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## **TRINITY LIMITED**

**利邦控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 891)**

### **ACQUISITION OF THE GIEVES & HAWKES BRAND AND BUSINESS**

#### **DISCLOSEABLE TRANSACTION**

The Board is pleased to announce that on 11 April 2012, the Company entered into the Sale and Purchase Agreement with the Seller and the Seller's Guarantor, pursuant to which the Company will acquire all the issued share capital of the Targets and the related shareholder's loan advanced by the Seller to one of the Targets at a consideration comprising:

- (a) an initial payment of £32,500,000 payable by way of electronic transfer for same day value at Completion; and
- (b) earn-out payments payable in 19 payment periods over 18 years. The earn-out payments may or may not be payable and in any event are in aggregate subject to a cap of the HK\$ equivalent of £60,000,000.

**The Acquisition is subject to the satisfaction (and/or waiver, if applicable) of the Conditions and may or may not complete. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

As the highest applicable percentage ratio for the Acquisition under the Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

#### **THE SALE AND PURCHASE AGREEMENT**

##### **Date**

11 April 2012

##### **Parties**

- (1) the Seller
- (2) the Company, as purchaser
- (3) the Seller's Guarantor, as guarantor of the Seller's obligations under the Sale and Purchase Agreement

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, the Seller, the Seller's Guarantor and their ultimate beneficial owners are third parties independent of the Company and any connected persons (as defined in the Listing Rules) of the Company.

### **Assets to be acquired**

All the issued share capital of the Targets and the Shareholder Loan.

### **Consideration**

The Consideration payable by the Company to the Seller for the Acquisition comprises:

- (a) an initial payment of £32,500,000 payable by way of electronic transfer for same day value at Completion; and
- (b) earn-out payments payable in 19 Earn-out Payment Periods in HK\$.

The earn-out payment for each Earn-out Payment Period (other than the first and the last Earn-out Payment Periods) is equal to the aggregate of (a) 3% of the amount by which the Net Retail Sales Value exceeds the Base Net Sales Value; and (b) 9% of the Net Wholesale Sales Value (if the Net Retail Sales Value is not less than the Base Net Sales Value); or 9% of the amount by which the Net Wholesale Sales Value exceeds the difference between the Net Retail Sales Value and the Base Net Sales Value (if the Net Retail Sales Value is less than the Base Net Sales Value).

The earn-out payments may or may not be payable and in any event are in aggregate subject to a cap of the HK\$ equivalent of £60,000,000 (by using the average of the buy/sell rate for the relevant currencies quoted by The Hongkong and Shanghai Banking Corporation Limited in Hong Kong at the close of business on the Completion Date).

The Consideration was negotiated on an arm's length basis among the parties of the Sale and Purchase Agreement and based upon various factors, including the royalty payments payable by the Group to the Target Group under the current license agreement which will expire in August 2018, and thus the future savings in royalty payments after the Acquisition and the future earning potentials of the Target Group taking into account the substantial value of the internationally renowned Gieves & Hawkes brand. The earn-out portion of the Consideration is a contingent payment depending on the growth of the licensing business of the Target Group operating in the Greater China, Australia and New Zealand in the coming 18 years. The cap on such portion limits the total Consideration payable by the Group.

The Consideration will be financed from the Group's internal resources (including available banking facilities).

### **Conditions and Completion**

Completion is conditional on the satisfaction and/or waiver of the following Conditions:-

- (a) all consents, authorisations or clearances which are required by any government, regulatory body or authority, or otherwise identified in the course of due diligence to be required, for the implementation and completion of the Sale and Purchase Agreement being granted in terms reasonably satisfactory to the Company;

- (b) no insolvency event having occurred in relation to the Seller before the date on which Completion would otherwise have taken place if it were not for this Condition (b);
- (c) the Seller having promptly answered all reasonable due diligence enquiries raised by the Company and the Company having undertaken and completed its due diligence with respect to the Target Group (and in this regard, the Company has agreed to work with its advisers expeditiously to complete its due diligence on or before 15 May 2012) and there are no issues revealed in the course of due diligence:
  - (i) where losses associated with such issues are reasonably likely to exceed the initial payment of the Consideration of £32,500,000;
  - (ii) such issues are reasonably likely to destroy the Target Group's business or the basis of the Target Group's business such that the business is unable to operate; or
  - (iii) the consequence of such issues cannot be remedied, is likely to have a material adverse effect, and the Seller does not agree to indemnify or compensate the Company in respect of such issues;
- (d) the Reorganisation having been completed in all respects, and the Company having been provided with evidence to that effect reasonably satisfactory to the Company; and
- (e) the terms of the New Lease having been agreed by the Seller and the Company.

If all of the Conditions are satisfied or waived on or before 30 April 2012, Completion shall take place on 30 April 2012, or such other date as may be agreed by the parties in writing. If any of the Conditions are not satisfied or waived on or before 30 April 2012, the Completion Date shall be extended to a day that falls 3 Business Days after all of the Conditions are satisfied or waived, or such other date as may be agreed by the parties in writing. If any of the Conditions are not satisfied or waived on or before 31 May 2012, the Sale and Purchase Agreement shall be capable of termination by either party forthwith on written notice to the other. In the event that Condition (e) is not satisfied or waived on or before 31 May 2012, the Sale and Purchase Agreement may be terminated by the Company only if the Company has acted reasonably in negotiating the New Lease and the Seller has not acted reasonably in negotiating the New Lease.

## **INFORMATION ABOUT THE TARGETS**

The Gieves & Hawkes brand is a premium British fashion brand established in London in 1771. The Gieves & Hawkes brand is granted the use of three Royal Warrants of Appointment to HM The Queen, HRH The Duke of Edinburgh and HRH The Prince of Wales. The Royal Warrants are awarded only to brands that supply the British Royal Family, and the Gieves & Hawkes brand has been granted the use of one or more Royal Warrants since the award first began in 1809. The Gieves & Hawkes flagship store in the United Kingdom is located on No. 1 Savile Row and is one of the oldest suit retailers in England.

Marvinbond, through its subsidiaries, owns the Gieves & Hawkes brand in Greater China, the United Kingdom, New Zealand, Australia, Indonesia, Thailand, Singapore, European Union, Switzerland, South Korea, Malaysia and Russian Federation and holds the Royal Warrants, and also engages in retailing business in the United Kingdom. G&H International, through its subsidiaries, owns the Gieves & Hawkes brand in the United States, India and Japan, and also engages in logistics business in connection with the Gieves & Hawkes brand.

Certain financial information of the Marvinbond Group (which, for the avoidance of doubt, includes the Excluded Entities) based on the Generally Accepted Accounting Principles in Hong Kong provided by the Seller are set out below: –

(a) Losses before and after taxation (*unaudited*)

	<b><u>Losses before taxation</u></b>	<b><u>Losses after taxation</u></b>
For the period from 1 January 2010 to 25 December 2010	£2,686,900 (approximately HK\$32,559,400*) (Note 1)	£2,743,900 (approximately HK\$33,250,100*) (Note 1)
For the period from 26 December 2010 to 31 December 2011	£3,472,600 (approximately HK\$43,500,900**) (Note 2)	£3,534,600 (approximately HK\$44,277,600**) (Note 2)

*Notes:*

1. The profits before and after taxation of the Excluded Entities for the year ended 31 December 2010 were £90 (approximately HK\$1,000\*) and £50 (approximately HK\$600\*), respectively.
2. The profits before and after taxation of the Excluded Entities for the year ended 31 December 2011 were £90 (approximately HK\$1,100\*\*) and £70 (approximately HK\$800\*\*), respectively.

(b) Net liabilities as at 31 December 2011 (*unaudited*): £13,672,800 (approximately HK\$163,800,700\*\*) (Notes 3 & 4)

*Notes:*

3. The net liabilities of the Marvinbond Group include the amount of the Shareholder Loan to be assigned to the Company pursuant to the Sale and Purchase Agreement.
4. The net liabilities of the Excluded Entities as at 31 December 2011 was £27,800 (approximately HK\$333,400\*\*\*).

Certain financial information of the G&H International Group (Note 5) based on the Generally Accepted Accounting Principles in Hong Kong provided by the Seller are set out below: –

(a) Losses before and after taxation of G&H International (*unaudited*)

	<b><u>Losses before taxation</u></b>	<b><u>Losses after taxation</u></b>
For the year ended 31 December 2010	£32,400 (approximately HK\$393,000*) (Note 6)	£32,400 (approximately HK\$393,000*) (Note 6)
For the year ended 31 December 2011	£72,400 (approximately HK\$907,000**) (Note 7)	£72,400 (approximately HK\$907,000**) (Note 7)

Notes:

5. Other than Savile Row, G&H International had a subsidiary during the last two financial years. Such subsidiary (the "Disposed Subsidiary") was disposed of in March 2012.
6. The losses before and after taxation of the Disposed Subsidiary for the year ended 31 December 2010 were £40,400 (approximately HK\$489,100\*) and £40,400 (approximately HK\$489,100\*), respectively.
7. The losses before and after taxation of the Disposed Subsidiary for the year ended 31 December 2011 were £42,400 (approximately HK\$531,000\*\*) and £42,400 (approximately HK\$531,000\*\*), respectively.

- (b) Net liabilities of G&H International as at 31 December 2011 (*unaudited*): £108,900 (approximately HK\$1,305,000\*\*\*) (Note 8)

Notes:

8. The net liabilities of the Disposed Subsidiary as at 31 December 2011 was £3,034,500 (approximately HK\$36,353,700\*\*\*).

- (c) Profits/Losses before and after taxation of Savile Row

	<u>Profits before taxation</u>	<u>Losses after taxation</u>
For the year ended 31 December 2010 ( <i>audited</i> )	£1,800 (approximately HK\$21,800*)	£1,000 (approximately HK\$12,100*)
For the year ended 31 December 2011 ( <i>unaudited</i> )	£2,500 (approximately HK\$31,300**)	£100 (approximately HK\$1,300**)

- (d) Net assets of Savile Row as at 31 December 2011 (*unaudited*): £3,800 (approximately HK\$45,900\*\*\*)

\* The HK\$ figure is based on an exchange rate of £ 1.00 = HK\$12.118.

\*\* The HK\$ figure is based on an exchange rate of £ 1.00 = HK\$12.527.

\*\*\* The HK\$ figure is based on an exchange rate of £ 1.00 = HK\$11.98.

## **REASONS OF AND BENEFITS FOR THE ACQUISITION**

The Group principally engages in the retailing of high-end to luxury menswear under self-owned brands and licensed brands in Greater China.

The Group currently has the exclusive licence right to manufacture or source the Gieves & Hawkes Products and to distribute the Gieves & Hawkes Products on a wholesale and/or retail basis in Greater China and on a wholesale basis in Australia and New Zealand. The current license agreement will expire in August 2018.



“Base Net Sales Value”	(a) in respect of each of the 2nd to 18th Earn-out Payment Period, HK\$506,700,000; and (b) in respect of the first and last Earn-out Payment Periods, the number of calendar months in that Earn-out Payment Period divided by twelve and multiplied by HK\$506,700,000
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday or Sunday) on which banks generally are open in Hong Kong for the transaction of general banking business
“Company”	Trinity Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	date of completion of the Acquisition
“Conditions”	conditions precedent to Completion
“Consideration”	consideration payable by the Company to the Seller for the Acquisition
“Directors”	directors of the Company
“Earn-out Payment Periods”	19 payment periods in respect of the earn-out payments as part of the Consideration referred to in this announcement. The 1st Earn-out Payment Period commences on the first day of the calendar month immediately following the Completion Date and ends on 31 December 2012. Each of the 2nd to 18th Earn-out Payment Period falls on a calendar year. The last (19th) Earn-out Payment Period commences on 1 January 2030 and ends on the day before the 18th anniversary of the commencement date of the 1st Earn-out Payment Period
“Excluded Entities”	Burnlave Properties Limited and its subsidiary, Burnlave Securities Limited, which are currently within the Marvinbond Group and which will be spun off from the Marvinbond Group as part of the Reorganisation
“G&H International”	Gieves and Hawkes International (BVI) Limited, a company incorporated in the British Virgin Islands
“G&H International Group”	G&H International and Savile Row
“Gieves & Hawkes Products”	men’s ready to wear clothing in relation to which the Gieves & Hawkes brand is used

“Greater China”	Chinese Mainland, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Marvinbond”	Marvinbond Limited, a company incorporated in the British Virgin Islands
“Marvinbond Group”	Marvinbond and its subsidiaries
“Net Retail Sales Value”	in respect of an Earn-out Payment Period, the price (excluding value added tax and other taxes chargeable in connection with the sale, insurance and carriage and all rebates, discounts, and other reductions actually granted save discounts for prompt payment) for all sales of the Gieves & Hawkes Products by the Group and any holding company or parent undertaking of the Company and all other subsidiaries of any holding company or parent undertaking of the Company and/or the owner and/or licensee of any of the Gieves & Hawkes brand to end consumers in Greater China (excluding airport or port duty free areas within those regions)
“Net Wholesale Sales Value”	in respect of an Earn-out Payment Period, the price (excluding value added tax and other taxes chargeable in connection with the sale, insurance and carriage and all rebates, discounts, and other reductions actually granted save discounts for prompt payment) for all sales of the Gieves & Hawkes Products by the Group and any holding company or parent undertaking of the Company and all other subsidiaries of any holding company or parent undertaking of the Company and/or the owner and/or licensee of any of the Gieves & Hawkes brand for re-sale purposes in Greater China (excluding airport or port duty free areas within those regions), Australia and New Zealand provided that intra-group sales shall not be counted as such sales
“New Lease”	the new lease in respect of the property at which Gieves & Hawkes flagship store situates to be entered into between a member of the Target Group as the lessee and a subsidiary of the Seller’s Guarantor as the lessor at Completion, which terms shall reflect the existing rent for a period of 3 years following the Completion Date and with rent review at the expiry of that 3-year period and at interval periods of 5 years thereafter for a total term of 28 years and otherwise on market terms
“Reorganisation”	the sale by the Marvinbond Group of the Excluded Entities at book value



“Savile Row”	Savile Row Logistics Limited, a company incorporated in the United Kingdom
“Sale and Purchase Agreement”	the sale and purchase agreement dated 11 April 2012 entered into between the Company, the Seller and the Seller’s Guarantor in relation to the Acquisition
“Seller”	Wing Tai Properties (B.V.I.) Limited, a company incorporated in the British Virgin Islands
“Seller’s Guarantor”	Wing Tai Properties Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder Loan”	a non-interest bearing loan in the amount of HK\$247,803,139 advanced by the Seller to Marvinbond
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Targets”	G&H International and Marvinbond
“Target Group”	the G&H International Group and the Marvinbond Group
“£”	British Pounds, the lawful currency of the United Kingdom

By Order of the Board  
**Victor FUNG Kwok King**  
*Chairman*

Hong Kong, 11 April 2012

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

*\* For identification purposes only*