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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

The Board announces that on 7 June 2017, certain subsidiaries of the Group entered into the Agreement with a subsidiary of Li & Fung, for a term from 1 June 2017 to 31 December 2019 in respect of the provision of the Extended Sourcing and Related Services by the LF Group to the Group.

Since FH 1937, a substantial shareholder of the Company, together with the FH 1937 Shareholders, own more than 30% of the issued share capital of Li & Fung as at the date of this announcement, Li & Fung is a connected person of the Company. The Transaction constitutes a continuing connected transaction for the Company under the Listing Rules. As the highest of the applicable percentage ratios calculated with reference to the Annual Caps for the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 13 November 2015 in respect of the agreement between the Company and FH 1937 for the provision of sourcing and related services for garments and fashion accessories by members of the FH 1937 Group including Li & Fung and its subsidiaries to the Group covering a term of three years from 2015 to 2017 (the "2015 Agreement"). On 7 June 2017, certain subsidiaries of the Group entered into the Agreement with LF Trading for a term covering the period from 1 June 2017 to 31 December 2019 in connection with the provision of the Extended Sourcing and Related Services (as defined below) by the Li & Fung Group to the Group in respect of the Defined Products, and details of which are set out below.

THE AGREEMENT

Date

7 June 2017

Parties

- (1) Trinity International Brands Limited, Trinity Brands UK Limited, Gieves Limited and Cerruti 1881 SAS, all being indirect wholly-owned subsidiaries of the Company
- (2) LF Trading, an indirect wholly-owned subsidiary of Li & Fung

Transaction Nature

Under the 2015 Agreement, the provision of sourcing and related services includes (i) providing product samples and price quotations from potential suppliers; (ii) assisting in the negotiation of pricing and commercial terms with suppliers; (iii) liaising with suppliers at all stages of the production process; (iv) carrying out quality assurance and quality control inspections on suppliers; and (v) facilitating import and customs documentation for finished products (the “Old Sourcing and Related Services”).

The Transaction involves the provision of the sourcing and related services, including (i) the Old Sourcing and Related Services; (ii) handling product delivery and relevant processes in the system of the Group; and (iii) following up shipment shortage or overage and product claims for quality issues or late shipment, by members of the Li & Fung Group to the Group from time to time, on all products and components sourced through the Li & Fung Group (the “Extended Sourcing and Related Services”).

Term

From 1 June 2017 to 31 December 2019

Pricing Basis

The Group shall pay LF Trading a commission up to 10% of the FOB value of all the products which sourced through the LF Group plus a fixed annual fee of HK\$8,000,000 (fixed fee for the First Contract Year shall be HK\$6,000,000), provided that for the First Contract Year, if the aggregate purchase price of the ordered products is below HK\$345,000,000, the Group shall pay to LF Trading a minimum commission of HK\$34,500,000 (in addition to the fixed fee payable for the First Contract Year).

When determining the terms of the Transaction(s), the Group has taken into account a number of factors including but not limited to (i) price, (ii) payment and credit terms, (iii) complexity of the services, (iv) service level, (v) capacity, (vi) delivery schedule, (vii) compliance record, and (viii) quality control capability, and has benchmarked these factors with independent suppliers so as to ensure that the terms offered by the LF Group are either at market rate or at rate no less favourable than those available from unrelated third parties.

Historical Figures (1 January 2015 – 31 May 2017)

Aggregate amounts paid by the Group to the FH 1937 Group for the Old Sourcing and Related Services for the two years ended 31 December 2015 and 2016 and the 5 months ended 31 May 2017 were as follows:

Year ended 31 December 2015	Year ended 31 December 2016	5 months ended 31 May 2017
HK\$2,752,000	HK\$722,000	HK\$276,000

Annual Caps (1 June 2017 – 31 December 2019)

Annual Caps for the commission and the fixed annual fee payable for the Transaction for the 7 months ending 31 December 2017 and each of the two years ending 31 December 2018 and 2019 are as follows:

7 months ending 31 December 2017	Year ending 31 December 2018	Year ending 31 December 2019
HK\$43,000,000	HK\$43,000,000	HK\$43,000,000

The Annual Cap for the 7 months ending 31 December 2017 is inclusive of the aggregate amounts paid by the Group to the FH 1937 Group for the Old Sourcing and Related Services for the 5 months ended 31 May 2017.

The above Annual Caps have been determined by reference to the expected future annual purchase volume as well as the estimated future growth in volume requirement for all our brands and the expanded scope of services.

REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Li & Fung Group has been providing the Old Sourcing and Related Services to the Group and has a better understanding of the Group's business needs than any other service providers. By entering into the Agreement, the Group can leverage on the sourcing expertise of the LF Group, thereby enhancing the utilisation of the Group's current resources and management efficiency. The minimum commission also allows the Li & Fung Group to maintain a high level of services during the transition period and therefore it is an arrangement that is commercially beneficial and in the interests of the Group.

After signing of the Agreement, the Li & Fung Group will cease to provide the Old Sourcing and Related Services to the Group under the 2015 Agreement and instead will provide the Extended Sourcing and Related Services to the Group under the Agreement.

The terms of the Agreement were agreed upon after arm's length negotiations between the Group and the Li & Fung Group. The Directors (including the independent non-executive Directors) consider that the terms of the Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, and that the terms of the Agreement and the Annual Caps are fair and reasonable and the Transaction contemplated thereunder is in the interests of the Company and its shareholders as a whole.

Dr Victor Fung Kwok King and Dr William Fung Kwok Lun, both being directors of the Company, Li & Fung and FH 1937, are considered to have a material interest in the Transaction contemplated under the Agreement, and therefore abstained from voting on the board resolutions approving the Agreement and the Transaction. Ms Sabrina Fung Wing Yee (a Director of the Company), being the daughter of Dr Victor Fung Kwok King, and Mr Terence Fung Yue Ming (a Director of the Company), being the son of Dr William Fung Kwok Lun, also abstained from voting on the said board resolutions for approving the Agreement and the Transaction.

INFORMATION ON THE PARTIES

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China, Singapore and Europe, as well as licensing its fully owned brands globally.

The Li & Fung Group is recognised as the world's leader in consumer goods design, development, sourcing and logistics. It specialises in responsibly managing supply chain of high volume, time-sensitive goods for leading retailers and brands worldwide.

LISTING RULES IMPLICATIONS

Since FH 1937, a substantial shareholder of the Company, together with the FH 1937 Shareholders, own more than 30% of the issued share capital of Li & Fung as at the date of this announcement, Li & Fung is a connected person of the Company. The Transaction constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios calculated with reference to the Annual Caps for the Transaction is more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Agreement”	the agreement entered into between Trinity International Brands Limited, Trinity Brands UK Limited, Gieves Limited and Cerruti 1881 SAS (all being indirect wholly-owned subsidiaries of the Company) and LF Trading on 7 June 2017 in relation to the provision of the Extended Sourcing and Related Services to the Group by the LF Group for a term from 1 June 2017 to 31 December 2019
“Annual Caps”	maximum aggregate annual value of the Transaction projected for 7 months ending 31 December 2017 and each of the two years ending 31 December 2018 and 2019 respectively
“associate(s)”	has the meaning ascribed to it by the Listing Rules
“Board”	the board of Directors

“Company”	Trinity Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Defined Products”	exclusive for those products bearing the brand names of Kent & Curwen, Cerruti 1881, Gieves & Hawkes (excluding bespoke products and products which are developed, manufactured or sourced by the Group’s licencees); non-exclusive for other products
“Director(s)”	the director(s) of the Company
“Extended Sourcing and Related Services”	has the meaning ascribed to it under the section headed “THE AGREEMENT – Transaction Nature” in this announcement
“First Contract Year”	7 months ending 31 December 2017
“FH 1937”	Fung Holdings (1937) Limited, a company incorporated in Hong Kong with limited liability, and a substantial shareholder of the Company
“FH 1937 Group”	FH 1937 and its associates (including Li & Fung Limited and Global Brands Group Holding Limited and their respective subsidiaries) but excluding the Group
“FH 1937 Shareholders”	(i) King Lun Holdings Limited (which directly wholly owns FH 1937), (ii) HSBC Trustee (C.I.) Limited (as trustee of a trust established for the benefit of the family members of Dr Victor Fung Kwok King, which owns 50% of King Lun Holdings Limited) and (iii) Dr William Fung Kwok Lun who owns 50% of King Lun Holdings Limited
“FOB”	Free On Board, an Incoterm which means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“LF Trading”	Li & Fung (Trading) Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Li & Fung
“LF Group”	LF Trading, its subsidiaries and fellow subsidiaries

“Li & Fung”	Li & Fung Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange and is a connected person of the Company
“Li & Fung Group”	Li & Fung and its subsidiaries including the LF Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Old Sourcing and Related Services”	has the meaning ascribed to it under the section headed “THE AGREEMENT – Transaction Nature” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Transaction”	the transaction(s) contemplated under the Agreement
“%”	per cent

By Order of the Board
Jeremy Paul Egerton HOBBS
Chief Executive Officer & Executive Director

Hong Kong, 7 June 2017

As at the date of this announcement, the Board comprises two executive directors, namely, Mr Jeremy Paul Egerton HOBBS and Mr Srinivasan PARTHASARATHY; six 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, Mr WONG Yat Ming and Mr Terence FUNG Yue 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*