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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 TRANSACTIONS
MANUFACTURE, DISTRIBUTION AND SALES AGREEMENT
AND
DISTRIBUTION AGREEMENT

Reference is made to the circular of the Company dated 22 December 2017 (the “**Circular**”) in relation to the Subscription and the Transactions.

Prior to Completion, the Group had entered into the Manufacture, Distribution and Sales Agreement and the Distribution Agreement with Renown in respect of the Transactions. Pursuant to the Manufacture, Distribution and Sales Agreement, Renown granted to Trinity Retail the exclusive right to (i) import and purchase the Products from the Suppliers or source the Products through Renown, and (ii) distribute, sell, manufacture and market the Products and use the Trademarks and Logos in Hong Kong, Macau and Taiwan. Pursuant to the Distribution Agreement, Renown granted to Trinity China the exclusive right to (i) import and purchase Products from the Suppliers or source the Products through Renown, and (ii) distribute, sell, manufacture and market the Products and use the Trademarks and Logos in Chinese Mainland.

Upon Completion, which took place on 18 April 2018, the Subscriber, through the Subscriber Nominee, holds approximately 51.37% of the issued share capital of the Company and has therefore become a substantial shareholder of the Company. Renown, an associate of the Subscriber, is therefore a connected person of the Company. Accordingly, the existing continuing transactions between Renown and the Group have, upon Completion, become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Reference is made to the Circular in relation to the Subscription and the Transactions.

Prior to Completion, the Group had entered into the Manufacture, Distribution and Sales Agreement and the Distribution Agreement with Renown in respect of the Transactions. Upon Completion, which took place on 18 April 2018, the Subscriber, through the Subscriber Nominee, holds approximately 51.37% of the issued share capital of the Company and has therefore become a substantial shareholder of the Company. Renown, an associate of the Subscriber, is therefore a connected person of the Company. Accordingly, the existing continuing transactions between Renown and the Group have, upon Completion, become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

MANUFACTURE, DISTRIBUTION AND SALES AGREEMENT

Trinity Retail, a member of the Group, entered into the Manufacture, Distribution and Sales Agreement with Renown, as supplemented and amended from time to time, pursuant to which Renown granted to Trinity Retail the exclusive right to engage in the following activities within Hong Kong, Macau and Taiwan:

- (i) import and purchase the Products from the Suppliers or source the Products through Renown and/or its associated companies;
- (ii) manufacture and procure the Products for the purposes of distribution and selling and to affix the Trademarks and Logos on the Products;
- (iii) use the Trademarks and Logos in connection with marketing, distribution and sale of Products including but not limited to the use of the Trademarks and Logos in signage, shop interior design and packaging;
- (iv) select, negotiate for and take on lease or purchase, license or to enter into any arrangement for use of premises and shops, outlets, counters and other points of sale for the sale, distribution and marketing of the Products;
- (v) enter into negotiation, arrange for and establish consignment or concession counters or other vending venue in department stores and specialty stores for the sale of the Products; and
- (vi) sell the Products to such companies or business associations in which Renown and its associated companies may have interests or which may have entered into licence or distribution arrangement in relation to products and merchandise bearing the Trademarks and Logos.

The major terms of the Manufacture, Distribution and Sales Agreement are set out as follows:

Date of the contract	18 July 2007, as supplemented and amended by supplemental agreements dated 11 March 2008, 21 April 2008 and 24 September 2015 and a letter dated 22 March 2018
Parties	(i) Trinity Retail (ii) Renown
Term of contract	Up to 28 February 2027

Trademarks & Logos

“D’URBAN”

Consideration

Item (i) – Exclusive right to import and purchase the Products directly from the Suppliers or source the Products through Renown and/or its associated companies

For the Products which sourced through Renown, Renown shall charge Trinity Retail a handling fee of about 3% on free on board (FOB) price.

Items (ii) to (vi) – Distribution, sale, manufacture and marketing of the Products and use of Trademarks and Logos

Royalty of 3% of the total net retail price of the specified goods to be sold under or bearing the Trademarks and Logos through retail channels and royalty of 5% of the total wholesale price of the imported goods to be sold under wholesale arrangement for that financial year.

Payment terms

Item (i) – Exclusive right to import and purchase the Products from Renown and/or its associated companies

Purchase price paid in accordance with the respective subsequent agreements between Trinity Retail and Renown and/or its associated companies.

Items (ii) to (vi) – Distribution, sale, manufacture and marketing of the Products and use of Trademarks and Logos

Royalty to be paid within 4 months following the end of the relevant financial year.

Pricing basis

Item (i) – Exclusive right to import and purchase the Products from Renown and/or its associated companies

The purchase price of the Products will be determined by the Renown and/or its associated companies and Trinity Retail on an arm’s length basis at the time they enter into a sale and purchase agreement for the Products, with reference to the specific requirements as well as the selling price of the relevant products charged by independent third party suppliers. The prices and terms offered by Renown and/or its associated companies to Trinity Retail in respect of each transaction will be either at market rate or at rate no less favourable than those available by independent third parties.

When determining the terms of the commercial transaction(s), the Group will take into account a number of factors including but not limited to (i) price, (ii) payment and credit terms, (iii) capacity, (iv) delivery schedule, (v) compliance record, and (vi) quality control capability, and will benchmark these factors with independent suppliers so as to ensure that the terms offered by the Renown and/or its associated companies are fair and reasonable.

Items (ii) to (vi) – Distribution, sale, manufacture and marketing of the Products and use of Trademarks and Logos

The royalty was arrived at after arm's length negotiation between Trinity Retail and Renown with reference to the royalty fees charged by other grantors for similar transactions and the prevailing market conditions.

DISTRIBUTION AGREEMENT

Trinity China entered into the Distribution Agreement with Renown, as supplemented and amended from time to time, pursuant to which Renown granted to Trinity China the exclusive right to engage the following activities in Chinese Mainland:

- (i) distribute the Products and to purchase from the Suppliers or source the Products through Renown and/or its associated companies the Products for wholesale and retail in Chinese Mainland;
- (ii) design, manufacture and procure manufacture, merchandise, source, purchase, obtain the Products and to affix the Trademarks and Logos on the Products and market and sell such products;
- (iii) select, negotiate for and take on lease or purchase, license or to enter into any arrangement for use of premises and shops, outlets, counters and other points of sale for the sale, distribution and marketing of the Products;
- (iv) enter into negotiation, arrange for and establish consignment or concession counters or other vending venue in department stores and specialty stores for the sale of the Products; and
- (v) sell the Products to such companies or business associations in which Renown and its associated companies may have interests or which may have entered into license or distribution arrangement in relation to products and merchandise bearing the Trademarks and Logos, and sell and grant distribution rights to companies in which the Trinity China has direct or indirect majority control.

The major terms of the Distribution Agreement are set out as follows:

Date of the contract	18 July 2007, as supplemented and amended by supplemental agreements dated 11 March 2008 and 24 September 2015 and a letter dated 22 March 2018
Parties	(i) Trinity China (ii) Renown
Term of contract	Up to 28 February 2027
Trademarks & Logos	“D’URBAN”

Consideration

Item (i) – Exclusive right to purchase Products from the Suppliers or source the Products through Renown and/or its associated companies

For the Products which are sourced through Renown, Renown shall sell the Products to Trinity China at ex factory cost with allowance for reasonable processing charges as normally practiced by trading companies in similar trades.

Items (ii) to (v) – Distribution, sale, manufacture and marketing of the Products and use of Trademarks and Logos

Royalty equivalent to 3% of the retail sale of products, items and accessories bearing the afore-mentioned names, marks and logos by Trinity China

Payment terms

Item (i) – Exclusive right to purchase Products from or place order to Renown for the purchase of the parts of the Products not manufactured by Trinity China

Purchase price paid in accordance with the respective subsequent agreements between Trinity China and Renown and/or its associated companies.

Items (ii) to (v) – Distribution, sale, manufacture and marketing of the Products and use of Trademarks and Logos

Royalty to be paid within 4 months following the end of the relevant quarter.

Pricing basis

Item (i) – Exclusive right to purchase Products from or place order to Renown for the purchase of the parts of the Products not manufactured by Trinity China

The purchase price of the Products will be determined by Renown and/or its associated companies and Trinity China on an arm's length basis at the time they enter into a sale and purchase agreement for the Products, with reference to the specific requirements as well as the selling price of the relevant products charged by independent third party suppliers. The prices and terms offered by Renown and/or its associated companies to Trinity China in respect of each transaction will be either at market rate or at rate no less favourable than those available by independent third parties.

When determining the terms of the commercial transaction(s), the Group will take into account a number of factors including but not limited to (i) price, (ii) payment and credit terms, (iii) capacity, (iv) delivery schedule, (v) compliance record, and (vi) quality control capability, and will benchmark these factors with independent suppliers so as to ensure that the terms offered by the Renown and/or its associated companies are fair and reasonable.

Items (ii) to (v) – Distribution, sale, manufacture and marketing of the Products and use of Trademarks and Logos

The royalty was arrived at after arm's length negotiation between Trinity China and Renown with reference to the royalty fees charged by other grantors for similar transactions and the prevailing market conditions.

HISTORICAL TRANSACTION RECORDS

Set out below is a summary of the aggregated amounts of the Transactions for the financial years ended 31 December 2015 to 31 December 2017:

<u>2015</u>	<u>2016</u>	<u>2017</u>
HK\$10,300,000	HK\$19,800,000	HK\$22,000,000

PROPOSED ANNUAL CAPS

The proposed annual caps for the Transactions for (i) each of the financial years ending 31 December 2018 and 31 December 2019 is HK\$35 million and HK\$50 million respectively, (ii) each of the financial years ending 31 December 2020 to 31 December 2026 is HK\$60 million; and (iii) the period between 1 January 2027 and 28 February 2027 is HK\$30 million.

The above proposed annual caps have been determined with reference to the historical amount of the Transactions and the current business projections, taking into consideration the potential growth arising from the strengthening of D'URBAN's store network in Greater China in the next ten years.

INFORMATION ON THE PARTIES

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

Renown is principally engaged in the design, planning, production, retail and wholesale of clothing and related accessories.

Trinity Retail is principally engaged in trading of garments and licensing.

Trinity China is principally engaged in investment holding and trading of garments.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China and Europe. The continuing of the existing business arrangements under the Manufacture, Distribution and Sales Agreement and the Distribution Agreement will enable the Group to maintain a diversified brand profile and increase its efficiency by sharing offices and services such as human resources, finance and information technology.

The Directors (including the independent non-executive Directors) consider that each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement has been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the transactions contemplated under each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement.

LISTING RULES IMPLICATIONS

Upon Completion, which took place on 18 April 2018, the Subscriber, through the Subscriber Nominee holds approximately 51.37% of the issued share capital of the Company and has therefore become a substantial shareholder of the Company. Renown, an associate of the Subscriber, is therefore a connected person of the Company. Accordingly, the existing continuing transactions between Renown and the Group have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio relating to the proposed annual caps for the continuing connected transactions contemplated under the Manufacture, Distribution and Sales Agreement and the Distribution Agreement, on an annual and aggregate basis, exceeds 0.1% but is less than 5%. Accordingly, the transactions contemplated under the Manufacture, Distribution and Sales Agreement and the Distribution Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement 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 each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement must not exceed three years. As the duration for each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement would exceed three years, the Company has appointed Oceanwide Capital Limited 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 agreements of this type to be of such duration.

OPINION OF THE IFA IN RESPECT OF THE DURATION OF THE MANUFACTURE, DISTRIBUTION AND SALES AGREEMENT AND THE DISTRIBUTION AGREEMENT

In assessing the reasons for the duration for each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement requires a period longer than three years, the IFA has taken into consideration the information set out in this announcement and the following principal factors based on the information provided by, and discussion with, the management of the Company, and relevant public information reviewed by the IFA.

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China and Europe, as well as licensing its fully owned brands globally. The Group manages four international menswear brands, namely Gieves & Hawkes, Kent & Curwen and Cerruti 1881 which are owned by the Group; and D'URBAN which the Group operates under licences.

D'URBAN was founded in Japan in 1970. D'URBAN collection includes both sophisticated business and leisure wear which unites European tailoring traditions and Japanese craftsmanship. It targets men who aspire for sophisticated simplicity, quiet elegance and modern minimalism. The Group currently operates 29 D'URBAN stores in Greater China.

Pursuant to the Manufacture, Distribution and Sales Agreement, Renown granted to Trinity Retail the exclusive right, among other things, to distribute and sell D'URBAN products in Hong Kong, Taiwan and Macau. Pursuant to the Distribution Agreement, Renown granted to Trinity China the exclusive right, among other things, to distribute and sell D'URBAN products in Chinese Mainland. The IFA considers that it is in the interest of the Group to have the licence arrangements for a long duration as continuous promotional and advertising programs are required to enhance the brand image and consumer awareness of the brand. A long duration of the licence arrangements can facilitate the Group to formulate a long term business plan to drive the brand forward. Accordingly, the IFA considers that the licence arrangements between Renown and the Group are required to be of a reasonably long duration to be commercially viable.

In considering whether the duration of each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement is consistent with the normal business practice for agreements of this type, the IFA has reviewed comparable transactions (the “**Comparable Transactions**”) with nature similar to that of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement entered into by (a) the Group, as a licensor or licensee, with independent third parties with reference to the agreements provided by the management of the Group; and (b) companies (or their subsidiaries) listed in Hong Kong which are principally engaged in the retailing or wholesale of apparel, as licensors or licensees, with reference to announcements and press releases. The IFA noted that a number of the Comparable Transactions have duration of 10 years or more.

Based on the foregoing, the IFA is of the view that duration of longer than three years is required for each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement and that the duration of each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement of longer than three years is normal business practice for agreements of this type.

DEFINITIONS

“associate(s)”	has the same meaning ascribed thereto under 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
“Completion”	completion of the Subscription pursuant to the terms of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Director(s)”	the director(s) of the Company

“Distribution Agreement”	the distribution agreement dated 18 July 2007 entered into between Trinity China and Renown, as supplemented and amended from time to time
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFA”	Oceanwide Capital Limited, a licensed corporation authorised to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser to the Company in respect of the duration of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the People’s Republic of China
“Manufacture, Distribution and Sales Agreement”	the manufacture, distribution and sales agreement dated 18 July 2007 entered into between Trinity Retail and Renown, as supplemented and amended from time to time
“Products”	goods to be sold bearing the Trademarks and Logos
“Renown”	Renown Incorporated, a company listed on the Tokyo Stock Exchange, in which the Subscriber directly and indirectly through a subsidiary held 52.99% equity interest as at the date of this announcement
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Shandong Ruyi International Fashion Industry Investment Holding Company Limited, a limited liability company established in Chinese Mainland
“Subscriber Nominee”	Ruyi Brand Holding (HongKong) Company Limited, a limited company incorporated in Hong Kong, being a wholly-owned subsidiary of the Subscriber and the designated nominee for taking up the Subscription Shares under the Subscription Agreement

“Subscription”	the subscription of the Subscription Shares by the Subscriber (or the Subscriber Nominee) subject to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 8 November 2017 and entered into between the Company, the Subscriber and Fung Trinity Investments Limited
“Subscription Shares”	1,846,000,000 newly issued Shares subscribed by the Subscriber Nominee upon Completion
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“substantial shareholder”	has the meaning ascribed to it by the Listing Rules
“Suppliers”	third party suppliers of the Products
“Trademarks and Logos”	brand names, marks, trade marks, logos and designs of “D’URBAN” as set out in each of the Manufacture, Distribution and Sales Agreement and the Distribution Agreement
“Transactions”	the transactions under both the Manufacture, Distribution and Sales Agreement and the Distribution Agreement
“Trinity China”	Trinity China Distributions (B.V.I.) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Trinity Retail”	Trinity Retail (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 18 April 2018

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 Terence FUNG Yue Ming, 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