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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

CONNECTED TRANSACTION

On 21 March 2016, Trinity Brands UK (an indirect wholly-owned subsidiary of the Company), as purchaser, entered into the Business Acquisition Agreement with HALL and No.14 SRM, as vendors and lessors, pursuant to which, among others, (1) HALL and No.14 SRM shall sell and Trinity Brands UK shall purchase the Business, (2) HALL shall lease and Trinity Brands UK shall sub-lease the Properties and (3) Trinity Brands UK and Trinity International (each an indirect wholly-owned subsidiary of the Company), as licensees, will enter into the Licence Agreements with HALL and HA Singapore, as licensors, pursuant to which HALL and HA Singapore shall grant to Trinity Brands UK and Trinity International, among other things, the right to use the Marks in the design, manufacture, distribution and retail of certain products under the “Hardy Amies” brand.

The contemplated transactions under the Business Acquisition Agreement constitute continuing connected transactions for the Company, while the contemplated Business acquisition constitutes a connected transaction 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 Business Acquisition Agreement, on an annual basis, exceeds 0.1% but is less than 5%. The highest applicable percentage ratio in respect of the Business acquisition exceeds 0.1% but is less than 5%. Accordingly, the transactions contemplated under the Business Acquisition Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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I. BUSINESS ACQUISITION AGREEMENT

Date: 21 March 2016 (after trading hours)

Parties:

- (i) HALL
- (ii) No.14 SRM
- (iii) Trinity Brands UK

Subject Matter:

Pursuant to the Business Acquisition Agreement, HALL and No. 14 SRM shall sell and Trinity Brands UK shall acquire the Business (including effecting a transfer of certain employees pursuant to applicable law and regulations).

The purchase price for the Business will be not more than GBP1.0 million (approximately HK\$11.22 million) and was arrived at after arm’s length negotiation between HALL, No.14 SRM and Trinity Brands UK.

The unaudited net asset value of the Business as at 31 December 2015 was approximately GBP1.3 million (approximately HK\$14.6 million). The unaudited acquisition cost to HALL and No.14 SRM was in aggregate approximately GBP7.4 million (approximately HK\$83.0 million). The unaudited net loss attributable to the Business for the year ended 31 December 2015 was approximately GBP3.6 million (approximately HK\$40.4 million), respectively. The unaudited net loss attributable to the Business for the year ended 31 December 2014 was approximately GBP3.0 million (approximately HK\$33.7 million).

Last, the parties agreed that from completion of the Business Acquisition Agreement that:

- (i) HALL shall lease, and Trinity Brands UK shall sub-lease from it, the Properties upon completion of the Business Acquisition Agreement, as further described in the section “Sub-leases” below;
- (ii) HALL shall sell, Trinity Brands UK shall purchase, finished goods relating to the Business on a consignment basis. Trinity Brands UK shall use its best efforts to sell the stock and, upon sale, shall pay HALL the ex-works cost for a period of 12 months from completion of the Business Acquisition Agreement, subject to a maximum aggregate amount of GBP1.5 million (approximately HK\$16.8 million). The ex-works cost shall be at market rate or at a rate no less favourable to the

Group than those offered to independent third parties, to be determined at the time of each consignment with reference to (i) the parties' specific requirements, (ii) the selling price of the relevant products to independent third party customers, (iii) quantity, (iv) promotion of brand awareness, and benchmarked against independent third party suppliers so as to ensure that the ex-works cost offered is fair and reasonable; and

- (iii) Trinity Brands UK and Trinity International, as licensees, will enter into the Licence Agreements with HALL and HA Singapore, as licensors, as further described in the section "Licence Agreements" below.

Sub-leases:

The initial term in respect of the Properties is expected to be for the period from 1 April 2016 to 31 March 2019. The actual rental amounts will be the rent and other amounts payable by HALL to its landlord. The annual rental amount payable under the sub-leases, subject to the annual cap below, will be adjusted if HALL's landlord, as a result of its rent review, adjusts the rent payable under HALL's leases.

Licence Agreements:

Pursuant to the Licence Agreements, HALL and HA Singapore shall grant (as the case may be):

- (i) to Trinity International, an exclusive right and licence to advertise, promote, design, manufacture, distribute and sell all menswear products bearing, and to use, the Marks in relation to such products distributed and sold by it in Greater China;
- (ii) to Trinity Brands UK, an exclusive right and licence to advertise, promote, design, manufacture, distribute and sell all menswear products bearing, and to use, the Marks in relation to such products distributed and sold by it for the rest of the world; and
- (iii) to Trinity Brands UK, a worldwide sole right and authority to operate the "Hardy Amies" official ecommerce website for the purposes of distributing, selling, advertising and promoting menswear products bearing the Marks.

Duration of the licence:

Expected to be for the period starting from 1 April 2016 and ending 31 December 2021.

Licence royalty:

In consideration of the rights and licences granted by HALL and HA Singapore to Trinity Brands UK and Trinity International under the Licence Agreements, Trinity Brands UK and Trinity International shall respectively pay an annual royalty, equal to 5% of net retail sales, 10% of net wholesale sales and 50% of the gross licensing income received by them.

The royalty shall be respectively payable annually by Trinity Brands UK or Trinity International, as the case may be, and shall be the greater of:

- (i) the aggregate royalties payable by Trinity Brands UK or Trinity International to HALL or HA Singapore for the relevant year, respectively; or
- (ii) a guaranteed minimum, ranging from:
 - a. in respect of Trinity International, GBP30,000 in the first Full Calendar Year to GBP110,000 in the fifth Full Calendar Year, and
 - b. in respect of Trinity Brands UK, GBP270,000 in the first Full Calendar Year to GBP440,000 in the fifth Full Calendar Year,

(in respect of the licence agreement with Trinity Brands UK only) less a deduction for legacy obligations of not more than GBP650,000 in aggregate under such agreement and not to exceed any royalty payable under it.

The licence royalty was arrived at after arm's length negotiation between Trinity Brands UK, Trinity International and HALL and HA Singapore.

II. ANNUAL CAPS

The aggregate annual cap for both licences under the Licence Agreements for each of the Contract Years, ending on 31 December 2021, when added together is GBP2.75 million (approximately HK\$30.9 million). The annual cap was arrived at after arm's length negotiation between HALL, HA Singapore, Trinity Brands UK and Trinity International, with reference to the guaranteed minimum amount of royalties for each Contract Year and expected sales of the products under the Licence Agreements.

The aggregate annual cap for both sub-leases contemplated under the Business Acquisition Agreement for each of the three years ending 31 March 2019, when added together is GBP1.0 million (approximately HK\$11.2 million). The annual caps were arrived at after arm's length negotiation between HALL and No.14 SRM and Trinity Brands UK, with reference to the current rentals for the Properties and expected future rental adjustments.

There are no historical figures in respect of the corresponding licence or consignment transactions contemplated under the Business Acquisition Agreement.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE BUSINESS ACQUISITION AGREEMENT

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China and Europe, as well as licensing of its fully owned brands globally. Trinity International and Trinity Brands UK are each an indirect wholly-owned subsidiary of the Company and their line of business includes the retail sale of men's ready-to-wear clothing and accessories.

The proposed Business Acquisition and Licence Agreements offer the Group the opportunity to diversify its menswear portfolio by adding the "Hardy Amies" brand, which is an affordable luxury brand that targets a younger demographic than the Group's existing portfolio. It will also allow the Group to increase its efficiency and reduce costs

by sharing real-estate and services such as human resources, information technology, finance and sourcing, between the Group and the Hardy Amies locations, being retail, showroom and studio spaces. The Group will leverage the “Hardy Amies” brand’s wholesale and concession relationships to increase its bargaining power with key global department stores. It also expects to realise synergies by utilising the Group’s existing infrastructure to expand the “Hardy Amies” brand’s brick and mortar presence in the United Kingdom and to establish a presence in Greater China, Europe and the United States of America, as well as leveraging the production and sourcing capabilities of Trinity Group to reduce costs. Last, this will increase the Group’s foot print on Savile Row and further establish it as an international menswear company.

The Directors, including the independent non-executive Directors, consider that the Business Acquisition Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the Group and is in the interests of the Company and its shareholders as a whole and that the terms of the transactions contemplated by the Business Acquisition Agreement is fair and reasonable. The Directors, including the independent non-executive Directors, also confirmed that the annual caps set out above are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King, taken together, are controlling shareholders of both the Company and HALL, HA Singapore and No.14 SRM (whose principal business encompass fashion). Each of Dr William Fung Kwok Lun, Dr Victor Fung Kwok King and Ms Sabrina Fung Wing Yee (being the daughter of Dr Victor Fung Kwok King) abstained from voting on the board resolutions for approving the Business Acquisition Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Business Acquisition Agreement.

IV. IMPLICATIONS UNDER THE LISTING RULES

Dr William Fung Kwok Lun and a trust established for the benefit of the family members of Dr Victor Fung Kwok King, taken together, are controlling shareholders of both the Company and HALL, HA Singapore and No.14 SRM. HALL, HA Singapore and No.14 SRM are therefore associates of the controlling shareholders of the Company, and hence connected persons of the Company. Accordingly, the contemplated continuing transactions under the Business Acquisition Agreement constitute continuing connected transactions for the Company, while the contemplated Business acquisition constitutes a connected transaction 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 Business Acquisition Agreement, on an annual basis, exceeds 0.1% but is less than 5%. The highest applicable percentage ratio in respect of the Business Acquisition exceeds 0.1% but is less than 5%. Accordingly, the transactions contemplated under the Business Acquisition Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders’ approval requirements 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 the Licence Agreements must not exceed three years. As their duration would exceed three years, the Company has appointed Alliance Capital Partners Limited (the “IFA”) 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 licensing agreements of this type to be of such duration.

V. OPINION OF THE IFA

In formulating its opinion, the IFA has taken into consideration the following factors:

- (i) the licence agreements entered into by the Group with other brands (which are independent third parties) for the marketing and sales of their products in the Group’s self-operated stores and channels are all for a term of between five and ten years. The reason for such licensing agreements having a period of more than three years is that it takes at least one year to prepare for the licensed products to be designed, made, marketed and sold through licensee’s stores. In most cases, sales of licensed products would only start to ramp up during the second and third year. As such, most licensing agreements are on terms that are five years or more.
- (ii) similar licensing agreements entered into by other Hong Kong listed companies of which such listed companies were licensees of third party trademarks used in their production and sale of apparels and/or other products have a duration of between five and 20 years.

In view of the above, the IFA is of the view that it is in the interest of the Company for the Licence Agreements to exceed three years and it is normal business practice for transactions of this type to be of the duration under the Licence Agreements.

VI. DEFINITIONS

“Assets”	existing fixtures, fittings, equipment and store furniture in respect of the Properties, net cash deposits, inventory, work in progress (and contracts relating to them), archives, concession and other agreements and any existing menswear licences which relate to the “Hardy Amies” brand
“associates”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business”	the business carried on by HALL and No.14 SRM comprising the design, marketing, distribution, product development and retail of “Hardy Amies” branded menswear products and made-up of the Assets
“Business Acquisition Agreement”	the business transfer agreement dated 21 March 2016 and entered into between HALL, No. 14 SRM, as vendors and lessors, and Trinity Brands UK, as purchaser and sub-lessor, in relation to the sale and purchase of the Business, sub-leasing of the Properties and licence of the “Hardy Amies” brand

“Company”	Trinity Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Contract Year”	in respect of the licences under the Licence Agreements, any calendar year within the term of the licence; provided, however, that the first Contract Year is expected to be the period from 1 April 2016 through to 31 December 2016
“Full Calendar Year”	in respect of the licences under the Licence Agreements, any calendar year within the term of the licence; provided, however, that the first Full Calendar Year shall be the period from 1 January 2017 through to 31 December 2017
“Directors”	the directors of the Company
“GBP”	Pound Sterling, the lawful currency of the United Kingdom
“Greater China”	the People’s Republic of China (including the Hong Kong and Macau Special Administrative Regions)
“Group”	collectively, the Company and its subsidiaries from time to time
“HA Singapore”	Hardy Amies (International) Pte Limited, a company incorporated in Singapore
“HALL”	Hardy Amies London Limited, a company incorporated in England and Wales
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Licence Agreements”	collectively, (1) the licence agreement entered into between HA Singapore and Trinity International in relation to the grant to Trinity International of certain rights to use the Marks for the “Hardy Amies” brand for Greater China, and (2) the licence agreement entered into between HALL and Trinity Brands UK in relation to the grant to Trinity Brands UK of certain rights to use the Marks for the “Hardy Amies” brand for the rest of the world
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Marks”	the trademarks relating to the “HARDY AMIES” brand

“No. 14 SRM”	No. 14 Savile Row Management Limited, a company incorporated in England and Wales
“Properties”	Nos. 7/8 and 14 Savile Row, London, United Kingdom
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trinity Brands UK”	Trinity Brands UK Limited, a company incorporated in England and Wales, and an indirect wholly-owned subsidiary of the Company
“Trinity International”	Trinity International Brands Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company

For illustration purposes, the translation of GBP into HK\$ is based on exchange rate of GBP1.00 to HK\$11.22.

By Order of the Board
Richard Samuel COHEN
Chief Executive Officer & Executive Director

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprises two executive directors, namely, Mr Richard Samuel COHEN and Mr Danny LAU Sai Wing; five 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 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*