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**THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this supplemental circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Giordano International Limited, you should at once hand this supplemental circular and the enclosed second proxy form to the purchaser or transferee or to the bank, a licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

**PROPOSALS FOR TERMINATION OF  
THE EXISTING SHARE OPTION SCHEME AND  
ADOPTION OF THE NEW SHARE OPTION SCHEME  
AND  
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

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This supplemental circular should be read together with the Circular dated April 21, 2021. A supplemental notice convening the Annual General Meeting of Giordano International Limited to be held at 5th Floor, Tin On Industrial Building, 777–779 Cheung Sha Wan Road, Kowloon, Hong Kong on Friday, May 21, 2021 at 9:30 a.m. is set out on pages 31 and 32 in this supplemental circular. Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed Second Proxy Form for use at the Annual General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong ("**Hong Kong Branch Share Registrar**"), Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof (as the case may be).

Completion and return of the Second Proxy Form will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

April 29, 2021



This supplemental circular is printed on environmentally friendly paper

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The English text of this supplemental circular shall prevail over the Chinese text for the purpose of interpretation.

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## DEFINITIONS

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*Unless otherwise defined herein, capitalized terms used in this Supplemental Circular shall have the same meanings as those defined in the Circular:*

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at 5th Floor, Tin On Industrial Building, 777–779 Cheung Sha Wan Road, Kowloon, Hong Kong on Friday, May 21, 2021 at 9:30 a.m.;
“associates”	has the meaning ascribed thereto under the Listing Rules;
“Circular”	the circular dated April 21, 2021 issued by the Company to the Shareholders;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“control”	<p>the power of a person to secure:</p> <ul style="list-style-type: none"><li>(i) by means of the holding of shares or other securities or the possession of voting power in or in relation to the relevant body corporate or any other body corporate; or</li><li>(ii) by means of controlling the composition of a majority of the board of directors of the relevant body corporate or any other body corporate; or</li><li>(iii) by virtue of any powers conferred by the bye-laws, articles of association or other constitutional document regulating the relevant body corporate or any other body corporate,</li></ul> <p>that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of such person;</p>

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## DEFINITIONS

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“Controlling Shareholder”	<p>any person who has the power, directly or indirectly, to secure:</p> <ul style="list-style-type: none"><li>(i) by means of the holding of shares entitling him to exercise or control the exercise of thirty percent (30%) (or such lower amount as may from time to time be specified in the Code on Takeovers and Mergers (approved by the Securities and Futures Commission as amended from time to time) as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company, or</li><li>(ii) by means of controlling the composition of a majority of the Board, or</li><li>(iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation,</li></ul> <p>that the affairs of the Company are conducted in accordance with the wishes of such person;</p>
“Date of Grant”	<p>in respect of any particular Option, the business day on which an offer of the grant of an Option is made to a Participant in accordance with the New Share Option Scheme;</p>
“Employee”	<p>any employee of the Group, including (without limitation) any director of the Group, who is in employment of the Group;</p>
“Existing Share Option Scheme”	<p>the Company’s existing share option scheme adopted on June 9, 2011 and amended on May 22, 2012;</p>
“First Proxy Form”	<p>the proxy form which was despatched to the Shareholders on April 21, 2021 together with the Circular and the accompanying Notice of AGM;</p>
“Grantee”	<p>any Participant who accepts the offer of the grant of any Option in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in accordance with the terms of the New Share Option Scheme in consequence of the death of the original Grantee;</p>

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## DEFINITIONS

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“Independent Financial Adviser”	the independent financial adviser for the time being of the Company;
“Latest Practicable Date”	April 26, 2021, being the latest practicable date prior to the printing of this Supplemental Circular for the purpose of ascertaining certain information contained herein;
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out herein;
“Offeree”	a Participant to whom any offer of the grant of an Option is made;
“Option”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme;
“Option Holder”	the holder for the time being of an outstanding Option;
“Option Period”	in respect of any Option, the period commencing on such date on or after the Date of Grant as the Board may determine in granting the Option and expiring at the close of business on such date as the Board may determine in granting the Option but in any event not exceeding ten (10) years from the Date of Grant;
“Participant”	<p>(i) means:</p> <p class="list-item-l1">(a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or</p> <p class="list-item-l1">(b) any individual for the time being seconded to work for, any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a <b>“Category A Eligible Person”</b>); or</p> <p>(ii) any holder of any securities issued by any member of the Group or any Controlling Shareholder or any company controlled by a Controlling Shareholder (a <b>“Category B Eligible Person”</b>); or</p>

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## DEFINITIONS

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- (iii) (a) any business or joint venture partner, franchisee, contractor, agent or representative of,
- (b) any person, consultant or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- (c) any supplier of goods or services to,
- (d) any customer of, or
- (e) any landlord or tenant (including any sub-tenant) of,

any member of the Group; or any controlling shareholder of (iii)(a) to (e) (a “**Category C Eligible Person**”);

and, for the purposes of the Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants;

“Scheme Period”

period commencing on the date on which the New Share Option Scheme becomes unconditional and expiring on the earlier of:

- (a) the date on which ten (10) years from the date on which the New Share Option Scheme becomes unconditional expires; and
- (b) the date on which the New Share Option Scheme is terminated under paragraph 14 of Appendix II on page 30 of this Supplemental Circular;

“Second Proxy Form”

the proxy form enclosed with this Supplemental Circular;

“Subscription Price”

the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in paragraph 5 of Appendix II on page 18 of this Supplemental Circular, subject to adjustment in accordance with the New Share Option Scheme;

“Supplemental Circular”

this supplemental circular dated April 29, 2021, issued by the Company to the Shareholders; and

“Supplemental Notice of AGM”

a supplemental notice convening the AGM as set out on pages 31 and 32 of this circular.

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## LETTER FROM THE BOARD

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# 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:*

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

*Non-executive Directors:*

Dr. CHENG Chi Kong *JP*

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

Mr. KWONG Ki Chi *GBS, JP*

Professor WONG Yuk (alias, HUANG Xu)

Dr. Alison Elizabeth LLOYD

April 29, 2021

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSALS FOR TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME AND SUPPLEMENTAL NOTICE OF AGM**

#### **INTRODUCTION**

This Supplemental Circular should be read together with the Circular. The purpose of this Supplemental Circular is to provide you with information of additional resolution to be proposed at the AGM relating to termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme and to give you a Supplemental Notice of AGM and the Second Proxy Form.

#### **TERMINATION OF THE EXISTING SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME**

##### **Termination of the Existing Share Option Scheme**

The Existing Share Option Scheme was adopted by the Company on June 9, 2011 and amended on May 22, 2012, and will expire on June 9, 2021. The Existing Share Option Scheme is the only share option scheme adopted by the Company as at the Latest Practicable Date. Save for the Existing Share Option Scheme (a resolution to terminate such scheme will be put forward to the Shareholders at the AGM), the Company has no other valid option schemes of its own as at the Latest Practicable Date.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 203,764,000 share options granted, but not yet exercised under the Existing Share Option Scheme which continues to be capable of exercise during the prescribed period in accordance with the Existing Share Option Scheme rules and other terms of their grant. Termination of the Existing Share Option Scheme is subject to Shareholders' approval and conditional upon the adoption of the New Share Option Scheme.

Details of the share options granted under the Existing Share Option Scheme as at the Latest Practicable Date are set out below:

Category of participants	Date of Grant	Number of share options granted	Exercise Price (HK\$)	Vesting Conditions (Note)	Status of share options granted as at the Latest Practicable Date		Exercise period (Note)
					Exercised	Outstanding	
Employees	October 7, 2011	42,300,000	5.20	1	8,960,000	17,390,000	1
	June 12, 2012	1,728,000	5.38	Nil	116,000	392,000	2
	April 10, 2013	14,800,000	7.65	3	–	2,240,000	3
	March 24, 2014	64,280,000	5.00	Nil	–	36,830,000	4
	April 9, 2015	15,654,000	3.792	Nil	4,610,000	6,846,000	5
	July 10, 2015	1,000,000	4.09	Nil	500,000	500,000	6
	September 19, 2016	2,332,000	4.34	Nil	–	1,888,000	7
	January 6, 2017	63,630,000	4.18	8	7,910,000	44,592,000	8
	June 9, 2017	8,900,000	4.05	Nil	–	8,300,000	9
	September 9, 2020	70,200,000	1.39	Nil	266,000	67,914,000	10
	Sub-total:	284,824,000			22,362,000	186,892,000	
Owners of Authorized Dealers and Franchisees	October 7, 2011	6,000,000	5.20	1	1,940,000	4,060,000	1
	March 24, 2014	5,100,000	5.00	Nil	–	4,800,000	4
	January 6, 2017	3,850,000	4.18	8	132,000	902,000	8
	September 9, 2020	6,510,000	1.39	Nil	–	6,510,000	10
	Sub-total:	21,460,000			2,072,000	16,272,000	
Consultant	September 9, 2020	600,000	1.39	Nil	–	600,000	10
<b>Total</b>					<b>24,434,000</b>	<b>203,764,000</b>	

*Notes:*

- The share options granted to employees and owners of franchisees/authorized dealers on October 7, 2011 were divided into three tranches exercisable from March 22, 2012, March 1, 2013 and February 28, 2014 respectively to September 30, 2021. The vesting conditions for the share options granted were conditional upon the Group's (1) profits; and (2) sales performance having attained the set targets for the financial years ended December 31, 2011, December 31, 2012 and December 31, 2013.
- The share options granted on June 12, 2012 were divided into three tranches exercisable from March 1, 2013, February 28, 2014 and March 4, 2015, respectively to December 31, 2021.
- The share options granted on April 10, 2013 were divided into three tranches exercisable from February 28, 2014, March 4, 2015 and March 4, 2016, respectively to December 31, 2022. The vesting conditions for the share options granted were conditional upon the Group's profits having attained the set targets for the financial year ended December 31, 2013, December 31, 2014 and December 31, 2015.



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## LETTER FROM THE BOARD

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4. The share options granted to employees and owners of franchisees/authorized dealers on March 24, 2014 were divided into five tranches exercisable from March 4, 2015, March 4, 2016, March 10, 2017, March 9, 2018 and March 8, 2019, respectively to March 23, 2024.
5. The share options granted on April 9, 2015 were divided into two tranches exercisable from March 4, 2016 and March 10, 2017, respectively to March 31, 2025.
6. The share options granted on July 10, 2015 were divided into two tranches exercisable from March 4, 2016 and March 10, 2017, respectively to June 30, 2025.
7. The share options granted on September 19, 2016 were divided into two tranches exercisable from March 10, 2017 and March 9, 2018, respectively to June 30, 2026.
8. The share options granted to employees and owners of franchisees/authorized dealers on January 6, 2017 were divided into three tranches exercisable from August 11, 2017, March 9, 2018 and August 10, 2018, respectively to December 31, 2025. The vesting conditions for the share options granted were conditional upon (1) the Group's profits; and (2) for certain employees in respective markets, their earnings before interest and taxes having attained the set targets for the six months ended June 30, 2017, for the financial year ended December 31, 2017 and December 31, 2018 respectively.
9. The share options granted on June 9, 2017 were divided into three tranches exercisable from August 11, 2017, March 9, 2018 and August 10, 2018, respectively to December 31, 2025.
10. The share options granted to employees, owners of franchisees/authorized dealers and the consultant on September 9, 2020 were divided into three tranches exercisable from March 12, 2021, the day after 2021 interim result announcement and the day after 2021 final result announcement, respectively to June 30, 2028.

### *Share options granted to authorized dealers, franchisees and a consultant*

Under the Existing Share Options Scheme, a total of 21,460,000 share options were granted to 29 individuals who were owners of authorized dealers and franchisees, and one consultant who provided legal and human resources services to the Group. The granting of share options to such individuals of the Group was in line with the purpose of the Existing Share Option Scheme which is to incentivize or reward the individuals for their contributions to the development and growth of the business and operations of the Group.

Authorized dealers and franchisees have played critical roles in the maintaining and enhancing the Company's position (including the brand of the Company). To achieve substantial growth and economies of scale, continued expansion would be required. Authorized dealers and franchisees would operate retail outlets in cities and provinces which would help increase and penetrate the Company's presence in the relevant markets. As at the Latest Practicable Date, there were approximately 758 stores in mainland China and approximately 2,110 stores in other parts of the world. In addition to enhancing the Company's position in the relevant markets, authorized dealers and franchisees would also allow the Company to develop a deeper understanding of consumer tastes and preferences (e.g. fabrics, colors and advertising). This would allow the Company to develop and implement different strategies for different markets, investigate a variety of market entry opportunities, and better monitor performance.

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## LETTER FROM THE BOARD

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For the year ended December 31, 2020, the wholesales and franchise business (which were generated through the Company's authorized dealers) generated approximately HK\$369 million in sales in mainland China and overseas franchisee markets (representing approximately 12.59% of the Group's revenue), in particular, the revenue generated through authorized dealers and franchisees in mainland China for the year ended December 31, 2020 amounted to approximately HK\$209 million (representing approximately 6.69% of the Group's revenue). The granting the share options to the authorized dealers and franchisees would not only help reward their past contributions to the Group, it would also help align their interests with that of the Group, and incentivizing them to be more proactive in their merchandising discipline and marketing efforts, which would in turn increase the Group's market shares and development in the local markets.

In addition, 600,000 share options (the new Shares which may be issued and allotted pursuant to the exercise of the options would represent approximately 0.04% of the Company's total issued share capital as at the Latest Practicable Date) were granted to a legal and compliance consultant (the "**Consultant**") on September 9, 2020 in recognition of the efforts and contributions made by the Consultant (who has extensive legal and compliance knowledge) who helped devise and implemented the Group's human resources policies in the mainland China. The Consultant is a PRC legal counsel who has practised over 30 years. As at the Latest Practicable Date, there were approximately 1,600 employees in mainland China. In order to allow the Company to operate effectively with such number of employees in different cities and provinces in China, not only specialized knowledge would be required, continuing efforts and dedication would also be needed in updating the policies in line with the ever-changing local labor laws and regulations would also be needed. As at the Latest Practicable Date, the Consultant continued to provide consultancy services to the Company. It is anticipated that the Consultant would continue to provide legal, compliance and human resource management services to the Group in mainland China.

In considering whether to grant cash payment or non-cash alternatives to the Consultant, the Board came to the view that one-off monetary payment would not provide sufficient incentives for the Consultant to continuously review and update the human resources policies to ensure they remain both cost-effective and compliant, whereas the granting of share options would align his interests with that of the Group and secure his long-term support and commitment to the Group, and overall incentivize him to optimize performance efficiency and quality.

As at the Latest Practicable Date, the Board has no intention to grant any Options to the Consultant under the New Share Option Scheme in the coming 12 months.

### **Proposed Adoption of the New Share Option Scheme**

The Directors proposed to adopt the New Share Option Scheme, the principal terms of which are set out in the Appendix II to this Supplemental Circular.

The purpose of the New Share Option Scheme is to enable the Group to grant Options to the eligible Participants as incentives or rewards for their contribution to the Group. The Directors believe the New Share Option Scheme will enable the Group to reward the eligible Participants including the employees and Directors.

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## LETTER FROM THE BOARD

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The Directors believe that the grant of share options to a broad category of Eligible Participants including Category B Eligible Persons and Category C Eligible Persons is in the interests of the Group as a whole, and in line with the objectives of the New Share Option Scheme. The success of the Group not only depends on the contributions by the Employees and management of the Group, but also requires the co-operation and contributions from shareholders and external service providers as they play important roles in the development and growth of the business and operations of the Group. Accordingly, it is important that the Group is able to maintain good relationship with them. Including such persons in the New Share Option Scheme is to give more flexibility to the Company to incentivise and reward such persons who are expected to have a long term relationship with the Group so that they may participate in the growth of the Group and continue to contribute to the benefit of the Group.

A Category B Eligible Person (includes a shareholder of the Group, any Controlling Shareholder or any company controlled by a Controlling Shareholder) contributes to the Group by being a long-term strategic investor or partner of the Group or by introducing business opportunities to the Group as well as participating in its business promotion. Category B Eligible Persons would generally have presence and/or business networks in other parts of the world. By leveraging on their network and resources, the Company would be able to analyze the local consumer preference in other markets and devise more effective strategies to penetrate into new markets. In addition, in view of the shareholders' extended presence and connections with local business and services providers in other markets, they could generate leads, referrals or introductions to the Group of (a) reputable operators who may join the Group's network of authorized dealers and franchisees (whereby it would help the Company to maintain and enhance the Company's position in those markets); (b) collaboration opportunities with other local businesses or brands on business projects or marketing campaigns for the relevant local markets; or (c) reliable business or technical consultants who may serve as the Group's key consultants in developing its business in various geographical or consumer segments (through both online and offline channels).

With their extensive range of business network and operations, Category B Eligible Persons would be able to connect the Group with quality overseas business operators or business collaborators who have a solid track record in their respective industry in their respective local markets with a deep understanding of the consumer market or strong expertise in their relevant fields.

In determining the eligibility of Category B Eligible Persons under the New Share Option Scheme, the Board may consider whether such referral(s) or introduction(s) potentially or in actuality contributes to the business affairs of and benefits to the Group by such factors as, the likelihood of it leading to the onboarding of authorized dealers/ franchisees, new business collaborations or business or technical consultants, the background, quality and track record of the onboarded parties and the extent that the onboarded parties can respectively help launch and penetrate the Group's brands and business operations in untapped markets across the world or further expand or solidify the Group's presence and branding in existing markets.

The Board is of the view the grant of Options to a Category B Eligible Person will incentivize and reward them for their continuing commitment to the Group, thereby fostering long-term development of the Group.

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## LETTER FROM THE BOARD

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The Group's business development which requires long-term and sustainable business relationships with Category C Eligible Persons (includes joint venture partners, franchisees, consultants and advisers, suppliers, customers, business partners, landlords or tenants of the Group, or the controlling shareholder thereof). The Board acknowledges that it needs to maintain the existing and develop new business relationships with the aforesaid stakeholders who have provided or will provide high-quality products, services, professional advice, expertise and other support to the Group, as well as a stable business stream and enhancement of brand goodwill and geographic market share so as to maintain the competitiveness of the Group. Furthermore, the Board considers it is desirable for the Company to align the interests of such parties with those of the Group, to reward them for their past contributions and loyalty in maintaining a continued business relationship with the Group and to encourage potential contributions and optimal behavior of such persons to the benefit of the Group. The Board is of the view that the grant of Options to such parties is necessary and appropriate to achieve such goal, and the Options will offer incentives for their continued contributions to the Group including, among others, by incentivising franchisees to be more proactive in their merchandising disciplines and marketing efforts, incentivising consultants and advisers to offer more considered recommendations to advance the interest of the Group, incentivising suppliers and service providers to provide higher quality raw materials, goods, and/or services to the Group, incentivising business partners to introduce more suitable business opportunities or referral to the Group and incentivising customers to maximise their order quantity and frequency with the Group and to take a more active role in promoting the business of the Group.

The Board considers that grant of the Options to Category C Eligible Persons will align their interests with that of the Group, which would in the long-term, and draw in key players of various industries that would help contribute to the Groups growth and development.

The Directors are of the view that contributions of each type of Category B Eligible Person and Category C Eligible Person are of paramount importance to the success of the Group as a whole, and henceforth such persons to be given incentives to participate in the growth of the Group in the form of granting Options. As there may be a degree of uncertainty as to the effectiveness (or profitability, as the case may be) of certain contributions made by Category B Eligible Persons and Category C Eligible Persons, the Board considers that the granting of share options instead of or in addition to fixed monetary terms (as the case may be) would give the Company greater flexibility, and serve as a better cost-control measure from the Company's perspective as well as a greater incentive from the perspective of the counter-parties. In this connection, the Board is of the view that reserving the flexibility to grant share options to such persons when opportunities arise and it is considered appropriate, is in the interest of the Company and Shareholders as a whole.

The terms of the New Share Option Scheme are consistent with the Existing Share Option Scheme which have been approved by the Shareholders. As at the Latest Practicable Date, no share options have been granted to Category B Eligible Persons under the Existing Share Option Scheme. The Directors considered that the New Share Option Scheme, which will be valid for ten (10) years from the adoption date, will provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future, e.g. considering granting share options after the expiry of the Existing Share Option Scheme.

The New Share Option Scheme does not provide for any minimum period for holding of options or any performance target before exercise of options which can provide appropriate incentives or rewards to the eligible Participants for their contribution to the Group. Under the New

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## LETTER FROM THE BOARD

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Share Option Scheme, the Board will have discretion in determining the Subscription Price (subject to the Listing Rules) in respect of any Option. The Directors are of the view that the flexibility given to the Directors to determine the Subscription Price will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole.

The Board will be responsible for administering the New Share Option Scheme. With respect to the operation of the Share Option Scheme, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules. There is no trustee appointed for the purposes of the New Share Option Scheme as at the Latest Practicable Date. In the event that a trustee is appointed in respect of the New Share Option Scheme in the future, the Company will ensure that no Director will become such a trustee or has any direct or indirect interest in such a trustee.

As at the Latest Practicable Date, the Company has no intention to grant any Options under the New Share Option Scheme in the coming 12 months.

Pursuant to the note to Rule 17.03(2) of the Listing Rules, the Board has sought legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) in relation to the New Share Option Scheme proposed to be adopted.

### **Scheme mandate limit and maximum number of Shares issuable**

Subject to obtaining of the Shareholders' approval of the adoption of the New Share Option Scheme, the total number of Shares which may be issued upon the exercise of all the options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed ten percent (10%) of the issued share capital of the Company as at the date of approval of the adoption of the New Share Option Scheme pursuant to Rule 17.03 of the Listing Rules. Based on the 1,577,896,518 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the AGM, the maximum number of Shares to be issued upon the exercise of Options that may be granted under the New Share Option Scheme under such initial mandate limit is 157,789,651 Shares. The Company may seek approval of the Shareholders in general meetings to refresh the ten percent (10%) initial mandate limit. Notwithstanding that the mandate limit may be refreshed, the Board shall not grant Options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding options granted, but yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company which entitle the holders to acquire or subscribe for Shares exceeding, in aggregate, thirty percent (30%) of the issued share capital of the Company from time-to-time.

The number of Shares that may be issued upon the exercise of all granted but outstanding options under the Existing Share Option Scheme is 203,764,000. As at the Latest Practicable Date, no Options had been granted under the New Share Option Scheme. The total number of Shares that may be issued upon the exercise of all granted but outstanding Options under the Existing Share Option Scheme and the New Share Option Scheme would amount to 361,553,651 Shares (representing approximately 22.91% of the Company's total issued share capital) as at the Latest Practicable Date. Assuming that (1) there is no change to the total number of Shares in issue from the Latest Practicable Date up to and including the date of the AGM; (2) the Existing Share Option

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## LETTER FROM THE BOARD

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Scheme will be terminated by resolution at the AGM; and (3) the New Share Option Scheme will be adopted at the AGM, the total number of Shares which may be issued upon exercise of all the Options granted under the Existing Share Option Scheme and the Options to be granted under the New Share Option Scheme (if adopted), will be under the said 30% limit.

### **Value of the Options**

The Directors consider that it is not appropriate to state the value of the Options that may be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders and to a certain extent would be misleading to the Shareholders, taking into account the number of variables which are crucial for assessing the value of the Options which have not been determined. Such variables include the Subscription Price, the Option Period and all other relevant variables.

### **Conditions precedent of the New Share Option Scheme**

The adoption of the New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the AGM to approve and adopt the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Shares to be allotted and issued by the Company pursuant to the exercise of the Options which may be granted in accordance with the terms and conditions of the New Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options under the New Share Option Scheme.

As at the Latest Practicable Date, to the best of the Directors' knowledge and having made all reasonable enquiries, no Shareholder has any material interest in the proposed termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution to be proposed at the 2021 AGM to approve the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

### **DOCUMENT AVAILABLE FOR INSPECTION**

A summary of the principal terms of the rules of the New Share Option Scheme is set out in the Appendix II to this Supplemental Circular. A copy of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at 5th Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong during the normal business hours on any business day from the date hereof up to the date of the AGM and will be available for inspection at the AGM (and any adjournment thereof, as the case may be).



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## LETTER FROM THE BOARD

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### SUPPLEMENTAL NOTICE OF AGM AND SECOND PROXY FORM

As a result of the additional resolution in relation to the termination of the Existing Share Option Scheme and the proposed adoption of the New Share Option Scheme, to be proposed at the AGM subsequent to the despatch of the Circular (containing Notice of AGM and First Proxy Form), a Supplemental Notice of AGM is set out on pages 31 and 32 of this Supplemental Circular and the Second Proxy Form is enclosed with this Supplemental Circular.

Whether or not you are able to attend the AGM in person, you are requested to complete and return the enclosed Second Proxy Form in accordance with the instructions printed thereon as soon as possible, but in any event not later than 48 hours before the time appointed for the AGM or any adjourned meeting (as the case may be) (“**Closing Time**”) to the Company’s Branch Share Registrar in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong. The completion and return of the Second Proxy Form will not preclude you from subsequently attending and voting in person at the AGM or any adjourned meeting should you so wish.

### VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the Chairman will demand a poll for all the resolutions put to the vote at the AGM pursuant to Bye-Law 66(2) of the Bye-Laws.

After the conclusion of the AGM, the poll results will be published on the respective websites of the Company (<http://corp.giordano.com.hk>) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)).

### RESPONSIBILITY STATEMENT

This Supplemental Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Supplemental Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Supplemental Circular misleading.

### RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the proposals for the termination of the Existing Share Option Scheme and the proposed adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the AGM as set out in the Supplemental Notice of AGM.

Yours faithfully,  
For and on behalf of the Board  
**Giordano International Limited**  
**LAU Kwok Kuen, Peter**  
*Chairman and Chief Executive*

A Shareholder who has not yet lodged the First Proxy Form with the Hong Kong Branch Share Registrar is requested to lodge the Second Proxy Form with the instructions printed thereon if the Shareholder wishes to appoint proxy/proxies to attend the AGM or any adjournment thereof (as the case may be) on its/his/her behalf. In this case, the First Proxy Form should not be lodged with the Hong Kong Branch Share Registrar.

A Shareholder who has already lodged with the Hong Kong Branch Share Registrar the First Proxy Form should note that:

- (a) If no Second Proxy Form is lodged, the First Proxy Form, if correctly completed, will be treated as a valid proxy form lodged by the Shareholder. The proxy so appointed by the Shareholder will be entitled to vote in accordance with the instructions previously given by the Shareholder or at its/his/her discretion (if no such instructions are given) on any resolution properly put to the AGM, including the additional/revised proposed resolution set out in the Supplemental Notice of AGM.
- (b) If the Second Proxy Form is lodged with the Hong Kong Branch Share Registrar before the Closing Time, the Second Proxy Form, if correctly completed, will revoke and supersede the First Proxy Form previously lodged by it/him/her. The Second Proxy Form will be treated as a valid proxy form lodged by the Shareholder.
- (c) If the Second Proxy Form is lodged with the Hong Kong Branch Share Registrar after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the proxy appointment under the Second Proxy Form will be invalid. The proxy so appointed by the Shareholder under the First Proxy Form, if correctly completed, will be entitled to vote in the manner as mentioned in (a) above as if no Second Proxy Form was lodged. Accordingly, Shareholders are advised to complete the Second Proxy Form carefully and lodge with the Hong Kong Branch Share Registrar the Second Proxy Form with the Hong Kong Branch Share Registrar before the Closing Time.

Shareholders are reminded that completion and submission of the First Proxy Form and/or the Second Proxy Form shall not preclude Shareholders from attending the AGM or any adjournment thereof (as the case may be) and voting in person should they so wish.

If you are a non-registered Shareholder (i.e. your Shares are held through an intermediary, for example, a bank, custodian or securities broker) or registered in the name of your nominee, you will not receive the Second Proxy Form directly from the Company, and you will need to give instructions to your intermediary/nominee to vote on your behalf. If you wish to attend and vote at the AGM, you should seek authorisation to do so from your intermediary/nominee directly.



The following is a summary of the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the AGM.

## **1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to enable the Board to grant Options to selected Participants as incentives or rewards for their contribution or potential contribution to the Group. The basis of eligibility of any of the Participants to the grant of Options shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution or potential contribution to the development and growth of the Group.

In determining the basis of eligibility of each type of Category B Eligible Person and Category C Eligible Person, the Board would take into account such factors as the Board may at its discretion consider appropriate, including:

- (a) his/her/its potential and/or actual contribution to the business affairs of and benefits to the Group (including, proactively promoting/catalyzing the continuing development and growth of the Group, and bringing innovation and expertise to the Group), with regard to the quality or importance of services/goods provided/supplied or expected to be provided/supplied by such Eligible Person to the Group, and the actual or expected change in the Group's revenue or profits;
- (b) the potential and/or actual degree of involvement in and/or co-operation with the Group with regard to the number, scale and nature of the matters, and the period of engagement/cooperation/business relationship with the Group; and/or
- (c) whether he/she/it is regarded as a valuable resource of the Group based on experience, professional qualifications, knowledge in the industry or other relevant factors (including technical know-how, market competitiveness, synergy with other members of the Group, external business connections, strategic value, and repute and credibility).

## **2. CONDITIONS**

The New Share Option Scheme shall take effect subject to:

- (a) the passing of the necessary resolution to adopt the New Share Option Scheme by the Shareholders at the AGM;
- (b) the granting by resolution of the Shareholders at the AGM of a general mandate to the Board to issue Options;
- (c) the Listing Committee granting approval of the listing of, and permission to deal in any new Shares which may be issued upon exercise of the subscription rights attaching to the Options to be granted under the New Share Option Scheme not exceeding ten percent (10%) of the total number of Shares in issue as at the date of approval of the New Share Option Scheme.

**3. DURATION AND ADMINISTRATION**

- 3.01 The New Share Option Scheme shall be valid and effective for the Scheme Period, after which period no further Options will be granted or accepted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects.
- 3.02 The New Share Option Scheme shall be subject to the administration of the Board (including the independent non-executive directors) whose decision as to all matters relating to the New Share Option Scheme or its interpretations or effect (save as otherwise provided therein) shall be final and binding on all parties.
- 3.03 Subject to the requirements of the Listing Rules and the provisions of the New Share Option Scheme, the Board is entitled to manage the New Share Option Scheme, and its decisions, explanations or effects in relation to all matters of the New Share Option Scheme shall be final and binding on all parties, and the Board is entitled to authorise any Director by way of resolution to exercise any or all power of managing the New Share Option Scheme, including, but not limited to selecting among the eligible Participants and granting the Options to Grantees in accordance with the New Share Option Scheme.

**4. GRANT OF OPTIONS**

- 4.01 On and subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time and from time to time during the Scheme Period to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions (which shall not be inconsistent with the terms of the New Share Option Scheme) as the Board may think fit, an Option to subscribe for such number of Shares (as may be permitted under the terms of the New Share Option Scheme) as the Board may determine at the Subscription Price.
- 4.02 An offer of the grant of an Option shall be made to a Participant by letter, including by any form of electronic means, which form as the Board may from time to time determine requiring the Offeree to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme. Such offer shall be personal to the Offeree and shall not be transferable and shall remain open for acceptance by the Offeree for a period of thirty (30) days from the Date of Grant provided that no such offer shall be open for acceptance after the expiry of the Scheme Period.
- 4.03 An Option shall be deemed to have been accepted when the duplicate of the letter offering the Option and containing acceptance of such offer is duly signed and dated by the Offeree together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within the period referred to in paragraph 4.02 above. Such remittance shall in no circumstances be refundable.

- 4.04 For so long as the Shares are listed on the Main Board, the Board may not grant any Option after inside information has come to its knowledge until after it has announced the information pursuant to the requirements of the Listing Rules. In particular, the Board is prohibited from granting any Option during the period commencing one (1) month immediately preceding the earlier of (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement provided that the period during which no Option may be granted will cover any period of delay in the publication of a results announcement. The Board may not grant any Option to a Participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any other code or securities dealing restrictions adopted by the Company.
- 4.05 The grant of Options to a connected person or its associates shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Options in question).
- 4.06 Where the grant of Options to a connected person who is also a substantial shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of the Options granted and to be granted (including all the exercised, cancelled and outstanding Options) to such connected person in any 12-month period immediately preceding and including the Date of Grant, and would entitle such connected person to receive more than 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue for the time being and the aggregate value (based on the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange at the Date of Grant) of which is in excess of HK\$5,000,000 (or such other amount as may from time to time specified by the Stock Exchange), such grant of Options must be approved by Shareholders in general meeting. All connected persons of the Company shall abstain from voting in favour at such general meeting in connection with obtaining the aforesaid approval, save that they may vote against the relevant resolution at the general meeting provided that any of their intention to do so shall have been stated in the circular to be sent to the Shareholders in connection therewith. Any vote taken at the meeting of the Shareholders to approve the grant of such Options must be taken on a poll and the Company must comply with the requirements under rules 13.39(5), 13.40, 13.41 and 13.42 of the Listing Rules.

**5. SUBSCRIPTION PRICE**

- 5.01 The Subscription Price shall be a price notified by the Board to the Offeree (subject to any adjustments made pursuant to paragraph 9 below) and shall be at least the highest of:
- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant which must be a business day;
  - (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Date of Grant; and
  - (c) the nominal value of a Share.
- 5.02 Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out in paragraph 5.01 above and in any event, determined in compliance with the Listing Rules.

**6. EXERCISE OF OPTIONS**

- 6.01 An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in, over or to any Option in favour of any third party. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option granted to such Grantee to the extent not already exercised.
- 6.02 An Option, to the extent it has not expired, may be exercised in whole or in part (but if in part only, in respect of a board lot in which the Shares are traded on the Main Board from time to time or an integral multiple thereof) in the manner as set out in paragraphs 6.03 and 6.07 below by the Grantee (or, as the case may be, his legal personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised (the "**Exercise Notice**"). Each Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the Option is exercised. Within thirty (30) days after receipt of any Exercise Notice and the remittance of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Independent Financial Adviser's or the Auditor's certificate pursuant to paragraph 9 below, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or his legal personal representative(s)) credited as fully paid and issue to the Grantee (or his legal personal representative(s)) a share certificate in respect of the Shares so allotted.

6.03 Subject as hereinafter provided in the New Share Option Scheme and any restrictions which may be imposed by the Board or applicable under the Listing Rules and notwithstanding the terms of grant thereof, the Option, to the extent it has not expired, may be exercised by the Grantee at any time during the Option Period, provided that:

- (a) if an Option Holder who at the time of grant of an Option to him qualified as a Participant because he was a Category A Eligible Person ceases to be such a Category A Eligible Person:
  - (i) by reason of ill health, injury or disability (all evidenced to the satisfaction of the Board) or death, then he or (as the case may be) his personal representative(s) may exercise his outstanding Option within six (6) months after he so ceases or up to the expiration of the Option Period, whichever is earlier, and such Option to the extent not so exercised shall lapse and determine at the end of the said period of six (6) months or at the expiration of the Option Period, whichever is earlier; or
  - (ii) because the relevant member of the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder by reason of his employment or engagement with, or secondment to, which he qualified as a Category A Eligible Person at the time the Option was granted ceases to be a member of the Group or a Controlling Shareholder or a company controlled by the relevant Controlling Shareholder (as the case may be), then he may exercise his outstanding Option within six (6) months after he so ceases or up to the expiration of the Option Period, whichever is earlier, and such Option to the extent not so exercised shall lapse and determine at the end of the said period of six (6) months or at the expiration of the Option Period, whichever is earlier; or
  - (iii) by reason of retirement in accordance with his contract of employment or service, then he may exercise his outstanding Option within six (6) months after he so ceases or, if the Board in its absolute discretion determine, within six (6) months after the date of his sixtieth (60th) birthday where the retirement takes effect prior to such date, and such Option to the extent not so exercised shall lapse and determine at the end of the relevant six-month period or at the expiration of the relevant Option, whichever is earlier; or

- (iv) by reason of voluntary resignation or dismissal, or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the relevant company otherwise than by reason of redundancy, then his outstanding Option shall lapse and determine on the date he so ceases; or
- (v) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Option Holder or the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder into disrepute), then his outstanding Option shall lapse and determine automatically on, and will not in any event be exercisable on or after, the date of his ceasing to be a Participant; or
- (vi) for any reason other than as described in paragraphs (i), (ii), (iii), (iv) or (v) above, then his Option which is exercisable at the date he so ceases may be exercised to the extent then exercisable within three (3) months of the date he so ceases and unless so exercised shall then lapse and determine,

provided always that in each case the Board in its absolute discretion may decide that such Option or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide. For the purpose of this paragraph 6.03(a) of the New Share Option Scheme, the date on which a person ceases to be employed by the relevant member of the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder shall be his last working day with the relevant member of the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder, as the case may be.

- (b) If an Option Holder who at the time of grant of an Option to him qualified as a Participant because he was a Category B Eligible Person:
  - (i) ceases to be a Category B Eligible Person by reason that such Option Holder ceases to be a holder of any securities issued by the relevant member of the Group or the relevant Controlling Shareholder or the relevant company controlled by a Controlling Shareholder, then his outstanding Option shall lapse and determine on the date he so ceases; or

- (ii) ceases to be a Category B Eligible Person because the relevant member of the Group by reason of his holding of securities in which he qualified as a Category B Eligible Person at the time the Option was granted ceases to be a member of the Group, then he may exercise his outstanding Option within six (6) months after he so ceases or up to the expiration of the Option Period, whichever is earlier, and such Option to the extent not so exercised shall lapse and determine at the end of the said period of six (6) months or at the expiration of the Option Period, whichever is earlier; or
- (iii) ceases to be a Category B Eligible Person because the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder by reason of his holding of securities in which he qualified as a Category B Eligible Person at the time the Option was granted ceases to be a Controlling Shareholder or a company controlled by the relevant Controlling Shareholder (as the case may be), then his outstanding Option shall lapse and determine on the date he so ceases; or
- (iv) (if the Option Holder is an individual) dies, then his personal representative(s) may exercise his outstanding Option within six (6) months after his death or up to the expiration of the Option Period, whichever is earlier, and such Option to the extent not so exercised shall lapse and determine at the end of the said period of six (6) months or at the expiration of the relevant Option Period, whichever is earlier; or
- (v) has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Option Holder or the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder into disrepute), then his outstanding Option shall lapse and determine automatically on, and will not in any event be exercisable on or after, the date of the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be),

provided always that in each case the Board in its absolute discretion may decide that such Option or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.



- (c) If an Option Holder who at the time of grant of an Option to him qualified as a Participant because he was a Category C Eligible Person:
- (i) has, in the absolute determination of the Board, committed any breach of contract entered into between such Eligible Person and the relevant member of the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder, then his outstanding Option shall lapse and determine automatically on, and will not in any event be exercisable on or after, the date of the Board's determination; or
  - (ii) has committed any act of bankruptcy or become insolvent or made any arrangements or composition with his creditors generally or committed any serious misconduct or been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Option Holder or the Group or the relevant Controlling Shareholder or the relevant company controlled by the relevant Controlling Shareholder into disrepute), then his outstanding Option shall lapse and determine automatically on, and will not in any event be exercisable on or after, the relevant court order, resolution, misconduct or conviction or the effective date of the relevant arrangements or composition (as the case may be); or
  - (iii) (if the Option Holder is an individual) dies, then his personal representative(s) may exercise his outstanding Option within six (6) months after his death or up to the expiration of the Option Period, whichever is earlier, and such Option to the extent not so exercised shall lapse and determine at the end of the said period of six (6) months or at the expiration of the relevant Option Period, whichever is earlier,
- provided always that in each case the Board in its absolute discretion may decide that such Option or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.
- (d) 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 Grantees on the same terms, *mutatis mutandis*, and assuming that they will become Shareholders by the exercise in full of the Options granted to them, notwithstanding (i) any restrictions or conditions which would otherwise have prevented such 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, becomes or is declared unconditional, the Grantee (or his legal personal representative(s))



shall, notwithstanding (i) any restrictions or conditions which would otherwise have prevented such 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 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 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, an 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;

- (e) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date or as soon as practicable after it despatches such notice to its members give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee shall be entitled to exercise all or any of his Options at any time not later than two (2) business days prior to the date of the proposed general meeting of the Company by giving the Exercise Notice to the Company, accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the Option is exercised whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid; or
- (f) if, pursuant to the relevant laws and regulations in Bermuda, a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) on the same date or as soon as practicable after it despatches to its members or creditors a notice summoning a meeting to consider such compromise or arrangement, and thereupon each Grantee shall, notwithstanding (i) any restrictions or conditions which would otherwise have prevented such 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 his Options in full (to the extent not already exercised) or in part to the extent specified in the Exercise Notice at any time not later than two (2) weeks prior to the date of the proposed meeting for the purposes of considering such compromise or arrangement and the Company shall, as soon as possible and in any event not later than 12:00 noon on the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be allotted and issued on such exercise, credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their

respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by any court in Bermuda (whether upon the terms presented to the court in Bermuda or upon any other terms as may be approved by such court in Bermuda) the rights of Grantees to exercise their respective outstanding Options (which have been suspended in accordance with the foregoing provisions of this paragraph) shall with effect from the date of the making of the order by the court in Bermuda disapproving such compromise or arrangement be restored in full and shall thereupon become exercisable (but subject to the other terms of the New Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall be made against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

6.04 In respect of any Option granted to a company which qualified as a Participant because it was a company controlled by a person (“**Such Person**”) who was a Category A Eligible Person or Category B Eligible Person or Category C Eligible Person (as the case may be):

- (i) the relevant provisions set out in paragraph 6.03(a) or (b) or (c) above (as the case may be) would apply to its outstanding Option, which would accordingly lapse and determine pursuant to such provisions, mutatis mutandis as if the Option had been granted to Such Person; and
- (ii) its outstanding Option shall lapse and determine on the date it ceases to be a company controlled by Such Person,

provided always that in each case the Board in its absolute discretion may decide that such Option or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

6.05 If the Board in the offer granting the relevant Option have specified that the Option Holder has to meet certain continuing eligibility criteria and that the failure of the Option Holder to meet any such continuing eligibility criterion would entitle the Company to cancel the Option then outstanding (or part thereof), then upon the failure of the Option Holder to meet any such continuing eligibility criterion, his outstanding Option shall lapse and determine on the date the Board exercises the Company’s right to cancel the Option on the ground of such failure.

- 6.06 Notwithstanding anything in these Rules to the contrary, the Option Period shall not be extended and, on the expiry of the Option Period, all rights in respect of an Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its obligations under the Scheme in relation to such exercise.
- 6.07 The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first business day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders to participate in all dividends or other distributions (including distributions or any return of capital upon the winding up of the Company) paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry any voting rights until the name of the Grantee has been duly entered into the register of members of the Company as the holder thereof.

## 7. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provision of the New Share Option Scheme);
- (b) the expiry of any of the periods or dates referred to in paragraph 6.03(a), (b), (c), (e) or (f) above;
- (c) the date of the commencement of the winding-up of the Company;
- (d) the proposed compromise or arrangement as referred to in paragraph 6.03(f) above becomes effective;
- (e) the date on which the Grantee (if an Employee) ceases to be a Participant by reason of the termination of his employment on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee’s service contract with the Group. A resolution of the Board, the board of directors of the relevant member of the Group to the effect that the

employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee, and where appropriate, his legal personal representative(s);

- (f) the date on which the Board shall exercise the Company's rights to cancel the Option as a result of the Grantee's breach of the provisions referred to in paragraph 6.01 above; or
- (g) subject to paragraphs 6.03(a), (b) and (c), 6.04 and 6.05 above, the date the Grantee ceases to be a Participant for any other reason.

## 8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 8.01 The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed thirty percent (30%) of the Shares in issue from time to time. No Option may be granted under the New Share Option Scheme and any other schemes if this will result in the maximum number of the Shares referred to in this paragraph being exceeded. Options lapsed or cancelled in accordance with the terms of the New Share Option Scheme or any other schemes shall not be counted for the purposes of calculating the said thirty percent (30%) limit.
- 8.02 Subject to paragraph 8.01, 8.03 and 8.04, the total number of Shares available for issue upon exercise of all Options which have been or may be granted under the New Share Option Scheme and any other schemes must not, in aggregate, exceed 157,789,651 Shares representing ten percent (10%) of the Shares in issue as at the date on which the New Share Option Scheme becomes unconditional (the "**Scheme Mandate Limit**") unless an approval by Shareholders at general meeting has been obtained pursuant to paragraph 8.03 below. The Company may seek the approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit and a circular shall be issued to the Shareholders.
- 8.03 The Company may seek the approval of the Shareholders in general meeting for "refreshing" the Scheme Mandate Limit such that the total number of Shares in respect of which Options may be granted under the New Share Option Scheme and any other schemes as "refreshed" shall not exceed ten percent (10%) of the total number of Shares in issue as at the date of the approval of the Shareholders, provided that Options previously granted under the New Share Option Scheme or any other schemes (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Share Option Scheme or any other schemes) will not be counted for the purposes of calculating the limit as "refreshed". For the purpose of seeking the approval of the Shareholders under this paragraph, the Company shall issue to the Shareholders a circular containing the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.

- 8.04 The Company may seek separate approval of the Shareholders in general meeting to grant Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to Participants specifically identified by the Company before such approval is sought and the Company shall issue a circular to the Shareholders containing a general description of the specified Offerees, the number and terms of the Options to be granted, the purpose of granting such Options to the Offerees with an explanation as to how the terms of the Options serve such purpose and the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules.
- 8.05 The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each Grantee (including both exercised and outstanding Options) in any 12-month period up to the Date of Grant to each Grantee must not exceed one percent (1%) of the aggregate number of Shares for the time being in issue. Where any further grant of Options to a Grantee would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Grantee (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over one percent (1%) of the aggregate number of Shares for the time being in issue, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his associates abstaining from voting. The Company shall issue a circular to the Shareholders disclosing the identity of the Grantees, the number and terms of the Options granted and to be granted (including Options previously granted) and the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Grantee must be fixed before the Shareholders' approval is sought and the date of the meeting of the Board for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

## **9. REORGANISATION OF CAPITAL STRUCTURE**

- 9.01 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company is party), such corresponding alterations (if any) shall be made to:
- (a) the number or nominal amount of Shares subject to the Option so far as not being exercised; and/or
  - (b) the Subscription Price subject to the Option so far as not being exercised; and/or

- (c) the maximum number of Shares referred to in paragraph 8 above to which the Option relates; and/or
  - (d) the method of exercise of the Option, as the Independent Financial Adviser or the Auditor shall at the request of the Company certify in writing to the Board either generally or with regard to any particular Grantee to be in their opinion fair and reasonable, provided that:
    - (i) any such alteration shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration, but no such alteration shall be made to the extent that the effect of which would be to enable any Share to be issued at less than its nominal value; and
    - (ii) the issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any such alteration in respect of any alteration referred to in this paragraph, other than any made on a capitalisation issue, the Independent Financial Adviser or the Auditor must confirm to the Board in writing that the alteration satisfy the requirements of the relevant provisions of the Listing Rules.
- 9.02 The capacity of the Independent Financial Adviser or the Auditor in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Independent Financial Adviser or the Auditor shall be borne by the Company.
- 9.03 If there has been any alteration in the capital structure of the Company as referred to in paragraph 9.01 above, the Company shall within twenty-eight (28) days after receipt of the Independent Financial Adviser's or Auditor's certificate as referred to in paragraph 9.01 above, inform each Grantee of such alteration and of any adjustment to be made in accordance with the Independent Financial Adviser's or Auditor's certificate obtained by the Company for such purposes.

**10. SHARE CAPITAL**

The exercise of any Option shall be subject to the members of the Company in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements of issue of Shares on the exercise of all outstanding Options from time to time.

**11. DISPUTES**

Any dispute arising in connection with the New Share Option Scheme (whether as to the number of Shares the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Independent Financial Adviser or the Auditor who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Independent Financial Adviser or the Auditor shall be borne by the party/parties against whom the Independent Financial Adviser or the Auditor may decide.

**12. ALTERATION OF THE NEW SHARE OPTION SCHEME**

12.01 The New Share Option Scheme may be altered at any time in any respect by resolution of the Board without the approval of the Shareholders except certain specified provisions of the New Share Option Scheme (relating to the matters referred to in rule 17.03 of the Listing Rules) shall not be altered to the advantage of Grantees or prospective Grantees (as the case may be) except with the prior sanction of a resolution by the Shareholders who are not Grantees in general meeting, with any persons to whom or for whose benefit any Shares may be issued under the New Share Option Scheme and their associates abstaining from voting.

12.02 Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted shall first be approved by the Shareholders, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme.

12.03 The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

12.04 Any change to the authority of the Board or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme must first be approved by the Shareholders in general meeting.

**13. PERFORMANCE TARGETS AND MINIMUM PERIOD**

Unless the Directors otherwise determined and stated in the offer of the grant of Options to a Grantee, a Grantee is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised and there is no minimum period for which an Option must be held before it can be exercised.

**14. TERMINATION**

The Company by ordinary resolution in general meeting or by resolution of the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

**15. CANCELLATION**

The Board may at its absolute discretion cancel any Options granted but not yet vested or exercised (as the case may be) at any time at the request or with the prior written consent of the Grantee and new Options may be granted to the same Grantee provided such new Options fall within the limits prescribed by paragraph 8 above and otherwise comply with the terms of the New Share Option Scheme.



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## SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

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# GIORDANO

## GIORDANO INTERNATIONAL LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 709)**

## SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

**THIS NOTICE** is supplemental to the notice of the annual general meeting (the “**Notice of AGM**”) dated April 21, 2021 issued by Giordano International Limited (the “**Company**”) to convene the annual general meeting of the Company (the “**AGM**”) at 5th Floor, Tin On Industrial Building, 777–779 Cheung Sha Wan Road, Kowloon, Hong Kong on Friday, May 21, 2021 at 9:30 a.m.

Details of the proposed resolutions to be considered at the AGM are set out in the Notice of AGM. Unless otherwise stated, terms defined herein shall have the same meanings as those defined in the Circular of the Company dated April 21, 2021.

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN** that the AGM will be held at 5th Floor, Tin On Industrial Building, 777–779 Cheung Sha Wan Road, Kowloon, Hong Kong on Friday, May 21, 2021 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution in addition to the resolutions set out in the Notice of AGM:

### ORDINARY RESOLUTION

8. “**THAT:**

Subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval of the listing of, and permission to deal in, the ordinary shares of HK\$0.05 each in the share capital of the Company (the “**Shares**”), to be issued pursuant to the exercise of the share options which may be granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “A” produced to the meeting and, for the purposes of identification, signed by the Chairman of the meeting and summarised in the supplemental circular of the Company dated April 29, 2021, be and is hereby approved and adopted; and the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including without limitation:

- (a) administering the New Share Option Scheme under which options will be granted to the eligible Participants (as defined in the New Share Option Scheme) to subscribe for Shares, including but not limited to determining and granting options in accordance with the terms of the New Share Option Scheme;

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## SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

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- (b) modifying and/or amending the rules of the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the terms of the New Share Option Scheme relating to modification and/or amendment and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (c) allotting and issuing from time to time such number of Shares in the share capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme and subject to the Listing Rules;
- (d) making application at appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be issued and allotted pursuant to the exercise of the options granted under the New Share Option Scheme; and
- (e) conditional upon the New Share Option Scheme becoming unconditional, the existing share option scheme of the Company which was adopted by the Company on June 9, 2011 and amended on May 22, 2012 (the “**Existing Share Option Scheme**”) be and is hereby terminated with effect from the date of adoption of the New Share Option Scheme and that no further options will be granted under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”

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

Hong Kong, April 29, 2021

*Notes:*

- (1) The Second Proxy Form is enclosed with the supplemental circular of the Company dated April 29, 2021 (the “**Supplemental Circular**”). Please refer to page 14 of the Supplemental Circular for special arrangements about completion and submission of the Second Proxy Form.
- (2) Please refer to the Notice of AGM for details of the other resolutions to be passed at the AGM, closure of the register of members of the Company and eligibility for attending the AGM, proxy and other relevant matters.
- (3) Details of the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme (resolution 8) are set out in this Supplemental Circular.