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**TRINITY LIMITED**

**利邦控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 891)**

## **CONTINUING CONNECTED TRANSACTION**

### **LICENCE AGREEMENT**

On 15 September 2015, Trinity International (an indirect wholly-owned subsidiary of the Company), as licensee, entered into the Licence Agreement with Seven Global, as licensor, and Mr David Beckham (as owner of the Licensed Property), pursuant to which Seven Global agreed to grant to Trinity International, among other things, the right to use the Licensed Property in the promotion, design, manufacture and distribution of certain products under its “Kent & Curwen” brand.

The transaction contemplated under the Licence Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the proposed annual caps for the continuing connected transaction contemplated under the Licence Agreement, on an annual basis, exceeds 0.1% but is less than 5%, the transaction is only subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

On 15 September 2015, Trinity International (an indirect wholly-owned subsidiary of the Company), as licensee, entered into the Licence Agreement with Seven Global, as licensor, and Mr David Beckham (as owner of the Licensed Property), pursuant to which Seven Global agreed to grant to Trinity International, among other things, the right to use the Licensed Property in the promotion, design, manufacture and distribution of certain products under its “Kent & Curwen” brand, details of which are set out below.

## **I. LICENCE AGREEMENT**

Date: 15 September 2015 (after trading hours)

### **1. Parties:**

- (i) Seven Global (as licensor)
- (ii) Trinity International (as licensee)
- (iii) Mr David Beckham (as owner of the Licensed Property)

### **2. Duration:**

The initial term of the Licence Agreement is for the period from 15 September 2015 to 31 December 2020. Subject to the terms and conditions as set out in the Licence Agreement, Trinity International shall have the option to renew the Licence Agreement for a further term of five years.

### **3. Subject Matter of the Licence Agreement:**

Pursuant to the Licence Agreement, Seven Global has granted the following rights to Trinity International:

- (i) an exclusive non-assignable right and licence to use and display the approved Licensed Property in connection with the advertising, promotion and endorsement of the approved Products on approved material that incorporates the Collection Tagline and/or any Licensed Property worldwide;
- (ii) an exclusive non-assignable right and licence for design, manufacture, sourcing, importation, marketing, sale and distribution of the approved Products bearing the approved Collection Tagline, which may incorporate approved Marks, at retail through the Kent & Curwen Retail Stores or through wholesale channels and e-commerce sites and other channels of distribution as agreed by the parties; and
- (iii) a non-exclusive non-assignable right and licence to distribute the Other DB Products in Kent & Curwen Retail Stores.

Notwithstanding anything in the Licence Agreement to the contrary,

- (i) the foregoing rights shall be non-exclusive with respect to any Products in the Non-Exclusive Product Categories; and
- (ii) in the event Trinity International does not achieve certain annual sales targets for the Products, K&C Products and Other DB Products in the United States, the United Kingdom, Brazil or Argentina by the end of 31 December 2018, the licence granted shall convert to a non-exclusive basis with respect to each such territory commencing on 1 January 2019 upon notice from Seven Global.

#### **4. Royalty Payable:**

In consideration for the rights and licences granted by Seven Global to Trinity International under the Licence Agreement, provided that with respect to any Contract Year, the aggregate net wholesale sales and net retail sales exceed US\$100,000,000 (approximately HK\$780,000,000) during such year and then only to the extent of such excess, Trinity International shall pay Seven Global royalties equal to:

- (i) 5% of net retail sales of Products, Other DB Products and K&C Products sold through Kent & Curwen Retail Stores or e-commerce sites; and
- (ii) 10% of net wholesale sales of Products and K&C Products sold through wholesale channels.

Notwithstanding the above and subject to further agreement by the parties, the amount of royalties payable in any Contract Year shall be capped at HK\$60,000,000 regardless of actual net retail sales or net wholesale sales in such year.

Regardless of the amount of actual sales of Products during any Contract Year, Trinity International shall pay to Seven Global in each Contract Year the guaranteed minimum royalty ranging from US\$3,500,000 (approximately HK\$27,300,000) in Contract Year 1 to US\$7,250,000 (approximately HK\$56,550,000) in Contract Year 5, payable in equal, quarterly installments and applied to offset the royalty payable for that Contract Year.

The guaranteed minimum royalty payable for each Contract Year after the Licence Agreement is renewed shall be an amount equal to the average of royalties actually paid in Contract Year 4 and Contract Year 5.

The royalty payments are to be made on a quarterly basis within 30 days following the close of each calendar quarter, save for Contract Year 1 where Trinity International shall pay 50% of the guaranteed minimum royalty payment within 5 business days from the execution of the Licence Agreement and the remaining 50% upon the launch of first seasonal collection of the approved Products bearing the approved Collection Tagline.

The royalty has been arrived at after arm's length negotiation between Seven Global and Trinity International.

## **II. ANNUAL CAPS**

The expected annual caps in respect of the transactions contemplated under the Licence Agreement for each of the six years ending 31 December 2020 are HK\$60,000,000.

Seven Global was incorporated and registered in England and Wales on 29 May 2015. There are no historical figures in respect of the corresponding transactions under the Licence Agreement.

The above expected annual caps for the Licence Agreement are determined with reference to the capped amount of royalties payable in any Contract Year under the Licence Agreement and the expected sales of the Products, Other DB Products and K&C Products.

### **III. REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENCE AGREEMENT**

The Group is principally engaged in the retailing and wholesale of high-end menswear in Greater China and Europe, as well as licensing of its fully owned brands globally. Trinity International is an indirect wholly-owned subsidiary of the Company and its line of business includes the retail sale of men's ready-to-wear clothing and accessories.

The GBG Group is principally engaged in the design, development, marketing and sale of branded apparel, footwear, fashion accessories and related lifestyle products. Seven Global is a joint venture formed by GBG and DB Ventures Limited (an entity controlled by Mr David Beckham and his business partner Mr Simon Fuller). The purpose of establishing Seven Global was to drive the continued development of the Beckham brand globally in new consumer product categories and expand the venture's interests by creating large-scale global brands in partnership with high-profile iconic sports and entertainment stars and rights holders.

Kent & Curwen is an authentic British heritage brand embedded in sport and Mr David Beckham is a British and global sports icon who is celebrated in the world of fashion for his defining sense of style. The Directors believe that the personal involvement of Mr David Beckham in the further development of the Kent & Curwen brand under the Licence Agreement will enable the Group to capitalise on the rising popularity of soccer in China, where Mr David Beckham is already a legend. Further, Mr David Beckham's status as a fashion icon with global reach spanning all age groups and demographics will increase the attractiveness of the Group's brands to potential licensees and franchisees for global expansion. This will better enable the Group to capture the expanding segment of Chinese travellers, to develop significant franchising business worldwide and, with enhanced brand recognition, to negotiate for better retail locations in Greater China and improve the traffic of the Group's e-commerce and social media platforms.

The Directors, including the independent non-executive Directors, consider that the Licence Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Company and its shareholders as a whole and that the terms of the transactions contemplated by the Licence Agreement are fair and reasonable. The Directors, including the independent non-executive Directors, also confirmed that the annual caps set out above are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

Dr William Fung Kwok Lun, being a non-executive Director, is also a non-executive director of GBG. Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King, taken together, are directly or indirectly interested so as to exercise or control the exercise of more than 30% of the voting power at general meetings of GBG. Each of Dr William Fung Kwok Lun, Dr Victor Fung Kwok King and Ms Sabrina Fung Wing Yee (daughter of Dr Victor Fung Kwok King) abstained from voting on the meeting of the Board for approving the Licence Agreement and the transactions contemplated thereunder (including the approval of the annual caps). Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Licence Agreement.

#### **IV. IMPLICATIONS UNDER THE LISTING RULES**

Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King, taken together, are controlling shareholders of both the Company and GBG. Seven Global is treated as a subsidiary of GBG within the meaning of the Listing Rules. Seven Global is therefore an associate of the controlling shareholders of the Company, hence a connected person of the Company. Accordingly, the transaction contemplated under the Licence Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the proposed annual caps for the continuing connected transaction contemplated under the Licence Agreement, on an annual basis, exceeds 0.1% but is less than 5%, the transaction is only subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, except in special circumstances where the nature of the transaction requires the contract to be of a longer duration, the term for the Licence Agreement must not exceed three years. As the duration of the Licence Agreement exceeds three years, the Company has appointed Alliance Capital Partners Limited (the "IFA") as its independent financial adviser to explain why a period longer than three years is necessary and to confirm if it is normal business practice for a licensing agreement of this type to be of such duration.

#### **V. OPINION OF THE IFA**

In formulating its opinion, the IFA has taken into consideration the following factors:

- (i) The licensing agreements entered into by the Group with other brands (which are independent third parties) for the marketing and sales of their products in the Group's self-operated stores and channels are all for a term of between five and ten years. The reason for such licensing agreements having a period of more than three years is that it takes at least one year to prepare for the licensed products to be designed, made, marketed and sold through licensee's stores. In most cases, sales of licensed products would only start to ramp up during the second and third year. As such, most licensing agreements are on terms that are five years or more.
- (ii) Similar licensing agreements entered into by other Hong Kong listed companies of which such listed companies were licensees of third party trademarks used in their production and sale of apparels and/or other products have a duration of between five and 20 years.

In view of the above, the IFA is of the view that it is in the interest of the Company to have a term of the Licence Agreement in excess of three years and it is a normal business practice for contracts of this type to be of the duration under the Licence Agreement.

## VI. DEFINITIONS

“associates”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Collection Tagline”	any use of “David Beckham” or “Beckham” in conjunction with the Group’s trademark “Kent & Curwen” as mutually agreed by Seven Global and Trinity International
“Company”	Trinity Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Contract Year”	any calendar year within the term of the Licence Agreement; provided, however, that the Contract Year 1 shall be the period from 15 September 2015 through 31 December 2016
“DB Image”	David Beckham’s image, name, voice and likeness
“Directors”	the directors of the Company
“Exclusive Product Categories”	certain men’s wear including sportswear, outerwear and suit separates
“GBG”	Global Brands Group Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“GBG Group”	collectively, GBG and its subsidiaries from time to time
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“K&C Products”	all Kent & Curwen branded products other than the Products
“Kent & Curwen Retail Stores”	Kent & Curwen retail stores run by Trinity International or any of its affiliates
“Licence Agreement”	the licence agreement dated 15 September 2015 and entered into among Seven Global (as licensor), Trinity International (as licensee) and Mr David Beckham in relation to the grant to Trinity International of certain rights to use the Licensed Property for the “Kent & Curwen” brand
“Licensed Property”	collectively, the Marks and the DB Image

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marks”	the trademarks “BECKHAM” and “DAVID BECKHAM”
“Non-Exclusive Product Categories”	certain men’s and boys’ accessories and all of the Exclusive Product Categories in boys
“Other DB Products”	any products manufactured, designed, promoted and/or advertised in connection with any of the Licensed Property other than the Products
“Products”	products included in the Exclusive Product Categories and in the Non-Exclusive Product Categories, in each case either (i) bearing the Collection Tagline or (ii) used in materials incorporating the Licensed Property and produced to promote the Kent & Curwen brand
“Seven Global”	Seven Global LLP, a limited liability partnership incorporated and registered in England and Wales in which GBG is an equal partner with DB Ventures Limited (an entity controlled by Mr David Beckham and his business partner Mr Simon Fuller)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trinity International”	Trinity International Brands Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“US\$”	United States Dollars, the lawful currency of the United State

*For illustration purposes, the translation of US\$ into HK\$ is based on exchange rate of US\$1.00 to HK\$7.80.*

By Order of the Board  
**Richard Samuel COHEN**  
*Chief Executive Officer & Executive Director*

Hong Kong, 16 September 2015

*As at the date of this announcement, the Board comprises two executive directors, namely, Mr Richard Samuel COHEN and Mr Danny LAU Sai Wing; five non-executive directors, namely, Dr Victor FUNG Kwok King, GBM, GBS, CBE, Dr William FUNG Kwok Lun, SBS, OBE, JP, Ms Sabrina FUNG Wing Yee, Mr Jean-Marc LOUBIER and Mr WONG Yat Ming; and four independent non-executive directors, namely, Mrs Eva CHENG LI Kam Fun, Mr Cassian CHEUNG Ka Sing, Mr Michael LEE Tze Hau and Mr Patrick SUN.*

*\* For identification purposes only*