower cost inputs driven by purchasing savings. This will be stepped up in the second half of 2012.

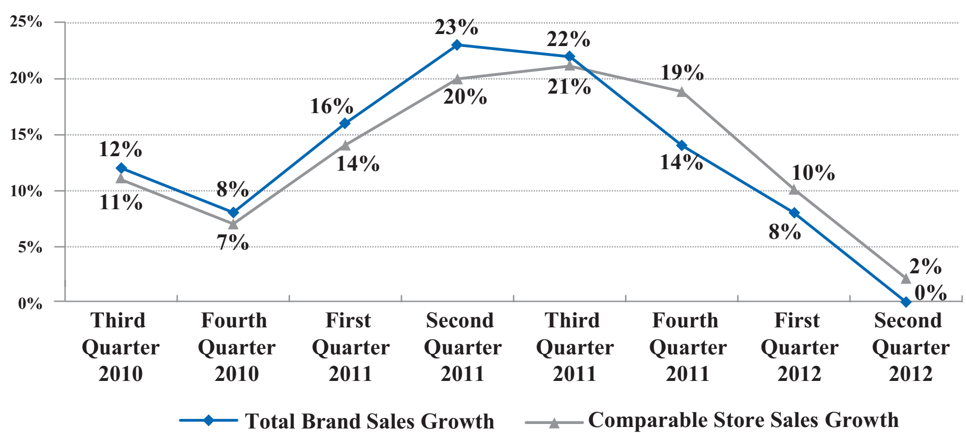
- During the first half of the year, inventory levels were tightly managed, both in self-operated and franchised stores. The impact of this program has had some impact on sales, particularly through franchisees as new merchandise has been held back in favour of efforts to clear high inventory levels. Inventory levels are now relatively low and will enable the Company to bring new, fresh and innovative merchandise to the market as we go into the Fall Winter period from the second half of the third quarter.

- E-shop extended its operations on platforms such as Taobao, Amazon.cn and 360buy.com. Sales grew from HK$53 million by 17% to HK$62 million in the first half of 2012. Growth in the second quarter slowed from 36% in the first quarter to 3% in the second quarter reflecting intense competition in e-commerce in Mainland China.

Hong Kong and Taiwan

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Total sales[1]	**859**	832	**3%**
Comparable store sales[2] increase	**6%**	17%	**(11 pp)**
Number of outlets[3]	**295**	261	**34**
Net change in outlets for the period	**14**	5	**9**

Brand sales growth in Hong Kong and Taiwan for the last eight quarters



- Sales increased in Hong Kong and Taiwan markets by 3% year on year. Excluding the effect of translating Taiwan dollars into Hong Kong dollars, sales in Hong Kong and Taiwan grew by 4%.

- Sales in Hong Kong increased by 4% in the first half, with a slight strengthening in the second quarter. Total sales growth has been impacted by the closure of a major store in the second half of 2011 and this will continue to be a significant "base" factor into the third quarter of 2012.

- Taiwan had a strong first quarter with brand sales growth of 16%. In the second quarter, sales declined by 9% compared to the same quarter last year. This was due to severe weather conditions and flooding and a weakening of consumer demand overall after significant increases in utility prices during the second quarter of 2012.

- Our strong marketing teams in Hong Kong and Taiwan will continue to deliver innovative marketing programs (including cross-over campaigns with local celebrities and organizations) and drive sales growth in these highly competitive markets.

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1 *Total Sales are total retail sales translated at average exchange rates.*

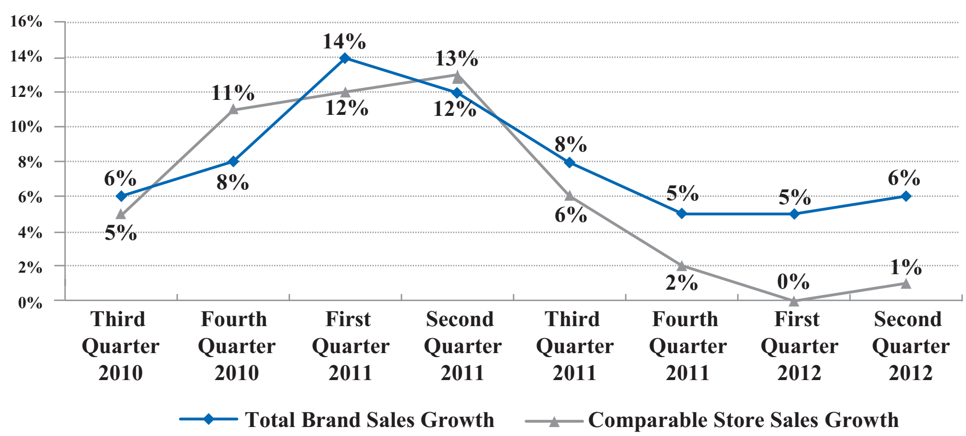
2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

3 *At the end of the period.*

Rest of Asia Pacific

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Total sales[1]	**656**	631	**4%**
Comparable store sales[2] increase	**1%**	13%	**(12 pp)**
Number of outlets[3]	**454**	391	**63**
Net change in outlets for the period	**37**	35	**2**

Brand sales growth in Rest of Asia Pacific for the last eight quarters



- Sales in other markets in Asia, notably in Singapore, Malaysia, Thailand, Indonesia and Australia, grew by 4% or HK$25 million to HK$656 million from HK$631 million in the same period last year. These markets now represent 24% of Group's sales and offer exciting opportunities for further growth.

- Excluding the effect of translating foreign currencies into Hong Kong dollars, sales grew by 7%. Comparable same store sales increased slightly by 1% from the same period in 2011.

- Sales weakened in Singapore in the first half of 2012, reducing by 5% from the same period last year, adjusted for currency. Sales performance was slightly stronger in the second quarter. The Company is strengthening merchandising efforts and improving store ambience through shop refurbishment programs. New products will be introduced during the third quarter of 2012.

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1 *Total Sales are total retail sales translated at average exchange rates.*

2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

3 *At the end of the period.*

- Indonesia continues to deliver strong growth: sales grew in the first half of 2012 by 25% from the same period last year, adjusted for currency. We added 9 new stores in the first half and now have 128 stores in this fast growing market. Indonesia will continue to deliver strong sales growth as it is well positioned in the region as an international functional apparel brand.

- Sales in Thailand and Malaysia grew by 14% and 6% from the same period last year, adjusted for currency. Sales growth is strengthening in these markets after a slowdown in growth in the second half of 2011. Positive feedback from customers from the cross-over campaign also helped to boost sales in these regions.

- Australia sales declined by 5% as we continue to consolidate our operation in this market. In addition, winter came late in May also affected the sales performance in April 2012.

Wholesale sales to overseas franchisees

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Total sales	**254**	233	**9%**
Number of outlets[1]	**616**	528	**88**
Net change in outlets for the period[2]	**15**	(25)	**40**

- The Group's wholesale sales to overseas franchisees primarily consist of sales to its Korean and Middle East joint ventures, accounting for 81% of these sales.

- Purchases from Hong Kong by Giordano Korea increased by 18% over last year as the operation sourced a greater share of its products from the Group.

- Sales to the Middle East increased by 7% over last year as strong growth in the region, particularly in Saudi Arabia, continued.

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1 *At the end of the period.*

2 *Upon the acquisition of equity interests in India, 28 shops have been transferred from wholesale sales to franchisees business market to Group market operated by subsidiary during the first half of 2011.*

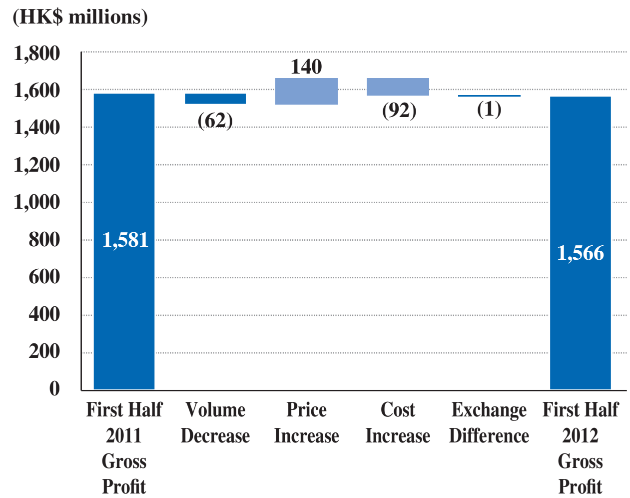
Gross Profit

- The Group's gross margin decreased by 1.7 percentage points to 58.0% year on year and the Group's gross profit decreased by HK$15 million, or 1%, to HK$1,566 million from HK$1,581 million in the same period last year.

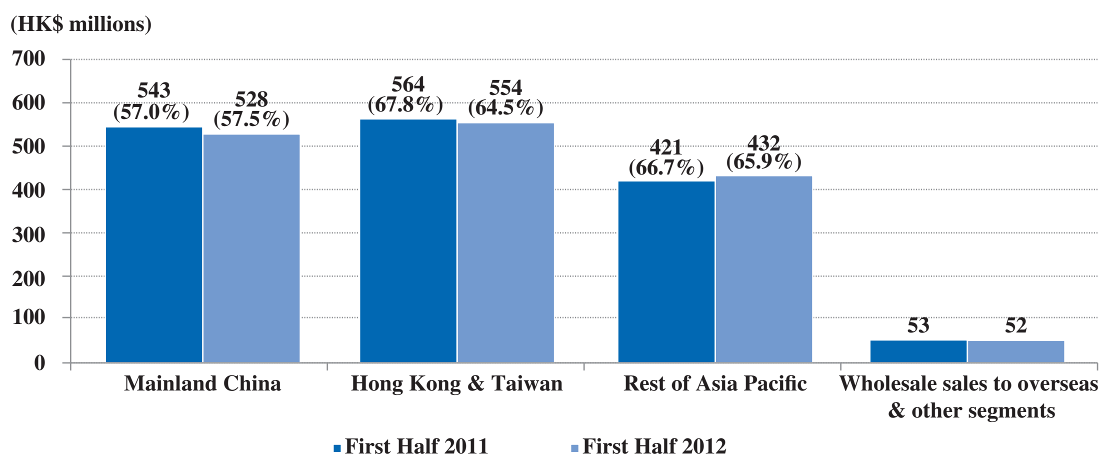
- Cost increases, reflecting the impact of raw material and labour cost increases in the supply chain, were more than recovered by increases in average selling prices.

- Volume reduced by 4%, reflecting significant competitive price pressure in key markets such as Mainland China.

Gross profit reconciliation



Gross profit (margin) by region

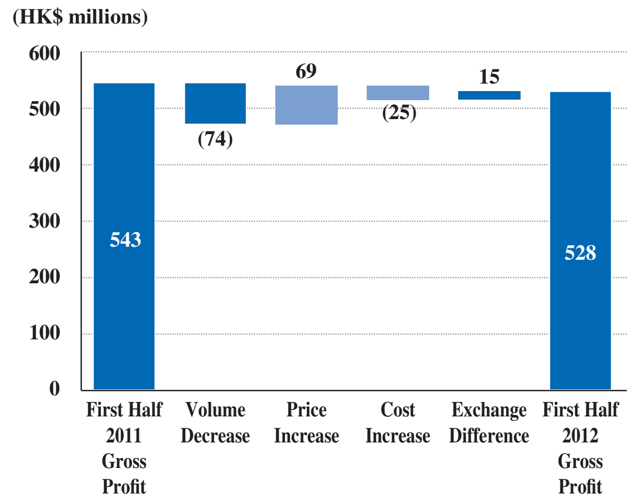


Mainland China

- Gross profit in Mainland China decreased by 3%. Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit decreased by 6%.

- Gross margin increased by 0.5 percentage points. During the period we cleared slow moving stock which had been impaired in our books in previous accounting periods. Excluding the impact of the profit from this initiative, gross margin decreased by 1.5 percentage points.

Gross profit reconciliation – Mainland China



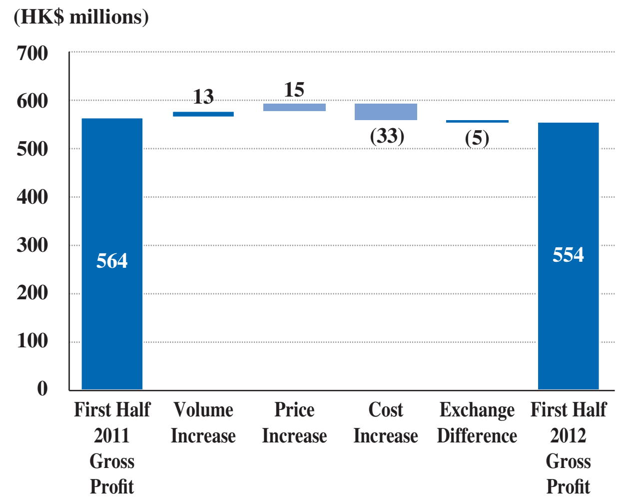
- Average selling prices (excluding exchange impact) increased by 8% while costs increased by 12%.

- Volume decreased by 14% during the period, mainly due to lower sales to franchisees where volume decreased by 30%. By contrast, retail sales volume through self-operated stores increased by 4%. The Group's strategy is to develop strong and self-reliant franchisees who do not over extend their inventory holdings. Accordingly, we exercise some control over franchisee inventory levels by limiting the merchandise sold as we encourage them to sell their existing inventory before we ship new merchandise. As a result of such inventory reduction, overall wholesale sales to our franchisees decreased by 27%, compared to the decline of 12% in brand sales by our franchisees.

Hong Kong and Taiwan

- Gross profit in Hong Kong and Taiwan decreased by 2% with gross margin reduced by 3.3 percentage points from 67.8% to 64.5%.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit decreased by 1%.
- Average selling price (excluding exchange impact) increased by 2%, while cost increased by 12% as a result of some targeted price promotion campaigns. Volume increased by 2%.

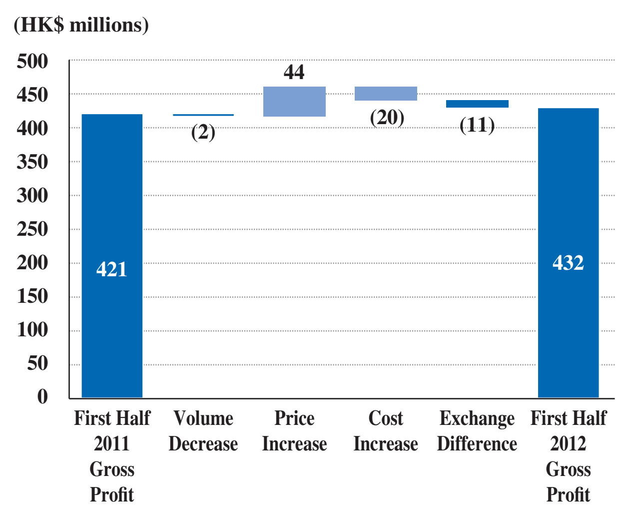
Gross profit reconciliation – Hong Kong & Taiwan



Rest of Asia Pacific

- Gross profit grew by 3% in other Asia Pacific markets with a decrease of gross margin of 0.8 percentage points from 66.7% to 65.9%.
- Excluding the effect of translating foreign currencies into Hong Kong dollars, gross profit increased by 5%.
- Volume decreased by 1% and average price increased by 8%.
- Average costs increased by 10% as a result of rising input costs and changes in product mix as better quality products were sold with higher costs. These were more than offset by increases in average selling prices.

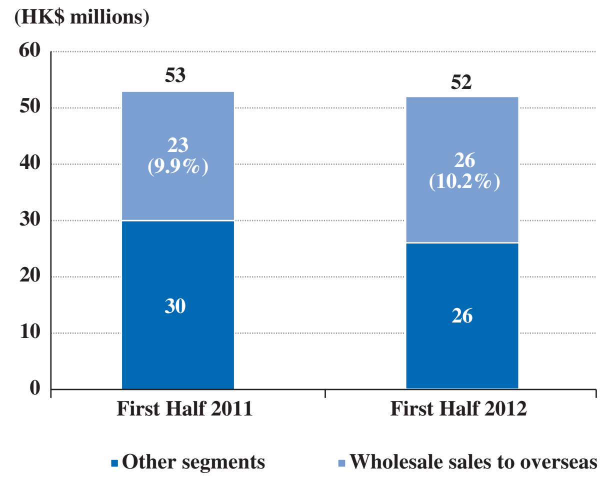
Gross profit reconciliation – Rest of Asia Pacific



Wholesale sales to overseas franchisees & other segments

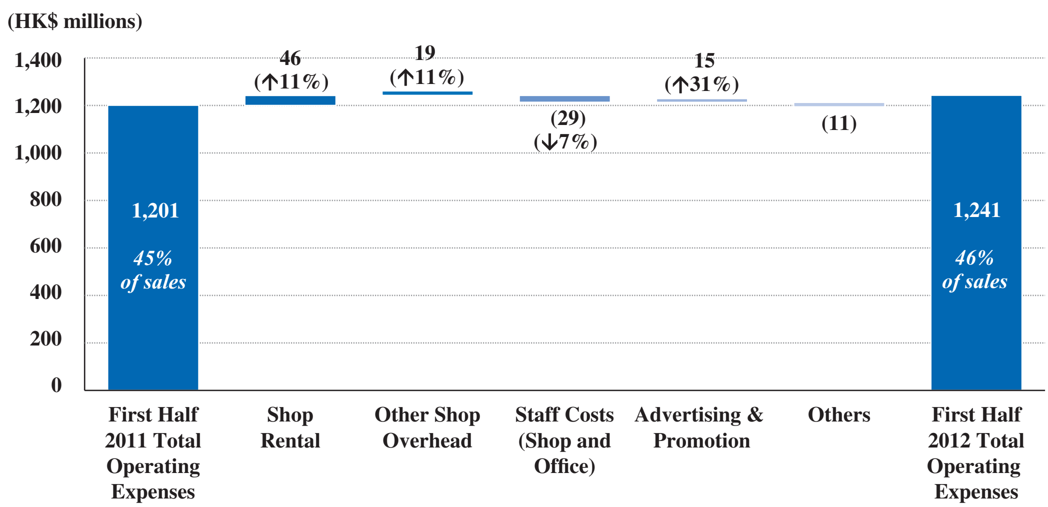
In addition to wholesale sales to overseas franchisees, other segments generated gross profits from our small manufacturing business (prior to its disposal) and from changes in consolidated inventory provisions. Our wholesale business continues to grow through expansion of a global franchised network and our continuous growth in markets like Korea and Middle East.

Gross profit (margin) – Wholesale sales to overseas franchisees & other segments



Operating Expenses

Total operating expenses reconciliation for the first half of 2012



- Total operating expenses increased from HK$1,201 million to HK$1,241 million, by 3% and as a proportion of sales increased by 1 percentage point to 46%.

- This reflects extensive cost control efforts on the part of the Group even with the addition of 149 new self-operated stores over last year. Our lower operating profits have led to lower bonus costs in the period and we have reduced total headcount despite our expansion of business, with majority of this reduction being in Mainland China and back office operations.

- Rental costs as a proportion of sales increased from 18% to 19% and net rental costs increased by 11%. This was a result of low sales growth and additional stores which increased average store space by 11%. Overall rent per square foot remained flat.

- Total labour costs have decreased by 7% and total headcount has decreased by approximately 400 employees or 5% compared to the same period last year. Inflationary costs have been offset by the increase in shop staff productivity, reduction in back office staff headcount and lower bonuses.

- Advertising and marketing costs increased by 31% as we focus on building our brand through local "fast" marketing initiatives. We are steadily extending our campaigns, particularly in a complex and diverse market like Mainland China, to increase the differentiation of our brand. This is a key strategic tool for the Group as we join with local celebrities, cross-over business partnerships with theme parks and other brands, and outside designers to create exciting themes to support the brand. As a result, advertising and marketing expense has increased from 1.9% of sales last year to 2.4% of sales in 2012.

Operating Profit before Other Income

- Sales growth of 2%, a reduction in gross margin by 1.7 percentage points and the increase in operating expenses by 3%, resulted in an operating profit before other income of HK$325 million, a reduction of 14% compared to the same period last year.

Other Income

- Other income increased by HK$53 million or 74% from HK$72 million to HK$125 million. Such increase is mainly due to the recognition of exceptional gains from the disposal of our manufacturing business and an available-for-sale financial asset, which generated a gain of HK$71 million. This was offset by a decrease in net exchange gains of HK$22 million reflecting a relative strengthening of the US dollar compared to the same period last year and its impact on some intercompany balances. Foreign currency exposure has been reduced in the period by settlement of certain intercompany operating loans.

- During the period, we have disposed of our non-core manufacturing business in Dongguan China, which contributed profit before tax of HK$10 million in year 2011 and recognized a pre-tax disposal gain of HK$57 million. Additionally, the Group disposed of its 9.9% interest in Higrowth Ventures Limited, an available-for-sale financial asset, in exchange for 6.46% of Speedy Global Holdings Limited ("Speedy"). A deemed disposal gain of HK$14 million has been recognized on this transaction. Speedy engages in garment manufacturing and is one of the key suppliers of the Group.

Operating Profit

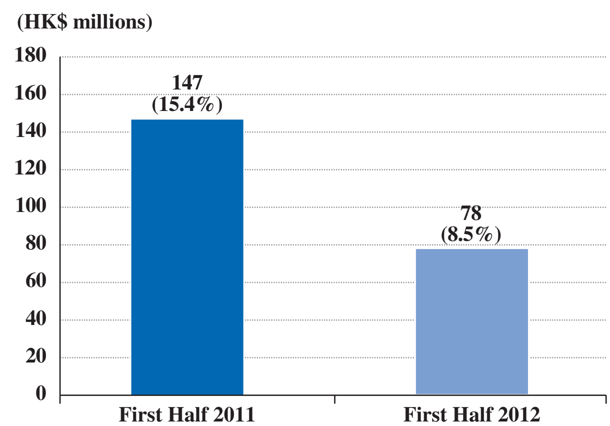
- As a result of the above, the Group's 2012 operating profit slightly decreased by HK$2 million to HK$450 million from HK$452 million in last year. Operating margin decreased by 0.4 percentage points to 16.7% from 17.1% in 2011. Excluding the one-off disposal gains, operating profit decreased by 16%, with operating margin decreasing from 17.1% in the first half of 2011, by 3.1 percentage points to 14.0% in the first half of 2012.

Mainland China

- Operating profit in Mainland China decreased by 47% to HK$78 million with operating margin decreasing by 6.9 percentage points compared to the same period last year.

- Operating margin declined due to low sales and gross profit growth which failed to compensate for significant increases in rental and other operating costs.

Operating profit (margin) – Mainland China



- Rent expenses increased by 23% compared to the same period last year and as a proportion of sales increased by 4.5 percentage points to 20.9% due to the following:

  – Average rent per square foot increased by 6% year on year;

  – 54 additional self-operated stores were added in the last twelve months taking our self-operated stores network to 549 shops, which increased the average store space by 14%;

  – Sales per square foot has decreased by 7% from HK$1,380 to HK$1,290 as the rate of sales growth is lower than the growth in the Company's retail capacity. As a result of this, the Company is focusing on the sales efficiency of existing space and is slowing the expansion program significantly. During the first six months of 2012, the self-operated stores network in Mainland China increased by only 4, from 545 to 549.

- Total staff costs decreased by 2% and as a proportion of sales increased by 0.3 percentage points to 15.3% due to the following:

  – An "one off" adjustment in staff benefit packages in 2011 to improve the motivation and retention of our staff in Mainland China, shop staff costs per employees increased by 14%;

  – This has been offset by improvements in staff efficiency with sales per shop staff increasing by 12% and the average employee covering 22% more shop space than last year.

- The ratio of advertising and marketing expenses to sales also increased by 1.5 percentage points to 4.5% reflecting extensive efforts to build local branding in China.

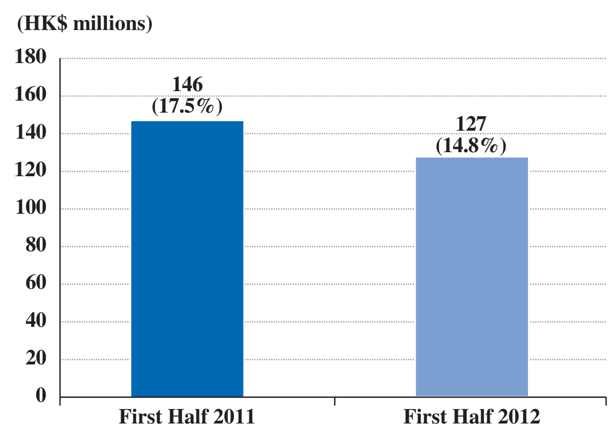
- Back office costs are also being tightly controlled with a reduction in back office headcount in the last twelve months by 9%. Continuous improvement in business processes is helping to minimize the impact of declining sales on the Company's profitability.

Hong Kong and Taiwan

- Operating profit in Hong Kong and Taiwan decreased by 13% to HK$127 million with operating margin decreasing by 2.7 percentage points compared to last year. Excluding the exchange gain recognized in Taiwan, operating margin decreased by 1.5 percentage points.

- The decline in operating margin is mainly caused by the reduction in gross margin by 3.3 percentage points during the period. Such impact has been offset by the cost reduction in operating costs. Total operating expense to sales reduced by 1.7 percentage points.

Operating profit (margin) – Hong Kong & Taiwan



- Advertising and marketing accounted 1.9% of sales, slightly reduced from 2.0% of sales last year. We continued our "fast" marketing programs during the period to build our brand and promote sales growth. A number of campaigns in partnership with local celebrities, designers and brands, including well known theme parks, have ensured that the brand is fresh and highly relevant to local markets. This continues to be a strong factor behind the Company's success and strong profitability in these competitive markets.

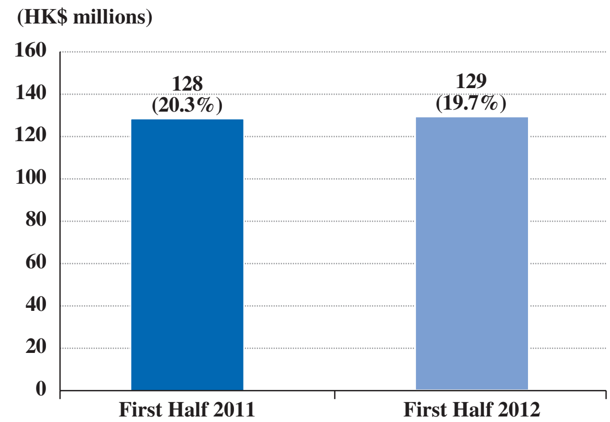
Rest of Asia Pacific

- Operating profit in the rest of Asia Pacific has increased by 1% to HK$129 million with operating margin decreasing by 0.6 percentage points compared to last year.

- Reduction in operating margin is mainly caused by decrease in gross margin by 0.8 percentage points. During the period, 63 net new shops have been added and total operating expenses to sales reduced by 1 percentage point. Rent was maintained at 21% of sales while shop staff costs to sales improved by 0.7 percentage points to 10.4%.

- Apart from Singapore which suffered from a decline in sales growth and an increase in operating costs that resulted in an operating margin erosion of 3.4 percentage points, all other Asia Pacific markets are delivering stable sales growth and sustainable operating margin between periods. Profitability in Singapore is expected to improve in the second half of the year through improved merchandising and as a result of investment in shop renovations.

Operating profit (margin) – Rest of Asia Pacific

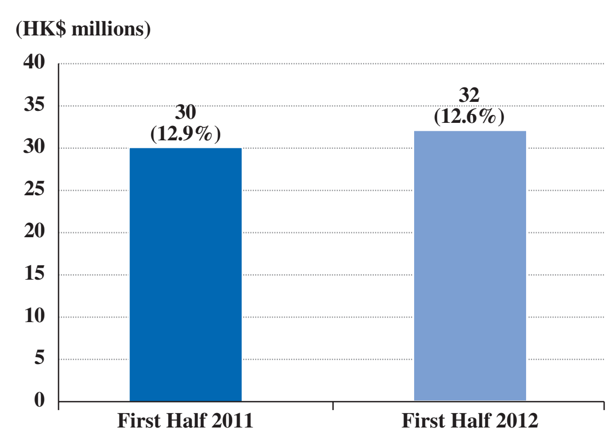


Wholesale sales to overseas franchisees

- Operating profit from wholesale sales to overseas franchisees increased by 7% to HK$32 million with operating margin decreasing slightly by 0.3 percentage points to 12.6%.

- With continuous geographical expansion, particularly in developing countries, operating profit from our wholesale business is expected to continue growing in the coming years.

Operating profit (margin) – Wholesale sales to overseas franchisees



Jointly Controlled and Associated Companies

South Korea

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Total sales[1]	**745**	724	**3%**
Comparable store sales[2] (decrease)/increase	**(1%)**	9%	**(10 pp)**
Number of outlets[3]	**240**	215	**25**

- Excluding the effect of translating Korean Won into Hong Kong dollars, sales in Korea grew by 7% compared to the same period last year.
- After a slow start, sales growth in Korea has strengthened towards the end of the second quarter. Consumer demand is weaker in general than in 2011 with strong price competition in the market for the core basics and local fast fashion brands.
- To enhance the brand in the local region, a new image store called "*Giordano Concepts*" was opened in March 2012 inside a department store with positive feedback from local customers. This is an integrated new Korean brand for men and women offering casual, formal and outdoor apparel. We plan to open more "*Giordano Concepts*" stores later in the year through new shops and by conversion of existing flagship stores.

Middle East

(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Total sales[1]	**327**	278	**18%**
Comparable store sales[2] increase	**10%**	35%	**(25 pp)**
Number of outlets[3]	**189**	164	**25**

- Sales in the region continue to grow as we build on the success of 2011. Saudi Arabia is a particularly strong market, where sales increased by 29% during the period and this was mainly due to the rising disposable income, increasing acceptance of modern retailing, youthful population and enlarged consumer base created by women's empowerment.
- The E-shop platform was successfully launched in the second quarter of 2012 in the region. We expect this to supplement our expansion in developing second tier cities and help drive further growth in the Middle East.

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1 *Total Sales are total retail sales translated at average exchange rates.*

2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores that have been opened/operated in the prior period.*

3 *At the end of the period.*

Profit Attributable to Shareholders

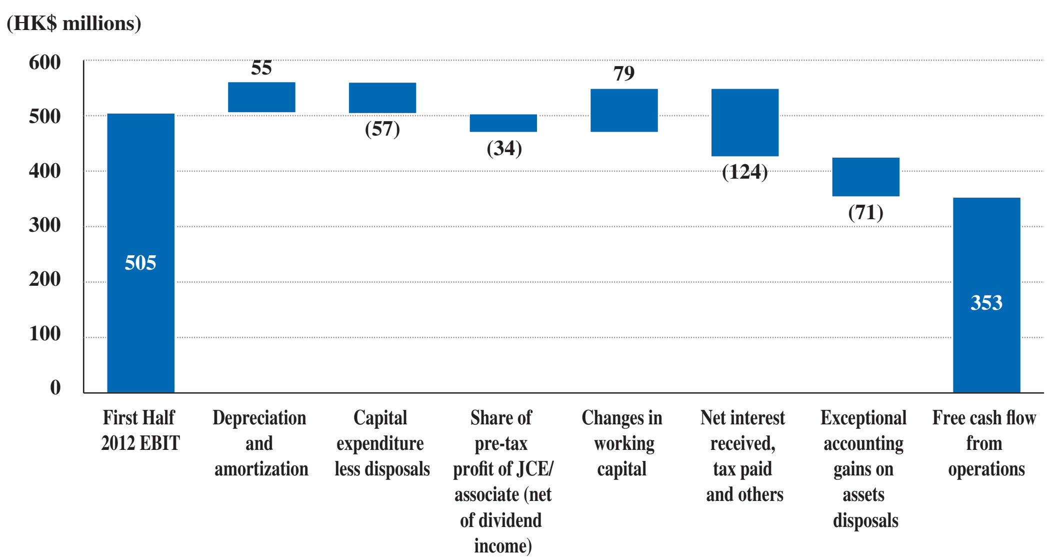
- The Group's 2012 income taxation expense for the first half of 2012 was HK$120 million (2011: HK$119 million). Excluding non-taxable gains and non-deductible items, the Group's effective tax rate[1] is 25% (2011: 24%).

- During the period, profit attributable to shareholders increased by 2% or HK$6 million to HK$352 million from HK$346 million last year. Net profit margin slightly dropped by 0.1 percentage points to 13.0%. Excluding the post-tax disposal gain on manufacturing business and an available-for-sale financial asset, net profit decreased by 11%, with net profit margin decreasing by 1.6 percentage points to 11.5%.

- Basic and diluted earnings per share was 23.0 HK cents (2011: 23.0 HK cents) and 22.7 HK cents (2011: 22.8 HK cents), respectively.

Free Cash Flow from Operations

EBIT and free cash flow from operations for the first half of 2012



Excluding the gain on disposal of an available-for-sale financial asset and manufacturing business, 84% of EBIT was converted in the period to free cash flow.

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[1] *Income tax expense divided by profit before taxation (before share of profit of jointly controlled entities and an associate, adjusted for the non-taxable gains and non-deductible items)*

Simplified free cash flow analysis

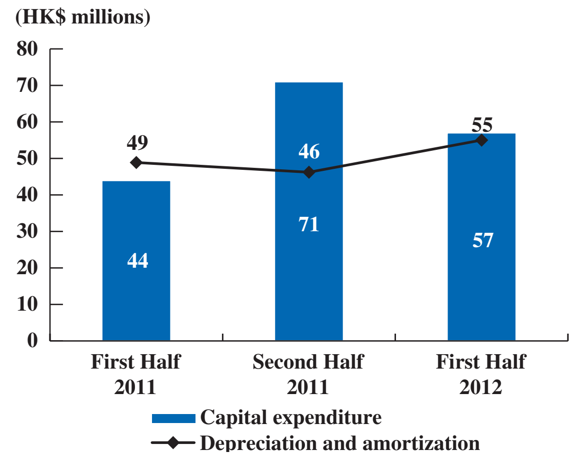
(HK$ millions)	**First Half 2012**	First Half 2011	**Variance**
Profit before income tax	**496**	490	1%
Add: Share of tax of JCE/associate	**9**	10	(10%)
Add: Interest expense	**–**	1	(100%)
Add: Depreciation and amortization	**55**	49	12%
EBITDA	**560**	550	2%
Gains on disposal of manufacturing business and an available-for-sale asset	**(71)**	–	N/A
Share of pre-tax profit of JCE/associate	**(55)**	(49)	12%
Amortization of rental prepayments	**20**	20	–
Changes in working capital	**79**	(26)	404%
Interest paid	**–**	(1)	(100%)
Income tax paid	**(108)**	(78)	38%
Exchange and others	**(16)**	–	N/A
Net cash inflow from operating activities	**409**	416	(2%)
Dividend income from JCE/associate	**21**	31	(32%)
Capital expenditure less proceeds from disposals	**(57)**	(44)	30%
Increase in rental deposits and rental prepayments	**(30)**	–	N/A
Interest received	**10**	7	43%
Free cash flow from operations	**353**	**410**	(14%)

Capital expenditure

- The total number of self-operated stores in the Group increased from 1,138 in June 2011 to 1,287 in June 2012.

- In the first six months of 2012 the store expansion program in self-operated stores has slowed from an increase of 86 stores in the prior year to 55 stores this year. Capital expenditure for the period is mainly for new shops, leasehold improvements in offices and warehouses.

Capital expenditure



Changes in Working Capital

(HK$ millions)	Dec 2011	Changes in working capital	Disposal of manufacturing business	Non-cash items	**Jun 2012**
Inventory	605	(204)	(26)	–	**375**
Trade receivables	358	(74)	–	–	**284**
Other receivables	200	93	(126)	10	**177**
Trade payables	(298)	97	33	–	**(168)**
Other payables	(391)	9	96	(7)	**(293)**
	474	**(79)**	**(23)**	**3**	**375**

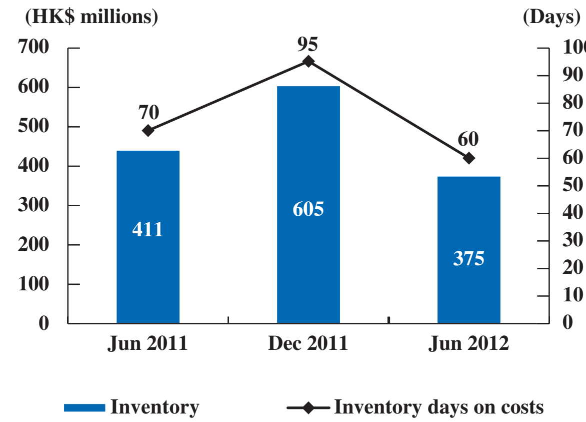
Inventory

- Group inventory decreased by HK$230 million from HK$605 million at year end to HK$375 million due to clearance of stock after Chinese New Year and strong controls exercised by supply chain operations on inventory levels across the Group.

- The second half of 2011 saw lower sales growth resulting in higher than anticipated inventories being held at the year end. Deliberate actions were taken during the first half of 2012 to reduce purchases, clear old stock and execute strong inventory management discipline on both self-operated and franchised operations. As a result, inventory reduced by HK$230 million from HK$605 million to HK$375 million, with HK$202 million a reduction in finished goods inventory.

- Fast deliberate action to control stock has also resulted in a reduction in inventory days on costs from 70 at June 30, 2011 to 60 at June 30, 2012, reflecting the Company's emphasis and priority on preserving cash flow, especially when trading conditions are particularly difficult.

Inventory

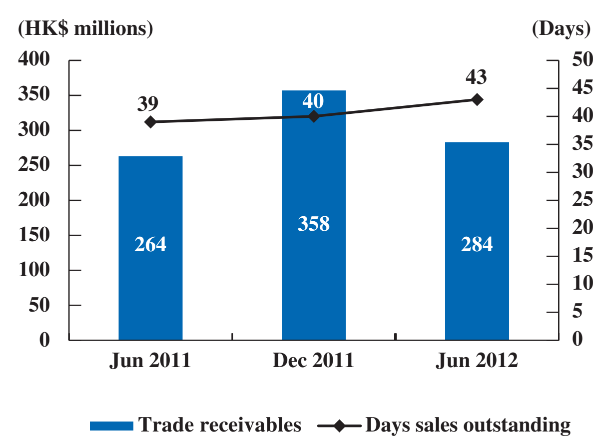


Trade receivables

- Trade receivables decreased by HK$74 million from 2011 year end to HK$284 million.

- Average credit terms of 60 days are generally granted to franchisees and it is anticipated that there is no significant risk of non recoverability of outstanding debts.

Trade receivables

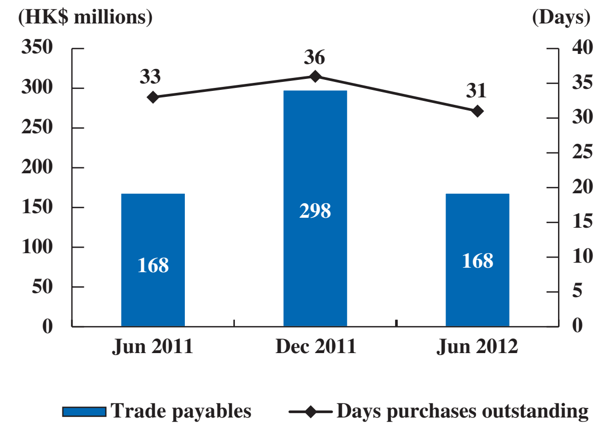


Trade payables

- Trade payables decreased by HK$130 million from 2011 year end to HK$168 million.

- The decrease in trade payables was in line with the reduction in inventory balance. The Group continues to offer strong support to its suppliers offering favourable trade terms and prompt payment of outstanding vendor invoices.

Trade payables



Share of Profit of Jointly Controlled and Associated Companies and Dividend Income Received

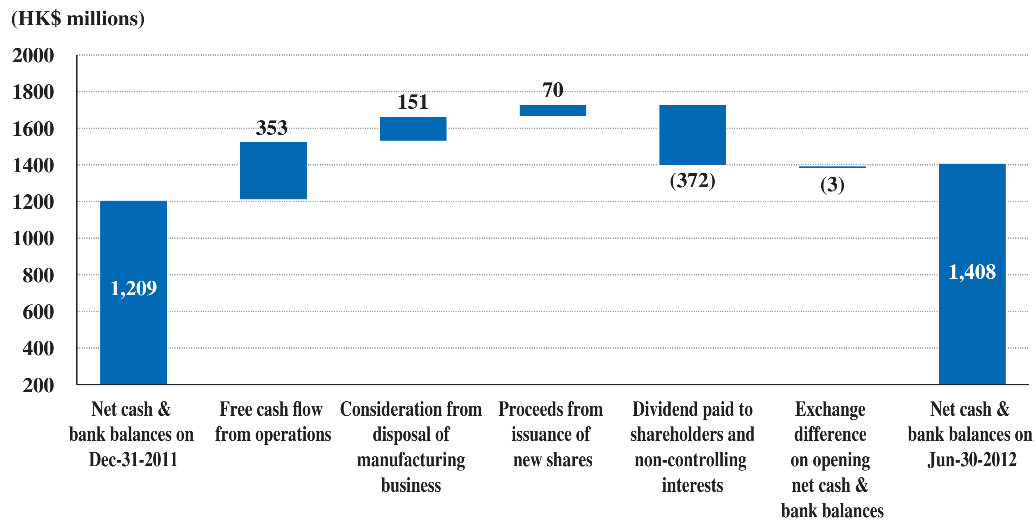
This represents the difference between the portion of profit due to the Group from jointly controlled and associated companies and the dividends paid to the Group during the period:

	South Korea			Middle East			Total		
(HK$ millions)	**First Half 2012**	First Half 2011	Variance	**First Half 2012**	First Half 2011	Variance	**First Half 2012**	First Half 2011	Variance
Share of pre-tax profit	**38**	40	(5%)	**17**	9	89%	**55**	49	12%
Dividend received[1]	**–**	(18)	(100%)	**(21)**	(13)	62%	**(21)**	(31)	(32%)
	38	22	73%	**(4)**	(4)	–	**34**	18	89%

[1] *From distribution of previous years' profits*

Net cash position of the Group

Change in net cash and bank balances for the first half of 2012



- The Group increased its net cash and bank balances by HK$199 million to HK$1,408 million as at June 30, 2012 (December 31, 2011: HK$1,209 million).
- On May 31, 2012, the Group disposed of its last remaining manufacturing business for HK$151 million, net of cash disposed and tax liabilities.
- HK$70 million was raised from the exercise of employee share options during the period.
- Dividends paid during the period comprised the following:

(HK$ millions)	**First Half 2012**
2011 Final dividend (79% of 2011 Group's profit less 2011 interim dividend already paid)	354
Dividend paid to non-controlling interests of subsidiary in Indonesia	18
Dividend paid to shareholders and non-controlling interests	**372**

- Outstanding bank loans decreased to HK$44 million (December 31, 2011: HK$63 million) after the repayment of HK$18 million of a short-term bank loan during the period.
- Cash and bank balances were HK$1,452 million (December 31, 2011: HK$1,272 million) of which HK$500 million (December 31, 2011: HK$210 million) were fixed term deposits with maturity over three months but less than 12 months from the date of deposit.
- The Group is continuously looking at opportunities to grow, organically, partnering with other organizations which fit strategically with our business or through acquisitions. Our experience, prudence and record of profitability place us in an excellent position to engage in, as well as fund such growth initiatives.

OUTLOOK

Looking ahead, we see the outlook for consumer demand to be uncertain and expect many of the external challenges that we have faced in the first half to continue, especially in Mainland China. Nonetheless, we expect sales to grow overall in the second half of 2012, particularly as we introduce our new Fall Winter collection. Competitive pricing of this new merchandise will be enabled by lower product costs, compared to last year. With inventory levels at relatively low levels, both in our own store network and those of our franchisees, we are well positioned to introduce fresh and innovative new merchandise to the market, after a first half which has focused largely on stock clearance and inventory management.

Outside Mainland China, we expect to see modest recovery in Taiwan and Singapore and a continuation of sales growth in other markets. We remain optimistic that Giordano will continue to deliver profitable growth in 2012 and management will continue to focus on the following three key objectives for the second half of 2012:

1. Mainland China strategy

- Our General Managers will increase focus on working with franchisee partners, in particular to improve merchandising, stock clearance and inventory management. The objective is to enable franchisees to offer more attractive, competitive products, relevant to their markets.

- Our General Managers will build on the initial progress in establishing "fast marketing" initiatives in Mainland China. This has been piloted in our Northern China region with the adoption of celebrity partnerships and cross-over campaigns with local organizations.

- China operations will continue to focus on inventory control in response to uncertain demand. Although the Group is strongly positive as to the potential for success from the 2012/13 Fall Winter collection, we will work hard to align supply and demand to avoid building excess inventory. This will necessitate the development of a flexible supply chain which can respond quickly to increases in demand.

- Cost control will be strengthened on the back of first half initiatives which have already reduced headcount and increased staff productivity. In the light of a business environment which is highly competitive and an economy which is showing signs of cooling, the Group will be moderating its store expansion program and will exercise strong control over rental negotiations with landlords to ensure that store operations made unprofitable through high rents are closed or scaled back.

- Store expansion will continue in department stores in line with our strategy of establishing a strong brand position with a flexible operating cost base. Initiatives are ongoing to establish new outlets in stores where we already have a commanding presence and in department store chains where we are not yet represented but have a high potential for favorable response.

2. Increase marketing investment to enhance brand power

- We will continue our investment across all markets in advertising and "fast" marketing programs that boost our brand position, through local celebrity endorsements, cross-over campaigns with business partners, exciting and fresh in-store activities, shop fixture upgrades and more visible street advertising (billboards, shop facades etc.).

- Our product development, through our Dongguan design centre, will focus on innovative products with a fresh image, tailored to local tastes. This will continuously improve the quality of our sales and enhance our brand position.

3. Maintain gross and operating margins

- We will continue to leverage our long term supplier relationships to negotiate and secure favorable prices as well as improve the flexibility and efficiency of our supply chain operations, thus enabling us to optimize selling prices to protect gross margins.

- Cost control programs will be implemented across markets where sales growth has slowed.

- We will continue to focus on cash flow and optimize our inventory holding to avoid mark-downs and preserve cash balances.

HUMAN RESOURCES

On June 30, 2012, the Group had approximately 7,300 employees (December 31, 2011: approximately 7,700). The Group offers competitive remuneration packages and generous, goal-oriented bonuses targeted at different levels of staff. Senior managers are also offered generous performance-based bonus schemes and share options as a means for the Group to reward and retain a high calibre leadership team. We also invest heavily in training in sales and customer service, management, planning and leadership development to retain a skilled and motivated workforce.

Summary of total sales, comparable store sales growth and store development by market

	Total sales[1]			**Comparable store sales**[2]	
Summary by market *(In HK$ millions)*	**First Half 2012**	First Half 2011	**Variance**	**First Half 2012**	First Half 2011
Mainland China	**918**	953	**(4%)**	**(6%)**	13%
Hong Kong	**490**	472	**4%**	**14%**	19%
Taiwan	**369**	360	**3%**	**(3%)**	14%
Singapore	**196**	208	**(6%)**	**(8%)**	5%
Indonesia	**167**	142	**18%**	**16%**	15%
Malaysia	**108**	102	**6%**	**1%**	14%
Thailand	**89**	80	**11%**	**7%**	21%
Australia	**84**	88	**(5%)**	**(1%)**	19%
India	**12**	11	**9%**	**2%**	21%
Retail & Distribution total	**2,433**	**2,416**	**1%**	**(1%)**	**14%**
Wholesale sales to overseas franchisees & others	**265**	233	**14%**		
Group total	**2,698**	**2,649**	**2%**		

1 *Total Sales are total retail sales in self-operated stores and total wholesale sales to franchisees, translated at average exchange rates.*

2 *Comparable Store Sales are total brand sales, at constant exchange rates, from existing stores and e-shop that have been opened/operated in the prior period.*

Number of outlets as at	**Jun 2012**	Dec 2011	Jun 2011
Mainland China	**1,358**	1,372	1,262
Hong Kong	**77**	73	75
Taiwan	**218**	208	186
Singapore	**56**	56	55
Indonesia	**128**	119	108
Malaysia	**83**	78	72
Thailand	**106**	99	92
Australia	**33**	35	33
India	**48**	30	31
Retail & Distribution total	**2,107**	**2,070**	**1,914**
South Korea	**240**	232	215
Middle East	**189**	184	164
Other Markets	**187**	185	149
Overseas franchisees total	**616**	**601**	**528**
Group total	**2,723**	**2,671**	**2,442**

Review by Brand

	Sales			**Operating profit**		
(In HK$ millions)	**First Half 2012**	First Half 2011	**Variance**	**First Half 2012**	First Half 2011	**Variance**
Giordano & Giordano Junior	**2,087**	2,102	**(1%)**	**302**	373	**(19%)**
BSX	**121**	111	**9%**	**8**	19	**(58%)**
Giordano Ladies	**180**	159	**13%**	**24**	29	**(17%)**
Concepts One	**21**	26	**(19%)**	**(4)**	(3)	**(33%)**
Others	**24**	18	**33%**	**4**	3	**33%**
Retail & Distribution	**2,433**	2,416	**1%**	**334**	421	**(21%)**

Number of outlets	**Jun 2012**	Dec 2011	Jun 2011
Giordano & Giordano Junior	**1,889**	1,861	1,742
BSX	**125**	120	88
Giordano Ladies	**55**	53	49
Concepts One	**26**	26	26
Others	**12**	10	9
Retail & Distribution	**2,107**	2,070	1,914

DIVIDENDS

It is the Company's intention to return surplus cash to its shareholders through the payment of dividends. In line with its dividend policy, the Company has been paying a substantial portion of its earnings as an ordinary dividend, the amount of which may vary depending on cash on hand, future investment requirements and working capital considerations.

After due consideration of the economic outlook, the Group's financial position, its future expansion plans and other factors, the Board of the Company declared an interim dividend of 15.0 HK cents (2011: 15.0 HK cents) per share for the year ending December 31, 2012. The dividend is payable on or about Friday, September 28, 2012 to shareholders whose names appear on the register of members of the Company on Wednesday, September 19, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, September 17, 2012 to Wednesday, September 19, 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, September 14, 2012.

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, 2012, in compliance with the Code on Corporate Governance Practices (effective until March 31, 2012) and the Corporate Governance Code (the "CG Code") (effective from April 1, 2012) 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 of the CG Code); and (ii) the Chairman and the Chief Executive are not subject to retirement by rotation (Code Provision A.4.2 of the CG Code). Currently Dr. LAU Kwok Kuen, Peter ("Dr. Lau") holds the positions of Chairman and Chief Executive. In view of Dr. 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 Dr. 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. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of Management.

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, 2012. It has also reviewed the said financial statements in conjunction with the Company's external auditor.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

By Order of the Board
LAU Kwok Kuen, Peter
Chairman

Hong Kong, August 15, 2012

As at the date of this announcement, the Directors of the Company are:
Executive Directors: Dr. LAU Kwok Kuen, Peter and Mr. MAH Chuck On, Bernard;
Non-executive Directors: Mr. CHENG Chi Kong, Adrian and Mr. CHAN Sai Cheong; and
Independent Non-executive Directors: Mr. Barry John BUTTIFANT, Mr. KWONG Ki Chi,
Dr. LEE Peng Fei, Allen and Professor LEUNG Kwok.