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**TRINITY LIMITED**

**利邦控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 891)**

## **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF 30% INTEREST WITH PUT AND CALL OPTIONS IN RESPECT OF THE REMAINING 20% INTEREST IN THE SALVATORE FERRAGAMO JOINT VENTURE COMPANIES**

The Board announces that on 20 December 2012, the Sellers, which are wholly-owned subsidiaries of the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Sellers sold to the Purchaser shares representing 30% of the issued share capital of each of the Ferragamo Companies at a total cash consideration of US\$25,553,273.43 (approximately HK\$198,804,464), subject to adjustments but provided that the maximum consideration (after adjustment) for the Sale Shares shall be US\$33,530,000 (approximately HK\$260,863,400).

On the same date, the Sellers and the Purchaser also entered into the Master Joint Venture Agreement which governs their rights and obligations in relation to the Ferragamo Companies after Completion. On the termination of the Master Joint Venture Agreement, the Purchaser will have the right to require the Group to sell, and the Sellers will also have the right to require the Purchaser to purchase, all (but not part only) of the remaining shares held by the Group representing 20% of the issued share capital of each of the Ferragamo Companies at a price based on the Prevailing Net Depreciated Asset Value, subject to a maximum price of US\$206,500,000 (approximately HK\$1,606,570,000).

As the highest applicable percentage ratio for the Disposals and the Put/Call Option under the Listing Rules is more than 5% but less than 25%, the Disposals and the Put/Call Option together constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## **BACKGROUND**

The Ferragamo Companies are joint venture companies which were, prior to Completion, owned as to 50% by the Sellers, which are wholly-owned subsidiaries of the Company, and 50% by the Purchaser.

The Purchaser is a fashion house with worldwide operations as a designer and seller of articles of high intrinsic content, quality and style such as footwear, leather goods, clothing and accessories under the Salvatore Ferragamo brand. The Ferragamo Companies are engaged in the marketing and distribution of Salvatore Ferragamo branded products pursuant to certain exclusive distribution agreements executed with the Purchaser's Subsidiary. As disclosed in the Company's announcement dated 23 December 2011, the current exclusive distribution agreements would expire on 31 December 2012.

In light of the long and mutually beneficial business relationship, the Sellers and the Purchaser, after arm's length negotiation, agreed to continue their business partnership through the Ferragamo Companies, albeit with a different shareholding proportion between the Seller and the Purchaser.

Therefore, on 20 December 2012, the Sellers and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Sellers sold to the Purchaser shares representing 30% of the issued share capital of each of the Ferragamo Companies. Upon Completion, the Ferragamo Companies became owned as to 20% by the Sellers and 80% by the Purchaser.

On the same date, the Sellers and the Purchaser also entered into the Master Joint Venture Agreement which governs their rights and obligations in relation to the Ferragamo Companies after Completion.

## **SALE AND PURCHASE AGREEMENT**

### ***Date***

20 December 2012

### ***Parties***

- (1) The Sellers (namely, Trinity Luxury Brands Holdings Limited and Ferrinch (L) Limited), which are wholly-owned subsidiaries of the Company
- (2) The Purchaser (namely, Salvatore Ferragamo S.p.A.)

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its 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 disposed of***

The Sale Shares, which represent 30% of the issued share capital of each of the Ferragamo Companies.

### ***Consideration***

The consideration for the Sale Shares to be paid by the Purchaser to the Sellers by telegraphic transfer at Completion is US\$25,553,273.43 (approximately HK\$198,804,464) (the “**Completion Payment**”), subject to adjustments described below.

The amount of the Completion Payment has been determined based on 30% of the Estimated Net Depreciated Asset Value and taking into account that (a) the Purchaser is not exercising its right under the previous joint venture agreements between the Purchaser and the Sellers to purchase all of the Sellers’ shares in the Ferragamo Companies, (b) the Purchaser agrees to permit Ferragamo Korea to directly distribute products to certain retailers and authorised wholesale accounts, and (c) the Purchaser’s flexibility in applying its pricing policies in the current economic circumstances.

The consideration for the Sale Shares may be adjusted upwards or downwards primarily by 30% of the amount by which the Actual Net Depreciated Asset Value is greater or less than the Estimated Net Depreciated Asset Value, provided that the maximum consideration (after adjustment) payable for the Sale Shares shall be US\$33,530,000 (approximately HK\$260,863,400). The adjustment amount shall be paid by the Purchaser or the Sellers (as the case may be) to the other party within five business days following determination of the Actual Net Depreciated Asset Value.

### ***Completion***

Completion of the Disposals took place on the date of the Sale and Purchase Agreement.

## **MASTER JOINT VENTURE AGREEMENT**

### ***Date***

20 December 2012

### ***Parties***

- (1) The Sellers (namely, Trinity Luxury Brands Holdings Limited and Ferrinch (L) Limited), which are wholly-owned subsidiaries of the Company
- (2) The Purchaser (namely, Salvatore Ferragamo S.p.A.)

### ***Management of the Ferragamo Companies***

The board of directors of each of the Ferragamo Companies shall be composed by five directors, of which one shall be appointed by the Sellers and four shall be appointed by the Purchaser. The chairman of the board of directors of each of the Ferragamo Companies shall be appointed by the Purchaser.

Except for certain reserved matters which require a unanimous resolution of the relevant board of directors, all resolutions of the board of directors of each of the Ferragamo Companies shall be passed by a simple majority of votes.

### ***Financing***

Any financing required by any of the Ferragamo Companies duly approved by resolution of the relevant board of directors shall be provided by the relevant shareholders in proportion to their respective shareholdings.

### ***Dividend policy***

The profits of each of the Ferragamo Companies which are available for distribution shall be distributed to its shareholders by way of dividends within six months of the end of the respective financial years based on formulas with reference to the debt-to-equity ratio of the relevant Ferragamo Companies.

### ***Restrictions in dealing in shares***

A shareholder of the Ferragamo Companies may transfer all or any of its shares in the relevant Ferragamo Companies only to its subsidiaries, holding companies or fellow subsidiaries (and not to other third party).

Except with the prior written consent of the Purchaser, the Group shall not encumber, or grant an option over, any share of the Ferragamo Companies or any interest therein or votes attached thereto.

### ***Non-Competition undertaking***

In the event that any of the Sellers is engaged as a franchisee, licensee, agent or distributor of products of certain brands in the Relevant Territories, the Purchaser may serve a notice on the Sellers notifying that it wishes to purchase all (but not part only) of the shares in the Ferragamo Companies held by the Group and the Group shall be bound to sell such shares to the Purchaser at a price based on the then prevailing net depreciated asset value of the Ferragamo Companies, subject to a maximum price of US\$206,500,000 (approximately HK\$1,606,570,000).

### ***Put/Call Option***

On the termination of the Master Joint Venture Agreement, the Purchaser will have the right to require the Group to sell, and the Sellers will also have the right to require the Purchaser to purchase, all (but not part only) of the remaining shares held by the Group representing 20% of the issued share capital of each of the Ferragamo Companies at a price based on the Prevailing Net Depreciated Asset Value, subject to a maximum price of US\$206,500,000 (approximately HK\$1,606,570,000).

### ***Term***

The Master Joint Venture Agreement shall be effective from the date thereof to 31 December 2017. The Master Joint Venture Agreement shall be terminated automatically on the termination of the New Exclusive Distribution Agreements.

## INFORMATION ABOUT THE FERRAGAMO COMPANIES

The Ferragamo Companies are engaged in the business of the retail and wholesale of the Salvatore Ferragamo branded products in the domestic market in Indonesia, Korea, Malaysia, Singapore and Thailand. On the date of the Sale and Purchase Agreement and the Master Joint Venture Agreement, the Ferragamo Companies also entered into the New Exclusive Distribution Agreements with the Purchaser and the Purchaser's Subsidiary for a term commencing on no later than 1 July 2013 and expiring on 31 December 2017, and the parties thereto agreed that the current exclusive distribution agreements, which originally expired on 31 December 2012, will continue to be effective until the effective date as stated in the New Exclusive Distribution Agreements.

The Ferragamo Companies were accounted for as jointly-controlled entities in the financial statements of the Company prior to Completion, though they were deemed to be controlled by the Purchaser in the Purchaser's financial statements. Upon Completion, the Ferragamo Companies became owned as to 20% by the Sellers and 80% by the Purchaser, and will be accounted for as an associate in the financial statements of the Company.

Certain financial information of the Ferragamo Companies are set out below: –

### (a) Ferragamo Korea

	<u>Profits before taxation and extraordinary items</u>	<u>Profits after taxation and extraordinary items</u>
	<i>HK\$</i>	<i>HK\$</i>
For the year ended 31 December 2010	100,957,894	76,362,789
For the year ended 31 December 2011	132,109,629	106,270,707
<i>Net asset value as at 31 December 2011: HK\$363,220,000</i>		

### (b) Ferragamo Malaysia

	<u>Profits before taxation and extraordinary items</u>	<u>Profits after taxation and extraordinary items</u>
	<i>HK\$</i>	<i>HK\$</i>
For the year ended 31 December 2010	5,376,218	4,032,243
For the year ended 31 December 2011	12,413,692	9,120,543
<i>Net asset value as at 31 December 2011: HK\$48,823,958</i>		

### (c) Ferragamo Singapore

	<u>Profits/(Losses) before taxation and extraordinary items</u>	<u>Profits/(Losses) after taxation and extraordinary items</u>
	<i>HK\$</i>	<i>HK\$</i>
For the year ended 31 December 2010	(8,541,211)	(8,452,986)
For the year ended 31 December 2011	9,538,290	9,159,773
<i>Net asset value as at 31 December 2011: HK\$46,020,597</i>		

(d) Ferragamo Thailand

	Profits/(Losses) before taxation <u>and extraordinary items</u> <i>HK\$</i>	Profits/(Losses) after taxation <u>and extraordinary items</u> <i>HK\$</i>
For the year ended 31 December 2010	(1,487,662)	(1,487,662)
For the year ended 31 December 2011	557,172	129,469

*Net asset value as at 31 December 2011: HK\$0 (as full impairment has been made).*

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

The Group principally engages in the retailing of high-end to luxury menswear brands in Greater China and Europe as well as licensing of its major brands globally.

As mentioned above, given that the current exclusive distribution agreements would, based on the terms thereof, expire on 31 December 2012, the Sellers and the Purchaser, after arm's length negotiation, agreed to continue their business partnership through the Ferragamo Companies, albeit with a different shareholding proportion between the Seller and the Purchaser as a result of the Disposals. The Company views the Group's 20% stake in the Ferragamo Companies after the Disposals as a strategic investment which enables the Group to continue the long and mutually beneficial business relationship. The Company also believes that the return in the investment is attractive and the Master Joint Venture Agreement has provided appropriate safeguard to the Group's 20% stake in the Ferragamo Companies.

The Directors consider that the terms of the Transactions are fair and reasonable, and are in the interest of the Group and the Shareholders as a whole.

It is expected that the Disposals will generate a gain of approximately US\$4,482,390 (approximately HK\$34,872,994). Such gain represents primarily 30% of the surplus, being the difference between current market value and book value, arose from revaluing a retail property owned by Ferragamo Korea against costs associated with the Disposals and is before the consideration of fair valuation of the Put/Call Option. Assuming the same rate of the aforesaid property revaluation, the disposal of the Group's remaining 20% stake in the Ferragamo Companies pursuant to the exercise of the Put/Call Option will generate a gain of approximately US\$2,988,260 (approximately HK\$23,248,663). The actual gain to be recognised in the Company's income statement would depend on the actual rate of the aforesaid property revaluation at the time of exercise of the Put/Call Option and the adjustment of the revaluation of the Put/Call Option. The proceeds from the Disposals and the disposal of the Group's remaining 20% stake in the Ferragamo Companies pursuant to the exercise of the Put/Call Option will be utilised as general working capital of the Group and for future business expansions and/or acquisitions.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio for the Disposals and the Put/Call Option under the Listing Rules is more than 5% but less than 25%, the Disposals and the Put/Call Option together constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

<b>“Actual Net Depreciated Asset Value”</b>	the actual net depreciated asset value of each of the Ferragamo Companies as at 31 December 2012, the calculation of which will be based on the audited statutory financial statements of the Ferragamo Companies
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Trinity Limited, a company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange
<b>“Directors”</b>	directors of the Company
<b>“Disposals”</b>	the sale of the Sale Shares by the Sellers to the Purchaser pursuant to the Sale and Purchase Agreement
<b>“Estimated Net Depreciated Asset Value”</b>	the estimate by the Sellers and the Purchaser at the signing of the Sale and Purchase Agreement of the net depreciated asset value of each of the Ferragamo Companies as at 31 December 2012 based on the accounts of the Ferragamo Companies as of 30 November 2012 and estimated amount for the month of December 2012
<b>“Ferragamo Companies”</b>	Ferragamo Korea, Ferragamo Malaysia, Ferragamo Singapore, Ferragamo Thailand
<b>“Ferragamo Korea”</b>	Ferragamo Korea Limited, a company incorporated in Korea
<b>“Ferragamo Malaysia”</b>	Ferragamo (Malaysia) Sdn Bhd, a company incorporated in Malaysia
<b>“Ferragamo Singapore”</b>	Ferragamo (Singapore) Pte Ltd, a company incorporated in Singapore
<b>“Ferragamo Thailand”</b>	Ferragamo (Thailand) Limited, a company incorporated in Thailand
<b>“Greater China”</b>	Chinese Mainland, Hong Kong, Macau and Taiwan
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of the Securities on the Stock Exchange
<b>“Master Joint Venture Agreement”</b>	the master joint venture agreement dated 20 December 2012 entered into between the Sellers and the Purchaser governing the rights and obligations of the parties in relation to the Ferragamo Companies
<b>“New Exclusive Distribution Agreements”</b>	the new and exclusive agreements dated 20 December 2012 entered into between the Purchaser and the Purchaser’s Subsidiary and each of the Ferragamo Companies for the distribution of Salvatore Ferragamo branded products in the Relevant Territories
<b>“Prevailing Net Depreciated Asset Value”</b>	the aggregate net depreciated asset value of the Ferragamo Companies as at the last day of the calendar month immediately preceding the date on which the Sellers or the Purchaser exercises the Put/Call Option (as the case may be), which shall be within 45 business days from the date of termination of the Master Joint Venture Agreement

<b>“Purchaser”</b>	Salvatore Ferragamo S.p.A., a corporation organised under the laws of Italy
<b>“Purchaser’s Subsidiary”</b>	Ferragamo Hong Kong Limited, a wholly-owned subsidiary of the Purchaser
<b>“Put/Call Option”</b>	the Sellers’ right to require the Purchaser to purchase, or the Purchaser’s right to require the Group to sell (as the case may be), all (but not part only) of the remaining shares held by the Group representing 20% of the issued share capital of each of the Ferragamo Companies, at a price based on the Prevailing Net Depreciated Asset Value on the termination of the Master Joint Venture Agreement
<b>“Relevant Territories”</b>	Indonesia, Korea, Malaysia, Singapore and Thailand
<b>“Sale and Purchase Agreement”</b>	the master sale and purchase agreement dated 20 December 2012 entered into between the Sellers and the Purchaser in relation to the Disposals
<b>“Sale Shares”</b>	shares representing 30% of the issued share capital of each of the Ferragamo Companies
<b>“Sellers”</b>	Trinity Luxury Brands Holdings Limited and Ferrinch (L) Limited, which are wholly-owned subsidiaries of the Company
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiaries”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Transactions”</b>	the transactions contemplated under the Sale and Purchase Agreement and the Master Joint Venture Agreement
<b>“US\$”</b>	US dollar(s), the lawful currency of the United States of America

*For reference only, amounts in US\$ set out in this announcement has been converted into HK\$ based on an exchange rate of US\$1 = HK\$7.78. No representation is made that any amount in US\$ had been or could be converted at the above rates.*

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

Hong Kong, 20 December 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*