

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its 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 announcement.*

# GIORDANO

## GIORDANO INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 709)**

### **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF QIANHAI LEASING AGREEMENT AND REVISION OF 2019 ANNUAL CAP**

Reference is made to the 2017 Announcement in relation to, among other matters, the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transaction, together with the relevant annual caps for each of the three years ending 31 December 2019.

#### **RENEWAL OF QIANHAI LEASING AGREEMENT**

The Board is pleased to announce that, on 6 December 2018, Shenzhen Tiger and Qianhai CTF have entered into the Qianhai Renewal Letter to renew the Qianhai Leasing Agreement for a term of two years and four months commencing from 7 December 2018 to 6 April 2021 (both days inclusive). Other terms and conditions of the Qianhai Leasing Agreement shall remain in full force and effect.

#### **REVISION OF 2019 ANNUAL CAP**

As disclosed in the 2017 Announcement, the Original Annual Cap did not take into account the amount payable by the Group under the Qianhai Renewal Letter (for the purposes of renewing the Qianhai Leasing Agreement, which is due to expire on 6 December 2018), the Board therefore proposed the revision to the Original Annual Cap following the entering into of the Qianhai Renewal Letter.

#### **LISTING RULES IMPLICATIONS**

As (i) Sino Wealth is a substantial shareholder of the Company, holding approximately 24.37% 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; 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, Qianhai CTF is a connected person of the Company and the transaction under the Qianhai Renewal Letter constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Revised 2019 Annual Cap are more than 0.1%, but less than 5%, the Revised 2019 Annual Cap is only subject to the reporting, announcement and annual review requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the 2017 Announcement in relation to, among other matters, the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transaction, together with the relevant annual caps in respect of each of the three years ending 31 December 2019.

## **RENEWAL OF QIANHAI LEASING AGREEMENT**

The Qianhai Leasing Agreement is due to expire on 6 December 2018. On 6 December 2018, Shenzhen Tiger and Qianhai CTF entered into the Qianhai Renewal Letter to renew the Qianhai Leasing Agreement, commencing from 7 December 2018.

The principal terms of the Qianhai Renewal Letter are summarised below:

- Date** : 6 December 2018
- Parties** : (1) Shenzhen Tiger; and  
(2) Qianhai CTF
- Term** : Two years and four months commencing from 7 December 2018 up to 6 April 2021 (both days inclusive)
- Monthly rental** : For the period between 7 December 2018 and 6 December 2020 (both days inclusive), the monthly rental and the management fee is RMB16,030.56 plus 15% of the monthly gross sales turnover; and  
For the period between 7 December 2020 up to 6 April 2021 (both days inclusive), the monthly rental and the management fee is RMB65,839.80 or 15% of the monthly gross sales turnover, whichever is higher.

Other terms and conditions of the Qianhai Leasing Agreement shall remain in full force and effect.

The rental was determined based on arm's length negotiations between the parties with reference to the results prepared in accordance with the Group's internal leasing evaluation policy. Under such policy, the responsible departments of the Group conducted an internal evaluation by comparing at least one to two comparative quote(s) in the market or existing tenancy 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 Qianhai CTF, to ensure that the terms offered by Qianhai CTF are on normal commercial terms to the Group.

## REVISION OF 2019 ANNUAL CAP

### *Original Annual Cap*

As disclosed in the 2017 Announcement, the Original Annual Cap under the Continuing Connected Transactions was estimated to be not more than HK\$14 million, which did not take into account the amount payable by the Group under the Qianhai Renewal Letter.

### *Revised 2019 Annual Cap*

The Board therefore proposed the revision of the Original Annual Cap following the entering into of the Qianhai Renewal Letter. The table below sets out the Original Annual Cap and the Revised 2019 Annual Cap under the transactions contemplated under the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transactions (including the Qianhai Renewal Letter), respectively:

	<u>Original Annual Cap</u>	<u>Revised 2019 Annual Cap</u>
	<u>Year ending 31 December 2019</u>	
	<i>(HK\$ million)</i>	
<b>The Leasing Agreements and the Master Leasing Agreement</b>	14	14
<b>The Qianhai Transactions (including the Qianhai Renewal Letter)</b>	—	<u>1</u>
<b>Total</b>	<u><u>14</u></u>	<u><u>15</u></u>

The Revised 2019 Annual Cap was determined with reference to, among others, (a) the historical transactions and transaction amounts of the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transactions (including the Qianhai Renewal Letter); and (b) the expected increase in the (i) rental payment under the Qianhai Renewal Letter; and (ii) sales volume of the Continuing Connected Transactions (including the Qianhai Renewal Letter) in view of the anticipated business expansion plans of the Group for the year ending 31 December 2019.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE QIANHAI RENEWAL LETTER

The Board considers that the entering into of the Qianhai Renewal Letter is in the interest of the Group as the geographical advantage of the Premises would facilitate the continued promotion and development of the Group's business in the PRC. Having considered that the Qianhai Leasing Agreement is due to expire on 6 December 2018 and the Original Annual Cap did not take into account the amount payable by the Group under the Qianhai Renewal Letter, the Board therefore proposed to revise the Original Annual Cap following the entering into of the Qianhai Renewal Letter.

The Directors (including the independent non-executive Directors) are of the opinion that the Qianhai Renewal Letter and the transaction contemplated thereunder were 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, and, including the Revised 2019 Annual Cap, are in the interests of the Group and the Shareholders as a whole.

None of the Directors has any material interest in the Qianhai Renewal Letter, save and except for the two non-executive Directors, being Dr. Cheng Chi Kong, who is a director of each of CTF and Qianhai CTF and an executive director of each of Chow Tai Fook Jewellery Group Limited (a subsidiary of CTF), NWD and NWDS, and Mr. Chan Sai Cheong, who is an executive director of Chow Tai Fook Jewellery Group Limited and the legal representative and chairman of Qianhai CTF. They have, therefore, abstained from voting on the relevant Board resolutions approving the entering into of the Qianhai Renewal Letter and the Revised 2019 Annual Cap. Save for the two non-executive Directors, all other Directors (including the independent non-executive Directors) have reviewed and approved the Qianhai Renewal Letter and the Revised 2019 Annual Cap.

## **LISTING RULES IMPLICATIONS**

As (i) Sino Wealth is a substantial shareholder of the Company, holding approximately 24.37% 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; 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, Qianhai CTF is a connected person of the Company and the transaction under the Qianhai Renewal Letter constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios (as defined in the Listing Rules) in respect of the Revised 2019 Annual Cap are more than 0.1%, but less than 5%, the Revised 2019 Annual Cap is only subject to the reporting, announcement and annual review requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL**

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 business activity of Qianhai CTF is operating a shopping complex in the PRC.

## DEFINITIONS

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

“2017 Announcement”	the announcement of the Company dated 29 December 2017 relating to, among other matters, the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transaction, together with the relevant annual caps for each of the three years ending 31 December 2019;
“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 regarding the leasing of premises and/or concessionaire counters contemplated under the Leasing Agreements, the Master Leasing Agreement and the Qianhai Transaction;
“CTF”	Chow Tai Fook (Holding) Limited, a company incorporated in the 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 PRC;
“Leasing Agreements”	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, details of which were set out in the 2017 Announcement;
“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, entered into between the Company and NWDS on 29 December 2017, details of which have been set out in the 2017 Announcement;

“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, details of which were set out in the 2017 Announcement;
“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;
“Original Annual Cap”	the original annual cap for the Continuing Connected Transactions for the year ending 31 December 2019;
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the PRC 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 2017 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;
“Premises”	Unit 304, Block 1, Chow Tai Fook Global Goods Shopping Centre (CTFHOKO), No. 51 Xi’er Street, Liyumen, Nanshan District, Shenzhen City, the PRC;
“Qianhai CTF”	Shenzhen Qianhai Chow Tai Fook Hong Kong Goods Centre Co., Ltd, a company incorporated in the PRC;
“Qianhai Leasing Agreement”	a leasing agreement dated 27 June 2016 entered into between Qianhai CTF as landlord and Shenzhen Tiger as tenant in relation to the leasing of the Premises for a term of two years and four months commencing from 7 August 2016 to 6 December 2018 (both days inclusive), details of which have been set out in the 2017 Announcement;

“Qianhai Renewal Letter”	a letter agreement dated 6 December 2018 entered into between Qianhai CTF as landlord and Shenzhen Tiger as tenant in relation to the renewal of leasing of the Premises for a term of two years and four months commencing from 7 December 2018;
“Qianhai Transaction(s)”	all transactions between Shenzhen Tiger and Qianhai CTF arising from the leasing agreement(s) for leasing of the Premises;
“Revised 2019 Annual Cap”	the revised annual cap proposed by the Board for the Continuing Connected Transactions (including the Qianhai Renewal Letter) for the year ending 31 December 2019;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shenzhen Tiger”	深圳虎威製衣有限公司 (Shenzhen Tiger Garment Ltd.*), a company incorporated in the PRC and is a wholly-owned subsidiary of the Company;
“Sino Wealth”	Sino Wealth International Limited, a company incorporated in the British Virgin Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 6 December 2018

*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 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).*

\* for identification purposes only