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DICKSON CONCEPTS (INTERNATIONAL) LIMITED

迪生創建(國際)有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0113)

RENEWALS OF TWO CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 3rd June, 2019, two separate agreements were entered into by the Group with the ST Dupont Group regarding (1) the appointment of the Group as an exclusive distributor for certain luxury products under “S.T. Dupont” and “D” trademarks in the PRC (excluding Hong Kong) (“the Renewal Agreement No. 1”); and (2) the granting of a license to the Group for the use of various “S.T. Dupont” trademarks in order to manufacture, sell, market and promote the relevant “S.T. Dupont” shoe products, and open and operate points of sale within the PRC (excluding Hong Kong) (“the Renewal Agreement No. 2”). The Renewal Agreement No. 1 was entered into for the purpose of, inter alia, renewing the term for a further period of three years commencing from 8th June, 2019 and ending on 7th June, 2022. While, the Renewal Agreement No. 2 was entered into for the purpose of, inter alia, renewing the term for a further period of two years commencing from 8th June, 2019 and ending on 7th June, 2021.

As the ST Dupont Group is an associate of each of Sir Dickson Poon, an executive Director and a substantial shareholder of the Company, and Mr. Pearson Poon, an executive Director and a shareholder of the Company, the ST Dupont Group is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Renewal Agreement No. 1 and the Renewal Agreement No. 2 constitute the Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules.

Given that the maximum annual cap payable by the Group under each of the Renewal Agreement No. 1 and the Renewal Agreement No. 2 is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the Renewal Agreement No. 1 and the Renewal Agreement No. 2 are subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and are exempt from the circular and Independent Shareholders’ approval requirements under the Listing Rules.

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1. Purchases of Merchandise
- Renewal Exclusive Distribution Agreement (“the Renewal Agreement No. 1”)

STDSA as principal and BIL as distributor entered into the Renewal Agreement No. 1 on 3rd June, 2019 regarding the renewal of the exclusive distribution agreement dated 8th June, 2016 (“the Agreement No. 1”) in respect of the appointment of the Group as an exclusive distributor for certain luxury products under “S.T. Dupont” and “D” trademarks in the PRC (excluding Hong Kong) upon its expiry on 7th June, 2019 for a further period of three years commencing from 8th June, 2019 and ending on 7th June, 2022 as detailed below :-

Principal :	STDSA
Distributor :	BIL
Subject :	Pursuant to the Agreement No. 1, STDSA appointed BIL as the exclusive distributor for certain luxury products including, but not limited to, lighters, smokers’ articles, writing instruments, leather goods, belts as well as men’s accessories under “S.T. Dupont” and “D” trademarks in the PRC (excluding Hong Kong).
Term of the Agreement :	The Renewal Agreement No. 1 renewed the term of the Agreement No. 1 upon its expiry on 7th June, 2019 for a further period of three years commencing from 8th June, 2019 and ending on 7th June, 2022. Both parties may agree to and renew the Renewal Agreement No. 1 for a further 1-year period subject to compliance with the applicable Listing Rules.
Purchase Prices and Payment Term :	<p>The purchase prices of the products are at the standard wholesale prices as set by the ST Dupont Group, to be settled in cash with a credit period of up to 45 days.</p> <p>The purchase prices and other terms of the products are negotiated on an arm’s length basis between the parties thereto and be determined based on normal commercial terms with reference to the prevailing market prices that are fair and reasonable to ensure that the purchase prices are no less favourable to the Group than those available from the independent third parties at the relevant time.</p>

The details of the Agreement No. 1 were disclosed in the announcement of the Company dated 8th June, 2016 (“the June 2016 Announcement”).

The maximum annual caps paid / payable by the Group for the purchases of certain products from the ST Dupont Group for distributing the same throughout the PRC (excluding Hong Kong) under the Agreement No. 1 for the financial years ended / ending 31st March, 2019 and 31st March, 2020 are HK\$35,000,000 and HK\$5,000,000 (two months and seven days) respectively as previously disclosed in the June 2016 Announcement. The actual transaction amount for the financial year ended 31st March, 2019 was HK\$20,561,000 which was below the maximum annual cap of HK\$35,000,000.

The maximum annual caps payable by the Group for the purchases of certain products from the S.T. Dupont Group for distributing the same throughout the PRC (excluding Hong Kong) under the Renewal Agreement No. 1 for the financial years ending 31st March, 2020, 31st March, 2021, 31st March, 2022 and 31st March, 2023 will be HK\$31,054,000 (nine months and twenty-three days), HK\$52,247,000, HK\$65,459,000 and HK\$13,637,000 (two months and seven days) respectively which are more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company. The said maximum annual caps were derived based on the market trend, the estimated annual growth of the said purchases, the Group’s plan for further expansion of its retail network, the prevailing and the expected market conditions as well as the input of the management and general managers based on their experience and expertise.

2. Payment of License Fee
- Renewal Shoe License Agreement (“the Renewal Agreement No. 2”)

STDSA as licensor and BIL as licensee entered into the Renewal Agreement No. 2 on 3rd June, 2019 regarding the renewal of the shoe license agreement dated 8th June, 2016 (“the Agreement No. 2”) in respect of the granting of a license to the Group for the use of various “S.T. Dupont” trademarks in order to manufacture, sell, market and promote the relevant “S.T. Dupont” shoe products, and open and operate points of sale within the PRC (excluding Hong Kong) upon its expiry on 7th June, 2019 for a further period of two years commencing from 8th June, 2019 and ending on 7th June, 2021 as detailed below :-

Licensor : STDSA

Licensee : BIL

Subject : Pursuant to the Agreement No. 2, the ST Dupont Group granted a license to the Group for the use of various “S.T. Dupont” trademarks in order to manufacture, sell, market and promote the relevant “S.T. Dupont” shoe products, and open and operate points of sale within the PRC (excluding Hong Kong).

Term of the Agreement : The Renewal Agreement No. 2 renewed the term of the Agreement No. 2 upon its expiry on 7th June, 2019 for a further period of two years commencing from 8th June, 2019 and ending on 7th June, 2021. Both parties may agree to and renew the Renewal Agreement No. 2 for a further 2-year period subject to compliance with the applicable Listing Rules.

**License Fee and
Payment Term :**

The license fee payable by the Group under the Renewal Agreement No. 2 is calculated based on a certain percentage on the total shoe license royalty revenue received from third parties for the shoe products per year.

The license fee payable under the Renewal Agreement No. 2 shall be payable on a quarterly basis with a credit period of up to 45 days. The license fee payable is negotiated on an arm's length basis between the parties thereto and be determined based on normal commercial terms which is in line with the market practices that is fair and reasonable to ensure that the license fee is no less favourable to the Group than those available from the independent third parties at the relevant time.

The details of the Agreement No. 2 were disclosed in the June 2016 Announcement.

The revised maximum annual caps paid / payable by the Group for the payment of the license fee in respect of the granting of a license to the Group for the use of various "S.T. Dupont" trademarks in order to manufacture, sell, market and promote the relevant "S.T. Dupont" shoe products, and open and operate points of sale within the PRC (excluding Hong Kong) under the Agreement No. 2 for the financial years ended / ending 31st March, 2019 and 31st March, 2020 are HK\$10,000,000 and HK\$1,700,000 (two months and seven days) respectively as previously disclosed in the announcement of the Company dated 21st March, 2018. The actual transaction amount for the financial year ended 31st March, 2019 was HK\$7,700,000 which was below the revised maximum annual cap of HK\$10,000,000.

The maximum annual caps payable by the Group for the payment of the license fee in respect of the granting of a license to the Group for the use of various "S.T. Dupont" trademarks in order to manufacture, sell, market and promote the relevant "S.T. Dupont" shoe products, and open and operate points of sale within the PRC (excluding Hong Kong) under the Renewal Agreement No. 2 for the financial years ending 31st March, 2020, 31st March, 2021 and 31st March, 2022 will be HK\$8,342,000 (nine months and twenty-three days), HK\$10,920,000 and HK\$2,002,000 (two months and seven days) respectively which are more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company. The said maximum annual caps were derived based on the market trend, the estimated annual growth of the royalties to be received by BIL from the sub-licensees on the sales of the relevant "S.T. Dupont" shoe products in the PRC (excluding Hong Kong) per year, the Group's plan for further expansion of its retail network, the prevailing and the expected market conditions as well as the input of the management and general managers based on their experience and expertise.

**REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED
TRANSACTIONS**

The Continuing Connected Transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group.

Purchases of certain products from the ST Dupont Group for distributing the same throughout the PRC (excluding Hong Kong) under the Renewal Agreement No.1 can ensure timely and reliable supply of certain luxury goods to the Group and thereby reduce the operational risks and can enhance the daily operation of the Group.

In consideration of the granting of a license to the Group for the use of various “S.T. Dupont” trademarks in order to manufacture, sell, market and promote the relevant “S.T. Dupont” shoe products, and open and operate points of sale within the PRC (excluding Hong Kong) under the Renewal Agreement No. 2, the Group is required to pay to the ST Dupont Group the license fee for distributing the relevant “S.T. Dupont” shoe products by the Group in the PRC (excluding Hong Kong). It is believed that distributing of the relevant “S.T. Dupont” shoe products in the PRC (excluding Hong Kong) can extend the Group’s geographical reach and strengthen the Group’s retail network in the PRC which can enable the Group to take advantage of any improving domestic consumer spending in the PRC (excluding Hong Kong).

Given the above, the entering into of each of the Renewal Agreement No. 1 and the Renewal Agreement No. 2 is a practical and commercial decision of the Group. Furthermore, the transactions under the Renewal Agreement No. 1 and the Renewal Agreement No. 2 are in line with the Group’s principal activity of the sales of luxury goods in Asia and will ensure continuous business growth and contribute to the Group’s turnover and profits.

The Directors (except Sir Dickson Poon and Mr. Pearson Poon who were considered to be materially interested in the transaction under each of the Renewal Agreement No. 1 and the Renewal Agreement No. 2 due to their relationships with the ST Dupont Group and they did not vote on the relevant resolutions regarding the Continuing Connected Transactions), including the independent non-executive Directors, consider that (i) the entering into of each of the Renewal Agreement No. 1 and the Renewal Agreement No. 2 is in the ordinary and usual course of business of the Group, on normal commercial terms which are fair and reasonable and were negotiated at arm’s length, are no less favourable to the Group than those available from independent third parties; and (ii) the Continuing Connected Transactions are in the interests of the Company and its shareholders as a whole, and that the relevant maximum annual caps are fair and reasonable.

LISTING RULES IMPLICATIONS

As the ST Dupont Group is an associate of each of Sir Dickson Poon, an executive Director and a substantial shareholder of the Company, and Mr. Pearson Poon, an executive Director and a shareholder of the Company (as disclosed in the “General” section below), the ST Dupont Group is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the Renewal Agreement No. 1 and the Renewal Agreement No. 2 constitute the Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules. In view of the interests of Sir Dickson Poon and Mr. Pearson Poon in the Renewal Agreement No. 1 and the Renewal Agreement No. 2, they have abstained from voting on the relevant resolutions regarding the Continuing Connected Transactions.

Given that the maximum annual cap payable by the Group under each of the Renewal Agreement No. 1 and the Renewal Agreement No. 2 is more than 0.1 per cent. but less than 5 per cent. of each of the applicable percentage ratios of the Company, the Renewal Agreement No. 1 and the Renewal Agreement No. 2 are subject to announcement, annual reporting and annual review requirements under Rule 14A.35, Rule 14A.49 and Rules 14A.55 to 14A.59 of the Listing Rules respectively and are exempt from the circular and Independent Shareholders’ approval requirements under the Listing Rules.

GENERAL

The Company is an investment holding company and the Group is principally engaged in the sale of luxury goods with a comprehensive retail network totalling 113 shops throughout Asia and in securities investments.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise :-

“associate(s)”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“BIL”	Bondwood Investments Limited (寶活投資有限公司), a company incorporated in Hong Kong with limited liability and indirectly wholly-owned by the Company, the principal activity of which is the sale of lighters, writing instruments, leather goods and fashion products
“Company”	Dickson Concepts (International) Limited (迪生創建(國際)有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions as described in this announcement which are subject to disclosure under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiary companies
“Independent Shareholders”	shareholders of the Company, other than Sir Dickson Poon and Mr. Pearson Poon and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pearson Poon”	Mr. Poon Dickson Pearson Guanda, an executive Director and a shareholder of the Company. He is also a son of Sir Dickson Poon and the vice-chairman of the supervisory board of STDSA
“percentage ratio(s)”	has the meaning as ascribed under the Listing Rules
“Sir Dickson Poon”	Sir Dickson Poon, the group executive chairman of the Group and a substantial shareholder of the Company. He is also the father of Mr. Pearson Poon
“PRC”	the People’s Republic of China

“STDSA”	S.T. Dupont S.A., a company incorporated in France with limited liability, the shares of which are listed on the Euronext Paris in France and which is owned as to 79.708 per cent. of its issued share capital as at 31st March, 2019 by a trust established for the benefit of the members of Sir Dickson Poon’s family, together with its subsidiary companies, which are principally engaged in the manufacture and distribution of luxury lighters, writing instruments, leather goods, accessories, ready-to-wear clothing, watches and fragrances
“ST Dupont Group”	STDSA and its subsidiary companies
“substantial shareholder(s)”	has the meaning as ascribed under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

As at the date of this announcement, the Board comprises :-

Executive Directors:

Dickson Poon (*Group Executive Chairman*)
 Chan Hon Chung, Johnny Pollux
 Lau Yu Hee, Gary
 Poon Dickson Pearson Guanda

Independent Non-Executive Directors:

Bhanusak Asvaintra
 Nicholas Peter Etches
 Leung Kai Hung, Michael

By Order of the Board
Or Suk Ying, Stella
Company Secretary

Hong Kong, 3rd June, 2019

** For identification purposes only*