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**GIORDANO**  
**GIORDANO INTERNATIONAL LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 709)**

**ANNOUNCEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

**Financial Adviser to the Company**

**TRINITY**

**Trinity Corporate Finance Limited**

The Board of the Company announces that on 29 December 2017, the Company and NWDS entered into the Master Leasing Agreement pursuant to which the parties (i) recorded their mutual understanding to enter into future lease agreements with respect to the lease of premises and concessionaire counters in the P.R.C. from members of the NWDS Group; and (ii) set out the underlying principles of such future leases. Members of the Group and members of the NWDS Group have in the past entered into Pre-existing Leasing Agreements for the leasing of premises and concessionaire counters in the P.R.C. and certain Pre-existing Leasing Agreements have not expired as at the date of this announcement.

In addition to the above transactions, a member of the Group and Qianhai CTF have entered into a written leasing agreement for the Qianhai Transaction on 27 June 2016 for a term commencing from 7 August 2016 to 6 December 2018 and such leasing agreement has not expired as at the date of this announcement.

As (i) Sino Wealth is a substantial shareholder of the Company, holding approximately 24.50% interest in the Company as at the date of this announcement and Sino Wealth is wholly-owned by Chow Tai Fook Nominee Limited, which is in turn controlled by CTF. Also, NWDS is a subsidiary of NWD and Chow Tai Fook Enterprises Limited is a controlling shareholder of NWD as well as a wholly-owned subsidiary of CTF; and (ii) Qianhai CTF is owned as to approximately 50%, 30% and 20% by Chow Tai Fook Enterprises Limited, Chow Tai Fook Jewellery Group Limited and NWD, respectively and Chow Tai Fook Jewellery Group Limited is a subsidiary of CTF; accordingly, each of the NWDS Group and Qianhai CTF is a connected person of the Company and the transactions under the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transaction constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company has also set annual caps for the Continuing Connected Transactions (including the Qianhai Transaction) for the three years ending 31 December 2019. As one or more of the applicable percentage ratios of the annual caps for each of the three years ending 31 December 2017, 2018 and 2019 are more than 0.1%, but less than 5%, the Continuing Connected Transactions (including the Qianhai Transaction) are subject to reporting and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Historically, the continuing connected transactions between the members of the Group and the members of the NWDS Group, as well as Qianhai CTF, constituted less than 0.1% under all the applicable percentage ratio calculations in accordance with Chapter 14A of the Listing Rules and were therefore exempt from disclosure requirements.

## **INTRODUCTION**

Members of the Group and members of the NWDS Group have in the past entered into Pre-existing Leasing Agreements and certain Pre-existing Leasing Agreements have not expired as at the date of this announcement. Most of the Pre-existing Leasing Agreements relate to concessionaire counters, which comprise of short-term leases of one year or less, and as all of the Pre-existing Leasing Agreements are subject to ordinary and market rental terms based on calculation of turnover rent, (which in turn is based on a percentage of the respective monthly turnover), the monthly payable amount to be made by the Group to NWDS Group will vary month by month.

In addition to the above transactions, a member of the Group and Qianhai CTF have also entered into a written leasing agreement for the Qianhai Transaction on 27 June 2016 for a term commencing from 7 August 2016 to 6 December 2018 and such leasing agreement has not expired as at the date of this announcement.

On 29 December 2017, the Company and NWDS entered into the Master Leasing Agreement pursuant to which the parties (i) recorded their mutual understanding to enter into future lease agreements with respect to the lease of premises and concessionaire counters in the P.R.C. from members of the NWDS Group; and (ii) set out the underlying principles of such future leases.

## **MASTER LEASING AGREEMENT**

The principal terms of the Master Leasing Agreement are set out below:

### ***Date***

29 December 2017

### ***Parties***

- (1) The Company; and
- (2) NWDS

### ***Term***

The term of the Master Leasing Agreement shall be for a term commencing from 29 December 2017 up to 31 December 2019.

### ***General terms of the Master Leasing Agreement***

The Master Leasing Agreement stipulates that all New Leasing Agreements between the members of the Group and the NWDS Group must be:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms; and
- (c) in compliance with all applicable provisions of the Listing Rules (including the annual caps), applicable laws, the Master Leasing Agreement and the relevant New Leasing Agreements.

The Master Leasing Agreement will expire on 31 December 2019 and will be automatically renewed for successive periods of three years thereafter, subject to, among others, the Listing Rules, unless terminated earlier in accordance with the Master Leasing Agreement.

The consideration of each of the New Leasing Agreements will be determined under the internal leasing evaluation policy. Under such policy, prior to entering into the respective New Leasing Agreements, the responsible departments of the Group will be required to conduct an internal evaluation by comparing at least one to two comparative quote(s) in the market or existing tenancy or concessionaire counter agreements from independent third parties for leasing similar premise(s) (with comparable conditions including, but not limited to the location, traffic, usable space, available facilities, quality and term of the tenancy) with the offer given by the NWDS Group, to ensure the terms offered by the NWDS Group are on normal commercial terms to the Group, and the final consideration to be agreed will be determined based on arm's length negotiations between the parties.

### **QIANHAI TRANSACTION**

On 27 June 2016, a member of the Group and Qianhai CTF have also entered into a written leasing agreement for the Qianhai Transaction for a term commencing from 7 August 2016 to 6 December 2018 and such leasing agreement has not expired as at the date of this announcement. Such leasing agreement is subject to ordinary and market rental terms based on calculation of turnover rent.

### ***Historical transaction amounts and annual caps***

The following sets out the historical amounts for the continuing connected transactions regarding the leasing of premises and/or concessionaire counters between the members of the Group and the members of the NWDS Group, as well as Qianhai CTF, for the year ended 31 December 2016 and the ten months ended 31 October 2017:

	<b>Year ended 31 December 2016 (HK\$ million)</b>	<b>Ten months ended 31 October 2017 (HK\$ million)</b>
<b>Historical amounts for the Pre-existing Leasing Agreements</b>	Approximately 3.0	Approximately 2.8
<b>Historical amounts for the Qianhai Transaction</b>	<u>Approximately 0.5</u>	<u>Approximately 0.5</u>
<b>Total historical amounts for the continuing connected transactions</b>	<u><b>Approximately 3.5</b></u>	<u><b>Approximately 3.3</b></u>

Historically, the continuing connected transactions between the members of the Group and the members of the NWDS Group, as well as Qianhai CTF, constituted less than 0.1% under all the applicable percentage ratio calculations in accordance with Chapter 14A of the Listing Rules and were therefore exempt from disclosure requirements.

The Company sets the following annual caps for the Continuing Connected Transactions regarding the leasing of premises and/or concessionaire counters for the three years ending 31 December 2019:

	<b>Year ending 31 December</b>		
	<b>2017 (HK\$ million)</b>	<b>2018 (HK\$ million)</b>	<b>2019 (HK\$ million)</b>
<b>Annual caps for the Leasing Agreements and the Master Leasing Agreement</b>	5	9	14
<b>Annual caps for the Qianhai Transaction</b>	<u>1</u>	<u>1</u>	<u>–</u>
<b>Total annual caps for the Continuing Connected Transactions</b>	<u><b>6</b></u>	<u><b>10</b></u>	<u><b>14</b></u>

The above annual caps have been determined based on the historical transaction amounts of the lease agreements with respect to the lease of premises and concessionaire counters by members of the Group in the P.R.C. from members of the NWDS Group which have expired prior to the date of the Master Leasing Agreement, the Pre-existing Leasing Agreements and the Qianhai Transaction which are still in force, the expected increase in the number of New Leasing Agreements and the corresponding sales volume of the Continuing Connected Transactions in view of the anticipated business expansion plans of the Group up to the year ending 31 December 2019.

## **REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Board considers that the premises of the NWDS Group and Qianhai CTF are mostly located in prime locations in major cities of the P.R.C. which are suitable for the Group's business expansion and the Group's business will continue to benefit from leasing such premises and conducting concessionaire transactions at such premises from the NWDS Group and Qianhai CTF. For the three years ending 31 December 2019, the Group will consider securing from the NWDS Group and Qianhai CTF more suitable locations for future expansion of business in the P.R.C.

The Directors (including the independent non-executive Directors) are of the opinion that the Continuing Connected Transactions and the Master Leasing Agreement of which its terms had been negotiated on an arm's length basis, are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group, including the annual caps, are in the interests of the Group and the shareholders of the Company as a whole.

None of the Directors have any material interest in the Continuing Connected Transactions, save and except the two non-executive Directors, being Dr. Cheng Chi Kong, Adrian who is also a director of CTF and an executive director of each of Chow Tai Fook Jewellery Group Limited (the subsidiary of CTF), NWD and NWDS, and Mr. Chan Sai Cheong who is also an executive director of Chow Tai Fook Jewellery Group Limited. Accordingly, they have voluntarily abstained from voting on the relevant Board resolutions approving the Continuing Connected Transactions. Save for the two non-executive Directors, all other Directors (including the independent non-executive Directors) have reviewed and approved the Master Leasing Agreement and the annual caps of the Continuing Connected Transactions.

## **LISTING RULES IMPLICATIONS**

### *The Leasing Agreements and the Master Leasing Agreement*

Sino Wealth is a substantial shareholder of the Company, holding approximately 24.50% interest in the Company as at the date of this announcement and Sino Wealth is wholly-owned by Chow Tai Fook Nominee Limited, which is in turn controlled by CTF. Also, NWDS is a subsidiary of NWD and Chow Tai Fook Enterprises Limited is a controlling shareholder of NWD as well as a wholly-owned subsidiary of CTF. Accordingly, the NWDS Group is a connected person of the Company and the Leasing Agreements and the Master Leasing Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the annual caps for each of the three years ending 31 December 2017, 2018 and 2019 are more than 0.1%, but less than 5%, the Leasing Agreements and the Master Leasing Agreement are subject to reporting and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### *Qianhai Transaction*

Qianhai CTF is owned as to approximately 50%, 30% and 20% by Chow Tai Fook Enterprises Limited, Chow Tai Fook Jewellery Group Limited and NWD, respectively. Sino Wealth is a substantial shareholder of the Company, holding approximately 24.50% interest in the Company as at the date of this announcement and Sino Wealth is wholly-owned by Chow Tai Fook Nominee Limited, which is in turn controlled by CTF. NWD is controlled by Chow Tai Fook Enterprises Limited, which is a wholly-owned subsidiary of CTF, and Chow Tai Fook Jewellery Group Limited is a subsidiary of CTF. Therefore, Qianhai CTF is a connected person of the Company and the Qianhai Transaction constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the annual caps for each of the three years ending 31 December 2017, 2018 and 2019 are less than 0.1% under all the applicable percentage ratio calculations in accordance with Chapter 14A of the Listing Rules, the Qianhai Transaction will be exempt from disclosure requirements.

#### *Continuing Connected Transactions*

As one or more of the applicable percentage ratios of the annual caps for each of the three years ending 31 December 2017, 2018 and 2019 are more than 0.1%, but less than 5%, the Continuing Connected Transactions (including the Qianhai Transaction) are subject to reporting and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **GENERAL INFORMATION OF THE GROUP, THE NWDS GROUP AND QIANHAI CTF**

The Group is an international apparel retailer operating *Giordano* and *Giordano Junior*, *Giordano Ladies*, *BSX* and other owned and licensed brands. To the best knowledge, information and belief of the Board, the principal businesses of the NWDS Group include operating department stores and other related business and property investment operations in the P.R.C.; and the principal businesses of Qianhai CTF include leasing and trading.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors;
“Company”	Giordano International Limited (stock code: 709), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Continuing Connected Transactions”	all transactions contemplated under the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transaction;
“CTF”	Chow Tai Fook (Holding) Limited, a company incorporated in British Virgin Islands with limited liability;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the P.R.C.;
“Leasing Agreements”	collectively, all Pre-existing Leasing Agreements and all New Leasing Agreements between members of the Group and members of the NWDS Group regarding the leasing of premises and/or concessionaire counters by members of the Group from members of the NWDS Group;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Leasing Agreement”	the written framework agreement, in relation to the New Leasing Agreements, was entered into between the Company and NWDS on 29 December 2017;

“New Leasing Agreements”	all future transactions and all renewals of existing transactions between members of the Group and members of the NWDS Group regarding the leasing of premises and/or concessionaire counters by members of the Group from members of the NWDS Group as contemplated under the Master Leasing Agreement;
“NWD”	New World Development Company Limited (stock code: 17), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“NWDS”	New World Department Store China Limited (stock code: 825), a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“NWDS Group”	NWDS and its subsidiaries;
“P.R.C.”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the P.R.C. and Taiwan;
“Pre-existing Leasing Agreements”	all existing transactions between members of the Group and members of the NWDS Group which include those that completed during the calendar year and those that remain in force as immediately prior to the execution of the Master Leasing Agreement regarding the leasing of premises and/or concessionaire counters by members of the Group from members of the NWDS Group;
“Qianhai CTF”	Shenzhen Qianhai Chow Tai Fook Hong Kong Goods Centre Co., Ltd, a company incorporated in the P.R.C.;
“Qianhai Transaction”	a transaction between a member of the Group and Qianhai CTF arising from the written leasing agreement for leasing of premises in the P.R.C.;
“Sino Wealth”	Sino Wealth International Limited, a company incorporated in British Virgin Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong);

“substantial shareholder” has the meaning ascribed to it under the Listing Rules;  
and

“%” per cent.

By Order of the Board  
**LAU Kwok Kuen, Peter**  
*Chairman and Chief Executive*

Hong Kong, 29 December 2017

*As at the date of this announcement, 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, Adrian and Mr. CHAN Sai Cheong; and three independent non-executive Directors; namely, Dr. Barry John BUTTIFANT, Mr. KWONG Ki Chi and Professor WONG Yuk (alias, HUANG Xu).*