

Statement from the Takeovers Executive of the SFC regarding the settlement with Sino Wealth International Limited and Clear Prosper Global Limited in relation to Giordano International Limited

Settlement

1. The Takeovers Executive (**Executive**) of the Securities and Futures Commission (**SFC**), Sino Wealth International Limited (**Sino Wealth**) and Clear Prosper Global Limited (**Clear Prosper**) have reached a settlement agreement (**Settlement**) in relation to dealings by their parent company, Chow Tai Fook Nominee Limited (**CTFN**), and its concert parties (**Relevant Concert Group**) in the shares of Giordano International Limited (**Giordano**).
2. The Settlement relates to what the Executive considers to be breaches¹ of The Codes on Takeovers and Mergers and Share Buy-backs (**Codes**) by the Relevant Concert Group, including Best Sincere Limited (**Best Sincere**) and Firstrate Enterprises Limited (**Firstrate**).
3. Under the Settlement, Sino Wealth and Clear Prosper agreed to make cash payment to Giordano shareholders who held shares as at the dates of the relevant breaches other than any member of the Relevant Concert Group (**Relevant Independent Shareholders**) as follows:
 - (a) Each Relevant Independent Shareholder as at 18 May 2016 would receive, per Giordano share held as at that date, an amount equivalent to the difference between HK\$3.60 and the lower of:
 - (i) the volume weighted average closing price (**VWAP**) of Giordano shares for the period from 18 May 2016 up to the date of signing of the Settlement; and
 - (ii) the VWAP of Giordano shares for the period from 18 May 2016 up to the latest practicable date stated in the announcement relating to the claims and verification process (**Claims Announcement**).
 - (b) Each Relevant Independent Shareholder as at 13 September 2022 would receive, per Giordano share held as at that date, an amount equivalent to the difference between HK1.88 and the lower of:
 - (i) the average closing price of Giordano shares for the 30 calendar days up to the date of signing of the Settlement; and
 - (ii) the average closing price of Giordano shares for the 30 calendar days up to the latest practicable date stated in the Claims Announcement.

¹ See paragraphs 20 to 27 of this statement for details of the breaches and the relevant announcement published by Sino Wealth and Clear Prosper today in respect of the Settlement.

4. The Settlement was signed on 31 October 2025 subject to the following conditions:
 - (a) appointment of an adjudicator acceptable to SFC to administer the claims and verification process;
 - (b) submission of proof of funding required for satisfying the agreed cash payment; and
 - (c) publication of the Claims Announcement by Sino Wealth and Clear Prosper, which can be accessed on HKEXnews website under the stock code of Giordano.
5. All the conditions to the Settlement have been satisfied today and the Settlement has taken effect.

Background and key facts

6. Giordano has been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 19 June 1991.
7. At all material times, both Sino Wealth and Clear Prosper are wholly owned by CTFN. CTFN is an unlisted investment holding company incorporated in Hong Kong. CTFN, its parents and their respective subsidiaries are collectively referred to as “**CTFN Group**” in this statement.
8. Based on public disclosures, CTFN Group has been holding shares in Giordano through Sino Wealth since 9 May 2011. Over the years, CTFN Group’s disclosed shareholding in Giordano has consistently been below 30%.
9. On 23 June 2022, Clear Prosper announced a conditional voluntary general offer (**VGO**) for Giordano. The offer lapsed subsequently. Clear Prosper has never been a Giordano shareholder.
10. Apart from Sino Wealth, Giordano shareholders include two private companies, namely Best Sincere and Firstrate:
 - (a) Best Sincere first acquired Giordano shares on 26 April 2016. It is an investment holding company incorporated in May 2005 and was held by a former director of companies within CTFN Group and is currently held by his son.
 - (b) Firstrate first bought Giordano shares about 18 years ago. Incorporated in October 2007, Firstrate is and has always been held by another director within CTFN Group.

SFC’s investigation findings and ruling

11. SFC has conducted an extensive investigation into Giordano’s shareholding structure. Based on the evidence obtained, the Executive considers that Best

Sincere and Firstrate are acting in concert with CTFN Group in relation to Giordano shares for the purpose of the Codes.

12. The Executive's conclusion is arrived at after considering all relevant information obtained from the investigation, including the following factors:
 - (a) the source of funding used by Best Sincere to acquire its Giordano shares;
 - (b) the fund flows between Best Sincere and Firstrate on one hand and members of CTFN Group on the other hand from 2016 to 2024, including amounts arising from Giordano dividends;
 - (c) the long-standing relationships between the current and past shareholders, directors and key personnel of Best Sincere and Firstrate on one hand and CTFN Group on the other hand; and
 - (d) representations from the shareholders and key personnel of Best Sincere and Firstrate about the Giordano shares held by them, in particular denial of beneficial ownerships of Best Sincere and Firstrate by its shareholders and representations that they act on instructions from a long serving senior employee within CTFN Group in respect of these two companies.

Relevant provisions of the Codes

13. Rule 26.1(a) and (b) of the Takeovers Code provide that a mandatory general offer (**MGO**) is required to be made to all shareholders when the voting rights held by a person or persons acting in concert cross 30% or more as a result of acquisitions. Rule 26.3 requires the offer price to be no less than the highest purchase price paid by the offeror or its concert parties from the beginning of the six months period prior to the commencement of the offer until the end of the offer period.
14. Under Rule 3.6 of the Takeovers Code, an announcement of a firm intention to make an offer shall be made immediately after any acquisition giving rise to an MGO obligation.
15. Under Rule 5 of the Takeovers Code, when there has been an announcement of a firm intention to make an offer (whether mandatory or voluntary), the offeror must proceed with the offer unless a condition for the offer is not met.
16. For the purpose of the Codes, persons "acting in concert" comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company².
17. Evidence of persons acting in concert is typically circumstantial rather than direct. No single circumstance is necessarily conclusive. In ruling whether

² See the Definitions section of the Codes.

parties are acting in concert, the Executive would examine all of the available information to decide whether it is reasonable to infer that two or more persons have reached an agreement or understanding to actively co-operate to obtain or consolidate control of a listed or public company in Hong Kong.

18. According to the landmark takeover case, Guinness, considered before the UK Takeover Panel, “a nod or a wink” may be sufficient to support inference of a concert party relationship. This point was subsequently discussed at a disciplinary proceeding³ before the Takeovers and Mergers Panel (**Panel**) in Hong Kong. The Panel considered that while the reference to “a nod or a wink” in the Guinness decision should not be taken to mean that the establishment of the existence of a concert party requires only evidence or inferences which are as fleeting or possibly as inconsequential as a nod or a wink, it aptly illustrates that a concert party agreement or understanding need not be written or formal, and it may be tacit or informal.
19. Please refer to the Appendix to this statement for a full list of key provisions of the Codes that are relevant to the breaches considered by the Executive to have taken place as further discussed below.

Non-compliance with the Codes

20. As Best Sincere and Firstrate are considered to be concert parties of CTFN Group under the Codes, their aggregate shareholdings and dealings in Giordano should have been taken into account in determining whether a MGO obligation has arisen and whether the acceptance condition for the VGO was satisfied.

MGO Obligation

21. On 18 May 2016, Best Sincere bought 1,000,000 Giordano shares on the market. Immediately prior to this, the Relevant Concert Group already held 470,478,000 Giordano shares, representing 29.96% of Giordano’s issued share capital. As a result, the aggregate voting rights held by the Relevant Concert Group over Giordano crossed 30% on 18 May 2016.
22. The highest price paid by the Relevant Concert Group for Giordano shares in the six months up to 18 May 2016 was HK\$3.60 per share.
23. The Executive considers that failure to announce and make a general offer for Giordano at HK\$3.60 at the relevant time resulted in a breach of Rule 26.1 of the Takeovers Code by the Relevant Concert Group on 18 May 2016.

VGO

24. According to the composite offer document issued by Clear Prosper and Giordano on 15 August 2022 (**Composite Document**) in relation to the VGO,

³ See paragraphs 55 and 56 of the Panel’s decision dated 24 June 1999 in relation to Kong Tai International Holdings Company Limited.

- (a) the offer price was HK\$1.88 per share;
- (b) the VGO was only subject to the “50% acceptance” condition⁴; and
- (c) while Clear Prosper did not hold any shares in Giordano, its concert group (comprising Sino Wealth only) held 388,180,000 or 24.57% of Giordano shares at that time.

25. According to the announcement issued by Clear Prosper (**Closing Announcement**) on the final closing date (13 September 2022), valid acceptances representing 339,291,646 Giordano shares were received by Clear Prosper. This resulted in the total number of Giordano shares held by Clear Prosper and Sino Wealth (including shares tendered by accepting shareholders) amounting to 727,471,646 or 46.04% of Giordano shares. On 13 September 2022, Clear Prosper announced that the VGO lapsed on the basis that the acceptance condition was not met.

26. Neither Best Sincere nor Firstrate was treated as concert parties in determining the aggregate number of Giordano shares held by the Relevant Concert Group disclosed in the Closing Announcement. If their shareholdings had also been taken into account, the total number of voting rights represented by Giordano shares held by the Relevant Concert Group and Giordano shares tendered by accepting shareholders would have amounted to 55.09% of Giordano’s issued share capital and therefore, the VGO should have been declared unconditional on 13 September 2022.

27. As the VGO was not declared unconditional on 13 September 2022, the Executive considers that this constituted a breach of Rule 5 of the Takeovers Code.

Settlement

28. As stated in the Introduction to the Codes, the Codes represent a consensus of opinion of those who participate in Hong Kong’s financial markets and the SFC regarding standards of commercial conduct and behaviour considered acceptable for takeovers and mergers⁵. Compliance with the Codes is essential for the maintenance of a fair and orderly market in Hong Kong.

29. Rule 26.1 is one of the most fundamental provisions in the Takeovers Code, embodying General Principle 2 of the Codes and reflecting the market’s expectation on when an offer should be made to shareholders of a public company or a primary-listed company in Hong Kong. In addition, Rule 5 of the

⁴ This means that the VGO was conditional on the offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the offer, will result in the offeror and persons acting in concert with it holding more than 50% of the voting rights of Giordano.

⁵ Section 1.3 of the Introduction to the Codes.

Takeovers Code serves a critical role in ensuring certainty of all offers, regardless of whether an offer is mandatory or voluntary.

30. Pursuant to section 12.3 of the Introduction to the Codes, the Executive may resolve a disciplinary matter with the agreement of the party concerned. In agreeing to the Settlement, the Executive has taken into account past Panel decisions involving failures to discharge the general offer obligation and compensation payments, the specific facts and circumstances of the current case and the time and costs required for a disciplinary hearing before the Panel. The amount payable by Sino Wealth and Clear Prosper per Giordano share held by Relevant Independent Shareholders is determined by comparing (i) the prices at which these shareholders should have had an opportunity to sell Giordano shares to the Relevant Concert Group under a general offer in strict compliance with the Codes and (ii) the benchmark market prices of Giordano shares. We are satisfied that the Settlement would be in the public interest or the interest of the investing public.
31. The Settlement highlights the importance of adhering to the requirements of the Codes. The Executive reminds practitioners and parties seeking to participate in Hong Kong's securities markets that they are expected to conduct themselves in accordance with the Codes in matters relating to takeovers, mergers and share buy-backs. Should there be any doubt as to the application of the Codes, including whether certain persons should be regarded as concert parties for the purpose of the Codes, the Executive should be consulted at the earliest opportunity.

16 February 2026

Appendix

Mandatory general offer

1. Under General Principle 2 of the Introduction to the Codes, “*if control of a company changes or is acquired or is consolidated, a general offer to all other shareholders is normally required.*”
2. Rule 26.1 provides that:

“*When mandatory offer required*

Subject to the granting of a waiver by the Executive, when

- (a) *any person acquires, whether by a series of transactions over a period of time or not, 30% or more of the voting rights of a company;*
- (b) *two or more persons are acting in concert, and they collectively hold less than 30% of the voting rights of a company, and any one or more of them acquires voting rights and such acquisition has the effect of increasing their collective holding of voting rights to 30% or more of the voting rights of the company;...*

that person shall extend offers, on the basis set out in this Rule 26, to the holders of each class of equity share capital of the company, whether the class carries voting rights or not...”

3. Rule 26.3 also provides that:

“*Consideration*

- (a) *Offers made under this Rule 26 must, in respect of each class of equity share capital involved, be in cash... at not less than the highest price paid by the offeror or any person acting in concert with it for shares of that class of the offeree company during the offer period and within 6 months before its commencement...*

4. Rule 3.6 states that, “*... Immediately after any acquisition giving rise to any such obligation, an announcement must be made, stating the number of voting rights acquired and the price paid, together with the information required by Rule 3.5...*”

No withdrawal of an offer

5. Rule 5 provides that:

"No withdrawal of an offer

When there has been an announcement of a firm intention to make an offer, except with the consent of the Executive, the offeror must proceed with the offer unless the offer is subject to the fulfilment of a specific condition and that condition has not been met."

Disclosure obligations of concert party shareholdings

6. Rule 3.5 of the Takeovers Code provides that *"when a firm intention to make an announcement is announced, the announcement must contain... (c) details of any existing holding of voting rights and rights over shares in the offeree company... which is owned or controlled or directed by any person acting in concert with the offeror"*.
7. A similar requirement is found under paragraph 4(iii) of Schedule I of the Codes which requires the disclosure in an offer document of *"shareholdings... in the offeree company which any persons acting in concert with the offeror own, control or direct (with the names of such persons acting in concert)"*.
8. Rule 19.1 of the Takeovers Code requires an announcement of results of offer to state *"the total number of shares and rights over the shares: - ... (b) held, controlled or directed by the offeror or persons acting in concert with it before the offer period"*.

Standards of disclosures

9. Rule 8.3 provides the following:

"Contents of offer document

The offer document submitted by the offeror to the offeree company's shareholders should contain the information required by Schedule I, together with any other relevant information to enable offeree company's shareholders to reach a properly informed decision."

10. Rule 9.1 further provides that:

"Prospectus standard

Each document issued or statement made in relation to an offer or possible offer or during an offer period must, as is the case with a prospectus, satisfy the highest standards of accuracy and the information given must be adequately and fairly presented."

11. Rule 9.2 also provides that:

“Sufficient information

Shareholders must be given sufficient information and advice to enable them to reach a properly informed decision as to the merits or demerits of an offer. Such information must be available to shareholders early enough to enable them to make a decision in good time. The obligation of an offeror in these respects towards the shareholders of the offeree company is no less than the offeror's obligation towards its own shareholders.”