

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TRINITY LIMITED

利邦控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 891)

**MATERIAL VARIATIONS TO THE TERMS OF A CONNECTED TRANSACTION –
AMENDED AND RESTATED NOTE PURCHASE AGREEMENT
AND
PUT/CALL AGREEMENT
AND
LOAN AGREEMENT
AND
LICENCE AGREEMENT**

Reference is made to the announcement of the Company dated 21 August 2013 in relation to, among other things, the Original Note Purchase Agreement made between Trinity International, GBG, BHB and Heritage for the sale and purchase of the Original Notes.

The Board announces that on 21 March 2016 Trinity International, GBG, BHB and Heritage agreed to amend the terms of the transactions contemplated under the Original Note Purchase Agreement by entering into the following agreements: (i) Trinity International, GBG, BHB and Heritage entered into the Amended and Restated Note Purchase Agreement to amend and restate certain terms of the Original Note Purchase Agreement; (ii) Trinity International and Heritage entered into the Put/Call Agreement, pursuant to which Heritage shall have a Put Option and Trinity International shall have a Call Option with respect to the Option Equity Interests; (iii) Trinity International and BHB entered into the Loan Agreement, pursuant to which Trinity International has agreed to lend to BHB from time to time during the Availability Period an aggregate principal amount up to US\$9,000,000 (equivalent to approximately HK\$70,200,000) on a secured basis; and (iv) LTMS and BHB entered into the Licence Agreement, pursuant to which LTMS agreed to grant to BHB the Licensed Rights in relation to the retail sale and wholesale of the Licensed Products under its “Kent & Curwen” brand in North America and South America for the period from 21 March 2016 to 31 December 2018.

The amendments contemplated under the Amended and Restated Note Purchase Agreement constitute material variations to the terms of a connected transaction for the Company under Rule 14A.35 of the Listing Rules. The highest applicable percentage ratio in respect of the entering into of the Amended and Restated Note Purchase Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%. Accordingly, the entering into of the Amended and Restated Note Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 21 August 2013 in relation to, among other things, the Original Note Purchase Agreement made between Trinity International, GBG, BHB and Heritage for the sale and purchase of the Original Notes.

The Board announces that on 21 March 2016 Trinity International, GBG, BHB and Heritage agreed to amend the terms of the transactions contemplated under the Original Note Purchase Agreement by entering into the following agreements.

1. AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

On 21 March 2016, Trinity International, GBG, BHB and Heritage entered into the Amended and Restated Note Purchase Agreement to amend and restate certain terms of the Original Note Purchase Agreement.

Under the Original Note Purchase Agreement, the Original Trinity Note and the Original GBG Note were issued by BHB to Trinity International and GBG, respectively. Pursuant to the Amended and Restated Note Purchase Agreement, the material variations to the Original Note Purchase Agreement are set out below:

- (a) the Original Trinity Note shall be replaced by the Restated Trinity Note in the aggregate principal amount equal to US\$15,000,000 (equivalent to approximately HK\$117,000,000), which represents the outstanding aggregate principal amount of advances having been made by Trinity International to BHB (including accrued and unpaid interest) pursuant to the terms of the Original Note Purchase Agreement and the Original Trinity Note;
- (b) the Original GBG Note shall be replaced by the Restated GBG Note in the aggregate principal amount equal to US\$29,200,000 (equivalent to approximately HK\$227,760,000), which represents the outstanding aggregate principal amount of advances having been made by GBG to BHB (including accrued and unpaid interest and unpaid service fees) pursuant to the terms of the Original Note Purchase Agreement and the Original GBG Note;

- (c) the conversion right under the Original GBG Note to convert such note into common stock of BHB shall be relinquished. The Restated GBG Note does not carry any conversion rights to convert the Restated GBG Note into common stock of BHB;
- (d) the parties agreed to amend the conversion rights owned by Trinity International (the “**Conversion Rights**”), pursuant to which Trinity International shall have the right to convert the outstanding principal amount balance of the Restated Trinity Note (in full but not in part only) into a number of shares which represents a percentage of BHB’s common stock equal to:

$$75\% \frac{\text{Principal amount of the Restated Trinity Note on the date of exercising the Conversion Rights}}{\text{US\$15,000,000}}$$

subject always to a maximum of 75% upon the following events: (i) at any time during the period commencing on 1 April 2018 and ending on 31 March 2019; (ii) if BHB has secured a third party lender to finance it; or (iii) upon the occurrence of certain events of default under the provisions of the Restated Trinity Note or an uncured breach of the provisions of the Restated Trinity Note or the Amended and Restated Note Purchase Agreement;

- (e) the parties agreed to waive and release Trinity International and GBG from their obligations to advance any additional amounts to BHB pursuant to the Original Notes or the Original Note Purchase Agreement;
- (f) the parties agreed that the amounts outstanding under the Restated Notes shall be subordinated in right of payment to any loans made to BHB by Trinity International under the Loan Agreement.

The other principal terms of the Original Notes, in particular, the maturity date, the rate of interest and transferability are unchanged (although future interest payments may be deferred at the option of BHB, in which case such amount of unpaid interest would be added to the principal amount outstanding to become the new principal amount of the Restated Notes).

2. PUT/CALL AGREEMENT

On 21 March 2016, Trinity International and Heritage entered into the Put/Call Agreement, pursuant to which Heritage shall have a Put Option and Trinity International shall have a Call Option with respect to the Option Equity Interests, the details of which are set out below.

Put Option and Call Option

Trinity International has granted the Put Option to Heritage. If Trinity International has exercised its Conversion Rights, Heritage shall have an option to sell all (but not less than all) of the Option Equity Interests to Trinity International. Heritage may exercise this option at any time during the period commencing on 1 April 2019 and ending on 31 March 2024 (the “**Put Option Exercise Period**”).

Heritage has granted the Call Option to Trinity International. If Trinity International has exercised its Conversion Rights but Heritage has not exercised the Put Option within the Put Option Exercise Period, Trinity International shall have the option to acquire from Heritage all (but not less than all) of the Option Equity Interests. Trinity International may exercise this option from 1 April 2024 onwards (the “**Call Option Exercise Period**”).

The purchase price to be paid in cash by Trinity International for the Option Equity Interests acquired through the exercise of the Put Option or the Call Option shall be an amount equal to the product of BHB Percentage multiplied by the fair market value of BHB as determined by an independent valuation appraisal at the time of exercise of the Put Option or Call Option.

The Put Option and Call Option are only exercisable after Trinity International has exercised its Conversion Rights and converted the outstanding principal amount balance of the Restated Trinity Note into common stock of BHB on the terms and conditions set forth in the Amended and Restated Note Purchase Agreement.

Any exercise of the Put Option or the Call Option shall be conditional upon the Company obtaining all necessary approvals as may be required under any competition laws or by the Listing Rules (if any). The Company will comply with the then applicable Listing Rule requirements if and when necessary in the event of any exercise of the Put Option or the Call Option.

3. LOAN AGREEMENT

On 21 March 2016, Trinity International and BHB entered into the Loan Agreement, pursuant to which Trinity International has agreed to lend to BHB from time to time during the Availability Period an aggregate principal amount up to US\$9,000,000 (equivalent to approximately HK\$70,200,000) on a secured basis, details of which are as follows:

Date	:	21 March 2016
Lender	:	Trinity International
Borrower	:	BHB

Principal amount	: up to US\$9,000,000 (equivalent to approximately HK\$70,200,000). For the avoidance of doubt, any amounts repaid in respect of the Loan cannot be reborrowed
Interest rate	: 5% per annum. Accrued and unpaid interest shall be due and payable annually in arrear on the thirty-first (31st) of January of each calendar year, provided that BHB may instead elect to add such due and payable interest to the principal amount balance of the Loan by prior notice
Availability Period	: The period from the date of the Loan Agreement to but excluding 31 December 2018
Repayment date of Loan	: 31 December 2018
Prepayment of Loan	: BHB may at any time and from time to time repay any amount of the Loan in whole or in part by prior notice

The Loan is secured by a general security over the assets of BHB. The Loan will be funded by the internal resources of the Group.

4. LICENCE AGREEMENT

On 21 March 2016, LTMS and BHB entered into the Licence Agreement, pursuant to which LTMS (as licensor) agreed to grant to BHB (as licensee) the Licensed Rights in relation to the retail sale and wholesale of the Licensed Products under its “Kent & Curwen” brand in North America and South America, details of which are set out below.

Date

21 March 2016

Parties

- (i) LTMS; a wholly owned subsidiary of the Company, as licensor; and
- (ii) BHB, as licensee

Duration

The term of the Licence Agreement is for the period from 21 March 2016 to 31 December 2018 (the “**Initial Term**”), which shall be renewed by way of mutual agreement of LTMS and BHB for another two-year term following the expiry of the Initial Term.

Subject matter of the Licence Agreement

Pursuant to the Licence Agreement, LTMS has granted the following rights to BHB:

- (i) a non-exclusive right to establish, own, lease, manage and operate retail store(s) bearing the “Kent & Curwen” brand in North America and South America;
- (ii) a non-exclusive right to design, manufacture, market and distribute the Licensed Products through the retail store(s) under its “Kent & Curwen” brand in North America and South America;
- (iii) an exclusive right to distribute through wholesale the Licensed Products under its “Kent & Curwen” brand in North America and South America; and
- (iv) a right to sub-license or franchise the use of the Trade Mark to distribute and sell the Licensed Products to other third parties in North America and South America.

(the rights granted under paragraphs (i) to (iv) above are collectively referred as the “**Licensed Rights**”).

Pursuant to the Licence Agreement, BHB shall not sell the Licensed Products through the Internet or other similar medium to consumers residing in or outside North America and South America unless with the prior written approval of LTMS.

Royalty Payable

In consideration for the rights and licences granted by LTMS to BHB under the Licence Agreement and subject to the Minimum Guarantee and the Royalty Cap, the royalties payable by BHB to LTMS for each calendar year during the term of the Licence Agreement shall be equal to:

- (i) 5% of net retail sales where BHB or its sub-licensee operates the retailing business through owned and operated stores and shop-in-shops and through other permitted channels; and
- (ii) 10% of net wholesale sales where BHB or its sub-licensee operate the wholesaling and/or franchising business and sells Licensed Products at wholesale.

Regardless of the amount of actual sales, beginning with the quarter ending 30 June 2017, BHB shall pay LTMS the annual minimum royalty payment (the “**Minimum Guarantee**”) at the end of each quarter of each calendar year according to the following schedule:

- (i) US\$62,500 (equivalent to approximately HK\$487,500) on 31 March;
- (ii) US\$62,500 (equivalent to approximately HK\$487,500) on 30 June;
- (iii) US\$62,500 (equivalent to approximately HK\$487,500) on 30 September; and
- (iv) US\$62,500 (equivalent to approximately HK\$487,500) on 31 December.

Notwithstanding the above, the amount of royalties payable in any calendar year shall be capped at US\$1,000,000 (equivalent to approximately HK\$7,800,000) regardless of actual net retail sales or net wholesale sales in such calendar year (the “**Royalty Cap**”). The parties agree to review the Royalty Cap from time to time and in the event the anticipated royalty payable in any calendar year would exceed the Royalty Cap, the Royalty Cap shall be subject to adjustment and agreed by the parties in good faith to reflect actual or anticipated royalties. The Company shall issue further announcement(s) as and when required under the Listing Rules. The royalty has been arrived at after arm’s length negotiation between LTMS and BHB.

The maximum royalty payable under the Licence Agreement for each of the financial years ending 31 December 2016 to 2018 are US\$1,000,000 (equivalent to approximately HK\$7,800,000), which is determined by reference to the capped amount of royalties payable under the Licence Agreement in each calendar year and the expected sales of the Licensed Products. There is no historical royalty payment paid by BHB to the Group with respect to the grant of the Licensed Rights in North America and South America. BHB shall pay the royalties within 30 days of the expiry of each calendar year after deducting any Minimum Guarantee already paid for that calendar year.

INFORMATION ABOUT BHB

BHB is a Delaware corporation incorporated in March 2013. It is a wholly-owned subsidiary of Heritage. It was established for potential launching of a number of licensed brands in the United States. The unaudited net losses of BHB for the years ended 31 December 2014 and 31 December 2015 are US\$14,387,000 (equivalent to approximately HK\$112,219,000) and approximately US\$10,739,000 (equivalent to approximately HK\$83,764,000), respectively. The unaudited net liabilities of BHB as at 31 December 2015 amounted to approximately US\$39,538,000 (equivalent to approximately HK\$308,396,000).

INFORMATION ABOUT THE OTHER 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.

GBG is a subsidiary of GBG Holding. GBG and other subsidiaries of GBG Holding are principally engaged in the design, development, marketing and sale of branded apparel, footwear, fashion accessories and related lifestyle products.

Heritage is principally engaged in the ownership and operation of BHB and is wholly-owned by Star Branding, LLC. When the parties entered into the Original Note Purchase Agreement in August 2013, Heritage was a connected person of GBG by virtue of Star Branding, LLC owning 25% of MESH, LLC, which was a 75% indirectly-owned subsidiary of GBG. However, in January 2015, GBG acquired Star Branding, LLC’s 25% interest in MESH, LLC and, accordingly, Heritage and BHB ceased to be connected persons of GBG.

LISTING RULES IMPLICATIONS

The Board considers that the amendments contemplated under the Amended and Restated Note Purchase Agreement constitute material variations to the terms of a connected transaction for the Company under Rule 14A.35 of the Listing Rules. The highest applicable percentage ratio in respect of the entering into of the Amended and Restated Note Purchase Agreement and the transactions contemplated thereunder is more than 0.1% but less than 5%. Accordingly, the entering into of the Amended and Restated Note Purchase Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

While the Pull/Call Agreement, the Loan Agreement and the Licence Agreement are transactions contemplated under the Amended and Restated Note Purchase Agreement, they are not connected transactions for the Company under Chapter 14A of the Listing Rules. Nevertheless, the highest applicable percentage ratio in respect of all of the Transactions, even if aggregated, is less than 5%.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Through the investment contemplated under the Amended and Restated Note Purchase Agreement and the Loan and the grant of the Licensed Rights to BHB under the Licence Agreement, the Group's sales network will be expanded and this gives the Company the opportunity to participate in the sharing of profits in two major markets, namely North America and South America, leveraging the strength of the support from BHB. The investment is also in line with the Company's strategy of building global brands and establishing global networks. The initial investment incurred up to the date of this announcement amounted to US\$15,000,000 (equivalent to approximately HK\$117,000,000). Pursuant to the Put/Call Agreement, the Company will have the option to acquire Heritage's interest in BHB. The Transactions underline the Company's belief in the brands and the potential opportunities for expansion in the North and South American markets.

The Directors (including the independent non-executive Directors) consider that the Transactions were entered into on normal commercial terms, that the terms thereof were determined after arm's length negotiation among the parties thereof and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Dr William Fung Kwok Lun, being a non-executive Director, is also a non-executive director of GBG Holding. 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 directly or indirectly interested so as to exercise or control the exercise of more than 30% of the voting power at general meetings of GBG Holding. Each of Dr William Fung Kwok Lun, Dr Victor Fung Kwok King and Ms Sabrina Fung Wing Yee (daughter of Dr Victor Fung Kwok King) abstained from voting at the meeting of the Board for approving the entering into of the Amended and Restated Note Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Transactions.

DEFINITIONS

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

“Amended and Restated Note Purchase Agreement”	the amended and restated note purchase agreement dated 21 March 2016 entered into between Trinity International, GBG, BHB and Heritage to amend and restate certain terms of the Original Note Purchase Agreement
“associate(s)”	has the meaning ascribed to it by the Listing Rules
“Availability Period”	has the meaning ascribed to it under the section headed “3. Loan Agreement” in this announcement
“BHB”	British Heritage Brands, Inc., a Delaware corporation
“BHB Percentage”	a percentage equal to the Option Equity Interests bear to total interest of BHB
“Board”	the board of Directors
“Call Option”	the right and option granted by Heritage to Trinity International to acquire the Option Equity Interests pursuant to the Put/Call Agreement
“Call Option Exercise Period”	has the meaning ascribed to it under the section headed “2. Put/Call Agreement – Put Option and Call Option” in this announcement
“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
“Conversion Rights”	has the meaning ascribed to it under the section headed “1. Amended and Restated Note Purchase Agreement” in this announcement
“Directors”	the directors of the Company
“GBG”	GBG USA Inc. (formerly known as LF USA Inc.), a Delaware corporation
“GBG Holding”	Global Brands Group Holding Limited (利標品牌有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 787), and which is the ultimate holding company of GBG

“Group”	the Company and its subsidiaries
“Heritage”	Heritage Global Partners, LLC, a Delaware limited liability company, being the sole shareholder of BHB
“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
“Initial Term”	has the meaning ascribed to it under the section headed “4. Licence Agreement - Duration” in this announcement
“Licence Agreement”	the licence and distribution agreement dated 21 March 2016 entered into between LTMS and BHB in relation to the grant by LTMS to BHB the Licensed Rights in relation to the retail sale and wholesale of the Licensed Products under its “Kent & Curwen” brand in North America and South America
“Licensed Rights”	has the meaning ascribed to it under the section headed “4. Licence Agreement – Subject matter of the Licence Agreement ” in this announcement
“Licensed Products”	apparel and apparel related products bearing the Trade Mark specified in the Licence Agreement, which may be amended from time to time to add products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of up to US\$9,000,000 (equivalent to approximately HK\$70,200,000) provided by Trinity International to BHB under the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Trinity International and BHB on 21 March 2016 in relation to the grant of the Loan
“LTMS”	LiFung Trinity Management (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company
“Minimum Guarantee”	has the meaning ascribed to it under the section headed “4. Licence Agreement - Royalty Payable” in this announcement
“Option Equity Interests”	equity interests in BHB held by Heritage subsequent to the exercise of the Conversion Rights

“Original GBG Note”	the convertible promissory note of up to US\$32,000,000 (equivalent to approximately HK\$249,600,000) issued by BHB to GBG pursuant to the Original Note Purchase Agreement
“Original Note Purchase Agreement”	the note purchase agreement dated 21 August 2013 entered into between Trinity International, GBG, BHB and Heritage in relation to the sale and purchase of the Original Notes
“Original Notes”	the Original Trinity Note and the Original GBG Note
“Original Trinity Note”	the convertible promissory note of up to US\$15,000,000 (equivalent to approximately HK\$117,000,000) issued by BHB to Trinity International pursuant to the Original Note Purchase Agreement
“percentage ratios”	has the meaning ascribed to it by the Listing Rules
“Put/Call Agreement”	the put/call agreement dated 21 March 2016 entered into between Trinity International and Heritage in relation to the grant of the Put Option and Call Option with respect to the Option Equity Interests
“Put Option”	the right and option granted by Trinity International to Heritage to tender the Option Equity Interests to Trinity International for purchase by Trinity International pursuant to the Put/Call Agreement
Put Option Exercise Period”	has the meaning ascribed to it under the section headed “2. Put/Call Agreement – Put Option and Call Option” in this announcement
“Restated GBG Note”	the promissory note of US\$29,200,000 (equivalent to approximately HK\$227,760,000) issued by BHB to GBG pursuant to the Amended and Restated Note Purchase Agreement
“Restated Notes”	the Restated Trinity Note and the Restated GBG Note
“Restated Trinity Note”	the convertible promissory note of US\$15,000,000 (equivalent to approximately HK\$117,000,000) issued by BHB to Trinity International pursuant to the Amended and Restated Note Purchase Agreement
“Royalty Cap”	has the meaning ascribed to it under the section headed “4. Licence Agreement - Royalty Payable” in this announcement
“Shareholder(s)”	holder(s) of shares in the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it by the Listing Rules
“Trade Mark”	means the “Kent & Curwen” brand names, trademarks, logos, and designs, whether registered or unregistered, as set out in the Licence Agreement and all other trademarks, logos and designs relating to the “Kent & Curwen” brand which may in the future be added
“Transactions”	the transactions contemplated under the Amended and Restated Note Purchase Agreement, the Put/Call Agreement, the Loan Agreement and the Licence Agreement
“Trinity International”	Trinity International Brands Limited, a company incorporated in Hong Kong with limited liability, which is an indirect wholly-owned subsidiary of the Company
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

For illustration purposes in this announcement, the conversion rate of US\$1.00 = HK\$7.8 was adopted.

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*