

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this supplemental circular, 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 supplemental circular.

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

**PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

This supplemental circular should be read together with the Circular dated April 14, 2022 and the notice dated April 14, 2022 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 20, 2022 at 9:30 a.m. A supplemental notice dated April 29, 2022 is set out on pages 44 to 45 of this supplemental circular. Whether or not you are able to attend the annual general meeting in person, 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.



CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
Introduction	6
Expiration of the 2011 Share Option Scheme and Adoption of the New Share Option Scheme	7
Documents available for inspection	23
Supplemental Notice of AGM and the Second Proxy Form	23
Voting by Poll	23
Responsibility Statement	24
Recommendation	24
APPENDIX I — SPECIAL ARRANGEMENT ABOUT COMPLETION AND SUBMISSION OF THE SECOND PROXY FORM	25
APPENDIX II — SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME	26
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING	44

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

DEFINITIONS

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

“2011 Share Option Scheme”	the Company’s share option scheme adopted on June 9, 2011 and amended on May 22, 2012, which expired on June 9, 2021;
“2021 Proposed Share Option Scheme”	the proposed share option scheme of the Company which proposed terms were disclosed to the Shareholders by the Company by way of a circular dated April 29, 2021;
“2021 AGM”	the annual general meeting of the Company held on May 21, 2021;
“associates”	has the meaning ascribed thereto under the Listing Rules;
“Circular”	the circular dated April 14, 2022 issued by the Company to the Shareholders;
“close associate(s)”	has the same meaning as defined in rule 1.01 of the Listing Rules;
“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">(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;(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(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, <p>that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of such person;</p>

DEFINITIONS

“Controlling Shareholder”

any person who has the power, directly or indirectly, to secure:

- (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
- (ii) by means of controlling the composition of a majority of the Board, or
- (iii) by virtue of any powers conferred by the constitutional document of the Company or any other corporation,

that the affairs of the Company are conducted in accordance with the wishes of such person;

“Date of Grant”

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;

“Employee”

any employee of the Group, including (without limitation) any director of the Group, who is in employment of the Group;

DEFINITIONS

“First Proxy Form”	the proxy form which was despatched to the Shareholders on April 14, 2022 together with the Circular and the accompanying Notice of AGM;
“Grantee”	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;
“Independent Financial Adviser”	the independent financial adviser for the time being of the Company;
“Latest Practicable Date”	April 26, 2022, 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;
“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme;
“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;

DEFINITIONS

“Participant(s)”

- (i) (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
- (b) any director or employee to the Group 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 “**Category A Eligible Person**”); or
- (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 “**Category B Eligible Person**”); or
- (iii) (a) any business or joint venture partner, authorized dealer, franchisee, contractor, agent or representative of,
- (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, or professional services to,
- (c) any supplier of goods or services to,
- (d) any customer (whether individuals and corporations), who purchase in large quantities for the purpose of resale but whose order volume or track record has yet to reach franchise and wholesale levels of, or
- (e) any landlord or tenant (including any sub-tenant) of, any member of the Group; or any persons controlling (iii)(a) to (e) (a “**Category C Eligible Person**”);

and, for the purposes of the New Share Option Scheme, shall include any company wholly owned by any of the above classes of participants;

DEFINITIONS

“Scheme Period”	<p>period commencing on the date on which the New Share Option Scheme becomes unconditional and expiring on the earlier of:</p> <ul style="list-style-type: none">(a) ten (10) years from the date on which the New Share Option Scheme becomes unconditional; and(b) the date on which the New Share Option Scheme is terminated as stated in paragraph 15 of Appendix II on page 43 of this Supplemental Circular;
“Second Proxy Form”	<p>the proxy form enclosed with this Supplemental Circular;</p>
“Subscription Price”	<p>the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in paragraph 6 of Appendix II on page 30 of this Supplemental Circular, subject to adjustment in accordance with the New Share Option Scheme;</p>
“Supplemental Circular”	<p>this Supplemental Circular dated April 29, 2022, issued by the Company to the Shareholders; and</p>
“Supplemental Notice of AGM”	<p>a supplemental notice convening the AGM as set out on pages 44 and 45 of this Supplemental Circular.</p>

LETTER FROM THE BOARD

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, 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSED 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 the adoption of the New Share Option Scheme and to give you a Supplemental Notice of AGM and the Second Proxy Form.

LETTER FROM THE BOARD

EXPIRATION OF THE 2011 SHARE OPTION SCHEME AND ADOPTION OF THE NEW SHARE OPTION SCHEME

The 2011 Share Option Scheme was adopted by the Company on June 9, 2011, amended on May 22, 2012, and expired on June 9, 2021. The Company has no other valid option schemes of its own as at the Latest Practicable Date.

As at the Latest Practicable Date, there were 172,370,000 share options granted, but not yet exercised under the 2011 Share Option Scheme which continue to be capable of exercise during the prescribed period in accordance with the 2011 Share Option Scheme rules and other terms of their grant (representing approximately 10.92% of all the Shares in issue as at the Latest Practicable Date).

Details of the share options granted under the 2011 Share Option Scheme as at the Latest Practicable Date are set out below:

Category of participants	Date of Grant	Number of share options	Exercise Price (HK\$)	Vesting Conditions (Note)	Status of share options granted as at the Latest Practicable Date		Exercise period (Note)
					Exercised	Outstanding	
Employees	April 10, 2013	14,800,000	7.65	3	0	2,240,000	1
	March 24, 2014	64,280,000	5.00	Nil	0	34,730,000	2
	April 9, 2015	15,654,000	3.792	Nil	4,610,000	6,216,000	3
	July 10, 2015	1,000,000	4.09	Nil	500,000	500,000	4
	September 19, 2016	2,332,000	4.34	Nil	0	1,888,000	5
	January 6, 2017	63,630,000	4.18	8	7,910,000	42,572,000	6
	June 9, 2017	8,900,000	4.05	Nil	0	8,100,000	7
	September 9, 2020	70,200,000	1.39	Nil	1,510,000	63,612,000	8
	Sub-total:	284,824,000			14,530,000	159,858,000	
Owners of Authorized Dealers and Franchisees	March 24, 2014	5,100,000	5.00	Nil	0	4,500,000	2
	January 6, 2017	3,850,000	4.18	8	132,000	902,000	6
	September 9, 2020	6,510,000	1.39	Nil	0	6,510,000	8
	Sub-total:	21,460,000			132,000	11,912,000	
Consultant	September 9, 2020	600,000	1.39	Nil	0	600,000	8
Total					14,662,000	172,370,000	

LETTER FROM THE BOARD

Notes:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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, August 11, 2021 and March 11, 2022, respectively to December 31, 2028.

Share options granted to authorized dealers, franchisees and a consultant under the 2011 Share Option Scheme

Under the 2011 Share Option Scheme, a total of 21,460,000 share options (representing a total of 1.36% of the Company's total issued share capital as at the Latest Practicable Date) 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 2011 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.

LETTER FROM THE BOARD

Among the share options granted under the 2011 Share Option Scheme, 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 mainland China. The Consultant is a PRC legal counsel who has practised over 30 years. As at the Latest Practicable Date, there were approximately 1,427 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. 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.

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 terms of the New Share Option Scheme are similar to the terms of the 2011 Share Option Scheme which had been approved by the Shareholders. They are also similar to the terms of the 2021 Proposed Share Option Scheme, which was voted down at the 2021 AGM.

Purpose of the New Share Option Scheme

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 that the New Share Option Scheme will enable the Group to reward the eligible Participants including the employees and Directors.

LETTER FROM THE BOARD

Benefits of the New Share Option Scheme

Other than employees and directors of the Group (or proposed employees and directors whose grant is subject to certain conditions), Category A Eligible Persons also include any employees and directors to the Group for the time being seconded to work for any Controlling Shareholder or any company controlled by a Controlling Shareholder. A secondee would have generally worked for the Group for a period of time, and would have been selected due to, among other reasons, his/her performance in the Group as well as his/her continued contributions to the Group following the end of the secondment. Separately, during his/her secondment period, it is expected that the secondee will gain exposure, skills and/or knowledge in the secondment role while working in a different corporate environment, function and/or business which he/she may bring back to the Group. The secondee may also contribute to maintaining and developing synergy with the relevant entity where he/she is seconded, as well as gaining a better understanding over the business of the relevant entity and how to facilitate co-operation and collaboration between the relevant entity and the Group, both during and after the secondment.

The inclusion of secondees as eligible Participants during the period of their secondment is in line with the objectives of the New Share Option Scheme, which include attract and retain quality personnel. As it would (i) ensure that their services and contributions to the Group before and during the secondment can be appropriately recognised and awarded despite the fact that they have been seconded. As the time and term of secondment of each secondee may vary, this would provide the Company with flexibility in granting the Options to the secondee, which grant may be made together with other employees of the Group, at a time determined by the Board; (ii) it would encourage the individual to report back to the Group after his/her secondment; and (iii) it would incentivize the individual to continue to contribute to the Group.

In view of above and the importance in maintaining good relationship with Category B Eligible Persons (as set out below), the Directors believe that the grant of Options to an individual for the time being seconded to work for any Controlling Shareholder or any company controlled by a Controlling Shareholder is in the interests of the Company and the Shareholders, and in line with the objectives of the New Share Option Scheme.

In view of the nature of the Group's business in the fashion apparel industry operating an international network of retail business through a portfolio of owned, franchised and licensed brands, the success of the Group does not only depend on contributions by the Employees and management of the Group, but also requires the co-operation and contributions from Category B Eligible Persons and Category C Eligible Persons. As disclosed further below, they play important roles in the development and growth of the business and operations of the Group. Accordingly, including such persons as Participants in the New Share Option Scheme can give flexibility to the Company in providing incentives and rewards to persons (including any company wholly owned by any of the above classes of the Participants) who are expected to have a long-term relationship with the Group, with a view that they would participate in the growth of the Group and continue to contribute to the benefit of the Group. 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.

LETTER FROM THE BOARD

To achieve substantial growth and economies of scale and to maintain the Group's competitive edge, it would be in the interest of the Group to continue expand its business network and to stay up-to-date with the key development and industry players of various sectors, whether it is in fashion, retail, marketing, technology or others.

Category B Eligible Persons

Category B Eligible Persons (including a shareholder of the Group, any Controlling Shareholder or any company controlled by a Controlled Shareholder) would generally have industry expertise beyond the Group's main geographical or retail segment, as well as presence and/or business networks in other parts of the world. Accordingly, Category B Eligible Persons who may be granted Options are expected to contribute to the Group's success by serving as a long-term strategic investor or partner, participating in its business promotion and introducing business opportunities. It is expected that potential grantees of this category would contribute (i) information and strategic suggestions based on their expertise and experience from their respective segments to help develop the Group's business strategy and operational plans in both the short term and long term; and (ii) their network and resources to assist the Group in (a) analysing the local consumer preference in other markets and devising more effective strategies to penetrate into new markets; (b) identifying and establishing business opportunities and collaborations with other local businesses or brands on business projects or marketing campaigns for the relevant local markets; and (c) generating leads, referrals or introductions to the Group in respect of (x) reputable operators who may join the Group's network of authorized dealers and franchisees (which would help the Company in maintaining and enhancing its position in those markets); and (y) reliable business or technical consultants with a deep understanding of the consumer market or have strong expertise in their relevant fields 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).

Criteria in determining the eligibility

To ensure that any Options granted to Category B Eligible Persons are in line with the objectives of the New Share Option Scheme, such persons would need to meet criterion (i) together with one or more of criteria (ii) to (iv) set out below, before he can be considered a Category B Eligible Person: (i) no service fees are required to be paid to such persons for their contributions; (ii) such persons have made a referral or introduced a business opportunity to the Group which engagement or business relationship with the Group has successfully materialised; (iii) such persons have assisted the Group in developing new product lines, increasing its market share or penetrating into a new market; or (iv) such persons have introduced new materials to the Group's production lines.

LETTER FROM THE BOARD

Factors in determining the number of Options to be granted (if any)

In assessing the performance of Category B Eligible Persons and whether to grant them Options under the New Share Option Scheme (and if so, the number of Options to be granted), the Board may consider both qualitative and quantitative factors including (i) the frequency and period of the contributions made by the Category B Eligible Persons; (ii) the value of information or expertise contributed to the Group (whether generated from the Category B Eligible Person themselves or from their referrals) and whether it has assisted in the Group's strategy development or business operations; (iii) the volume of successful referrals/introductions that has led to the onboarding of new authorized dealers/franchisees or key business/technical consultant or that has initiated or advanced business collaborations; (iv) the background, quality, reputation and track record of the onboarded parties; and (v) 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.

In view of the above, the Board is of the view that with the selection criteria in place ensuring that objectives of the New Share Option Scheme are met, the grant of Options to Category B Eligible Persons will incentivize and reward them for their continuing commitment to the Group, thereby fostering long-term development of the Group; and is in the interests of the Company and the Shareholders.

LETTER FROM THE BOARD

Category C Eligible Persons

Category C Eligible Persons include business or joint venture partners, authorized dealers, franchisees, contractors, agents or representatives, consultants, suppliers, customers, landlords or tenants, of any member of the Group.

Authorized dealers, franchisees, business or joint venture partners, agents or representatives

Authorized dealers, franchisees and stores operated by joint venture partners have played critical roles in maintaining and enhancing the Company's position (including the brand of the Company). They operate retail outlets in cities and provinces which help increase and penetrate the Company's presence in the relevant markets. As at the Latest Practicable Date, there were approximately 538 franchised stores in mainland China and approximately 368 franchised stores in other parts of the world. For the year ended December 31, 2021, the wholesale and franchise business (which were generated through the Company's authorized dealers) generated approximately HK\$445 million in sales in mainland China and overseas franchisee markets (representing approximately 13.2% of the Group's revenue), in particular, the revenue generated through authorized dealers and franchisees in mainland China for the year ended December 31, 2021 amounted to approximately HK\$224 million (representing approximately 6.6% of the Group's revenue). Similarly, agents and representatives are expected to represent the Company in relevant overseas cities and provinces in reaching out to various stakeholders, negotiating business contracts for and/or on behalf of the Company, and launching branding and marketing initiatives to promote the Company's business.

In addition to enhancing the Company's position in the relevant markets, authorized dealers and franchisees also allow the Company to develop a deeper understanding of consumer tastes and preferences (in respect of e.g. fabrics, colors and advertising). This allows the Company to develop and implement different strategies for different markets, investigate a variety of market entry opportunities, and better monitor performance. The flexibility to grant Options to the above parties would allow the Company to (i) secure a long-term continued business relationship with these parties whose sales revenue, merchandising discipline, marketing efforts, and/or business collaborations, from their respective markets; and (ii) incentivize such parties to perform optimally to the benefit of the Group given that they are a key point of contact representing the Group and/or its brand in the relevant markets.

Business partners to which the Company expects may be granted Options are persons whose business with and contributions to the Company are expected to play a valuable or strategic role in the Group's continued growth and development in the long term, whether it is in respect of their marketing/merchandising efforts, business collaborations (such as multi-brand retailers or crossover partners), or contributions to the back-end support or development (such as supply chain or technology) to the Group. Their contributions may be regarded valuable to the Group's global business and branding initiatives due to the nature of the business collaboration (e.g. the commitment required to generate benefits to the Group at various stages), the reputation and competency of the business partner on which the Group may wish to leverage upon, and/or the business partners being in high demand in respect of collaborations.

LETTER FROM THE BOARD

Consultants

Consultants who are expected to be granted Options under the New Share Option Scheme are those who are not only skilled and/or accomplished in their field (including but not limited to human resource practices, online and offline market research and analysis, digital and non-digital commerce and digital transformation, and marketing and branding) and hence contribute to the Group's competence or strategy in the relevant areas. They have also contributed to the development and success of various key strategic areas and retail and geographical markets of the Group's business. For example, the Consultant (who, as disclosed above, was granted share options in the 2011 Share Option Scheme), helped devise and implemented the human resources policies of the Group in mainland China, a key geographic segment of the Company. His contributions and continued dedication was considered valuable to the Group's operations and future development as it helped the Group adequately shape, manage and incentivize its employees spread across different cities and provinces in mainland China, especially in view of the changing local regulatory framework.

Suppliers/contractors

As an international apparel retailer with operations across five continents, the success of the Group's business is supported by its suppliers of goods (such as textile and garment) and services who not only provide high quality deliverables to the Group, but must also be consistent, timely and cost-efficient in their service such that the Group's inventories can be stocked and delivered adequately to meet seasonal business demands and *ad hoc* orders. Suppliers may also contribute to the Group by connecting the Group with local suppliers in various regions where there may be any supply chain gaps or by prioritising the Group's orders whether in shipment or in storage. This is particularly important during disruptions in the general supply chain, which happened globally in recent years. Suppliers who are expected to be granted Options are those who have contributed/are expected to contribute consistently to the Group's operations for the long-term in key and/or valuable ways.

LETTER FROM THE BOARD

Customers

Customers of the Group who have developed a long-term cooperation relationship with the Group and have made key and/or valuable contributions, may be granted with Options. While the Group has yet to enter into official dealership or franchisee contracts with such individuals or entities, it is expected that the potential grantees of this sub-category would enter into formal co-operation relationship with the Group to purchase the Group's products and re-sell them in overseas markets in shops or over counters. This arrangement would in turn extend the Group's reach in the global retail market, enhance its brand exposure and lay solid foundations for further growth on a meaningful basis. By way of example, the Group's Brunei franchisee initially purchased products personally from Hong Kong before formally being appointed as a franchisee circa 1997. The ability to grant Options will allow the Group to engage such customers and entice them to develop their Giordano business and scale it such that they can become formal wholesalers or franchisees. Separately, certain business customers, such as campaign crossover partners, may acquire license of the Giordano brand and use certain trademarks of the Group to promote their business, which would in turn enhance awareness and recognition of the Group's brand and promote the Group's business. Conversely, if there are major brands that Giordano wishes to crossover with to leverage the partner's goodwill and global following, the Options will also allow the Group to incentivize them to agree to and behave optimally in such crossover proposals.

Landlords

Landlords contribute to the Group's success by providing prime locations that would support the sales, operations and business development of the Group, for a long period of time, with priority or reasonable terms of renewal, at economical rates, such that the Group can reach customers at appropriate locations and increase operational efficiency. Their contributions are especially valuable in high density locations where land is in high demand and there is a competitive market for prime retail or business locations. Furthermore, landlords offer rent concessions to the Group in the event of a challenging business or economic environment, as had been the case in recent years. The flexibility to grant Options to the landlords will allow the Company to not only incentivize and secure the long-term commitment of the landlords, but to also facilitate negotiations or securing of an overall economical rental structure and package in favour of the Group for the long-term, which may not be achievable by purely monetary means.

Tenants

Tenants of the Group who have developed a collaboration and/or co-operation relationship with the Group, may be granted with Options. Such collaboration and/or co-operation include setting up shop-in-shops or counters inside the Group's premises; participating in-store marketing campaigns, products crossover, customers reward programs; and subleasing of commercial spaces and/or warehouses of the Group. This would promote and enhance the Group's brand(s) and attract new customers to the Group, hence solidifying and diversifying the Group's consumer base. The ability to grant Options would provide the Board with more flexibility and to incentivize key and/or strategic tenants to maintain a long-term relationship with the Group, and to agree to such collaboration and cooperation.

LETTER FROM THE BOARD

For the year ended December 31, 2021, there have been challenges in the operating environment. Among others, various regions experienced lockdown measures and intermittent pandemic waves leading to intermittent disruption. Nevertheless, for the year ended December 31, 2021, the Company recorded a profit attributable to Shareholders of approximately HK\$190 million, representing a turnaround from a loss attributable to the Shareholders of approximately HK\$112 million, for the year ended December 31, 2020. As disclosed in the positive profit alert announcements dated May 6, 2021, July 16, 2021 and January 18, 2022 of the Company and the final results announcement for the year ended December 31, 2021 published on March 10, 2022, the Board considered that Category C Eligible Persons have contributed to the turnaround from loss attributable to Shareholders to profit attributable to Shareholders.

In view of the above, the Board acknowledges that in order to maintain the competitiveness of the Group, to sustain a stable business stream in the changing business environment, as well as to enhance the brand goodwill and geographic market share of the Group, it needs to maintain long-term and sustainable business relationships with Category C Eligible Persons and develop new business relationships with them. The Board considers that being able to grant Options in addition to service fees is necessary to align the interests of such parties with those of the Group, to reward them for their past contributions and loyalty with the Group, and to drive long-term co-operation and commitment as well as consistent and optimal behavior of such persons to the benefit of the Group, which is in the interests of the Company and the Shareholders. While persons falling under certain categories of Participants were not granted share options in the 2011 Share Option Scheme, it is considered that they have been kept within the scope of Participants in the New Share Option Scheme in order to accommodate to the changing business environment and business needs of the Group during the Scheme Period (which may span across ten (10) years). The business environment and business needs of the Group may differ to that of the scheme period of the 2011 Share Option Scheme, especially after the fast-paced digitalization of the shopping experience among consumers and the changing consumer expectations in the past few years. The Group may need the continued and optimal support of each of the Category C Eligible Persons in order to continue to remain competitive in the retail industry, growing and expanding its consumer base and revenue stream.

Criteria in determining the eligibility

To ensure that any Options granted to Category C Eligible Persons are in line with the objectives of the New Share Option Scheme, the Board would apply and consider the following selection criteria in respect of each type of Category C Eligible Persons:

- (a) for authorized dealers and franchisees – such persons would have offered favorable terms to the Group; and meet one or more of the following criteria: have (i) reached a certain level of profitability in operations; (ii) reached a certain number of shops owned or a certain level of operational scale; or (iii) reached a certain volume of annual purchase of the Group's products.
- (b) for business or joint venture partners – such persons would have offered favorable terms to the Group; and meet one or more of the following criteria: (i) such persons have declared a certain level of dividend to the Company; or (ii) the business relationship or joint venture has generated a certain level of royalty income to the Group.
- (c) for agents and representatives – such persons would have offered favorable terms to the Group; and meet one or more of the following criteria: have (i) made a referral or introduced a business opportunity to the Group which engagement or business relationship with the Group has successfully materialised; (ii) assisted the Group in developing new product lines, increasing its market share or expanding into a new market; or (iii) introduced new materials to the Group's production lines.
- (d) for consultants – such persons would have offered favorable terms to the Group; and the research, development or other technological support or any advisory, consultancy, or professional services provided by such persons has had a positive contribution to the Group (e.g. by attributing to an increase in revenue, or a reduction in costs).

LETTER FROM THE BOARD

- (e) for suppliers/contractors – such persons would have offered favorable terms to the Group; and meet one or more of the following criteria: (i) such persons has a proven track record of timely delivery of goods or services; (ii) the goods provided are durable and/or generally do not consist of defects which would lead to returns or exchanges being requested by the Group or customers; (iii) the goods provided are safe, and would not require the Group to carry out large scale products recall; (iv) provision of timely and appropriate referrals of suppliers to the Group which would accommodate to the Group's changing business needs; or (v) such persons have met the Group's requests in sampling and production needs, for example by providing or introducing materials which are cost-efficient, high quality and advanced (e.g. being environmentally friendly and anti-microbial).
- (f) for customers – such persons having been considered as the Group's potential authorized dealers or franchisees in view of, among others, increase in volume of annual purchase of the Group's products as compared to the prior corresponding periods; and meet one or more of the following criteria: such persons have (i) reached a certain volume of annual purchase of the Group's products; (ii) made regular purchase orders with the Group; or (iii) successfully scaled its operations and purchase levels into franchise or wholesale level.
- (g) for landlords – such persons would have offered favorable terms to the Group; and meet one or more of the following criteria: have (i) offered favorable rental terms to the Group, taking into account, among others, rent, location, term of lease and renewal terms; (ii) a certain range of real estate portfolio that can be offered to offer to the Group; or (iii) provided rental concessions where it may be needed, for example agreeable to early termination, rental reductions or reduction in size of the rented premises due to changing business environment.
- (h) for tenants – such persons would fall within one of the Group's top 20 tenants (in terms of their monetary contributions to the Group including its rental income for the relevant period); and meet one or more of the following criteria: (i) such persons have a proven track record of timely payment of rent; (ii) such persons having renewed the lease for a number of times; or (iii) the rental income received from such persons attribute to a certain percentage of the Group's revenue.

Factors in determining the number of Options to be granted (if any)

The Board will ensure that any grant of Options will be in line with the purpose of the New Share Option Scheme and in the interest of the Company as a whole as well as the Shareholders. In assessing the performance of Category C Eligible Persons and whether to grant them Options under the New Share Option Scheme (and if so, the number of Options to be granted), the Board would consider (x) the frequency and period of the contributions made by each of the Category C Eligible Persons; as well as (y) the regular pricing charged to the Group. In respect of each type of Category C Eligible Persons, the Board may further consider both qualitative and quantitative factors including the following:

- (a) for authorized dealers, franchisees, business or joint venture partners, agents and representatives – (i) the volume of sales and revenue generated for the Group; (ii) the proactiveness and effectiveness in their merchandising disciplines and marketing efforts in promoting the Group; (iii) the quality, innovation and brand impact in connection with activities conducted on behalf of or in representing the Group; (iv) their strategic value taking into account their geographical positioning; and (v) their external business connections and industry reputation;

LETTER FROM THE BOARD

- (b) for consultants – (i) the innovation and expertise they bring to the Group; (ii) the significance of their contributions to the Group’s business and operations in view of such innovation or expertise, the Group’s business and operational strategy, and the consultant’s geographical positioning; and (iii) the actual and/or potential contributions they have made or are expected to make to the Group;
- (c) for suppliers/ contractors – (i) the quality of goods and services provided; (ii) a consistent track record of the provision of their goods and services over a period of time; and (iii) the geographical market and business environment in which the relevant entity operates in; and (iv) the ease of replacing such entity with another supplier/contractor which could offer similar quality and consistency in the provision of goods and services;
- (d) for customers – (i) the volume of sales and revenue generated for the Group (where applicable); (ii) the quality, innovation and brand impact of the relevant activities conducted in connection with the Group’s brand; and (iii) the strategic significance of their contributions taking into account their geographical positioning or business activities;
- (e) for landlords – (i) the portfolio of real estate held or managed by the landlord; (ii) the provision of strategic locations to the Group to suit its business needs; (iii) the rental terms and pricing offered to the Group; and (iv) the importance of the foregoing in view of the relevant region of the lease;
- (f) for tenants – (i) the brand goodwill and reputation of the tenant itself; (ii) the quality, innovation and brand impact of the relevant activities conducted in connection with the Group’s brand(s); and (iii) the strategic significance of their contributions taking into account their geographical positioning or business activities.

Persons controlling the aforesaid service-based Category C Eligible Persons (including business or joint venture partners, authorized dealers, franchisees, contractors, agents or representatives, consultants, suppliers, contractors, customers, landlords and tenants) also come under Category C Eligible Persons. The Board is of the view that the flexibility to grant Options to such persons would be in the interests of the Company and the Shareholders as a whole because such persons not only have the authority and power to control and direct the aforesaid Eligible Persons to continue to contribute to the success of Group (as stated above), they may also have or own the subject expertise involved in the subject “services” being provided by the service-based Category C Eligible Persons and have other affiliate(s) that may provide additional and/or complimentary “services” to the Group. In addition, such persons having control over the service-based Category C Eligible Persons may have other resources or network of service providers, which may operate in conjunction with or independently from the service-based Category C Eligible Persons, to contribute to the continued growth and success of the Group.

In view of the selection criteria in place ensuring that objectives of the New Share Option Scheme are met and safeguarding the interests of the Group, it would therefore be in the interests of the Group and the Shareholders as a whole to continue to develop a long-term business relationship with such persons through the grant of Options, thereby incentivizing such persons to commit to the continued success of the Group via, among others, encouraging and/or identification of business collaboration opportunities.

LETTER FROM THE BOARD

Persons who have control over Category C Eligible Persons

In determining whether to grant Options to such persons (who have control over the aforesaid Category C Eligible Persons), the Board may consider, among others, (i) the holding structure of the service-based Category C Eligible Persons and the extent of holding/control or expertise such persons have in connection with the service-based Category C Eligible Persons; (ii) the overall portfolio of service providers which is under the control of such persons; and (iii) the value of materializing a business relationship with the portfolio of service providers for the benefit of the Group.

Company wholly owned by any of the Category A, B, and C Eligible Persons

In addition, participants may also include any company wholly owned by any of the Category A, B and C Eligible Persons. The inclusion of such persons would provide a competitive edge to the Company with a flexibility to grant Options to Category A, B and C Eligible Persons, who may due to commercial considerations or otherwise, elect to have the Options to which it is entitled to (if any) be granted to an entity wholly owned by it. This flexibility would attract more Category A, B and C Eligible Persons to engage in business activities with the Group, as it provides additional financial and commercial flexibility to them. To ensure that the holding compan(ies) of the recipient(s) of the Options would continue to promote the business activities and collaboration with the Group, the grantee(s) would need to be wholly owned by the relevant service provider, such that the accounts of the recipient(s) of the Option(s) would be consolidated with the accounts of the relevant Category A, B and C Eligible Person itself. Accordingly, the granting of Options to any company wholly owned by any of the Category A, B and C Eligible Persons would be in the interest of the Company and the Shareholders as a whole, and is in line with the purpose of the New 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 the long term planning of granting of the Options to eligible Participants, pursuant to its business needs from time to time during the Scheme Period.

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

The Board will not set any specific performance target on Category B Eligible Persons or Category C Eligible Persons, but may in its absolute discretion impose on a Participant any conditions, restrictions and/or limitations in relation to, among other things, the grant and/or exercise of an Option (which shall be stated in the letter containing the grant offer). The Board considers that imposing blanket performance and/or clawback mechanism in respect of the grant of Options is not necessary as this would then provide the Company with more flexibility to take into consideration the particular circumstance of each grant and the appropriate terms and conditions that should govern the grant and/or exercise of the Options. Any terms of the grant and/or exercise of the Options is a strategic decision that the Company would have to make on a case-by-case basis, such that the Company is able to provide meaningful incentive and motivation to attract and retain quality personnel that are valuable to the development and expansion of the Group's business and for the benefit of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

In determining the terms of grant to a Participant, the Board may take into consideration various factors, which may include the identity of the Grantee or group of Grantees, a suitable degree of incentive to each Grantee or group of Grantees based on individual performance, actual or potential contributions to the Group, their respective remuneration or fees, time commitment, responsibilities and employment or engagement conditions according to the prevailing market practice and industry standard, the vesting period of the Options granted, as well as the status and/or prospects of the business environment and larger economy. This can help facilitate the achievement of the purpose of the New Share Option Scheme, which is primarily to provide incentives, motivations and rewards to the Grantees in respect of their past and potential contributions to the Group. Under the New 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.

Reasons for proposing the New Share Option Scheme

The Board is not aware of the reasons why the resolution in relation to the 2021 Proposed Share Option Scheme was voted down at the 2021 AGM. The Board is of the view that it is not appropriate to speculate on such reasons. However, taking into account the following:

- (a) the benefits and importance of enabling the Board to incentivize or reward each of the key stakeholders of the Group (i.e. those included as Participants in the New Share Option Scheme) by the grant of Options, as detailed in the paragraphs headed “Benefits of the New Share Option Scheme” above;
- (b) the grant of Options instead of or in addition to fixed monetary terms would give the Company greater flexibility in remunerating or awarding the Participants while providing greater incentive to the counter-parties. In turn, this can achieve the dual purpose of both costs-control and driving revenue, which will create cashflow for the Group to develop and capture business opportunities and expansion; and
- (c) the 2011 Share Option has expired on June 9, 2021.

the Board is of the view that the New Share Option Scheme is fair and reasonable and in the interest of the Company and Shareholders as a whole. To address any concerns or questions the Shareholders may have, further disclosure has been provided in this Supplemental Circular in respect of the New Share Option Scheme in regards to among others, the reasons for including (a) individuals for the time being seconded to work for any Controlling Shareholder or any company controlled by a Controlling Shareholder; (b) each of Category B Eligible Persons; and (c) Category C Eligible Persons, as Participants of the New Share Option Scheme; the nature of projects, service and advice expected to be provided by each of the Category B Eligible Person and Category C Eligible Person; as well as the reasons for which the Board has not fixed any specific performance target on Category B Eligible Persons or Category C Eligible Persons as a term of the New Share Option Scheme (but to determine the same on a case-by-case basis).

LETTER FROM THE BOARD

Administration of the New Share Option Scheme

The Board will be responsible for administering the New Share Option Scheme. With respect to the operation of the New Share Option Scheme, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules (as may be amended from time to time). 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 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 1,579,140,518 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 157,914,051 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.

LETTER FROM THE BOARD

The number of Shares that may be issued upon the exercise of all granted but outstanding options under the 2011 Share Option Scheme is 172,370,000. 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 2011 Share Option Scheme and the exercise of all Options that may be granted under the New Share Option Scheme would amount to 330,284,051 Shares (representing approximately 20.92% 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; and (2) 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 2011 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, given that the number of variables which are crucial for assessing the value of the Options cannot be reasonably determined. Such variables include the Subscription Price, the Option Period, the vesting period, and other terms and conditions of the grant, which the Board has the discretion to prescribe upon the grant of an Option.

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 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 AGM to approve the adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

DOCUMENTS 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 will be published on the websites of Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://corp.giordano.com.hk/en/announcements.aspx>), for a period of not less than 14 days before the date of the AGM and will be available for inspection at the AGM (and any adjournment thereof, as the case may be).

SUPPLEMENTAL NOTICE OF AGM AND THE SECOND PROXY FORM

As a result of the additional resolution in relation to 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 44 and 45 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).

LETTER FROM THE BOARD

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 proposed adoption of the New Share Option Scheme is 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

APPENDIX I SPECIAL ARRANGEMENTS ABOUT COMPLETION AND SUBMISSION OF THE SECOND PROXY FORM

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.

2. ELIGIBLE PARTICIPANTS

For Category A Eligible Persons, a proposed director or proposed employee must have entered into a formal service or employment agreement with the Group (as the case may be) before Options may be granted.

In determining the basis of eligibility of each type of Category B Eligible Persons and Category C Eligible Persons, the Board would generally 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, the proactiveness and effectiveness in 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/to 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;
- (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); and/or
- (d) the actual and expected continuity, frequency and extent of their contributions to each member of the Group.

The Board would apply objective and specific selection criteria in relation to the specific type of Category B Eligible Persons and Category C Eligible Persons.

The grant of the Options to Category B Eligible Persons and Category C Eligible Persons is conditional upon the approval of the remuneration committee of the Company.

3. 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; and
- (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.

4. DURATION AND ADMINISTRATION

- 4.01 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.
- 4.02 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.
- 4.03 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.

5. GRANT OF OPTIONS

- 5.01 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.

- 5.02 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.
- 5.03 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 5.02 above. Such remittance shall in no circumstances be refundable.
- 5.04 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.
- 5.05 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.

5.06 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. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules, which includes, among other matters:

- (a) details of the number and terms (including the exercise price) of the options to be granted to each selected Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options; and the description of the terms of the options to be granted will include the information required under rules 17.03(5) to 17.03(10) of the Listing Rules;
- (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (c) the information required under rules 17.02(2)(c) and (d) and the disclaimer required under rule 17.02(4) of the Listing Rules; and
- (d) the information required under rule 2.17 of the Listing Rules.

All such connected persons of the Company, his/her associates and other core 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.

- 5.07 Any change in the terms of Options granted to a Participant who is a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, must be approved by the Shareholders as required under rule 17.04(1) of the Listing Rules. The requirements for the granting of Options to a Director or chief executive of the Company set out in paragraph 5.06 above do not apply where the Participant is only a proposed Director or chief executive of the Company.
- 5.08 In the event that any of the terms in the New Share Option Scheme becomes inconsistent with any amendments to Chapter 17 of the Listing Rules taking effect after the adoption of the New Share Option Scheme, any grant of Options prior to the relevant amendments taking effect shall be given effect to the extent permitted under and subject to the Listing Rules (as may be amended from time-to-time) and any Applicable Laws.

6. SUBSCRIPTION PRICE

- 6.01 The Subscription Price shall be a price notified by the Board to the Offeree (subject to any adjustments made pursuant to paragraph 10 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.
- 6.02 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 6.01 above and in any event, determined in compliance with the Listing Rules.

7. EXERCISE OF OPTIONS

- 7.01 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.

- 7.02 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 7.03 and 7.07 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 10 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.
- 7.03 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 7.03(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) upon expiration of the term of contract entered into between such Eligible Person and the relevant member of the Group or the relevant Controlling Shareholder thereof (unless immediately renewed upon expiration), or by termination of the contract in accordance with the termination provisions of such contract of services, or the contract for services provided by an entity which they control, then their 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, 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, 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

- (iii) 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 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
- (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,

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.

7.04 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 7.03(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.

7.05 If the Board in the offer granting the relevant Option have specified that the Option Holder has to meet certain continuing eligibility criteria and the Option Holder fails to meet any such continuing eligibility criterion, in the absolute discretion of the Board, the Option granted (to the extent not already exercised) shall lapse and determine.

7.06 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 New Share Option Scheme in relation to such exercise.

7.07 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.

8. 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 7.03(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 7.03(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 7.01 above; or
- (g) subject to paragraphs 7.03(a), (b) and (c), 7.04 and 7.05 above, the date the Grantee ceases to be a Participant for any other reason.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.01 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.
- 9.02 Subject to paragraphs 9.01, 9.03 and 9.04, 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 157,914,051 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 9.03 below. 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 Scheme Mandate Limit. 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.
- 9.03 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.
- 9.04 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.

9.05 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 (the “**Individual Limit**”). Where any further grant of Options to a Grantee would result in the Individual Limit being exceeded, such further grant must be separately approved by the Shareholders in general meeting with such Grantee and his/her close associates (or associates, if the Grantee is a connected person) 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.

10. REORGANISATION OF CAPITAL STRUCTURE

10.01 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 9 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, and

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.

10.02 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.

10.03 If there has been any alteration in the capital structure of the Company as referred to in paragraph 10.01 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 10.01 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.

11. 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.

12. 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.

13. ALTERATION OF THE NEW SHARE OPTION SCHEME

13.01 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 rules 17.03 and 17.04 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.

13.02 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.

13.03 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.

13.04 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.

14. PERFORMANCE TARGETS AND MINIMUM PERIOD

Unless the Directors otherwise determined and stated in the Offer 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 vesting period for which an Option must be held before it can be exercised.

15. 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.

16. 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 9 above and otherwise comply with the terms of the New Share Option Scheme.

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 14, 2022 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 20, 2022 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 14, 2022.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM of Giordano International Limited (the “**Company**”) will be held at 5th Floor, Tin On Industrial Building, 777–779 Cheung Sha Wan Road, Kowloon, Hong Kong on Friday, May 20, 2022 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, 2022, 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;

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

- (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; and
- (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.”

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

Hong Kong, April 29, 2022

Notes:

- (1) The Second Proxy Form is enclosed with the supplemental circular of the Company dated April 29, 2022 (the “**Supplemental Circular**”). Please refer to page 25 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, special arrangement of the AGM and other relevant matters.
- (3) Details of the proposed adoption of the New Share Option Scheme (resolution 8) are set out in this Supplemental Circular.