
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser and obtain independent professional advice.

This Composite Document does not constitute an offer to the public to sell or an invitation or solicitation to the public of an offer to acquire, purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Composite Document does not constitute a prospectus or a prospectus equivalent document.

If you have sold or transferred all your shares in **Giordano International Limited**, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer or the registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offers contained herein.

CLEAR PROSPER GLOBAL LIMITED **GIORDANO INTERNATIONAL LIMITED**
(Incorporated in the British Virgin Islands with limited liability) *(Incorporated in Bermuda with limited liability)*
(Stock Code: 709)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO VOLUNTARY CONDITIONAL CASH OFFERS BY HALCYON SECURITIES LIMITED FOR AND ON BEHALF OF CLEAR PROSPER GLOBAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY THE OFFEROR AND ITS CONCERT PARTIES) IN AND TO CANCEL ALL OUTSTANDING SHARE OPTIONS (OTHER THAN THOSE HELD BY THE EXCLUDED OPTIONHOLDERS) OF GIORDANO INTERNATIONAL LIMITED

Financial Adviser to the Offeror



Halcyon Capital Limited

**Independent Financial Adviser to
the Independent Board Committee**

ALTUS CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) shall have the same meanings as those defined in the "Definitions" section of this Composite Document. A letter from Halcyon Securities containing, among other things, the details of the terms and conditions of the Offers is set out on pages 13 to 24 of this Composite Document. A letter from the Board is set out on pages 25 to 33 of this Composite Document. A letter from the Independent Board Committee to the Independent Shareholders and the Qualifying Optionholders containing its recommendation in respect of the Offers is set out on pages 34 to 36 of this Composite Document. A letter from Altus Capital, being the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee, the Independent Shareholders and the Qualifying Optionholders in respect of the Offers is set out on pages 37 to 58 of this Composite Document. A report from PricewaterhouseCoopers and a report from Altus Capital in relation to the estimate of the consolidated net profit attributable to Shareholders for the six months ended 30 June 2022 are set out on pages V-1 to V-2 and VI-1 to VI-2 of this Composite Document, respectively.

The procedures for acceptance and settlement of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. The **WHITE** Form of Acceptance of Share Offer should be received by the Registrar and the **PINK** Form of Acceptance of Option Offer should be received by the legal and company secretarial department of the Company by no later than 4:00 p.m. (Hong Kong time) on Monday, 5 September 2022 or such later time and/or date as the Offeror may determine, and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the requirements under the Takeovers Code.

The Independent Shareholders and Qualifying Optionholders should inform themselves of and observe any applicable legal, tax or regulatory requirements set out in the section headed "Important Notices" of this Composite Document. Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the section headed "Overseas Shareholders and Overseas Qualifying Optionholders" in the "Letter from Halcyon Securities" of this Composite Document before taking any action. It is the responsibility of any Overseas Shareholders and/or Overseas Qualifying Optionholders wishing to take any action in relation to the Share Offer and/or the Option Offer, respectively, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas Shareholders and/or Overseas Qualifying Optionholders in respect of the acceptance of the Offers (as applicable) in such jurisdiction. The Overseas Shareholders and Overseas Qualifying Optionholders are advised to seek professional advice on deciding whether to accept the Offers (as applicable).

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://corp.giordano.com.hk/en/announcements.aspx> for as long as the Offers remain open. In case of any inconsistency, the English language text of this Composite Document and the enclosed Forms of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

15 August 2022

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

Event	Hong Kong dates and times
Despatch date of this Composite Document and the accompanying Forms of Acceptance and commencement of the Offers (<i>Note 1</i>)	Monday, 15 August 2022
First Closing Date (<i>Note 2</i>)	Monday, 5 September 2022
Latest time for acceptance of the Offers on the First Closing Date (<i>Note 2</i>)	4:00 p.m. on Monday, 5 September 2022
Announcement of the results of the Offers as at the First Closing Date on the websites of the Stock Exchange and the Company (<i>Note 2</i>)	no later than 7:00 p.m. on Monday, 5 September 2022
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offers on or before the latest time for acceptance of the Offers on the First Closing Date (assuming the Offers become or are declared unconditional on the First Closing Date) (<i>Note 3</i>)	Thursday, 15 September 2022
Final Closing Date of the Offers (assuming the Offers become or are declared unconditional on the First Closing Date) (<i>Note 4</i>)	Monday, 19 September 2022
Latest time and date for acceptance of the Offers on the Final Closing Date (assuming that the Offers become or are declared unconditional on the First Closing Date) (<i>Note 4</i>)	4:00 p.m. on Monday, 19 September 2022
Announcement of the results of the Offers as at the Final Closing Date on the websites of the Stock Exchange and the Company (<i>Note 4</i>)	no later than 7:00 p.m. on Monday, 19 September 2022

EXPECTED TIMETABLE

Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offers on or before 4:00 p.m. on the Final Closing Date, being the latest time and date by which the Offers remain open for acceptances (assuming the Offers become or are declared unconditional on the First Closing Date) (*Note 5*) Wednesday, 28 September 2022

Latest time and date by which the Offers can become, or be declared unconditional (*Note 6*) 7:00 p.m. on Friday, 14 October 2022

Notes:

1. The Offers, which are conditional, are made on Monday, 15 August 2022 (being the date of this Composite Document) and are capable of acceptance on and from that date until the First Closing Date. Acceptances of the Offers shall be irrevocable and are not capable of being withdrawn, except in the circumstances as permitted under the Takeovers Code. Please refer to the paragraph headed “7. Right of Withdrawal” in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.
2. In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least twenty-one (21) days following the date on which this Composite Document was posted. The latest time and date for acceptance of the Offers will be at 4:00 p.m. on Monday, 5 September 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offers, which will state either the next Closing Date or, if the Offers are at that time unconditional as to acceptances, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days’ notice in writing must be given before the Offers are closed to those Independent Shareholders and Qualifying Optionholders who have not accepted the Offers.

Beneficial owners of Shares who hold their Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

All acceptances, instructions, authorisations and undertakings given by the Accepting Shareholders in the **WHITE** Form of Acceptance of Share Offer and by the Accepting Optionholders in the **PINK** Form of Acceptance of Option Offer shall be irrevocable except as permitted under the Takeovers Code. Please refer to the paragraph headed “7. Right of Withdrawal” in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

3. Subject to the Offers becoming unconditional, remittances in respect of the cash consideration (after deducting the seller’s Hong Kong ad valorem stamp duty in respect of the Share Offer) payable for the Offer Shares tendered under the Share Offer will be posted to the Accepting Shareholders by ordinary post at their own risk. Payment of the consideration for the Share Options surrendered for cancellation under the Option Offer will be posted to the Accepting Optionholders by ordinary post at their own risk. Payment will be made as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects and (ii) the date of receipt by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) of the duly completed Form(s) of Acceptance and all other relevant documents to render the acceptance under the Offers complete and valid.

EXPECTED TIMETABLE

4. In accordance with the Takeovers Code, where the Offers become or are declared unconditional, the Offers should remain open for acceptance for not less than fourteen (14) days thereafter. When the Offers become or are declared unconditional in all respects, at least fourteen (14) days' notice in writing must be given before the Offers are closed to those Independent Shareholders and Qualifying Optionholders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement in relation to any extension of the Offers, which will state the next Closing Date or, if the Offers have become or are at that time unconditional, that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice will be given before the Offers are closed to those Independent Shareholders and Qualifying Optionholders who have not accepted the Offers and an announcement will be published.
5. Remittances in respect of the cash consideration (after deducting the seller's Hong Kong ad valorem stamp duty in respect of the Share Offer) payable for the Offer Shares tendered under the Share Offer will be posted to the Accepting Shareholders by ordinary post at their own risk. Payment of the consideration for the Share Options surrendered for cancellation under the Option Offer will be posted to the Accepting Optionholders by ordinary post at their own risk. Payment will be made as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become or are declared unconditional in all respects and (ii) the date of receipt by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) of the duly completed Form(s) of Acceptance and all other relevant documents to render the acceptance under the Offers complete and valid.
6. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. Accordingly, unless the Offers have previously become unconditional as to acceptances, the Offers will lapse after 7:00 p.m. on Friday, 14 October 2022 unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders and Qualifying Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

Unless otherwise expressly stated, all time and date references contained in this Composite Document and the Forms of Acceptance refer to Hong Kong time and dates.

IMPORTANT NOTICES

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF THE OFFERS AND/OR THE LATEST DATE FOR POSTING OF REMITTANCE

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning or “extreme conditions” caused by a super typhoon as announced by the Government of Hong Kong:

1. in force in Hong Kong at any local time before 12:00 noon but no longer in force at and after 12:00 noon on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will remain at 4:00 p.m. on the same Business Day and the posting of the cheques will be made on the same Business Day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances, the latest time for acceptance of the Offers will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve in accordance with the Takeovers Code and the posting of the cheques will be made on the following Business Day which does not have either of those warning in force at any time between 9:00 a.m. and 4:00 p.m..

NOTICE TO OVERSEAS SHAREHOLDERS AND OVERSEAS QUALIFYING OPTIONHOLDERS

The Offers are extended to all Overseas Shareholders and Overseas Qualifying Optionholders regardless of their jurisdictions of residence. The making of the Offers to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be prohibited or affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Overseas Qualifying Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibilities of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities or legal requirements, or the payment of any transfer or other taxes payable by such Overseas Shareholders or Overseas Qualifying Optionholders in respect of such jurisdictions).

IMPORTANT NOTICES

Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Qualifying Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Qualifying Optionholder to the Company, the Offeror, Halcyon Capital and Halcyon Securities and any of their respective ultimate beneficial owners, directors, officers, agents or associates, that all relevant local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Qualifying Optionholders should consult their professional advisers if in doubt.

The Offeror, Concert Parties of the Offeror, the Company, Halcyon Securities, Halcyon Capital, the Independent Financial Adviser, the Registrar, or any of their respective beneficial owners, directors, officers, advisers, associates, agents or any other persons involved in the Offers shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders and the Overseas Qualifying Optionholders for any taxes as such persons may be required to pay. Please see the section headed “Overseas Shareholders and Overseas Qualifying Optionholders” in the “Letter from Halcyon Securities” and the paragraph headed “11. Overseas Shareholders and Overseas Qualifying Optionholders” in Appendix I to this Composite Document.

On the basis that the Excluded Optionholders (being all the Optionholders whose registered addresses as shown on the register of Optionholders kept by the Company as at the Latest Practicable Date were in Kuwait) have given the EO Irrevocable Undertakings, the Offeror has applied for, and the Executive has granted, a waiver so that the Option Offer will not be made to the Excluded Optionholders in Kuwait and this Composite Document and the **PINK** Form of Acceptance of Option Offer will not be despatched to the Excluded Optionholders in Kuwait. For further details of the EO Irrevocable Undertakings, please refer to the section headed “The Option Offer — EO Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document.

NOTICE TO MALAYSIAN HOLDERS OF SHARE OPTIONS

This Composite Document has not been reviewed and approved by the Securities Commission Malaysia (“SC”), and will not be registered as a prospectus under the Capital Markets and Services Act 2007 with the SC or any other regulatory authority in Malaysia. However, a copy of this Composite Document will be deposited with the SC. Accordingly, this Composite Document and any other document or material in connection with the issue, offer for subscription or purchase, invitation to subscribe for or purchase the Offer Shares and/or the Share Options shall not be circulated nor distributed in any manner, nor may the Offer Shares and/or the Share Options be issued, offered for subscription or purchase, or be made the subject of an invitation to subscribe for or purchase, whether directly or indirectly, to any person in Malaysia, other than pursuant to the Offers.

IMPORTANT NOTICES

The SC takes no responsibility for the contents of this Composite Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content in this Composite Document.

NOTICE TO QATARI HOLDERS OF SHARE OPTIONS

Neither the Offeror nor the Company (in respect of which the Share Options form the subject of the Option Offer being made pursuant to this Composite Document) has been registered or licensed by any authority in Qatar. The Offers are being issued on a private-placement basis from outside Qatar and are addressed to selected investors who are willing and able to conduct an independent review of the risks involved in an investment of this nature. The Offers are not being issued to the general public. The terms set out in this Composite Document, and in any other related offering materials, are addressed only to the specifically nominated addressees.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties as well as assumptions. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws and regulations (including the Takeovers Code and/or the Listing Rules).

DEFINITIONS

In this Composite Document, the following expressions shall have the following meanings, unless the context otherwise requires:

“2019 Annual Report”	the annual report of the Company dated 10 March 2020 and published on 16 April 2020
“2020 Annual Report”	the annual report of the Company dated 11 March 2021 and published on 20 April 2021
“2021 Annual Report”	the annual report of the Company dated 10 March 2022 and published on 13 April 2022
“Accepting Optionholder(s)”	the Qualifying Optionholder(s) who accept(s) the Option Offer
“Accepting Shareholder(s)”	the Shareholder(s) who accept(s) the Share Offer
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	the day(s) on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgins Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date stated in this Composite Document as the First Closing Date of the Offers or any subsequent closing date as may be determined and announced by the Offeror and approved by the Executive
“Company”	Giordano International Limited (stock code: 709), a company incorporated in Bermuda with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Composite Document”	this composite offer and response document dated 15 August 2022 and jointly issued by the Offeror and the Company to the Independent Shareholders and the Qualifying Optionholders in respect of the Offers in accordance with the Takeovers Code

DEFINITIONS

“Concert Party(ies)”	in relation to the Offeror, party(ies) acting in concert with the Offeror, as determined in accordance with the Takeovers Code, including but not limited to Sino Wealth and CTFN
“CTFH”	Chow Tai Fook (Holding) Limited, a company incorporated in the BVI with limited liability, which is a substantial shareholder of the Company
“CTFN”	Chow Tai Fook Nominee Limited (周大福代理人有限公司), a company incorporated in Hong Kong with limited liability, which is a subsidiary of CTFH, a substantial shareholder of the Company and a Concert Party of the Offeror
“Director(s)”	the director(s) of the Company
“EO Irrevocable Undertakings”	the irrevocable undertakings dated 10 August 2022 and given by each of the Excluded Optionholders in connection with the Option Offer, details of which are set out in the section headed “The Option Offer — EO Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document
“Excluded Optionholders”	three Optionholders whose registered addresses as shown on the register of Optionholders of the Company as at the Latest Practicable Date were in Kuwait
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of the Executive Director
“Final Closing Date”	the date falling 14 days after the Offers become or are declared unconditional or if the Offers are extended, any subsequent closing date as and may be jointly announced by the Offeror and the Company in accordance with the Takeovers Code and approved by the Executive
“Final Dividend”	the final dividend of the Company for the year ended 31 December 2021 of 10 HK cents per Share, which was approved by the Shareholders at the annual general meeting of the Company held on 20 May 2022 and paid to Shareholders whose names appeared on the register of members of the Company on 2 June 2022

DEFINITIONS

“First Closing Date”	Monday, 5 September 2022, being the first Closing Date of the Offers
“Form(s) of Acceptance”	the WHITE Form of Acceptance of Share Offer and the PINK Form of Acceptance of Option Offer, collectively, each a “Form of Acceptance”
“Group”	the Company and its subsidiaries (from time to time)
“Halcyon Capital”	Halcyon Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offers
“Halcyon Securities”	Halcyon Securities Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, which is the agent of the Offeror who made the Offers for and on behalf of the Offeror
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all independent non-executive Directors, namely, Dr. Barry John BUTTIFANT, Professor WONG Yuk (alias, HUANG Xu) and Dr. Alison Elizabeth LLOYD, which has been established pursuant to the Takeovers Code to give recommendations to the Independent Shareholders and the Qualifying Optionholders in respect of the Offers
“Independent Financial Adviser” or “Altus Capital”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee in relation to the Offers

DEFINITIONS

“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and its Concert Parties
“Investor Participant”	the person admitted to participate in CCASS as investor participants
“Initial Announcement”	the announcement dated 23 June 2022 jointly issued by the Offeror and the Company in relation to the Offers
“Last Trading Day”	7 June 2022, being the last trading day of the Shares on the Stock Exchange prior to the halt of trading in the Shares with effect from 9:00 a.m. on 8 June 2022, pending the release of the Initial Announcement
“Latest Practicable Date”	12 August 2022, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from 23 June 2022 (being the date of the Initial Announcement) and ending on the date on which the Offers close for acceptances
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned by the Offeror and its Concert Parties
“Offeror”	Clear Prosper Global Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of CTFN
“Offers”	collectively, the Share Offer and the Option Offer
“Option Offer”	the voluntary conditional cash offer made by Halcyon Securities for and on behalf of the Offeror to the Qualifying Optionholders to cancel all outstanding Share Options (other than those held by the Excluded Optionholders) pursuant to Rule 13.1 of the Takeovers Code and on the terms and conditions set out in this Composite Document and the PINK Form of Acceptance of Option Offer

DEFINITIONS

“Option Offer Price”	the price per Share Option payable by the Offeror to the Accepting Optionholders being (i) HK\$0.49 for each Share Option with exercise price being HK\$1.39 and (ii) HK\$0.0001 for each Share Option with exercise price being more than the Share Offer Price
“Optionholder(s)”	holder(s) of the Share Option(s)
“Overseas Qualifying Optionholder(s)”	Qualifying Optionholder(s) whose address(es) is/are outside Hong Kong according to the information as shown on the register of Optionholders of the Company
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) is/are outside Hong Kong according to the information as shown on the register of members of the Company
“ PINK Form of Acceptance of Option Offer”	the PINK form of acceptance in respect of the Option Offer accompanying this Composite Document
“Profit Alert Announcement”	the profit alert announcement dated 7 July 2022 published by the Company
“Qualifying Optionholders”	Optionholders other than the Excluded Optionholders
“Registrar”	Tricor Abacus Limited, the Hong Kong branch share registrar of the Company, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing from 23 December 2021, being the date six months preceding 23 June 2022 (being the date of commencement of the Offer Period), up to and including the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Offer”	the voluntary conditional cash offer made by Halcyon Securities for and on behalf of the Offeror to acquire all the Offer Shares at the Share Offer Price in cash from the Independent Shareholders in accordance with the Takeovers Code and on the terms and conditions out in this Composite Document and the WHITE Form of Acceptance of Share Offer
“Share Offer Price”	HK\$1.88 per Offer Share, payable by the Offeror to the Accepting Shareholders
“Share Option(s)”	share option(s) granted by the Company pursuant to the Share Option Scheme, entitling the Optionholder(s) to subscribe for new Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 9 June 2011 and amended on 22 May 2012
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sino Wealth”	Sino Wealth International Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of CTFN, a substantial shareholder of the Company and a Concert Party of the Offeror
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“ WHITE Form of Acceptance of Share Offer”	the WHITE form of acceptance and transfer in respect of the Share Offer accompanying this Composite Document
“%”	per cent.

LETTER FROM HALCYON SECURITIES



Halcyon Securities Limited
11/F, 8 Wyndham Street,
Central, Hong Kong

15 August 2022

To the Independent Shareholders and the Qualifying Optionholders

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
CLEAR PROSPER GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND ITS CONCERT PARTIES) IN AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS (OTHER THAN
THOSE HELD BY THE EXCLUDED OPTIONHOLDERS) OF
GIORDANO INTERNATIONAL LIMITED**

INTRODUCTION

Reference is made to the Initial Announcement in relation to the Offers, pursuant to which it was jointly announced that after trading hours of 7 June 2022, Halcyon Capital, on behalf of the Offeror, informed the Board that the Offeror intends to make voluntary conditional cash offers (i) to acquire all the Offer Shares, being all the Shares in issue other than those Shares already owned by the Offeror and its Concert Parties and (ii) to cancel all the outstanding Share Options.

As at the Latest Practicable Date, the Company had 1,579,828,518 Shares in issue and there were 165,014,000 outstanding Share Options, entitling the Optionholders to subscribe for a total of 165,014,000 new Shares (representing approximately 10.45% of the issued share capital of the Company as at the Latest Practicable Date).

The Offeror and its Concert Parties held in aggregate 388,180,000 Shares, representing approximately 24.57% of the issued share capital of the Company as at the Latest Practicable Date.

This letter forms part of this Composite Document and sets out, among other things, the terms of the Offers, the intention of the Offeror in respect of the Group and certain background information of the Offeror. Further details on the terms of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

LETTER FROM HALCYON SECURITIES

THE SHARE OFFER

Halcyon Securities, on behalf of the Offeror, makes the Share Offer on the following basis:

Share Offer Price for each Offer Share HK\$1.88 in cash

The Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.

The Share Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights then and thereafter becoming attached thereto, including, but not limited to, all rights to any dividend or other distribution in respect of which the record date falls on or after the Closing Date.

The Company has confirmed that as at the Latest Practicable Date, the Company had not declared and did not intend to declare or pay any dividend or make other distributions, the record date of which falls (i) on or after the date of this Composite Document and (ii) on or before the close or lapse of the Offers.

Comparison of value for the Share Offer Price

The Share Offer Price of HK\$1.88 per Offer Share represents:

- (a) a premium of approximately 1.6% over the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on 12 August 2022, being the Latest Practicable Date;
- (b) a premium of approximately 18.2% over the closing price of HK\$1.590 per Share as quoted on the Stock Exchange on 7 June 2022, being the Last Trading Day;
- (c) a premium of approximately 19.7% over the average closing price of HK\$1.570 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 15.7% over the average closing price of HK\$1.625 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 16.8% over the average closing price of approximately HK\$1.610 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day;

LETTER FROM HALCYON SECURITIES

- (f) a premium of approximately 20.4% over the average closing price of approximately HK\$1.562 per Share as quoted on the Stock Exchange for the one hundred and eighty (180) consecutive trading days up to and including the Last Trading Day; and
- (g) a premium of approximately 32.3% over the audited consolidated net asset value of the Group attributable to the Shareholders per Share as at 31 December 2021 of approximately HK\$1.521 (based on a total of 1,578,936,518 Shares in issue as at 31 December 2021 and the audited consolidated net asset value of the Group attributable to the Shareholders of HK\$2,402,000,000 as at 31 December 2021, as disclosed in the 2021 Annual Report), and as adjusted by the Final Dividend.

Highest and lowest Share prices

During the Relevant Period (i.e. from 23 December 2021 to 12 August 2022):

- (a) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.86 per Share on 24 June 2022, 12, 18 and 19 July 2022; and
- (b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$1.44 per Share on 15 March 2022.

THE OPTION OFFER

Halcyon Securities, on behalf of the Offeror, makes the Option Offer on the following basis:

Option Offer Price for cancellation of each Share Option with exercise price being:

- (i) **HK\$1.39** **HK\$0.49 in cash**
- (ii) **HK\$3.792** **HK\$0.0001 in cash**
HK\$4.050
HK\$4.090
HK\$4.180
HK\$4.340
HK\$5.000

If and to the extent that any Qualifying Optionholder does not accept the Option Offer, their relevant Share Options which have not been tendered for acceptance of the Option Offer will remain valid and exercisable in accordance with the respective terms of their grant.

LETTER FROM HALCYON SECURITIES

In compliance with Rule 13 of the Takeovers Code, the Option Offer Price for cancellation of the Share Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Share Option.

For the outstanding Share Options with exercise price being HK\$1.39, which is below the Share Offer Price, and are therefore in-the-money, the Option Offer Price for the cancellation of each such Share Option is set at the “see-through” price of HK\$0.49. For the outstanding Share Options with exercise price more than the Share Offer Price, and are therefore out-of-the-money, the Option Offer Price for the cancellation of each such Share Option is set at a nominal cash amount of HK\$0.0001.

As at the Latest Practicable Date, there were 165,014,000 outstanding Share Options, comprising (i) 68,754,000 Share Options with exercise price being HK\$1.39, and (ii) 96,260,000 Share Options with exercise price more than the Share Offer Price.

The Option Offer is extended to all Qualifying Optionholders in accordance with the Takeovers Code. While the Option Offer is extended to all Qualifying Optionholders who hold Share Options that are vested and subsisting and had not lapsed as of the despatch date of this Composite Document (i.e. 15 August 2022), for the avoidance of doubt, for an acceptance of the Option Offer to be valid, the Share Options (being the subject of the acceptance) must remain vested and subsisting and have not lapsed on the date of receipt of such acceptance by the legal and company secretarial department of the Company (irrespective of the date of submission of such acceptance). For further details of the acceptance of the Offers, please refer to Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Under the terms of the Share Option Scheme, if a general offer (including any takeover) to acquire Shares is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), the Company shall use all reasonable endeavours to procure that such offer is extended to all the holders of the Share Options on the same terms, mutatis mutandis, and assuming that they will become Shareholders by the exercise of the Share Options granted to them, notwithstanding (i) any restrictions or conditions which would otherwise have prevented such Share Options from being exercised at that time (including conditions of vesting) and (ii) the relevant option period has not yet commenced. If such offer (or any revised offer), having been approved in accordance with the applicable laws and regulations, if required, becomes or is declared unconditional, such holder of the Share Options (or his legal personal representative(s)) shall, notwithstanding (i) any restrictions or conditions which would otherwise have prevented such Share Options from being exercised at that time (including conditions of vesting) and (ii) the relevant option period has not yet commenced, be entitled to exercise the Share Option in full (to the extent not already exercised) at any time within the period of six (6) months after the date on which the offer becomes or is declared unconditional or to the extent specified in the exercise notice to exercise such Share Option at any time within the period of six (6) months after the date on which the offer becomes or is declared unconditional. For the avoidance of doubt, a Share Option not so exercised shall remain valid in accordance with its terms and subject to such restrictions as applied to it before the general offer.

LETTER FROM HALCYON SECURITIES

The Share Offer will be extended to any Shares that may be issued as a result of the exercise of the Share Options if such Shares are issued and valid acceptance of the Share Offer in respect of such issued Shares is received on or before the date on which the Share Offer is closed.

EO Irrevocable Undertakings

Each of the Excluded Optionholders (who in aggregate held 310,000 Share Options (entitling them to subscribe for a total of 310,000 new Shares, representing approximately 0.02% of the issued share capital of the Company as at the Latest Practicable Date)) gave the EO Irrevocable Undertaking to the Offeror in connection with the Option Offer. Pursuant to the EO Irrevocable Undertaking, each of the Excluded Optionholders has undertaken to the Offeror that during the period between the date of the EO Irrevocable Undertaking and the earlier of (i) the end of the Offer Period of the Offers; and (ii) the termination of the EO Irrevocable Undertaking in accordance with its terms (both days inclusive), he will not (among other matters):

- (1) exercise any Share Option owned by him; or
- (2) accept the Option Offer in respect of any of the Share Options owned by him.

The EO Irrevocable Undertaking shall terminate if the Offers lapse or are withdrawn in circumstances permitted under the Takeovers Code.

TOTAL VALUE OF THE OFFERS

As at the Latest Practicable Date, the Company had 1,579,828,518 Shares in issue and there were 165,014,000 outstanding Share Options, entitling the Optionholders to subscribe for a total of 165,014,000 new Shares (representing approximately 10.45% of the issued share capital of the Company as at the Latest Practicable Date). The Offeror and its Concert Parties held 388,180,000 Shares, representing approximately 24.57% of the issued share capital of the Company as at the Latest Practicable Date.

Assuming there is no change in the issued share capital of the Company up to the close of the Share Offer, a total of 1,191,648,518 issued Shares (representing the Shares not already owned by the Offeror and its Concert Parties) will be subject to the Share Offer.

LETTER FROM HALCYON SECURITIES

Based on 1,191,648,518 Offer Shares, the Share Offer Price of HK\$1.88 per Offer Share, 164,704,000 outstanding Share Options (excluding the Share Options held by the Excluded Optionholders subject to the EO Irrevocable Undertakings), the Option Offer Price of HK\$0.49 for each Share Option with exercise price being HK\$1.39 (being 68,604,000 Share Options) and the Option Offer Price of HK\$0.0001 for each Share Option with exercise price being more than the Share Offer Price (being 696,100,000 Share Options):

- (a) assuming that no outstanding Share Option is exercised and the Share Offer is accepted in full:
 - (i) the maximum cash consideration payable by the Offeror under the Share Offer would be HK\$2,240,299,213.84; and
 - (ii) the maximum cash consideration payable by the Offeror under the Option Offer (excluding the Share Options held by the Excluded Optionholders subject to the EO Irrevocable Undertakings) would be HK\$ 33,625,570.00.
- (b) assuming that all Share Options (excluding the Share Options held by the Excluded Optionholders subject to the EO Irrevocable Undertakings) are exercised and the Share Offer is accepted in full:
 - (i) the maximum cash consideration payable by the Offeror under the Share Offer would be HK\$ 2,549,942,733.84; and
 - (ii) the total amount to satisfy the cancellation of all Share Options will be nil.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable by the Offeror under the Offers from its own financial resources.

Halcyon Capital, being the financial adviser to the Offeror in relation to the Offers, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration payable upon the full acceptance of the Offers.

CONDITION OF THE OFFERS

The Offers are conditional on the number of Offer Shares in respect of which valid acceptances of the Share Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such other time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned, resulting in the Offeror and its Concert Parties holding in aggregate more than 50% of the voting rights of the Company.

LETTER FROM HALCYON SECURITIES

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the condition to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

The Offers are conditional. If the total number of Offer Shares in respect of which valid acceptances having been received (and not, where permitted, withdrawn) by the Offeror by 4:00 p.m. (Hong Kong time) on the Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned, does not result in the Offeror and its Concert Parties holding in aggregate more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse.

EFFECT OF ACCEPTING THE OFFERS

Subject to the Share Offer becoming unconditional, by validly accepting the Share Offer, the Accepting Shareholder will sell their tendered Offer Shares free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights then and thereafter becoming attached thereto, including, but not limited to, all rights to any dividend or other distribution in respect of which the record date falls on or after the Closing Date.

Subject to the Option Offer becoming unconditional, by validly accepting the Option Offer, the relevant Share Options tendered by the Accepting Optionholder will be cancelled on the Closing Date.

Acceptance of the Share Offer or the Option Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the paragraph headed “7. Right of Withdrawal” in Appendix I to this Composite Document for further information on the circumstances where acceptances may be withdrawn.

SETTLEMENT OF CONSIDERATION

Once the Offers have become, or have been declared, unconditional in all respects, settlement of the consideration in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become, or are declared unconditional in all respects and (ii) the date of receipt by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) of the duly completed Form(s) of Acceptance and all other relevant documents to render the acceptance under the Offers complete and valid.

LETTER FROM HALCYON SECURITIES

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Offers will be rounded up to the nearest cent (after deducting the seller's Hong Kong ad valorem stamp duty (in the case of Share Offer only)).

HONG KONG STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the Accepting Shareholders at a rate of 0.13% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer; or (ii) the market value of the Offer Shares, whichever is higher, and such stamp duty will be deducted from the cash consideration payable by the Offeror to such Accepting Shareholders on acceptance of the Share Offer. Where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar.

The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the Accepting Shareholders and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

RETURN OF DOCUMENTS

If the Offers do not become, or are not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) or option certificates (as applicable) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) will be returned to persons who have accepted the Offers by ordinary post at his/her own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

TAXATION ADVICE

Independent Shareholders and Qualifying Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, its Concert Parties, Halcyon Securities, Halcyon Capital, the Company and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

LETTER FROM HALCYON SECURITIES

OVERSEAS SHAREHOLDERS AND OVERSEAS QUALIFYING OPTIONHOLDERS

Based on the register of Optionholders of the Company as at the Latest Practicable Date, there were three Optionholders (i.e. the Excluded Optionholders) holding 310,000 Share Options (entitling them to subscribe for a total of 310,000 new Shares, representing approximately 0.02% of the issued share capital of the Company as at the Latest Practicable Date), in aggregate, whose registered addresses were in Kuwait. On the basis that the Excluded Optionholders (being all the Optionholders whose registered addresses as shown on the register of Optionholders kept by the Company as at the Latest Practicable Date were in Kuwait) have given the EO Irrevocable Undertakings, the Offeror has applied for, and the Executive has granted, a waiver so that the Option Offer will not be made to the Excluded Optionholders in Kuwait and the Composite Document and the **PINK** Form of Acceptance of Option Offer will not be despatched to the Excluded Optionholders in Kuwait. For further details of the EO Irrevocable Undertakings, please refer to the section headed “The Option Offer — EO Irrevocable Undertakings”.

The Offers are extended to all Overseas Shareholders and Overseas Qualifying Optionholders regardless of their jurisdictions of residence, i.e. excluding the Excluded Optionholders whose registered addresses as shown on the register of Optionholders of the Company as at the Latest Practicable Date were in Kuwait. The making of the Offers to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be prohibited or affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Overseas Qualifying Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, consult their own professional advisers. It is the responsibilities of any such persons who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities or legal requirements, or the payment of any transfer or other taxes payable by such Overseas Shareholders or Overseas Qualifying Optionholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Qualifying Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Qualifying Optionholder to the Company, the Offeror, Halcyon Capital and Halcyon Securities and any of their respective ultimate beneficial owners, directors, officers, agents or associates, that all relevant local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Qualifying Optionholders should consult their professional advisers if in doubt.

LETTER FROM HALCYON SECURITIES

INFORMATION OF THE OFFEROR

As at the Latest Practicable Date and based on information provided by the Offeror, the Offeror is a company incorporated under the laws of the BVI and it is a wholly-owned subsidiary of CTFN, and CTFN is, in turn, a direct wholly-owned subsidiary of CTFH. CTFH is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited, which is in turn owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha, Cecilia and Ms. Doo Cheng Sau Ha, Amy collectively hold a majority interest in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited; and apart from the said four persons, no other person holds 10% or more of the shares in each of Cheng Yu Tung Family (Holdings) Limited or Cheng Yu Tung Family (Holdings II) Limited. The principal activity of the Offeror is investment holding. The directors of the Offeror are Mr. Tsang On Yip, Patrick, Mr. Lee Chi Hin Jacob and Mr. Cheng Chi Him.

Sino Wealth (a wholly-owned subsidiary of CTFN and a Concert Party of the Offeror) held 388,180,000 Shares, representing approximately 24.57% of the issued share capital of the Company as at the Latest Practicable Date.

INFORMATION OF THE GROUP

Details of the information on the Group are set out in Appendix IV titled “General Information of the Group” to this Composite Document.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror to continue with the Group’s existing principal business. In particular, the Offeror has no intention to (i) introduce any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group or to make significant changes to any employment; or (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Following the closing of the Offers, the Offeror intends to work together with the Company’s management to review the structure, operation and business of the Group with a view to enhancing and strengthening its business by, amongst other matters, taking advantage of the extensive network and experience of the Offeror’s group companies and affiliates especially in the retail sector.

THE BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises three executive Directors; namely, Dr. LAU Kwok Kuen, Peter (Chairman and Chief Executive), Dr. CHAN Ka Wai and Mr. Mark Alan LOYND; two non-executive Directors; namely, Dr. CHENG Chi Kong and Mr. CHAN Sai Cheong; and three independent non-executive Directors; namely, Dr. Barry John BUTTIFANT, Professor WONG Yuk (alias, HUANG Xu) and Dr. Alison Elizabeth LLOYD.

As at the Latest Practicable Date, the Offeror has not reached any decision as to the Board composition following the close of the Offers, in particular, the Offeror has not identified any candidate to be nominated as a new Director nor any existing Director to be replaced. Any changes to the composition of the Board will be made in compliance with the requirements of the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

LETTER FROM HALCYON SECURITIES

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares not acquired under the Share Offer after the close of the Offers.

INTENTION OF THE OFFEROR TO MAINTAIN THE LISTING OF THE COMPANY

The Offeror intends to maintain the listing status of the Company on the Main Board of the Stock Exchange following the close of the Offers and does not intend to exercise any rights to compulsorily acquire all the Shares.

Pursuant to the Listing Rules, if upon the close of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float as required under the Listing Rules exists for the Shares following the close of the Offers.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further terms of the Offers, including the procedures for acceptance and settlement and acceptance period of the Offers as set out in Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

GENERAL INFORMATION

Attention of the Overseas Shareholders and the Overseas Qualifying Optionholders is drawn to the paragraph headed “Notice to Overseas Shareholders and Overseas Qualifying Optionholders” in the section headed “Important Notices” contained in this Composite Document and the paragraph headed “11. Overseas Shareholders and Overseas Qualifying Optionholders” in Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document.

All communications, notices, Forms of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and Qualifying Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post (or, if applicable, by email) at their own risk. None of the Offeror, Concert Parties of the Offeror, the Company, Halcyon Securities, Halcyon Capital, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associate or any other person involved in the Offers accepts any responsibility for any loss or delay in transmission or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document and in the accompanying Forms of Acceptance.

LETTER FROM HALCYON SECURITIES

WARNING

The Offers are conditional. If the total number of Offer Shares in respect of which valid acceptances having been received (and not, where permitted, withdrawn) by the Offeror by 4:00 p.m. (Hong Kong time) on the Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned, does not result in the Offeror and its Concert Parties holding in aggregate more than 50% of the voting rights of the Company, the Offers will not become unconditional and will lapse.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors of the Company are in any doubt about their position, they should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers, the Offeror and the Group set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Altus Capital” to the Independent Board Committee in respect of the Offers as contained in this Composite Document.

Yours faithfully,
For and on behalf of
Halcyon Securities Limited
Gilbert Lam
Executive Director

GIORDANO
GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 709)

Executive Directors:

Dr. LAU Kwok Kuen, Peter

(Chairman and Chief Executive)

Dr. CHAN Ka Wai

Mr. Mark Alan LOYND

Registered office:

Clarendon House,
2 Church Street,
Hamilton, Pembroke,
HM11, Bermuda

Non-executive Directors:

Dr. CHENG Chi Kong *S.B.S., J.P.*

Mr. CHAN Sai Cheong

*Principal place of business
in Hong Kong:*

5th Floor,
Tin On Industrial Building,
777-779 Cheung Sha Wan Road,
Kowloon,
Hong Kong

Independent Non-executive Directors:

Dr. Barry John BUTTIFANT

Professor WONG Yuk (alias, HUANG Xu)

Dr. Alison Elizabeth LLOYD

15 August 2022

To the Independent Shareholders and the Qualifying Optionholders:

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
CLEAR PROSPER GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND ITS CONCERT PARTIES) IN AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS (OTHER THAN
THOSE HELD BY THE EXCLUDED OPTIONHOLDERS) OF
GIORDANO INTERNATIONAL LIMITED**

INTRODUCTION

We refer to the Initial Announcement in relation to the Offers, pursuant to which it was jointly announced by the Offeror and the Company that after trading hours of 7 June 2022, Halcyon Capital, on behalf of the Offeror, informed the Board that the Offeror intends to make voluntary conditional cash offers (i) to acquire all the Offer Shares, being all the Shares in issue other than those Shares already owned by the Offeror and its Concert Parties, and (ii) to cancel all the outstanding Share Options.

LETTER FROM THE BOARD

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter from Halcyon Securities containing, among other things, details of the Offers; (iii) a letter from the Independent Board Committee to the Independent Shareholders and the Qualifying Optionholders containing its recommendations in respect of the Offers; (iv) a letter from Altus Capital containing its advice to the Independent Board Committee in relation to the Offers; and (v) a report from PricewaterhouseCoopers and a report from Altus Capital in relation to the estimate of the consolidated net profit attributable to Shareholders for the six months ended 30 June 2022.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all independent non-executive Directors, namely, Dr. Barry John BUTTIFANT, Professor WONG Yuk (alias, HUANG Xu) and Dr. Alison Elizabeth LLOYD has been established by the Company in accordance with Rules 2.1 and 2.8 of the Takeovers Code to give a recommendation to the Independent Shareholders and the Qualifying Optionholders as to whether the terms of the Share Offer and the Option Offer are fair and reasonable and as to the acceptance of the Share Offer and the Option Offer.

Dr. CHENG Chi Kong, a non-executive Director, is also a director of CTFH, and the Offeror is an indirect subsidiary of CTFH. Mr. CHAN Sai Cheong, a non-executive Director, together with Dr. CHENG Chi Kong, is also an executive director of Chow Tai Fook Jewellery Group Limited (whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1929)), which is a subsidiary of Chow Tai Fook Capital Limited, and is therefore a fellow subsidiary of CTFH (the indirect holding company of the Offeror). For such reasons, each of Dr. CHENG Chi Kong and Mr. CHAN Sai Cheong is considered to have material interests in the Offers, and therefore both of them shall not form part of the Independent Board Committee.

The Independent Financial Adviser, Altus Capital, has been appointed to advise the Independent Board Committee in connection with the Offers pursuant to Rule 2.1 of the Takeovers Code and, in particular, as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the Qualifying Optionholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

LETTER FROM THE BOARD

THE OFFERS

As set out in the “Letter from Halcyon Securities” on pages 13 to 24 of this Composite Document, Halcyon Securities, on behalf of the Offeror, makes the Offers on the following basis:

Share Offer Price for each Offer Share HK\$1.88 in cash

Option Offer Price for cancellation of each Share Option (other than Share Options held by Excluded Optionholders) with exercise price being:

- (i) **HK\$1.39 HK\$0.49 in cash**
- (ii) **HK\$3.792 HK\$0.0001 in cash**
HK\$4.050
HK\$4.090
HK\$4.180
HK\$4.340
HK\$5.000

For details of the extension of the Offers to Overseas Shareholders and Overseas Qualifying Optionholders and exclusion of the Excluded Optionholders, please refer to the section headed “Overseas Shareholders and Overseas Qualifying Optionholders” in the “Letter from Halcyon Securities” in this Composite Document.

If and to the extent that any Qualifying Optionholder does not accept the Option Offer, their relevant Share Options which have not been tendered for acceptance of the Option Offer will remain valid and exercisable in accordance with the respective terms of their grant.

As disclosed in the “Letter from Halcyon Securities”, the Offeror will not increase the Share Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and as stated in the “Letter from Halcyon Securities”, the Offeror does not reserve the right to increase the Share Offer Price.

The Directors confirm that as at the Latest Practicable Date, the Company had not declared and did not intend to declare or pay any dividend or make other distributions, the record date of which falls (i) on or after the date of this Composite Document and (ii) on or before the close or lapse of the Offers.

The details of the total value of the Offers are set out in the sections headed “The Share Offer”, “The Option Offer” and “Total Value of the Offers” in the “Letter from Halcyon Securities” in this Composite Document.

LETTER FROM THE BOARD

Further details of the Hong Kong stamp duty in connection with the acceptance of Share Offer are set out in the paragraph headed “9. Hong Kong Stamp Duty” in the Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document. Details of the payment of cash consideration for the acceptance of the Share Offer and the Option Offer are set out in the paragraph headed “3. Settlement of the Offers” in the Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document.

CONDITION OF THE OFFERS

As disclosed in the “Letter from Halcyon Securities”, the Offers are conditional on the number of Offer Shares in respect of which valid acceptances of the Share Offer have been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such other time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned, resulting in the Offeror and its Concert Parties holding in aggregate more than 50% of the voting rights of the Company.

Further details of the Offers including the terms and conditions, the procedures for acceptance and settlement and the acceptance period are set out in the “Letter from Halcyon Securities” and Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure as at the Latest Practicable Date and assuming all of the outstanding Share Options are fully exercised on that date:

Name of Shareholders	As at the Latest Practicable Date		As at the Latest Practicable Date (assuming all of the outstanding Share Options are fully exercised)	
	Number of Shares	Approximate % (Note 4)	Number of Shares	Approximate % (Note 4)
Sino Wealth (Note 1) Offeror	388,180,000	24.57	388,180,000	22.25
	—	—	—	—
<i>Sub-total of the Offeror and its Concert Parties</i>	388,180,000	24.57	388,180,000	22.25
Dr. LAU Kwok Kuen, Peter (Note 2)	27,518,000	1.74	27,518,000	1.58
Dr. CHAN Ka Wai (Note 2, 3)	600,000	0.04	9,300,000	0.53
Mr. Mark Alan LOYND (Note 2, 3)	236,000	0.01	9,300,000	0.53
<i>Sub-total of the Directors</i>	28,354,000	1.79	46,118,000	2.64
Other Optionholders (Note 3)	—	—	147,250,000	8.44
Public Shareholders	1,163,294,518	73.63	1,163,294,518	66.67
<i>Sub-total of public Shareholders</i>	1,163,294,518	73.63	1,310,544,518	75.11
Total	1,579,828,518	100.00	1,744,842,518	100.00

Notes:

- Sino Wealth, which is wholly-owned by CTFN, is a fellow subsidiary of the Offeror. Sino Wealth and CTFN are Concert Parties of the Offeror.
- Each of Dr. LAU Kwok Kuen, Peter, Dr. CHAN Ka Wai and Mr. Mark Alan LOYND is an executive Director, and Dr. LAU Kwok Kuen, Peter is also the chairman and chief executive of the Board.
- As at the Latest Practicable Date, Dr. CHAN Ka Wai, Mr. Mark Alan LOYND and other Optionholders held the following interests in the Share Options granted by the Company pursuant to the Share Option Scheme:

Name of Optionholder	Date of grant	Exercise price	Exercise period	Number of Shares that would be allotted and issued upon exercise of the Share Options
Dr. CHAN Ka Wai	(i) 24 March 2014	HK\$5.000	(a) 4 March 2015 to 23 March 2024	(a) 100,000
			(b) 4 March 2016 to 23 March 2024	(b) 150,000
			(c) 10 March 2017 to 23 March 2024	(c) 200,000
			(d) 9 March 2018 to 23 March 2024	(d) 250,000
			(e) 8 March 2019 to 23 March 2024	(e) 300,000

LETTER FROM THE BOARD

Name of Optionholder	Date of grant	Exercise price	Exercise period	Number of Shares that would be allotted and issued upon exercise of the Share Options
	(ii) 6 January 2017	HK\$4.180	(a) 11 August 2017 to 31 December 2025 (b) 9 March 2018 to 31 December 2025 (c) 10 August 2018 to 31 December 2025	(a) 1,366,000 (b) 1,666,000 (c) 1,668,000
	(iii) 9 September 2020	HK\$1.390	(a) 12 March 2021 to 31 December 2028 (b) 11 August 2021 to 31 December 2028 (c) 11 March 2022 to 31 December 2028	(a) 1,000,000 (b) 1,000,000 (c) 1,000,000
Mr. Mark Alan LOYND	(i) 24 March 2014	HK\$5.000	(a) 4 March 2015 to 23 March 2024 (b) 4 March 2016 to 23 March 2024 (c) 10 March 2017 to 23 March 2024 (d) 9 March 2018 to 23 March 2024 (e) 8 March 2019 to 23 March 2024	(a) 200,000 (b) 300,000 (c) 400,000 (d) 500,000 (e) 600,000
	(ii) 9 April 2015	HK\$3.792	10 March 2017 to 31 March 2025	64,000
	(iii) 6 January 2017	HK\$4.180	(a) 11 August 2017 to 31 December 2025 (b) 9 March 2018 to 31 December 2025 (c) 10 August 2018 to 31 December 2025	(a) 1,332,000 (b) 1,332,000 (c) 1,336,000
	(iv) 9 September 2020	HK\$1.390	(a) 12 March 2021 to 31 December 2028 (b) 11 August 2021 to 31 December 2028 (c) 11 March 2022 to 31 December 2028	(a) 1,000,000 (b) 1,000,000 (c) 1,000,000
Other Optionholders	(i) 24 March 2014	HK\$5.000	(a) 4 March 2015 to 23 March 2024 (b) 4 March 2016 to 23 March 2024 (c) 10 March 2017 to 23 March 2024 (d) 9 March 2018 to 23 March 2024 (e) 8 March 2019 to 23 March 2024	(a) 3,512,000 (b) 5,244,000 (c) 7,046,000 (d) 8,848,000 (e) 10,580,000
	(ii) 9 April 2015	HK\$3.792	(a) 4 March 2016 to 31 March 2025 (b) 10 March 2017 to 31 March 2025	(a) 2,684,000 (b) 3,088,000
	(iii) 10 July 2015	HK\$4.090	(a) 4 March 2016 to 30 June 2025 (b) 10 March 2017 to 30 June 2025	(a) 250,000 (b) 250,000
	(iv) 19 September 2016	HK\$4.340	(a) 10 March 2017 to 30 June 2026 (b) 9 March 2018 to 30 June 2026	(a) 942,000 (b) 946,000
	(v) 6 January 2017	HK\$4.180	(a) 11 August 2017 to 31 December 2025 (b) 9 March 2018 to 31 December 2025 (c) 10 August 2018 to 31 December 2025	(a) 9,766,000 (b) 10,686,000 (c) 12,854,000
	(vi) 9 June 2017	HK\$4.050	(a) 11 August 2017 to 31 December 2025 (b) 9 March 2018 to 31 December 2025 (c) 10 August 2018 to 31 December 2025	(a) 2,592,000 (b) 2,592,000 (c) 2,616,000
	(vii) 9 September 2020	HK\$1.390	(a) 12 March 2021 to 31 December 2028 (b) 11 August 2021 to 31 December 2028 (c) 11 March 2022 to 31 December 2028	(a) 20,620,000 (b) 20,826,000 (c) 21,308,000

4. The percentage figures are subject to rounding and, accordingly, figures shown in totals in the above table may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

PROFIT ALERT ANNOUNCEMENT AND PROFIT FORECAST

As disclosed in the Profit Alert Announcement, based on the preliminary review of the unaudited consolidated management accounts of the Group and the information then available to the Board, the Group expected to record a net profit attributable to Shareholders in the range of HK\$91 million to HK\$101 million for the six months ended 30 June 2022, representing an increase ranging from 52% to 68%, as compared with the net profit attributable to Shareholders of HK\$60 million for the corresponding period in 2021. As disclosed in the Profit Alert Announcement, the significant increase in profit (compared to the six months ended 30 June 2021) was mainly attributable to the continuing improvement in sales since the last quarter of 2021, particularly in the Southeast Asian and the Gulf Cooperation Council markets following the alleviation of movement control measures imposed by governments to contain the spread of the COVID-19 pandemic and the effective cost control measures adopted by the Group.

Pursuant to Rule 10 of the Takeovers Code, the profit alert statements (the “**Profit Alert Statement**”) included in the Profit Alert Announcement constitute profit forecasts of the Company and are required to be reported on by the independent financial adviser and auditor of the Company in accordance with Rule 10.4 of the Takeovers Code.

The estimate of the consolidated net profit attributable to Shareholders for the six months ended 30 June 2022 (the “**Profit Estimate**”) as set out in the Profit Alert Statement has been reported on by PricewaterhouseCoopers, the Company’s auditor and Altus Capital, the Independent Financial Adviser. PricewaterhouseCoopers has reported that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the Profit Alert Statement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2021. Altus Capital is of the opinion that the Profit Alert Statement, for which the Directors are solely responsible, has been made with due care and consideration. Your attention is drawn to the reports issued by PricewaterhouseCoopers and Altus Capital on the Profit Estimate set out in Appendix V and Appendix VI to this Composite Document, respectively.

INFORMATION OF THE GROUP

The Company was incorporated in Bermuda on 3 March, 1995 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company is an investment holding company. The principal business of the Group is the retail and distribution of men’s, women’s and children’s fashion apparel under the brands *Giordano and Giordano Junior*, *Giordano Ladies*, *BSX* as well as other owned and licensed brands.

Financial and general information of the Group is set out in the Appendix II titled “Financial Information of the Group” and Appendix IV titled “General Information of the Group” to this Composite Document.

LETTER FROM THE BOARD

INFORMATION OF THE OFFEROR AND INTENTION OF THE OFFEROR REGARDING THE GROUP

Information of the Offeror is set out in the section headed “Information of the Offeror” in the “Letter from Halcyon Securities” in this Composite Document.

The Board notes the stated intentions of the Offeror in relation to the Group set out in the section headed “Intention of the Offeror in Relation to the Group” in the “Letter from Halcyon Securities” in this Composite Document. It is open to working with the Offeror in reviewing the structure, operation and business of the Group to enhance and strengthen its business.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

For the intention of the Offeror regarding the listing status of the Company on the Main Board of the Stock Exchange following the close of the Offers, you may refer to the section headed “Intention of the Offeror to Maintain the Listing of the Company” in the “Letter from Halcyon Securities” in this Composite Document.

INTENTIONS OF THE DIRECTORS ON THE ACCEPTANCE OF THE OFFERS

As at the Latest Practicable Date, the following three Directors had the following interests in securities of the Company:

Name of Director	Number of Shares held	Number of Share Options held
Dr. Lau Kwok Kuen, Peter	27,518,000	Nil
Dr. Chan Ka Wai	600,000	8,700,000
Mr. Mark Alan Loynd	236,000	9,064,000

LETTER FROM THE BOARD

The above Directors have indicated their intentions with respect to the Offers as follows:

- 1) Dr. Lau Kwok Kuen, Peter does not intend to accept the Share Offer;
- 2) Dr. Chan Ka Wai does not intend to accept the Share Offer or the Option Offer; and
- 3) Mr. Mark Alan Loynd intends to accept the Option Offer in respect of Share Options held by him with an exercise price of HK\$1.39, being a total of 3,000,000 Share Options. He does not intend to accept the Share Offer and/or the Option Offer in respect of Share Options held by him with an exercise price above HK\$1.39, being a total of 6,064,000 Share Options.

RECOMMENDATION AND ADDITIONAL INFORMATION

The recommendation from the Independent Board Committee to the Independent Shareholders and the Qualifying Optionholders in relation to the Offers is set out in the “Letter from the Independent Board Committee” in this Composite Document. The advice from Altus Capital to the Independent Board Committee in relation to the Offers and the principal factors considered by Altus Capital in arriving at its advice are set out in the “Letter from Altus Capital” in this Composite Document.

Additional information is also set out in the appendices to this Composite Document. You are recommended to read carefully Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board of
Giordano International Limited
LAU Kwok Kuen, Peter
Chairman and Chief Executive

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers which was prepared for the purpose of inclusion in this Composite Document.

GIORDANO

GIORDANO INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 709)

15 August 2022

To the Independent Shareholders and the Qualifying Optionholders:

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
CLEAR PROSPER GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND ITS CONCERT PARTIES) IN AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS (OTHER THAN
THOSE HELD BY THE EXCLUDED OPTIONHOLDERS) OF
GIORDANO INTERNATIONAL LIMITED**

INTRODUCTION

We refer to the composite offer and response document dated 15 August 2022 jointly issued by the Company and the Offeror (the “**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as that defined in the Composite Document unless stated otherwise or the context requires otherwise.

We have been constituted by the Board as the Independent Board Committee to consider the terms of the Offers and to make a recommendation as to whether, in our opinion, the terms of the Offers are fair and reasonable insofar as the Independent Shareholders and Qualifying Optionholders are concerned, and to make recommendation in relation to the acceptance or not of the Offers.

Altus Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee in respect of the terms of the Offers and as to acceptance thereof. Details of their advice and recommendations and the principal factors and reasons considered and taken into account by it in arriving at its advice are set out in the “Letter from Altus Capital” at pages 37 to 58 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board” and “Letter from Halcyon Securities” and the additional information set out in the Composite Document.

We, as members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offers and are therefore able to consider the terms of the Offers and make recommendations accordingly to the Independent Shareholders and Qualifying Optionholders.

RECOMMENDATIONS

The Share Offer

Having considered the terms of the Share Offer and the letter of advice and recommendations from the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the terms of the Share Offer are fair and reasonable insofar as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Share Offer.

The Option Offer

Having considered the terms of the Option Offer and the letter of advice and recommendations from the Independent Financial Adviser:

- (i) for those Share Options with exercise price of HK\$1.39 per Share and where the Option Offer Price is the see-through-price of HK\$0.49 per Share Option (the “**See-through Price Share Options**”), we concur with the view of the Independent Financial Adviser and consider that the Option Offer for the Qualifying Optionholders of See-through Price Share Options is fair and reasonable so far as the Qualifying Optionholders of the See-through Price Share Options are concerned. Qualifying Optionholders of the See-through Price Share Options are therefore recommended to accept the Option Offer; and
- (ii) for those Share Options with exercise prices exceeding the Share Offer Price of HK\$1.88 and where the Option Offer Price is a nominal amount of HK\$0.0001 for every Share Option (the “**Nominal Amount Share Options**”), we concur with the view of the Independent Financial Adviser and consider that the Option Offer for the Qualifying Optionholders of Nominal Amount Share Options is not attractive, and we recommend such Qualifying Optionholders not to accept the Option Offer.

However, Independent Shareholders and Qualifying Optionholders of the See-through Price Share Options who are confident and have a positive view on the prospects of the Group, and taking into account the background of the Offeror as detailed in the “Letter from Halcyon Securities” and Appendix III titled “General Information of the Offeror” in the Composite Document, or who wish to receive shareholders’ return in terms of dividends having regard to historical dividend payout record, may consider retaining their Shares or Share Options in full or in part and in the case of the Independent Shareholders and Qualifying Optionholders who exercise their Share Options, continue to be entitled to any future dividends to be distributed by the Company.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Shareholders and Qualifying Optionholders are recommended to read the full text of the “Letter from Altus Capital” set out in the Composite Document.

Notwithstanding our recommendation, the Independent Shareholders and Qualifying Optionholders should consider carefully the terms of the Offers. In any case, the Independent Shareholders and Qualifying Optionholders are reminded that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives.

The Independent Shareholders and Qualifying Optionholders who intend to accept the Offers are also reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and may, having regard to their own circumstances and investment objectives, (i) for Independent Shareholders, consider selling the Shares in the open market instead of accepting the Share Offer if the net proceeds from the sale of such Shares in the open market would be higher than that receivable under the Share Offer; and (ii) for Qualifying Optionholders, consider exercising the Share Options and selling the underlying Shares on the market, instead of accepting the Option Offer, if the net proceeds from selling the underlying Shares on the market from exercising of the Share Options is higher than that receivable under the Option Offer.

The Independent Shareholders and Qualifying Optionholders should closely monitor the business development of the Group and the intentions of the Offeror when there is more information available in this regard. Independent Shareholders and Qualifying Optionholders who exercise their Share Options should bear in mind the potential difficulties they may encounter in disposing large blocks of Shares in the open market without creating downward pressure on the market price of the Shares after the close of the Offers in view of the historical thin liquidity of the Shares.

If in doubt, the Independent Shareholders and Qualifying Optionholders should consult their own professional advisers for professional advice. In addition, Independent Shareholders and Qualifying Optionholders who wish to accept the Offers are recommended to read and consider carefully the procedures for accepting the Offers detailed in Appendix I titled “Further Terms of the Share Offer and the Option Offer and Procedures for Acceptance of the Offers” and the accompanying Forms of Acceptance.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Giordano International Limited

Dr. Barry John BUTTIFANT
Independent
Non-executive Director

Professor WONG Yuk
(alias HUANG Xu)
Independent
Non-executive Director

Dr. Alison Elizabeth LLOYD
Independent
Non-executive Director

LETTER FROM ALTUS CAPITAL

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Share Offer and the Option Offer for the purpose of inclusion in this Composite Document.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central, Hong Kong

15 August 2022

To the Independent Board Committee

Giordano International Limited
5th Floor, Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon, Hong Kong

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFERS BY
HALCYON SECURITIES LIMITED
FOR AND ON BEHALF OF
CLEAR PROSPER GLOBAL LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED
BY THE OFFEROR AND ITS CONCERT PARTIES) IN AND
TO CANCEL ALL OUTSTANDING SHARE OPTIONS (OTHER THAN
THOSE HELD BY THE EXCLUDED OPTIONHOLDERS) OF
GIORDANO INTERNATIONAL LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offers. Our aforesaid appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. Details of the Offers are set out in the “Letter from the Board” contained in this Composite Document dated 15 August 2022, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context requires otherwise.

LETTER FROM ALTUS CAPITAL

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee (comprising all independent non-executive Directors, namely, Dr. Barry John BUTTIFANT, Professor WONG Yuk (alias, HUANG Xu) and Dr. Alison Elizabeth LLOYD, who have no direct or indirect interest in the Offers) has been established by the Company in accordance with Rules 2.1 and 2.8 of the Takeovers Code to give a recommendation to the Independent Shareholders and the Qualifying Optionholders as to whether the terms of the Share Offer and the Option Offer are fair and reasonable and as to the acceptance of the Share Offer and the Option Offer.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser with respect to the Offers, our role is to advise the Independent Board Committee in respect of the Offers and as to whether the terms of the Share Offer and the Option Offer are fair and reasonable and as to acceptance of the Share Offer and the Option Offer pursuant to Rule 2.1 of the Takeovers Code.

We (i) are not associated or connected, financial or otherwise, with the Company or the Offeror, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) save for acting as the independent financial adviser to the independent board committee of i-CABLE COMMUNICATIONS LIMITED (stock code: 1097) (“i-CABLE”) (we understand Dr. Cheng Kar-Shun is one of the controlling shareholders of i-CABLE), have not acted as the financial adviser or independent financial adviser in relation to any transaction of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them in the last two years prior to the date of this Composite Document. Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Offers is at market level and not conditional upon the outcome of the Offers; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them and can act as the Independent Financial Adviser to the Independent Board Committee in respect of the Offers.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Composite Document; and (ii) the annual reports of the Company for the years ended 31 December 2020 and 2021 respectively (the “**2020 Annual Report**” and the “**2021 Annual Report**”).

LETTER FROM ALTUS CAPITAL

We have relied on the statements, information, opinions and representations contained or referred to in this Composite Document and/or provided to us by the Company, the Directors and the management of the Company (collectively the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in this Composite Document and/or provided to us were true, accurate and complete in all material aspects at the time they were made and continued to be so as at the Latest Practicable Date. The Company will notify the Shareholders of any material changes to information contained or referred to in this Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in this Composite Document, and information relating to the Company provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

We have not considered the taxation implications on Shareholders arising from acceptance or non-acceptance of the Offers, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Shareholders as a result of the Offers. In particular, Shareholders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advisers on tax matters.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Share Offer and the Option Offer, we have considered the following principal factors and reasons:

1. Background and financial information of the Group

1.1 Background of the Group

The Group is an international apparel retailer operating the brands of *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX* and other owned and licensed brands through an extensive network spanning over Southeast Asia and Australia, Mainland China, Taiwan, Hong Kong and Macau, and the Gulf Cooperation Council.

LETTER FROM ALTUS CAPITAL

1.2 Historical financial performance of the Group

Set out below is a summary of the audited consolidated financial information of the Group for the financial years ended 31 December 2019 (“FY2019”), 2020 (“FY2020”) and 2021 (“FY2021”) respectively, which has been extracted from the 2020 Annual Report and the 2021 Annual Report.

Extract of consolidated income statement

	FY2019	FY2020	FY2021
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
	(audited)	(audited)	(audited)
Revenue	4,852	3,122	3,380
– Southeast Asia and Australia	1,584	954	1,044
– Mainland China	995	701	766
– Taiwan	587	534	496
– Hong Kong and Macau	772	362	355
– Gulf Cooperation Council	662	387	525
– Wholesale to overseas franchisees	252	184	194
Gross profit	2,846	1,736	1,930
Distribution expense	(2,300)	(1,800)	(1,604)
Profit/(Loss) for the year	289	(108)	223
– attributable to the Shareholders	230	(112)	190

Extract of consolidated balance sheet

	As at 31 December		
	2019	2020	2021
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
	(audited)	(audited)	(audited)
Total assets	5,196	4,383	4,208
– Cash and bank balances	1,259	1,256	1,043
– Right-of-use assets	1,279	822	686
– Inventories	548	434	606
Total liabilities	2,349	1,752	1,645
– Bank loans	265	152	168
– Trade and other payables	692	518	510
– Lease liabilities	1,108	767	637
Total equity (net asset)	2,847	2,631	2,563
– attributable to the Shareholders	2,640	2,470	2,402

LETTER FROM ALTUS CAPITAL

Revenue

The Group recorded a decrease in revenue of approximately 35.7% from approximately HK\$4,852 million in FY2019 to approximately HK\$3,122 million in FY2020. Such decrease was mainly attributable to the COVID-19 pandemic which had severely hurt the global economy and consumer sentiment. For instance, the mandatory lockdowns and stringent social distancing measures shortened business hours intermittently. In terms of geographic regions, revenue derived from all markets decreased in FY2020 as compared to FY2019. In particular, the Group's largest revenue contributor, Southeast Asia and Australia, recorded a drop in revenue by approximately 39.8% from approximately HK\$1,584 million in FY2019 to approximately HK\$954 million in FY2020 as travel restrictions and social distancing measures had practically shut down international tourism in the region. Revenue derived from Mainland China, being the second largest revenue contributor to the Group, recorded a drop in revenue of approximately 29.5% from approximately HK\$995 million in FY2019 to approximately HK\$701 million in FY2020, in line with a reduction in total number of stores from 902 as at 31 December 2019 to 784 as at 31 December 2020. In terms of the Group's sales channels, revenue derived from online platforms grew by approximately 22.1% while the offline business and franchised stores plummeted by approximately 40.5% and 28.8% respectively from FY2019 to FY2020.

In FY2021, the Group recorded improvement in revenue of approximately 8.3% from approximately HK\$3,122 million in FY2020 to approximately HK\$3,380 million in FY2021. Overall, sales growth rebounded in the fourth quarter of FY2021 after the alleviation of the restrictive movement control measures. In terms of geographic regions, the Gulf Cooperation Council contributed the most revenue growth to the Group in FY2021, recording an approximately 35.7% growth from approximately HK\$387 million in FY2020 to approximately HK\$525 million in FY2021. This was attributable to the Group's localised merchandise and marketing programmes which stimulated consumers' buying desire. Revenue generated from the Group's largest regional revenue contributor, Southeast Asia and Australia, increased by approximately 9.4% from approximately HK\$954 million in FY2020 to approximately HK\$1,044 million in FY2021. This was mainly driven by solid performance in the second and fourth quarters despite the region experiencing various lockdown measures in the third quarter. Mainland China recorded revenue growth by approximately 9.3% from approximately HK\$701 million in FY2020 to approximately HK\$766 million in FY2021, the growth momentum of which had been steady in the first three quarters up until the hit from the new wave of the COVID-19 pandemic in Mainland China during the fourth quarter in FY2021. In terms of the Group's sales channels, revenue derived from offline business, online sales and franchised stores all improved by approximately 5.7%, 25.5% and 9.3% respectively.

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Gross profit

In FY2019, FY2020 and FY2021, the Group recorded gross profit of approximately HK\$2,846 million, HK\$1,736 million and HK\$1,930 million, representing gross profit margins of approximately 58.7%, 55.6% and 57.1% respectively. The decrease in gross profit margin from FY2019 to FY2020 was mainly due to channel and market mix changes and price discount offered aiming to lower the inventory balance in FY2020. The Group's gross profit margin then improved in FY2021 mainly attributable to improved average selling prices with fewer discount.

Distribution expense

The Group recorded distribution expense of approximately HK\$2,300 million, HK\$1,800 million and HK\$1,604 million in FY2019, FY2020 and FY2021 respectively. Despite revenue of the Group increased in FY2021, the distribution expense decreased by approximately 10.9% as compared to FY2020 mainly due to the Group's effort in cost rationalisation through rental reduction and closure of non-performing stores.

Profit/(Loss) for the year attributable to the Shareholders

As a result of the above, the Group recorded a loss for the year attributable to the Shareholders of approximately HK\$112 million in FY2020 as compared to a profit for the year attributable to the Shareholders of approximately HK\$230 million in FY2019. This was mainly due to the severe COVID-19 induced revenue drop as abovementioned.

In FY2021, the Group managed to turnaround and recorded a profit for the year attributable to the Shareholders of approximately HK\$190 million. This was mainly due to the improvement in revenue after the alleviation of the restrictive movement control measures and the Group's effort in cost rationalisation as discussed above.

We noted that the Company has published the Profit Alert Announcement on 7 July 2022, indicating the Group expected to record a profit attributable to the Shareholders for the six months ended 30 June 2022 in the range of approximately HK\$91 million to HK\$101 million, representing an increase ranging from approximately 52% to 68% as compared to the profit attributable to the Shareholders of approximately HK\$60 million for the corresponding period in 2021. According to the Profit Alert Announcement, such significant increase in profit for the six months ended 30 June 2022 as compared to the six months ended 30 June 2021 was mainly attributable to the continuing improvement in sales since the last quarter of 2021, particularly in the Southeast Asian and the Gulf Cooperation Council markets following the alleviation of movement control measures imposed by governments to contain the spread of the COVID-19 pandemic and the effective cost control measures adopted by the Group.

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Total assets, total liabilities and equity attributable to the Shareholders

The Group's total assets decreased from approximately HK\$5,196 million as at 31 December 2019 to approximately HK\$4,383 million as at 31 December 2020. Such decrease was mainly due to the reduction in right-of-use assets from approximately HK\$1,279 million as at 31 December 2019 to approximately HK\$822 million as at 31 December 2020 as it depreciated, impaired and disposed certain right-of-use assets, a reflection of the reduction in total number of stores from 2,375 as at 31 December 2019 to 2,185 as at 31 December 2020. To this end, we understand from the Management that such movement conforms to the Group's strategy to continually assess the spread of its store network in order to optimise its coverage with due regard to overall cost structure and profitability. The Group's total assets further decreased to approximately HK\$4,208 million as at 31 December 2021. This was mainly due to (i) the decrease in cash and bank balances from approximately HK\$1,256 million as at 31 December 2020 to approximately HK\$1,043 million as at 31 December 2021, caused by a higher inventory level which was the Group's precaution in view of the supply chain disruptions in FY2021; and (ii) the continued reduction in right-of-use assets to approximately HK\$686 million as at 31 December 2021, which corresponded to the further decrease in total number of stores to 2,056 as at 31 December 2021.

The Group's total liabilities decreased from approximately HK\$2,349 million as at 31 December 2019 to approximately HK\$1,752 million as at 31 December 2020. Such decrease was mainly due to (i) the decrease in lease liabilities from approximately HK\$1,108 million as at 31 December 2019 to approximately HK\$767 million as at 31 December 2020, echoing the decrease in right-of-use assets discussed above; (ii) the decrease in trade and other payables from approximately HK\$692 million as at 31 December 2019 to approximately HK\$518 million as at 31 December 2020, mainly due to the decrease in other payables and accrued expenses; and (iii) the reduction of bank loans from approximately HK\$265 million as at 31 December 2019 to approximately HK\$152 million as at 31 December 2020. The Group's total liabilities further decreased to approximately HK\$1,645 million as at 31 December 2021. This was mainly attributable to the continued reduction in lease liabilities to approximately HK\$637 million as at 31 December 2021 in line with the aforesaid decrease in right-of-use assets.

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Equity attributable to the Shareholders decreased from approximately HK\$2,640 million as at 31 December 2019 to approximately HK\$2,470 million as at 31 December 2020 mainly due to (i) the loss incurred in FY2020 as abovementioned; and (ii) dividend paid during the year. Equity attributable to the Shareholders then decreased slightly to approximately HK\$2,402 million as at 31 December 2021 mainly due to the dividend paid during the year of 2021; while partially offset by the profit recorded in FY2021 as abovementioned.

1.3 Dividends

We understand the Company has adopted a dividend policy that aims to return surplus cash to the Shareholders through dividends and share repurchase. In this regard, the Company has distributed dividends of HK14.6 cents, HK10.0 cents and HK16.5 cents in FY2019, FY2020 and FY2021, representing dividend payout ratios of approximately 100.0%, N/A (as loss making in FY2020) and 137.5% respectively.

We noted that the Company has a consistent dividend payout record (even during the year of loss in FY2020). Considering solely from a perspective of receiving shareholders' return in terms of dividends, Shareholders may consider to retain their Shares in full or in part so as to continue to be entitled to any future dividends to be distributed by the Company. However, Shareholders are strongly recommended to read the entire letter, in particular, the paragraph headed "Recommendations" below, before coming to a decision on whether to accept of the Share Offer.

1.4 Outlook

As advised by the Management, the Group's business was negatively impacted by the protracted COVID-19 pandemic, which devastated the global economy, disrupted the global supply chain and dampened consumer sentiments. The Management expects the business environment in 2022 to remain volatile. As of writing, we noted that the impact from the COVID-19 pandemic still lingered in the retail markets in which the Group has presence. For instance, the lack of clarity surrounding how long or in what form Mainland China's dynamic zero-COVID strategy will persist means outlook of consumption and services activities remain unpredictable. In addition, the recent geopolitical situation such as the conflict between Russia and Ukraine, interest hikes in major economies and the unravelling of the global supply chain caused by COVID-19 continues to cast a cloud of uncertainty on the business environment and by extension consumers' spending desire. To this end, we noted that the International Monetary Fund has published a report "World Economic Outlook" on 19 April 2022 in which the global growth is projected to slow from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023 respectively, a downward adjustment by 0.8% and 0.2% for 2022 and 2023 respectively from that projected in January 2022.

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We noted from the 2021 Annual Report that the Group had in place various viable strategies and plans to mitigate such adversity, including (i) investing in branding and marketing to upgrade the Giordano brands, which enable the Group to increase their prices on new products with higher gross profits as evidenced by the improved gross profit margin in FY2021 as discussed above; (ii) persisting on the franchising strategy to leverage on local knowledge and skills, as well as to balance geo-economical risks. In particular, the Group will continue its franchise expansion in developing countries, mainly in Africa; and (iii) maintaining higher inventory levels than usual times and moving to regional sourcing in view of the supply chain disruption caused by the COVID-19 pandemic. The Group's multi-region presence also acts as natural hedge against regional ebbs.

Overall, we noted that the operating performance of the Group appears to have stabilised. In particular, the Group has managed to turnaround from a loss position in FY2020 to profit-making in FY2021. The trend continued during the six months ended 30 June 2022 compared to the corresponding period in 2021 as noted in the Profit Alert Announcement and as further elaborated in the paragraph headed "1.2 Historical financial performance of the Group" above, but has yet to recover to pre-COVID-19 levels. To this end, we would like to highlight that given the business environment is expected to remain unpredictable in the short term with potentially diverging macro trends in each of the region in which the Group operates, there remains notable risks to the Group's short term outlook and the potential efficacy of its strategies in the capricious climate.

Meanwhile, uncertain macro development and consequences (be it social or economic) of recent epidemiological and geopolitical events, such as deviating strategy towards COVID-19 between Mainland China and the West, inflation stemming from disruption of commodities supply arising from the Russia-Ukraine conflict, realignment of the global supply chain and speculation on stagflation in the medium term, also cloud the visibility of the Group's overall outlook in the medium to longer term. As discussed above, despite the Group's recent financial performance appears to be recovering from the trough of the COVID-19 impact, particularly in Southeast Asia and the Gulf Cooperation Council, it remains uncertain at the moment as to whether the Group can continue achieving improvement and recover to pre-COVID-19 levels.

2. Background information of the Offeror

2.1 The Offeror

The Offeror is a company incorporated under the laws of the BVI and it is a wholly-owned subsidiary of CTFN, and CTFN is, in turn, a direct wholly-owned subsidiary of CTFH. CTFH is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited, which is in turn owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha, Cecilia and Ms. Doo Cheng Sau Ha, Amy collectively hold a majority controlling interests in each of Cheng Yu Tung Family (Holdings) Limited and Cheng Yu Tung Family (Holdings II) Limited; and apart from the said four persons, no other person holds 10% or more of the shares in each of Cheng Yu Tung Family (Holdings) Limited or Cheng Yu Tung Family (Holdings II) Limited. The principal activity of the Offeror is investment holding. The directors of the Offeror are Mr. Tsang On Yip, Patrick, Mr. Lee Chi Hin Jacob and Mr. Cheng Chi Him.

Sino Wealth (a wholly-owned subsidiary of CTFN and a Concert Party of the Offeror) held 388,180,000 Shares, representing approximately 24.57% of the issued share capital of the Company as at the Latest Practicable Date.

2.2 The Offeror's intention in relation to the Company and composition of the Board

It is the intention of the Offeror to continue with the Group's existing principal business. In particular, the Offeror has no intention to (i) introduce any major changes to the existing business and operation of the Group; (ii) discontinue the employment of any employees of the Group or to make significant changes to any employment; or (iii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Following the closing of the Offers, the Offeror intends to work together with the Company's management to review the structure, operation and business of the Group with a view to enhancing and strengthening its business by, amongst other matters, taking advantage of the extensive network and experience of the Offeror's group companies and affiliates especially in the retail sector. As at the Latest Practicable Date, the Offeror has not reached any decision as to the Board composition following the close of the Offers, in particular, the Offeror has not identified any candidate to be nominated as a new Director nor any existing Director to be replaced. Any changes to the composition of the Board will be made in compliance with the requirements of the Takeovers Code and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

2.3 Listing status of the Company and public float

The Offeror intends to maintain the listing status of the Company on the Main Board of the Stock Exchange following the close of the Offers and does not intend to exercise any rights to compulsorily acquire all the Shares. Pursuant to the Listing Rules, if upon the close of the Offers, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained. The directors of the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float as required under the Listing Rules exists for the Shares following the close of the Offers.

Independent Shareholders and Qualifying Optionholders should note that while the Offeror presently has no intention to introduce any major changes to the existing business and operation of the Group, there is no assurance whether such intention may evolve following the abovementioned review of the Group's structure, operation and business and by extension altering the Group's outlook discussed under the paragraph headed "1.4 Outlook" above.

3. The Share Offer Price

To assess the fairness and reasonableness of the Share Offer Price, we have considered the following factors.

3.1 The Share Offer Price comparison

The Share Offer Price of HK\$1.88 per Offer Share represents:

- (a) a premium of approximately 1.6% over the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on 12 August 2022, being the Latest Practicable Date;
- (b) a premium of approximately 18.2% over the closing price of HK\$1.590 per Share as quoted on the Stock Exchange on 7 June 2022, being the Last Trading Day;
- (c) a premium of approximately 19.7% over the average closing price of HK\$1.570 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 15.7% over the average closing price of HK\$1.625 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;

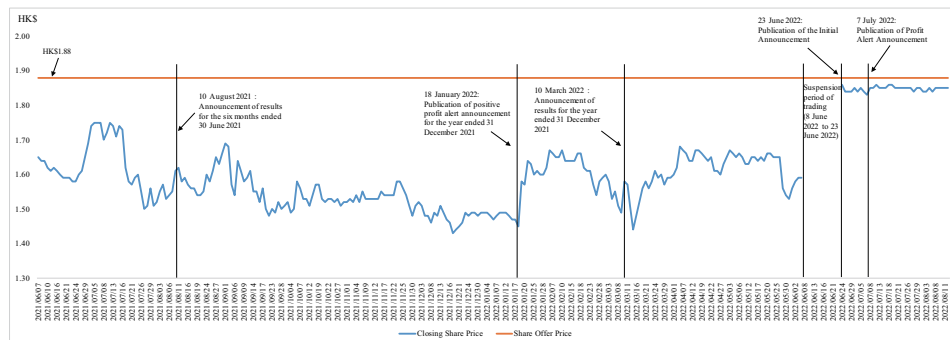
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- (e) a premium of approximately 16.8% over the average closing price of approximately HK\$1.610 per Share as quoted on the Stock Exchange for the ninety (90) consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 20.4% over the average closing price of approximately HK\$1.562 per Share as quoted on the Stock Exchange for the one hundred and eighty (180) consecutive trading days up to and including the Last Trading Day; and
- (g) a premium of approximately 32.3% over the audited consolidated net asset value of the Group attributable to the Shareholders per Share as at 31 December 2021 of approximately HK\$1.521 (based on a total of 1,578,936,518 Shares in issue as at 31 December 2021 and the audited consolidated net asset value of the Group attributable to the Shareholders of HK\$2,402,000,000 as at 31 December 2021, as disclosed in the 2021 Annual Report), and as adjusted by the Final Dividend.

From the above, the Share Offer Price represents a premium over the recent market trading price as well as the Group’s net asset value based on its recent financial report. We have conducted further analysis on the fairness and reasonableness of the Share Offer Price as presented below.

3.2 Historical price performance of the Shares

The chart below illustrates the historical closing prices of the Shares in the past year from 7 June 2021 to the Last Trading Day (“**Pre-Announcement Period**”) and subsequent to that up to the Latest Practicable Date (“**Post-Announcement Period**”) (collectively, the “**Review Period**”). We are of the view that a period of around one year is adequate to illustrate the recent price movements of the Shares, which reflects the prevailing market sentiment, for conducting a reasonable comparison between the closing prices of the Shares and the Share Offer Price.



Source: The website of the Stock Exchange (www.hkex.com.hk)

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During the Review Period, the highest and lowest closing prices of the Shares were HK\$1.86 per Share recorded on 24 June, 12 July, 18 July and 19 July 2022 and HK\$1.43 per Share recorded on 17 December 2021 respectively. The Share Offer Price, being HK\$1.88 per Offer Share, is above the aforesaid range of the closing prices of the Shares. The average daily closing price per Share over the Review Period was approximately HK\$1.61 per Share, and the Share Offer Price represents a premium of approximately 16.8% over such average of closing prices.

As illustrated in the graph above, the Share Offer Price is well above the closing prices of the Shares throughout the Review Period. Between 7 June 2021 and 16 July 2021, closing prices of the Shares had traded between HK\$1.58 per Share and HK\$1.75 per Share and recorded a high of HK\$1.75 per Share on 5 July 2021. However, this did not sustain for long as the Shares closing price declined to HK\$1.50 per Share on 27 July 2021 before the Company's issuance of results announcement for the six months ended 30 June 2021. The Shares closing price thereafter rebounded to HK\$1.69 per Share on 1 September 2021 but since then, started to decrease and reach its lowest at HK\$1.43 per Share on 17 December 2021. Following the Company's issuance of positive profit alert announcement for the year ended 31 December 2021 on 18 January 2022, the Shares closing price ascended immediately and reached a high of HK\$1.67 per Share on 10 February 2022. The Shares closing price then dropped to a low of HK\$1.44 per Share on 15 March 2022 but recovered shortly after and reached HK\$1.58 per Share on 21 March 2022. The closing prices of the Shares then traded between HK\$1.53 per Share and HK\$1.68 per Share from 22 March 2022 to 7 June 2022 before trading in the Shares was halted pending the Initial Announcement. As at the Last Trading Day, the closing price of the Shares was HK\$1.59 per Share.

When trading in the Shares resumed on 24 June 2022, the Shares closing price surged to its highest of HK\$1.86 per Share, which is at similar level to the Share Offer Price. Thereafter, the Shares closing price remained relatively stable and closed at HK\$1.85 per Share as at the Latest Practicable Date.

Considering the fact that the Share Offer Price is above the closing prices of the Shares throughout the Review Period and represents a premium of approximately 16.8% to the average daily closing price per Share over the Review Period, we are of the view that the Share Offer Price is fair and reasonable from the point of view of the historical trading prices of the Shares.

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Shareholders should note that the information set out above is not an indication of the future performance of the Shares and that the price of the Shares may increase or decrease during the period between the Latest Practicable Date and the close of the Offers.

3.3 Comparable analysis

In assessing the fairness and reasonableness of the Share Offer Price, we have also considered the valuation of the Group based on such price. We have performed analysis on the price-to-earnings ratio (the “**P/E Ratio(s)**”), being a common parameter in assessing a company’s value, of companies which are listed on the Main Board and are engaged in similar business of the Group for comparison purpose (“**Comparables**”). We have set the following selection criteria for the purpose of identifying Comparables:

- (i) the shares of which are listed on the Main Board of the Stock Exchange and of comparable size to the Company with closing market capitalisation as at the Last Trading Day of between HK\$1.0 billion and HK\$5.0 billion (the Company’s implied market capitalisation based on the Share Offer Price is approximately HK\$3.0 billion; while the closing market capitalisation on the Last Trading Day was approximately HK\$2.5 billion);
- (ii) over 80% of revenue is derived from the apparel business with owned or licensed brand(s); and
- (iii) profit making in their most recent full financial year.

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Based on the above criteria, we have identified five Comparables. Cognisant that there exists no company which can be of exactly the same business model, scale of operation, trading prospect, target markets, product mix and capital structure as the Company and we have not conducted any in-depth investigation into the business and operations of the Comparables save for the aforesaid selection criteria, we nevertheless believe the Comparables selected are appropriate to serve as a benchmark reference for our comparable analysis purpose, which reflects the prevailing market sentiment towards this business sector. Based on the research we conducted, the Comparables are exhaustive based on the selection criteria set out above and would serve as a fair and representative sample for the purpose of drawing a meaningful comparison to the Share Offer Price. Our relevant findings are summarised in the following table:

Stock code	Company name	Principal businesses	Market capitalisation ⁽¹⁾ <i>(HK\$ billion)</i>	Net profit ⁽²⁾ <i>(HK\$ million)</i>	P/E Ratio ⁽³⁾ <i>(times)</i>	Return on net tangible assets ⁽⁴⁾ <i>(%)</i>
1234	China Lilang Limited	The company is principally engaged in the manufacturing and sale of branded menswear and related accessories in China. The company designs, sources and manufactures business and casual apparels for men and sells them under the core brand of LILANZ and sub-brand of L2.	4.6	571.1	8.4	12.8
330	Esprit Holdings Limited	The company is principally engaged in the apparel business. Its main businesses include the retailing, wholesales, distribution and licensing of garment and non-apparel products under the brands Esprit and edc. Its products include apparel for men, women and kids, as well as shoes, among others.	4.2	381.0	11.1	11.2
3306	JNBY Design Limited	The company is a designer brand fashion house in China. The company is engaged in designing, promoting and selling fashion apparel, footwear and accessories for women, men, children and teenagers. The company's brand portfolio includes five brands, namely JNBY, CROQUIS, jnby by JNBY, less and Pomme de terre.	3.9	789.6	5.2	38.1

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Stock code	Company name	Principal businesses	Market capitalisation ⁽¹⁾ <i>(HK\$ billion)</i>	Net profit ⁽²⁾ <i>(HK\$ million)</i>	P/E Ratio ⁽³⁾ <i>(times)</i>	Return on net tangible assets ⁽⁴⁾ <i>(%)</i>
533	Goldlion Holdings Limited	The company is principally engaged in the apparel business. The company operates its business through three segments. The apparel in China and Hong Kong segment is engaged in the distribution and manufacture of garments, leather goods and accessories and licensing of brand names in China. The apparel in Singapore segment is engaged in the distribution and manufacture of garments, leather goods and accessories in Singapore and Malaysia. The property investment and development segment is engaged in the investment in and development of properties in China, Hong Kong and Singapore.	1.2	221.0	5.6	4.8
2030	Cabbeen Fashion Limited	The company is principally engaged in the wholesaling, consignment and retailing of branded menswear and related accessories in China. Its brands include Cabbeen, Cabbeen Urban, Cabbeen Love and 2AM.	0.9	200.3	4.8	12.0
				Maximum	11.1	38.1
				Minimum	4.8	4.8
				Mean	7.1	15.8
				Median	5.6	12.0
709	The Company		3.0 ⁽⁵⁾	190.0	15.6 ⁽⁵⁾	10.2

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

- (1) Calculated based on the closing share price and number of Shares in issue as at the Latest Practicable Date sourced from the website of the Stock Exchange.

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- (2) The net profit attributable to shareholders of the Comparables are extracted from their respective latest published annual reports prior to the Latest Practicable Date. Where applicable, for illustrative purpose, RMB has been translated into HK\$ with exchange rates of RMB1 to HK\$1.16 respectively as quoted from The Hong Kong Association of Banks as at the Latest Practicable Date.
- (3) P/E Ratios of the Comparables are calculated based on their respective market capitalisation as at the Latest Practicable Date (calculated based on their respective closing prices multiplied by the total number of issued shares as at the Latest Practicable Date), divided by the net profit attributable to shareholders extracted from their respective latest published annual reports prior to the Latest Practicable Date. Where applicable, for illustrative purpose, RMB has been translated into HK\$ with exchange rates of RMB1 to HK\$1.16 respectively as quoted from The Hong Kong Association of Banks as at the Latest Practicable Date.
- (4) Return on net tangible assets of the Comparables and the Company are calculated based on their respective net profit attributable to shareholders divided by their respective net tangible assets (calculated based on their respective net asset values attributable to shareholders minus the intangible assets) extracted from their respective latest published annual reports prior to the Latest Practicable Date.
- (5) The implied market capitalisation and P/E Ratio of the Company are calculated based on the Share Offer Price.

As shown in the table above, the valuation of the Company based on the implied market capitalisation arrived at using the Share Offer Price translates into an implied P/E Ratio of approximately 15.6 times. This is above the P/E Ratio range of the Comparables of approximately 4.8 times to 11.1 times and well above the Comparables' P/E Ratio mean and median of approximately 7.1 times and 5.6 times respectively.

To supplement the above, we also considered the profit generating capability of the Comparables and the Group by making reference to the return on net tangible assets. Given that all Comparables, like the Company, are not heavily geared, we believe the return on net tangible assets (having adjusted for intangible assets, the value of which is subject to higher degree of judgement) is a suitable measure for this comparison purpose. As shown in the above table, the Group's return on net tangible assets, being approximately 10.2%, falls below both the mean (15.8%) and the median (12.0%) of the Comparables, implying the Group is less efficient in profit creation and by extension increasing shareholder value compared to market peers. Despite this, we noted that the implied P/E Ratio of the Company (arrived at using the Share Offer Price) is above the P/E Ratios of the Comparables (i.e. values the Group higher than the Comparables), substantiating the implied P/E Ratio of the Company as a fair and reasonable valuation.

Based on the above, from the perspective of market comparable analysis, we are of the view that the Share Offer Price is fair and reasonable.

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4. Trading liquidity of the Shares

We have conducted a review on the trading liquidity of the Shares and set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to the total number of issued Shares and Shares held by the public during the Review Period.

Month	Average daily trading volume (number of Shares)	Average daily trading volume as a percentage to the total number of issued Shares ⁽¹⁾	Average daily trading volume as a percentage to the total number of issued Shares held by public Shareholders ⁽²⁾
June 2021 (starting from 7 June)	2,154,500	0.14%	0.19%
July 2021	1,839,807	0.12%	0.16%
August 2021	1,606,369	0.10%	0.14%
September 2021	1,180,112	0.07%	0.10%
October 2021	953,779	0.06%	0.08%
November 2021	692,130	0.04%	0.06%
December 2021	462,361	0.03%	0.04%
January 2022	733,155	0.05%	0.06%
February 2022	636,824	0.04%	0.05%
March 2022	1,336,652	0.08%	0.11%
April 2022	890,556	0.06%	0.08%
May 2022	761,541	0.05%	0.07%
June 2022 ⁽³⁾	8,871,360	0.56%	0.76%
July 2022	2,706,222	0.17%	0.23%
August 2022 (up to the Latest Practicable Date)	2,496,252	0.16%	0.21%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

- (1) Based on the total number of issued Shares as at each month end.
- (2) Based on the total number of issued Shares held by the public Shareholders as at the Latest Practicable Date.
- (3) The suspension period of trading (from 8 June 2022 to 23 June 2022) is excluded for the calculation of the average daily trading volume of the Shares.

As illustrated in the above table, the percentage of average daily trading volume to the total number of issued Shares ranged from approximately 0.03% to 0.56%. When compared to the total number of Shares held by public Shareholders, the percentage ranged from approximately 0.04% to 0.76%. The average daily trading volume of the Shares during the Review Period was approximately 1,512,836 Shares, representing approximately 0.10% of the total number of issued Shares and approximately 0.13% of the total number of Shares held by public Shareholders as at the Latest Practicable Date.

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The statistics in the above table show that the trading volume of the Shares had been relatively thin during the Review Period, in particular, the average daily trading volume as a percentage of the total number of Shares held by public Shareholders ranged from approximately 0.04% to 0.19% from June 2021 to May 2022. We noted that the liquidity of the Shares improved only after the Initial Announcement, in which the average daily trading volume as a percentage of the total number of Shares held by public Shareholders was close to 0.8% in June 2022, indicating that, without the Share Offer, or a possibility of one, the Shares were generally illiquid in the open market.

In view of the above, the Share Offer (subject to it becoming unconditional) provides an opportunity for Independent Shareholders to realise their investment in the Company for cash at the fixed Share Offer Price regardless of the number of Shares they hold without exerting downward pressure on the market price of the Shares.

5. The Option Offer

As at the Latest Practicable Date, there were 165,014,000 outstanding Share Options, entitling the Optionholders to subscribe for a total of 165,014,000 new Shares (representing approximately 10.45% of the issued share capital of the Company as at the Latest Practicable Date. Halcyon Securities will make, on behalf of the Offeror, an appropriate offer to the Qualifying Optionholders to cancel all the outstanding Share Options (other than those held by the Excluded Optionholders) pursuant to Rule 13.1 of the Takeovers Code. Set out below are the details of the Option Offer.

Option Offer Price for cancellation of each Share Option with exercise price being:

- | | | |
|------|---|--------------------|
| (i) | HK\$1.39 | HK\$0.49 in cash |
| (ii) | more than the Share Offer Price,
being HK\$3.792, HK\$4.05, HK\$4.09, HK\$4.18,
HK\$4.34 and HK\$5.00 | HK\$0.0001 in cash |

We noted that the Option Offer Price has been calculated in compliance with Rule 13 of the Takeovers Code where the Option Offer Price for cancellation of the Share Options represents the “see-through” price, which is the difference between the Share Offer Price and the exercise price for each Share Option.

Based on the Share Offer Price of HK\$1.88 per Offer Share, Share Options with exercise price of HK\$1.39 per Share were offered a see-through price of HK\$0.49 per Share Option (the “**See-through Price Share Options**”), being the Share Offer Price minus the aforesaid exercise price; while the remaining Share Options with exercise prices exceeding the Share Offer Price were offered a nominal amount of HK\$0.0001 for every Share Option (the “**Nominal Amount Share Options**”).

As the see-through price was based on the Share Offer Price of HK\$1.88 per Offer Share, which was offered to all Independent Shareholders, we are of the view that the see-through basis is fair and reasonable. Further, as we consider the Share Offer Price to be fair and reasonable as further elaborated below, the see-through price (which is based on the Share Offer Price) is also considered fair and reasonable so far as the Qualifying Optionholders of the See-through Price Share Options are concerned. Qualifying Optionholders of the See-through Price Share Options are recommended to accept the Option Offer.

LETTER FROM ALTUS CAPITAL

Meanwhile, holders of the Nominal Amount Share Options can only receive an aggregate amount of HK\$9,610 for accepting the Option Offer (the “**Acceptance Consideration**”). Although all of the Nominal Amount Share Options are currently out-of-money (having exercise prices higher than the Share Offer Price), given any unexercised Share Options will remain valid as detailed in the paragraph headed “The Offers” in the “Letter from the Board” of this Composite Document, the Qualifying Optionholders could hold the Nominal Amount Share Options for the possibility of gain if the Share price rises beyond the exercise prices in the future. Considering the Acceptance Consideration is nominal while the Nominal Amount Share Options carry time value of potential gain in the future, we consider the Option Offer for the Nominal Amount Share Options is not attractive to the Qualifying Optionholders of the Nominal Amount Share Options, we recommend such Qualifying Optionholders not to accept the Option Offer.

RECOMMENDATIONS

In summary, having considered the following principal factors and reasons:

- (i) while the Group managed to turnaround from a loss position in FY2020 to profit-making in FY2021 and continue to improve during the six months ended 30 June 2022 compared to the corresponding period in 2021 as noted in the Profit Alert Announcement with strategies and plans in place to mitigate the adversity caused by COVID-19 on its business, the short term business environment, affected by the economic consequences of simultaneous epidemiological and geopolitical crisis, will remain volatile, which also cloud the visibility of the Group’s outlook in the medium to longer term;
- (ii) the Share Offer Price is well above the closing prices of the Shares throughout the Review Period and represents a premium of approximately 16.8% over the average of closing prices of the Shares during the Review Period;
- (iii) the Share Offer Price represents a premium of approximately 32.3% over the audited consolidated net asset value of the Group attributable to the Shareholders per Share as at 31 December 2021, and as adjusted by the Final Dividend;
- (iv) the trading volume of the Shares had been relatively thin during the Review Period and the Share Offer (subject to it becoming unconditional) provides an opportunity for Independent Shareholders to realise their investment in the Company for cash at the fixed Share Offer Price regardless of the number of Shares they hold without exerting downward pressure on the market price of the Shares; and
- (v) from the perspective of market comparable analysis, the implied P/E Ratio of the Company calculated based on the Share Offer Price is above the P/E Ratio range of the Comparables and well above the mean and median P/E Ratios of the Comparables,

LETTER FROM ALTUS CAPITAL

Despite the Company's dividend policy and consistent historical dividend payout (even during the year of loss in FY2020), which may be attractive for Shareholders seeking returns in the form of dividends, we consider that the terms of the Share Offer are fair and reasonable and accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer.

For the Option Offer, as the Share Offer Price and the see-through basis are considered to be fair and reasonable, the Option Offer is fair and reasonable so far as the Qualifying Optionholders of the See-through Price Share Options are concerned. For the Qualifying Optionholders of the Nominal Amount Share Options, instead of accepting the nominal Acceptance Consideration of HK\$9,610, it makes sense for the Qualifying Optionholders of the Nominal Amount Share Options to preserve their opportunities to capture the potential gain in the event of an increase in the Share price beyond the exercise prices in the future. Accordingly, we are of the view that the Option Offer is not attractive to the Qualifying Optionholders of the Nominal Amount Share Options. Accordingly, we recommend the Independent Board Committee to advise (i) the Qualifying Optionholders of the See-through Price Share Options to accept the Option Offer; and (ii) the Qualifying Optionholders of the Nominal Amount Share Options not to accept the Option Offer.

The Independent Shareholders and Qualifying Optionholders who intend to accept the Offers are reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period for acceptance and should, having regard to their own circumstances and investment objectives, (i) for Independent Shareholders, consider selling the Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Share Offer; and (ii) for Qualifying Optionholders, consider exercising the Share Options and selling the underlying Shares on the market, instead of accepting the Option Offer, if the net proceeds from selling the underlying Shares on the market from exercising of the Share Options is higher than that receivable under the Option Offer.

LETTER FROM ALTUS CAPITAL

For Independent Shareholders and Qualifying Optionholders of the See-through Price Share Options who are confident and have a positive view on the prospects of the Group, and taking into account the background of the Offeror as detailed in this Composite Document, or who wish to receive shareholders' return in terms of dividends having regard to historical dividend payout record, they may consider to retain their Shares or Share Options in full or in part and, in the case of the Independent Shareholders and Qualifying Optionholders who exercise their Share Options, continue to be entitled to any future dividends to be distributed by the Company. The Independent Shareholders and Qualifying Optionholders should closely monitor the business development of the Group and the intentions of the Offeror when there is more information available in this regard. We would also like to remind the Independent Shareholders and Qualifying Optionholders who exercise their Share Options of the potential difficulties they may encounter in disposing large blocks of Shares in the open market without creating downward pressure on the market price of the Shares after the close of the Offers in view of the historical thin liquidity of the Shares. The Independent Shareholders and Qualifying Optionholders are strongly advised that the decision to realise or to continue to hold their investments in the Shares or Share Options is subject to individual circumstances and investment objectives. As different Independent Shareholders and Qualifying Optionholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Independent Shareholders or Qualifying Optionholders who may require individualised advice in relation to any aspect of the Offers, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and behalf of
Altus Capital Limited

Arnold Ip
Executive Director

Charlotte Khoo
Executive Director

Mr. Arnold Ip (“Mr. Ip”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Ip has over 30 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

Ms. Charlotte Khoo (“Ms. Khoo”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has over 10 years of experience in corporate finance and advisory in Hong Kong, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser and independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. PROCEDURES FOR ACCEPTANCE OF THE SHARE OFFER

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance of Share Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer. You should insert the total number of Shares for which the Share Offer is accepted. If no number is inserted in the box titled “Number of Shares to be transferred” or the number inserted is greater than the number of Shares held by you or is greater or smaller than the number of Shares represented by the certificate for Shares tendered for acceptance of the Share Offer and you have signed the form, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Share Offer. Your Shares sold to the Offeror by way of acceptance of the Share Offer will be registered under the name of the Offeror or its nominee.

By signing and returning the **WHITE** Form of Acceptance of Share Offer, you warrant to the Offeror, Halcyon Capital, Halcyon Securities, the Company, parties acting in concert with any of them and/or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers that you have not taken or omitted to take any action which will or may result in the Offeror, the Company, Halcyon Capital, Halcyon Securities, parties acting in concert with any of them and/or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers acting in breach of the legal or regulatory requirements of any territory in connection with the Share Offer or your acceptance thereof.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed **WHITE** Form of Acceptance of Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand, to the Registrar, in an envelope marked “**Giordano International Limited — Share Offer**”, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine, and the Offeror and the Company may jointly announce with the consent of the Executive.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own and you wish to accept the Share Offer in full or in part, you must either:

- (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver in an envelope marked “**Giordano International Limited — Share Offer**” the duly completed and signed **WHITE** Form of Acceptance of Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Share Offer to the Registrar; or
- (b) arrange for the Shares to be registered in your name by the Company, through the Registrar, and send in an envelope marked “**Giordano International Limited — Share Offer**” the duly completed and signed **WHITE** Form of Acceptance of Share Offer together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
- (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees. In order to meet the deadline set by HKSCC Nominees, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (d) if your Shares have been lodged with your Investor Participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System before the deadline set by HKSCC Nominees.

If the number of Share(s) shown in the share certificate is not wholly accepted by you, new share certificate representing the Number of Share(s) to be transferred shown in the **WHITE** Form of Acceptance of Share Offer must be applied for.

If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Acceptance of Share Offer should nevertheless be duly completed and signed and delivered in an envelope marked “**Giordano International Limited — Share Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificates and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter.

If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares, you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not received your share certificate(s) and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Acceptance of Share Offer and deliver it in an envelope marked “**Giordano International Limited — Share Offer**” to the Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable authority to the Halcyon Capital, Halcyon Securities and/or Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it/they were delivered to the Registrar with the **WHITE** Form of Acceptance of Share Offer.

An acceptance of the Share Offer may not be counted as valid unless:

- (a) it is received by the Registrar on or before 4:00 p.m. on the Closing Date or such time and/or date as the Offeror may determine, and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code, and the Registrar has recorded that such acceptance and any relevant documents required under paragraph (b) below have been so received; and
- (b) the **WHITE** Form of Acceptance of Share Offer is duly completed and signed and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraphs of this paragraph (b)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the **WHITE** Form of Acceptance of Share Offer is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

No acknowledgment of receipt of any **WHITE** Form of Acceptance of Share Offer, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

If the Offers do not become, or are not declared, unconditional as to acceptances on the Closing Date, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Accepting Shareholders by ordinary post at their own risk as soon as possible but in any event within ten (10) days after the Share Offer has lapsed.

2. PROCEDURES FOR ACCEPTANCE OF THE OPTION OFFER

To accept the Option Offer, you should complete and sign the accompanying **PINK** Form of Acceptance of Option Offer in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offer. You should insert the total number of Share Options for which the Option Offer is accepted. If no number is inserted in the box titled “Number of Share Options to be cancelled” or a number of Share Options inserted is greater or smaller than your registered holding of Share Options or those Share Options tendered for acceptance of the Option Offer and you have signed the form, the form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the legal and company secretarial department of the Company on or before the latest time for acceptance of the Option Offer.

While the Option Offer is extended to all Qualifying Optionholders who hold Share Options that are vested and subsisting and has not lapsed as of the despatch date of this Composite Document (i.e. 15 August 2022), for an acceptance of the Option Offer to be valid, the Share Options (being the subject of the acceptance) must remain vested and subsisting and have not lapsed on the date of receipt of such acceptance by the legal and company secretarial department of the Company (irrespective of the date of submission of such acceptance).

The duly completed and signed **PINK** Form of Acceptance of Option Offer should be forwarded, together with (a) the relevant option certificate(s) (if applicable) and/or satisfactory indemnity or indemnities required in respect thereof for the whole or in respect of part of your holding of Share Options or if applicable, for not less than the number of Share Options in respect of which you intend to accept the Option Offer and (b) a copy of the Qualifying Optionholder’s personal identification document (i.e. identity card or passport), (i) by post or by hand in an envelope marked “**Giordano International Limited — Option Offer**” to the legal and company secretarial department of the Company or; (ii) by email captioned “**Giordano International Limited — Option Offer**”, attaching a scanned copy of all of the aforesaid documents, sent to the email address of the legal and company secretarial department of the Company at optionoffer2022@giordano.com from (a) (in the case of the Qualifying Optionholders which are employees of the Group) the employee’s email address maintained with the Group under his/her own name or (b) (in the case of other Qualifying Optionholders) their customary email address used for conducting business with the Group as soon as possible and in any event so as to reach the legal and company secretarial department of the Company or its designated email address by not later than 4:00 p.m. on the Closing Date, or such later time(s) and/or date(s) as may be determined by the Offeror, and jointly announced by the Offeror and the Company in compliance with the Takeovers Code and approved by the Executive. To be valid, the **PINK** Form of Acceptance of Option Offer and all of the aforesaid documents must be received by the legal and company secretarial department of the Company (by post, by hand or by email) by such prescribed time.

If the option certificate(s) (if applicable) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Option Offer, the **PINK** Form of Acceptance of Option Offer should nevertheless be completed and delivered to the legal and company secretarial department of the Company together with a letter stating that you have lost one or more of your option certificate(s) (if applicable) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the legal and company secretarial department of the Company as soon as possible thereafter. If you have lost your option certificate(s) (if applicable), you should also write to (by post, by hand or by email) the legal and company secretarial department of the Company requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the legal and company secretarial department of the Company. Irrespective of whether option certificates are returned to the Company for cancellation, if the Offers become or are declared unconditional, all option certificates in respect of the Share Options for which valid acceptances have been received from the relevant Accepting Optionholders shall be deemed cancelled with effect from the Closing Date.

No stamp duty will be deducted from the amount paid or payable to the Accepting Optionholders.

If the Offers do not become or are not declared unconditional as to acceptances on the Closing Date, the Offeror shall, at the Accepting Optionholders' own risk as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the **PINK** Form of Acceptance of Option Offer to the relevant Accepting Optionholders.

No acknowledgment of receipt of any **PINK** Form of Acceptance of Option Offer, option certificate(s) (if applicable) and/or other relevant documents will be given.

3. SETTLEMENT OF THE OFFERS

Once the Offers have become or have been declared unconditional in all respects, the amount due to an Accepting Shareholder (after deducting the seller's Hong Kong *ad valorem* stamp duty in respect of acceptances of the Share Offer) or Accepting Optionholder will be posted, by a Hong Kong dollar cheque issued by a licensed bank in Hong Kong, to the relevant Accepting Shareholder or Accepting Optionholder by ordinary post at his/her/its own risk as soon as possible, but in any event within seven (7) Business Days following the later of (i) the date on which the Offers become, or are declared unconditional in all respects and (ii) the date of receipt by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) of the duly completed Form(s) of Acceptance and all other relevant documents to render the acceptance under the Offers complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Offers will be rounded up to the nearest cent (after deducting the seller's Hong Kong *ad valorem* stamp duty (in the case of Share Offer only)).

Independent Shareholders and Qualifying Optionholders are recommended to consult their professional advisers if they are in doubt as to the above procedures.

4. ACCEPTANCE PERIOD AND REVISIONS

Pursuant to Rule 15.1 of the Takeovers Code, the Offers must remain open for acceptance for at least twenty-one (21) days following the date on which this Composite Document is posted. Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the Forms of Acceptance must be received by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

If the Offers are extended or revised, the announcement of such extension or revision will state the next Closing Date or, if the Offers have become unconditional, a statement that the Offers will remain open until further notice. In the latter case, pursuant to Rule 15.3 of the Takeovers Code, the Offers will remain open for acceptance for not less than fourteen (14) days thereafter.

If, in the course of the Offers, the Offeror revises the terms of the Offers, all Independent Shareholders and Qualifying Optionholders, whether or not they have already accepted the Offers will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

5. ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state the following:

- (a) the total number of Offer Shares and Share Options and rights over the Offer Shares and Share Options for which acceptances of the Offers have been received;
- (b) the total number of Shares and Share Options and rights over the Shares and Share Options held, controlled or directed by the Offeror and its Concert Parties before the Offer Period;
- (c) the total number of Shares and Share Options and rights over the Shares and Share Options acquired or agreed to be acquired during the Offer Period by the Offeror and its Concert Parties; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or its Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the relevant classes of issued share capital of the Company and percentages of voting rights represented by these numbers of Shares and Share Options.

In computing the total number of Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the requirements set out in this Appendix I, and which have been received by the Registrar (as regards the Share Offer) or the legal and company secretarial department of the Company (as regards the Option Offer) no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances sent to Shareholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to Shareholders at their addresses specified on the relevant Shareholder's **WHITE** Form of Acceptance of Share Offer. None of the Offeror, the Company, Halcyon Capital, Halcyon Securities, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

7. RIGHT OF WITHDRAWAL

The Offers are conditional upon fulfilment of the condition set out in the section headed "Condition of the Offers" in the "Letter from Halcyon Securities" in this Composite Document. Acceptance of the Offers tendered by Independent Shareholders and Qualifying Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offers shall be entitled to withdraw his/her acceptance after twenty one (21) days from the First Closing Date (being Monday, 5 September 2022) and if the Offers have not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw his/her acceptance by lodging a notice in writing signed by the acceptor (or his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar (in the case of Share Offer) or the legal and company secretarial department of the Company (in the case of Option Offer).

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers set out in paragraph 5 of this Appendix I, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when any Independent Shareholder(s) and Qualifying Optionholder(s) withdraw their acceptance(s), the Offeror shall, at the own risk of the respective Independent Shareholder(s) and Qualifying Optionholder(s), as soon as possible but in any event within ten (10) days thereof, return by ordinary post the relevant share certificate(s), option certificate(s) (if applicable) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders and Qualifying Optionholders.

8. EFFECT OF ACCEPTING THE OFFERS

Acceptance of the Share Offer and the Option Offer by Independent Shareholders and Qualifying Optionholders, respectively, will be deemed to constitute a warranty by such person(s) to the Offeror, the Company, Halcyon Capital, Halcyon Securities and/or any of their respective ultimate beneficial owners, directors, officers, agents or associates that such Shares and Share Options, respectively, acquired under the respective Offers as sold or tendered by the Accepting Shareholders or Accepting Optionholders are fully paid and free from all encumbrances, together with all rights attached thereto on or after the Closing Date, including the right to receive in full all dividends and other distributions declared, if any, the record date of which falls on or after the Closing Date.

Acceptance of the Option Offer by the Qualifying Optionholders will result in the cancellation of the relevant outstanding Share Options, together with all rights attaching thereto.

9. HONG KONG STAMP DUTY

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptance of the Share Offer will be payable by the Accepting Shareholders at a rate of 0.13% of (i) the consideration payable by the Offeror in respect of the relevant acceptance of the Share Offer; or (ii) the market value of the Offer Shares, whichever is higher, and such stamp duty will be deducted from the cash consideration payable by the Offeror to such Accepting Shareholders on acceptance of the Share Offer. Where the amount of stamp duty is a fraction of a dollar, the stamp duty will be rounded up to the nearest dollar.

The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the Accepting Shareholders and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

10. TAX ADVICE

Independent Shareholders and Qualifying Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, its Concert Parties, Halcyon Securities, Halcyon Capital, the Company and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

11. OVERSEAS SHAREHOLDERS AND OVERSEAS QUALIFYING OPTIONHOLDERS

Based on the register of Optionholders of the Company as at the Latest Practicable Date, there were three Optionholders (i.e. the Excluded Optionholders) holding 310,000 Share Options (entitling them to subscribe for a total of 310,000 new Shares, representing approximately 0.02% of the issued share capital of the Company as at the Latest Practicable Date), in aggregate, whose registered addresses were in Kuwait. On the basis that the Excluded Optionholders (being all the Optionholders whose registered addresses as shown on the register of Optionholders kept by the Company as at the Latest Practicable Date were in Kuwait) have given the EO Irrevocable Undertakings, the Offeror has applied for, and the Executive has granted, a waiver so that the Option Offer will not be made to the Excluded Optionholder in Kuwait and the Composite Document and the **PINK** Form of Acceptance of Option Offer will not be despatched to the Excluded Optionholders in Kuwait. For further details of the EO Irrevocable Undertakings, please refer to the section headed “The Option Offer — EO Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document.

The Offers are extended to all Overseas Shareholders and Overseas Qualifying Optionholders regardless of their jurisdictions of residence, i.e. excluding the Excluded Optionholders whose registered addresses as shown on the register of Optionholders of the Company as at the Latest Practicable Date were in Kuwait. The making of the Offers to any Overseas Shareholders and Overseas Qualifying Optionholders may be prohibited or affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders and Overseas Qualifying Optionholders, who are citizens, residents or nationals of a jurisdiction outside Hong Kong, should satisfy themselves as to the observance of any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Qualifying Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection therewith (including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities or legal requirements, or the payment of any transfer or other taxes payable by such Overseas Shareholders or Overseas Qualifying Optionholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Qualifying Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Qualifying Optionholder to the Company, the Offeror, Halcyon Capital and Halcyon Securities and any of their respective ultimate beneficial owners, directors, officers, agents or associates, that all relevant local laws and requirements have been complied with. The Overseas Shareholders and the Overseas Qualifying Optionholders should consult their professional advisers if in doubt.

12. GENERAL

- (a) All communications, notices, the Forms of Acceptance, share certificates, option certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders and Qualifying Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Company, Halcyon Capital, Halcyon Securities, the Independent Financial Adviser, the Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents, associates or any other person involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Forms of Acceptance form part of the terms of the relevant Offers.
- (c) Due execution of the Form(s) of Acceptance will constitute an irrevocable authority to the Offeror, Halcyon Capital and/or Halcyon Securities (or any of their respective ultimate beneficial owners, directors, officers, agents or associates) to complete, amend and execute any document on behalf of the Accepting Shareholder or Accepting Optionholder and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Offer Shares or cancelling the Share Options in respect of which such person has accepted the Offers.
- (d) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (e) The Offers and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong.

- (f) The settlement of the consideration to which any Accepting Shareholder or Accepting Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Accepting Shareholder or Accepting Optionholder.
- (g) Any Accepting Shareholders or Accepting Optionholders will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.
- (h) In making their decision, Independent Shareholders and Qualifying Optionholders must rely on their own examination of the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal, business, financial or investment advice on the part of the Offeror, the Company, Halcyon Capital, Halcyon Securities or their respective professional advisers. The Independent Shareholders and Qualifying Optionholders should consult their own professional advisers for professional advice. For the avoidance of doubt, the making of the Offers by Halcyon Securities to the Overseas Shareholders and Overseas Qualifying Optionholders on behalf of the Offeror is not a representation that Halcyon Securities is licensed to carry on the business of a securities dealer or broker, investment adviser or any equivalent regulated activity in their respective jurisdictions as may be required under the relevant local laws and regulations.
- (i) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension and/or revision thereof.
- (j) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offers in Hong Kong, including the Takeovers Code, and the operating rules of the Stock Exchange.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following table is a summary of certain audited consolidated financial information of the Group for the three financial years ended 31 December 2019, 2020 and 2021 as disclosed in the 2020 Annual Report and the 2021 Annual Report.

<i>(In HK\$ million, except earnings (loss) per share)</i>	For the year ended 31 December		
	2021 (audited)	2020 (audited)	2019 (audited)
REVENUE	3,380	3,122	4,852
Cost of sales	<u>(1,450)</u>	<u>(1,386)</u>	<u>(2,006)</u>
GROSS PROFIT	1,930	1,736	2,846
Other income and other gains, net	118	183	83
Distribution expense	(1,604)	(1,800)	(2,300)
Administrative expense	(181)	(224)	(232)
Finance expense	(29)	(41)	(55)
Share of profit of joint ventures	<u>41</u>	<u>39</u>	<u>63</u>
PROFIT (LOSS) BEFORE INCOME TAXES	275	(107)	405
Income taxes	<u>(52)</u>	<u>(1)</u>	<u>(116)</u>
PROFIT (LOSS) FOR THE YEAR	<u><u>223</u></u>	<u><u>(108)</u></u>	<u><u>289</u></u>
Attributable to:			
Shareholders of the Company	190	(112)	230
Non-controlling interests	<u>33</u>	<u>4</u>	<u>59</u>
	<u><u>223</u></u>	<u><u>108</u></u>	<u><u>289</u></u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u><u>193</u></u>	<u><u>(84)</u></u>	<u><u>282</u></u>

<i>(In HK\$ million, except earnings (loss) per share)</i>	For the year ended 31 December		
	2021 (audited)	2020 (audited)	2019 (audited)
Attributable to:			
Shareholders of the Company	161	(83)	217
Non-controlling interests	32	(1)	65
	<u>193</u>	<u>(84)</u>	<u>282</u>
Earnings (loss) per share attributable to Shareholders of the Company			
Basic and diluted (<i>HK cents</i>)	<u>12.0</u>	<u>(7.1)</u>	<u>14.6</u>
Amount of Dividends distributed to the Shareholders	<u>212</u>	<u>118</u>	<u>421</u>
Dividend per Share (<i>HK\$ cents</i>)	<u>16.50</u>	<u>10.00</u>	<u>14.60</u>

Save as disclosed above, there is no other income or expense which are material to the Group for each of the three financial years ended 31 December 2019, 2020 and 2021. There has been no change in the Group's accounting policies which would result in the figures in its consolidated financial statements being not comparable to a material extent.

The consolidated financial statements of the Group for the three financial years ended 31 December 2019, 2020 and 2021 were audited by PricewaterhouseCoopers. No qualified or modified opinion, emphasis of matter or material uncertainty related to going concern was given by PricewaterhouseCoopers in respect of the Group's audited consolidated financial statements for each of the three financial years ended 31 December 2019, 2020 and 2021.

2. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in its last published audited accounts, and its significant accounting policies together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Group for the year ended 31 December 2021 are set out on pages 69 to 159 of the 2021 Annual Report, which is posted on the websites of the Stock Exchange and the Company and is accessible via the following link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041300419.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2020 are set out on pages 71 to 162 of the 2020 Annual Report, which is posted on the websites of the Stock Exchange and the Company and is accessible via the following link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042000497.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out on pages 73 to 164 of the 2019 Annual Report, which is posted on the websites of the Stock Exchange and the Company and is accessible via the following link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0416/2020041600435.pdf>

The abovementioned audited consolidated financial statements of the Group for the three financial years ended 31 December 2019, 2020 and 2021 (including the notes thereto but not any other part of the 2019 Annual Report, the 2020 Annual Report and the 2021 Annual Report in which they respectively appear) are incorporated by reference into this Composite Document and form part hereof.

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 May 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

Borrowings

The Group had unsecured bank borrowings of HK\$45 million which were repayable on demand and were guaranteed by the Company.

Contingent liabilities and guarantees

The Group had contingent liabilities of HK\$9 million in relation to bank guarantees given in lieu of deposits for property rental and utilities.

Save as aforesaid and apart from intra-group liabilities, normal trade payables in the ordinary course of business and lease liabilities in relation to the Group's offices, leasehold land, warehouses and retail stores, as at the close of business on 31 May 2022, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances or acceptances credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

4. MATERIAL CHANGE

Save and except for the following, there has been no material change in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

1. The Group's bank loans as at 30 June 2022 has reduced by over 50% as compared to the balance recorded as at 31 December 2021, primarily due to the repayment of bank loans in line with the Group's plans to reduce interest expense as disclosed in the 2021 Annual Report.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror and CTFH jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Group, the Directors or parties acting in concert with the Company), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held, owned or controlled by the Offeror, its directors and its Concert Parties are as follows:

Name of Shareholder	Capacity	Number of Shares held/ interested in	Approximate percentage of the total number of issued Shares
Sino Wealth (<i>Note</i>)	Beneficial owner	388,180,000	24.57%
CTFN (<i>Note</i>)	Interest of controlled corporation	388,180,000	24.57%
CTFH (<i>Note</i>)	Interest of controlled corporation	388,180,000	24.57%
Chow Tai Fook Capital Limited (<i>Note</i>)	Interest of controlled corporation	388,180,000	24.57%
Cheng Yu Tung Family (Holdings II) Limited (<i>Note</i>)	Interest of controlled corporation	388,180,000	24.57%
Cheng Yu Tung Family (Holdings) Limited (<i>Note</i>)	Interest of controlled corporation	388,180,000	24.57%

Note: Sino Wealth is a wholly-owned by CTFN, and CTFN is, in turn, a direct wholly-owned subsidiary of CTFH. CTFH is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited, which is in turn owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited. Accordingly each of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, CTFH and CTFN is deemed to have an interest in the Shares held by Sino Wealth.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

The Offeror confirms that, none of the Offeror, its directors or its Concert Parties has dealt in any Shares, options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares during the Relevant Period.

The Offeror confirms that, save as disclosed the section headed “Introduction” in the “Letter from Halcyon Securities” in this Composite Document, as at the Latest Practicable Date:

- (a) other than the interests of the Offeror, its directors and its Concert Parties as disclosed in the paragraph headed “2. Disclosure of interests of the Offeror” in this appendix, none of the Offeror, its directors or its Concert Parties holds, owns or has control or direction over any securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (b) save for the EO Irrevocable Undertakings as disclosed in the section headed “The Option Offer — EO Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document, none of the Offeror or its Concert Parties has received any irrevocable commitment(s) to accept or reject the Share Offer or the Option Offer. The EO Irrevocable Undertakings were given by the Excluded Optionholders, namely, Mr. Mohamed Yusuf Mohamed Yacoob, Mr. Mohamed Thabrez and Mr. Mumtaj Mudheen Haja. As at the Latest Practicable Date, none of the Excluded Optionholders hold any shares in the Offeror. Save for the EO Irrevocable Undertakings and save as disclosed below, none of the Excluded Optionholders has dealt for value in any Shares, Share Options or any other options, warrants, derivatives or securities convertible into Shares or other derivatives in respect of securities in the Company during the Relevant Period;

Optionholders	Number of Share Options held	Exercise price	Exercise Period
Mr. Mohamed Yusuf Mohamed Yacoob	150,000	HK\$1.390	(i) 50,000 Share Options: 12 March 2021 to 31 December 2028
			(ii) 50,000 Share Options: 11 August 2021 to 31 December 2028
			(iii) 50,000 Share Options: 11 March 2022 to 31 December 2028
	100,000	HK\$4.180	(i) 32,000 Share Options: 11 August 2017 to 31 December 2025
			(ii) 32,000 Share Options: 9 March 2018 to 31 December 2025
			(iii) 36,000 Share Options: 10 August 2018 to 31 December 2025

Optionholders	Number of Share Options held	Exercise price	Exercise Period
Mr. Mohamed Thabrez	30,000	HK\$3.792	(i) 14,000 Share Options: 4 March 2016 to 31 March 2025 (ii) 16,000 Share Options: 10 March 2017 to 31 March 2025
Mr. Mumtaj Mudheen Haja	30,000	HK\$3.792	(i) 14,000 Share Options: 4 March 2016 to 31 March 2025 (ii) 16,000 Share Options: 10 March 2017 to 31 March 2025

- (c) there is no outstanding derivative in respect of the securities in the Company which has been entered into by any the Offeror or its Concert Parties;
- (d) save for the EO Irrevocable Undertakings as disclosed in the section headed “The Option Offer — EO Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Share Offer or the Option Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (e) there is no agreement or arrangement to which the Offeror or its Concert Parties is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Offer or the Option Offer;
- (f) none of the Offeror or its Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) save for the EO Irrevocable Undertakings as disclosed in the section headed “The Option Offer — EO Irrevocable Undertakings” in the “Letter from Halcyon Securities” of this Composite Document, there is no agreement, arrangement or understanding (including any compensation arrangement) exists between the Offeror or any of its Concert Parties and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Share Offer or the Option Offer;
- (h) there is no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Share Offer or the Option Offer being transferred, charged or pledged to any other persons;
- (i) no benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Share Offer or the Option Offer; and
- (j) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholders and any of the Offeror and/or its Concert Parties.

4. EXPERTS AND CONSENTS

The followings are the names and the qualifications of the professional advisers to the Offeror whose letter, opinion or advice are contained or referred to in this Composite Document:

Name	Qualifications
Halcyon Capital	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Halcyon Securities	a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO

Each of Halcyon Capital and Halcyon Securities has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter/report, and/or references to its name in the form and context in which it appears.

5. MISCELLANEOUS

- (a) The Offeror is Clear Prosper Global Limited and is an investment holding company incorporated in the BVI and a direct wholly-owned subsidiary of CTFN, and CTFN is, in turn, a direct wholly-owned subsidiary of CTFH. CTFH is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited, which is in turn owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% by Cheng Yu Tung Family (Holdings II) Limited.
- (b) The principal members of the Offeror's concert group (as defined in the Takeovers Code) are the Offeror, Sino Wealth, CTFN, CTFH, Chow Tai Fook Capital Limited, Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha Cecilia and Ms. Doo Cheng Sau Ha Amy.
- (c) The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (d) The correspondence address of the Offeror is at 32/F, New World Tower, 18 Queen's Road Central, Hong Kong.
- (e) The directors of the Offeror are Mr. TSANG On Yip, Patrick, Mr. LEE Chi Hin Jacob and Mr. CHENG Chi Him.
- (f) The registered office of Sino Wealth is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

- (g) The correspondence address of Sino Wealth is at 38/F, New World Tower, 16–18 Queen’s Road Central, Hong Kong.
- (h) The directors of Sino Wealth are Cheng Yu Wai and Cheng Kam Biu Wilson.
- (i) The registered address of CTFH is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (j) The correspondence address of CTFH is at 38/F, New World Tower, 16–18 Queen’s Road Central, Hong Kong.
- (k) The directors of CTFH are Dr. CHENG Kar Shun, Mr. CHENG Kar Shing, Ms. SUN CHENG Lai Ha Cecilia, Ms. DOO CHENG Sau Ha Amy, Mr. CHENG Chi Heng, Dr. CHENG Chi Kong, Mr. TSANG On Yip Patrick, Mr. CHENG Yu Wai, Mr. CHENG Sek Hung Timothy and Mr. CHAN Allan Sau Kit.
- (l) The registered address and correspondence address of CTFN is at 38/F, New World Tower, 16 – 18 Queen’s Road Central, Hong Kong.
- (m) The directors of CTFN are Dr. CHENG Kar Shun, Mr. CHENG Kam Biu, Wilson and Mr. CHENG Yu Wai.
- (n) The registered address of Chow Tai Fook Capital Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (o) The correspondence address of Chow Tai Fook Capital Limited is at 38/F, New World Tower, 16 – 18 Queen’s Road Central, Hong Kong.
- (p) The directors of Chow Tai Fook Capital Limited are Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha Cecilia and Ms. Doo Cheng Sau Ha Amy.
- (q) The registered address of Cheng Yu Tung Family (Holdings) Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (r) The correspondence address of Cheng Yu Tung Family (Holdings) Limited is at 38/F, New World Tower, 16 – 18 Queen’s Road Central, Hong Kong.
- (s) The directors of Cheng Yu Tung Family (Holdings) Limited are Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha Cecilia and Ms. Doo Cheng Sau Ha Amy.
- (t) The registered address of Cheng Yu Tung Family (Holdings II) Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

- (u) The correspondence address of Cheng Yu Tung Family (Holdings II) Limited is at 38/F, New World Tower, 16 – 18 Queen’s Road Central, Hong Kong.
- (v) The directors of Cheng Yu Tung Family (Holdings II) Limited are Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha Cecilia and Ms. Doo Cheng Sau Ha Amy.
- (w) The correspondence address of each of Dr. Cheng Kar Shun, Mr. Cheng Kar Shing, Ms. Sun Cheng Lai Ha Cecilia and Ms. Doo Cheng Sau Ha Amy are at 38/F, New World Tower, 16 – 18 Queen’s Road Central, Hong Kong.
- (x) The registered office and correspondence address of each of Halcyon Capital and Halcyon Securities are at 11/F, 8 Wyndham Street, Central, Hong Kong.
- (y) In the event of inconsistency, the English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over the Chinese text.

6. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the SFC (<http://www.sfc.hk>); (ii) on the website of the Company <http://corp.giordano.com.hk/en/announcements.aspx>; (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazette public holidays in Hong Kong)) at the principal place of business of the Company at 5th Floor, Tin On Industrial Building, 777–779 Cheung Sha Wan Road, Kowloon, Hong Kong, from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Halcyon Securities, the text of which is set out on pages 13 to 24 of this Composite Document;
- (c) the written consents referred to under the paragraph headed “4. Experts and Consents” in this appendix; and
- (d) the EO Irrevocable Undertakings.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and its Concert Parties), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised share capital:</i>	<i>HK\$</i>
2,000,000,000 ordinary shares of HK\$0.05 each	100,000,000
<i>Issued and fully paid share capital:</i>	
1,579,828,518 ordinary shares of HK\$0.05 each	78,991,425.90

All of the Shares currently in issue are fully paid up and rank *pari passu* in all respects with each other, including all rights in respect of return of capital, dividends and voting. The issued Shares are listed on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on, any other stock exchange.

Since 31 December 2021 (being the date on which the latest audited consolidated financial statements of the Company were prepared) and up to the Latest Practicable Date, 892,000 Shares have been issued by the Company.

As at the Latest Practicable Date, the outstanding number of Share Options was 165,014,000. If all such Options were exercised, a total of 165,014,000 Shares would be issued. Details of the Share Options held by the Optionholders are set out in note 3 to the table in the section headed “Shareholding Structure of the Company” in the “Letter from the Board” in this Composite Document.

Save as disclosed in the table in the section headed “Shareholding Structure of the Company” in the “Letter from the Board” in this Composite Document, the Company did not have any outstanding options, derivatives, warrants or relevant securities which were convertible or exchangeable into Shares or rights affecting the Shares as at the Latest Practicable Date.

3. MARKET PRICES

The table below sets out the closing prices of the Shares quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 December 2021	1.49
31 January 2022	1.62
28 February 2022	1.58
31 March 2022	1.59
29 April 2022	1.65
31 May 2022	1.53
7 June 2022 (being the Last Trading Day)	1.59
30 June 2022	1.85
29 July 2022	1.85
12 August 2022 (being the Latest Practicable Date)	1.85

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.86 per Share on 24 June 2022, 12, 18 and 19 July 2022 and HK\$1.44 on 15 March 2022, respectively.

4. DISCLOSURE OF INTERESTS

(i) Directors

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective associates (within the meaning of the Listing Rules) nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed under the Takeovers Code:

Name of Director	Capacity/ Nature of interest	Number of Shares held	Derivative interests (Share Options) <i>(Note 2)</i>	Total	Approximate percentage of shareholding in the Company's issued share capital <i>(Note 1)</i>
Dr. Lau Kwok Kuen, Peter	Beneficial owner	27,518,000	Nil	27,518,000	1.74%
Dr. Chan Ka Wai	Beneficial owner	600,000	8,700,000	9,300,000	0.59%
Mr. Mark Alan Loynd	Beneficial owner	236,000	9,064,000	9,300,000	0.59%

Notes:

- The shareholding percentage was calculated based on the 1,579,828,518 Shares in issue as at the Latest Practicable Date.
- Details of the Share Options held by the Directors are set out in note 3 to the table in the section headed "Shareholding Structure of the Company" in the "Letter from the Board" in this Composite Document.

(ii) Substantial Shareholders

Save as disclosed below, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no person (other than the Directors or chief executive of the Company) who had, or were deemed or taken to have, an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital:

Name	Number of Shares held/ interested	Capacity	Approximate percentage of shareholding (%) (Note 1)
Sino Wealth International Limited (Note 2)	388,180,000	Beneficial owner	24.57
CTFN (Note 2)	388,180,000	Interest of a controlled corporation	24.57
CTFH (Note 2)	388,180,000	Interest of a controlled corporation	24.57
Chow Tai Fook Capital Limited (Note 2)	388,180,000	Interest of a controlled corporation	24.57
Cheng Yu Tung Family (Holdings) Limited (Note 2)	388,180,000	Interest of a controlled corporation	24.57
Cheng Yu Tung Family (Holdings II) Limited (Note 2)	388,180,000	Interest of a controlled corporation	24.57
Mr. David Michael Webb	79,102,000	Beneficial owner (33,482,800 Shares)	5.01
		Interest of a controlled corporation (45,619,200 Shares)	

Notes:

1. The percentage shareholding is based on the 1,579,828,518 Shares in issue as at the Latest Practicable Date.
2. As at the Latest Practicable Date, the 388,180,000 Shares are beneficially owned by Sino Wealth, which is a direct wholly-owned subsidiary of CTFN, and CTFN is, in turn, a direct wholly-owned subsidiary of CTFH. CTFH is an approximately 81.03%-owned subsidiary of Chow Tai Fook Capital Limited, which is in turn owned as to approximately 48.98% by Cheng Yu Tung Family (Holdings) Limited and approximately 46.65% Cheng Yu Tung Family (Holdings II) Limited. Therefore, each of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, CTFH and CTFN is deemed to be interested in the 388,180,000 Shares held by Sino Wealth pursuant to Part XV of the SFO.

5. SHAREHOLDINGS

As at the Latest Practicable Date:

- (i) the Company did not hold any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (ii) save as disclosed in the paragraph headed “4. Disclosure of Interests — (i) Directors” in this appendix, none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company nor the Offeror;
- (iii) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) owned or controlled any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company; and
- (vi) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for any borrowed Shares which had been either on-lent or sold.

6. DEALINGS IN SECURITIES AND ARRANGEMENTS IN RELATION TO DEALINGS

During the Relevant Period:

- (i) the Company had not dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror; and
- (ii) none of the Directors had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror and the Company.

During the Offer Period and up to the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or any advisers to the Company or persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) had dealt for value in any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate, and hence no such person had dealt for value in the Shares; and
- (iii) no fund manager connected with the Company had managed shareholdings in the Company on a discretionary basis, and hence no such person had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (i) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (ii) there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (iii) there was no material contract entered into by the Offeror in which any Director had a material personal interest.

8. SERVICE CONTRACTS WITH DIRECTORS

Save as disclosed in this section 8, as at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

Director	Term of the service contract/ appointment	Amount of remuneration	Variable remuneration
Dr. Lau Kwok Kuen, Peter	A term of three years from 1 January 2021	HK\$3,675,609 per annum	a conditional cash bonus ^(Note 1) which equals to 2.5 per cent. of the Group's consolidated profits and a discretionary cash bonus at such amounts as the Board may determine
Dr. Chan Ka Wai	A term of three years from 1 April 2021	HK\$196,320 per month	a conditional cash bonus ^(Note 2) which equals to 0.75 per cent. of the Group's consolidated profits and/or discretionary bonus which is determined based on pre-determined achievement rate of profit targets
Mr. Mark Alan Loynd	A term of three years from 1 April 2021	HK\$180,402 per month	a conditional cash bonus ^(Note 2) which equals to 0.5 per cent. of the Group's consolidated profits and/or discretionary bonus which is determined based on pre-determined achievement rate of profit targets
Dr. Cheng Chi Kong ^(Note 3)	A term of three years from 22 May 2021	HK\$200,000 per annum	N/A
Mr. Chan Sai Cheong ^(Note 3)	A term of three years from 22 May 2021	HK\$200,000 per annum	N/A

Notes:

- No cash bonus is payable if the Group's consolidated profits for the financial year is less than HK\$250,000,000.
- No cash bonus is payable if the Group's consolidated profits for the financial year is less than HK\$500,000,000.
- As at the Latest Practicable Date, each of Dr. Cheng Chi Kong and Mr. Chan Sai Cheong had not entered into any service contract with the Company in respect of his appointment as non-executive Director.

9. MATERIAL CONTRACTS

Save for the conditional sale and purchase agreement dated 17 July 2020 entered into between GI.PT Singapore Pte. Limited (an indirectly owned subsidiary of the Company established under the laws of the Republic of Singapore) as purchaser and PT Eses Entrindo (a company established under the laws of the Republic of Indonesia) as seller in respect of the sale and purchase of 375 shares (representing 15% of the total issued share capital as at the date of the agreement) in PT Giordano Indonesia (an indirectly owned subsidiary of the Company incorporated in Indonesia) for a total consideration of SGD4 million (further particulars of which were disclosed in the announcements of the Company dated 17 July 2020 and 15 June 2021), there were no other contracts that are or may be material, not being contracts entered into during the ordinary course of business, and have been entered into by the Group since 23 June 2020 (being the date falling on two years before the commencement of the Offer Period) up to the Latest Practicable Date.

10. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

11. CONSENT AND QUALIFICATIONS OF PROFESSIONAL ADVISERS

The following are the qualifications of the experts who have given a report, opinion or advice contained in this Composite Document:

Name	Qualifications
Altus Capital	A corporation licensed to conduct Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50 of Laws of Hong Kong) and Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance (Cap. 588 of Laws of Hong Kong)

Each of the abovenamed experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and references to its name, in the form and context in which they are included.

12. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Mark Alan Loynd, who is also an executive Director of the Company.
- (ii) The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, Pembroke, HM11, Bermuda.
- (iii) The address of the principal place of business of the Company in Hong Kong is 5th Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong.
- (iv) The Hong Kong branch share registrar of the Company is Tricor Abacus Limited, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (v) The address of the registered office of Altus Capital is at 21 Wing Wo Street, Central, Hong Kong.
- (vi) The English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

13. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) on the website of the SFC at www.sfc.hk; (ii) on the website of the Company at <http://corp.giordano.com.hk/en/announcements.aspx>; and (iii) (during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and gazetted public holidays in Hong Kong)) (Hong Kong time) at 5th Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong, from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum of association and new bye-laws of the Company;
- (ii) the 2020 Annual Report;
- (iii) the 2021 Annual Report;
- (iv) the letter from the Board, the text of which is set out on pages 25 to 33 of this Composite Document;
- (v) the letter from the Independent Board Committee, the text of which is set out on pages 34 to 36 of this Composite Document;
- (vi) the letter from Independent Financial Adviser, the text of which is set out on pages 37 to 58 of this Composite Document;

- (vii) the written consents referred to in the paragraph headed “11. Consent and Qualifications of Professional Advisers” in this Appendix;
- (viii) the reports issued by PricewaterhouseCoopers and Altus Capital on the estimate of the consolidated net profit attributable to Shareholders for the six months ended 30 June 2022, the texts of which are set out in Appendices V and VI to this Composite Document, respectively;
- (ix) the material contract referred to in paragraph headed “9. Material Contracts” in this Appendix;
- (x) the service contracts of the Directors referred to in the section headed “8. Service Contracts with Directors” in this Appendix; and
- (xi) this Composite Document and the accompanying Forms of Acceptance.

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this composite document.



羅兵咸永道

The Board of Directors
Giordano International Limited
5/F, Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon

15 August 2022

Dear Sirs,

Giordano International Limited (the “Company”)

Profit Estimate for Six Months Ended 30 June 2022

We refer to the estimate of the consolidated net profit attributable to shareholders of the Company for the six months ended 30 June 2022 (the “**Profit Estimate**”) in connection with the following profit alert statement made by the Company in its announcement dated 7 July 2022 (the “**Profit Alert Statement**”).

*“The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board, the Group expects to record a net profit attributable to Shareholders (“**Net Profit**”) in the range of HK\$91 million to HK\$101 million for the six months ended June 30, 2022, representing an increase ranging from 52% to 68%, as compared with the Net Profit of HK\$60 million for the corresponding period in 2021.”*

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results based on the management accounts of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022.

The Company’s directors are solely responsible for the Profit Estimate.

PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control (“HKSQC”) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, *Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness* and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in the Profit Alert Statement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is the text of a report prepared for the purpose of incorporation in this Composite Document, received from Altus Capital Limited, the independent financial adviser of the Company.

15 August 2022

The Board of Directors

Giordano International Limited

5th Floor, Tin On Industrial Building

777-779 Cheung Sha Wan Road

Kowloon, Hong Kong

Dear Sir or Madam,

We refer to the announcement dated 7 July 2022 (the “**Positive Profit Alert Announcement**”) issued by the Company. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

We also refer to the statement (the “**Positive Profit Alert Statement**”) made by the Directors in the Positive Profit Alert Announcement that, based on the preliminary review of the unaudited consolidated management accounts of the Group (which have not been reviewed or audited by the Company’s auditor or the audit committee of the Company and are subject to adjustments) and the information currently available to the Board, the Group expects to record a net profit attributable to Shareholders (“**Net Profit**”) in the range of HK\$91 million to HK\$101 million for the six months ended 30 June 2022, representing an increase ranging from 52% to 68%, as compared with the Net Profit of HK\$60 million for the corresponding period in 2021. The Positive Profit Alert Statement is regarded as a profit forecast under the Takeovers Code and therefore is required to be reported on pursuant to Rule 10 of the Takeovers Code.

The Positive Profit Alert Statement has been prepared by the Directors based on the Group’s unaudited consolidated management accounts (which have not been reviewed or audited by the Company’s auditor or the audit committee of the Company and are subject to adjustments) and the information currently available to the Board.

We have reviewed the Positive Profit Alert Statement and other relevant information and documents which you as the Directors are solely responsible for and discussed with you and the senior management of the Company the key bases upon which the Positive Profit Alert Statement has been made. In addition, we have considered, and relied upon, the report on the Positive Profit Alert Statement from PricewaterhouseCoopers addressed to the Directors dated 15 August 2022 regarding the accounting policies and calculations upon which the Positive Profit Alert Statement has been made.

Based on the above, we are of the opinion that the Positive Profit Alert Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and behalf of
Altus Capital Limited

Arnold Ip
Executive Director

Charlotte Khoo
Executive Director