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新秀麗國際有限公司

13–15 Avenue de la Liberté, L-1931 Luxembourg

R.C.S. LUXEMBOURG: B 159.469

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO TRANSACTIONS WITH THE TAINWALA GROUP**

Samsonite India has entered into certain agreements with the Tainwala Group which relate to the Group's operations in India, and other members of the Group have entered into transactions with Abhishri (a company controlled by certain members of the Tainwala Group). Mr. Ramesh Tainwala (i) is a director of each of Samsonite India and Samsonite Middle East (as nominee of the Tainwala Group) and (ii) is entitled to control the exercise of 10% or more of the voting power in each of Samsonite India and Samsonite Middle East (which are each held as to 40% by Mr. Ramesh Tainwala and the Tainwala Group) and he is therefore a connected person of the Company at the subsidiary level. Accordingly, the transactions between the Group and members of the Tainwala Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Furthermore, as transactions between the Group and the Tainwala Group are related to the same connected persons of the Company, pursuant to Rule 14A.83 of the Listing Rules, these transactions are aggregated to determine into which category the aggregated transaction falls. The Company has set annual caps on the maximum aggregate amount payable by and to the Group in respect of the transactions with the Tainwala Group for the year ending December 31, 2020.

### **1. TRANSACTIONS WITH THE TAINWALA GROUP**

#### **Background**

From time to time, members of the Group have entered into transactions with the Tainwala Group. These transactions are entered into in the ordinary and usual course of the Company's business. Mr. Ramesh Tainwala and the Tainwala Group are substantial shareholders in Samsonite India, and Mr. Tainwala is a director of Samsonite India (as a nominee of the Tainwala Group).

Samsonite India has entered into the following agreements with the Tainwala Group which relate to the Group's operations in India in the ordinary and usual course of its business:

- the Abhishri Manufacturing Agreement;
- the Abhishri Framework Agreement;
- the Bagzone Dealership Agreement;

- the Tainwala Leases.

The above agreements expire on December 31, 2019 and on December 19, 2019 were renewed for a further term of one year with effect from January 1, 2020.

All transactions between the Group and the Tainwala Group are on normal commercial terms for the following reasons:

- under the Abhishri Manufacturing Agreement, the price paid by Abhishri to Samsonite India for raw materials and components is based on the current market price paid by Samsonite India, and under the Abhishri Manufacturing Agreement and the Abhishri Framework Agreement, the prices paid by the Group for products manufactured and manufacturing services provided by Abhishri are determined based on the Group's current procurement policies, and are monitored against relevant factors including the cost of raw materials, the range of commercially appropriate margins that members of the Group are able to make on comparable products and, where available, quotations and market prices for comparable third party products and services. The Group has followed at all times, and will continue to follow, its procurement policies when determining the pricing and terms of all transactions with Abhishri under the Abhishri Manufacturing Agreement and the Abhishri Framework Agreement. The pricing under the Abhishri Manufacturing Agreement and the Abhishri Framework Agreement is on normal commercial terms as the margins available to the Group and the prices charged by Abhishri are comparable to (or better to the Group than) the margins available from prices charged by certain other third party manufacturers who are not connected persons under agreements with members of the Group;
- under the Abhishri Framework Agreement, the prices paid by the Group for products manufactured and manufacturing services provided by Abhishri are determined based on the Group's current procurement policies, and are monitored against relevant factors including the cost of raw materials, the range of commercially appropriate margins that members of the Group are able to make on comparable products and, where available, quotations and market prices for comparable third party products and services. The Group has followed at all times, and will continue to follow, its procurement policies when determining the pricing and terms of all transactions with Abhishri under the Abhishri Framework Agreement. The pricing under the Abhishri Framework Agreement is on normal commercial terms as the margins available to the Group and the prices charged by Abhishri are comparable to (or better to the Group than) the margins available from and the prices charged by certain other third party manufacturers and/or service providers who are not connected persons under agreements with members of the Group;
- under the Bagzone Dealership Agreement, the margin available to Bagzone will be reviewed and amended as necessary from time to time to ensure that the maximum profit margin with respect to products purchased from Samsonite India does not exceed 3% of its net sales of such products. Samsonite India has followed at all times, and will continue to follow, the pricing terms in the Bagzone Dealership Agreement for all transactions with Bagzone. These transactions are on normal commercial terms as the profit margin available to Bagzone is within a range that is reasonably consistent with that made by other third party dealers in India to whom Samsonite India sells products;

- the rent, license fees and administrative charges payable under the Tainwala Leases are within the reasonable range of the then prevailing market rates at their respective dates of execution. Samsonite India has at all times followed, and will continue to follow, its procurement policies in relation to each of the Tainwala Leases.

### **Reasons for, and benefits of, the Transactions with the Tainwala Group**

The entry into the transactions with the Tainwala Group described above will ensure that Samsonite India can continue to (a) have the flexibility to purchase components, finished products and manufacturing services directly from Abhishri where it is commercially preferable for them to do so, (b) sell Samsonite products to Bagzone and Bagzone can continue to operate as a preferred dealer for Samsonite products in India and (c) lease certain existing commercial properties in India which are used for its operations in India.

### **Listing Rules Implications**

Mr. Ramesh Tainwala (i) is a director of each of Samsonite India and Samsonite Middle East (as nominee of the Tainwala Group) and (ii) is entitled to control the exercise of 10% or more of the voting power in each of Samsonite India and Samsonite Middle East (which are each held as to 40% by Mr. Ramesh Tainwala and the Tainwala Group) and he is therefore a connected person of the Company at the subsidiary level. Accordingly, the transactions between the Group and members of the Tainwala Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Furthermore, as transactions between the Group and the Tainwala Group are related to the same connected persons of the Company, pursuant to Rule 14A.83, these transactions are aggregated to determine into which category the aggregated transaction falls.

Based on the aggregate value of payments made by the Group to the Tainwala Group and payments made to the Group by the Tainwala Group, the highest of the applicable percentage ratios (other than the profits ratio) under the Listing Rules will, on an annual basis, be more than 1% but less than 5%. The transactions between the Group and the Tainwala Group will therefore constitute continuing connected transactions that are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

## **2. ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

### **Existing Annual Caps and Historical Transaction Amounts for Transactions with the Tainwala Group**

The existing annual caps for the maximum aggregate amount payable by and to the Group under the transactions with the Tainwala Group for the three years ending December 31, 2019 and the historical aggregate transaction amounts under the transactions with the Tainwala Group for the two years ended December 31, 2017 and 2018 and the six months ended June 30, 2019 are set out below:

<b>Year ended December 31,</b>	<b>Six months ended June 30,</b>	
<b>2017</b>	<b>2018</b>	<b>2019</b>

*Amounts payable by the Group to the Tainwala Group*

	<u>Year ended December 31,</u>	<u>Six months ended June 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual cap for the year	US\$23.09 million	US\$25.62 million	US\$27.00 million
Actual transaction amount	US\$11.40 million	US\$20.80 million	US\$13.43 million
<b><i>Amounts payable to the Group by the Tainwala Group</i></b>			
Annual cap for the year	US\$20.21 million	US\$24.24 million	US\$17.12 million
Actual transaction amount	US\$11.50 million	US\$12.90 million	US\$6.81 million

### **Annual Caps for Transactions with the Tainwala Group**

The annual caps for the transactions with the Tainwala Group for the year ending December 31, 2020 are set out below:

	<u>Year ending December 31, 2020</u>
<b><i>Amounts payable by the Group to the Tainwala Group</i></b>	
Annual cap for the year	US\$28.50 million
<b><i>Amounts payable to the Group by the Tainwala Group</i></b>	
Annual cap for the year	US\$18.40 million

These annual caps have been determined primarily on the basis of: (i) estimated annual growth in purchases of raw materials and finished products between Samsonite India and the Tainwala Group under the Abhishri Manufacturing Agreement and the Bagzone Dealership Agreement due to increases in sales and production in line with Samsonite India's current business plan; (ii) negotiated rental and associated costs payable by Samsonite India under the Tainwala Leases in line with local market rates; (iii) estimated annual growth in purchases of finished products, components and manufacturing services by the Group from Abhishri under the Abhishri Framework Agreement due to increase in sales in line with the Group's current business plan during the term of the Abhishri Framework Agreement, which expires on December 31, 2020; and (iv) expected market conditions and exchange rate fluctuations.

### **3. DIRECTORS' CONFIRMATIONS**

The Directors (including the independent non-executive Directors) are of the view that the transactions with the Tainwala Group are on normal commercial terms and in the ordinary and usual course of business of the Company, and that the transactions with the Tainwala Group are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are of the view that the annual caps for the year ending December 31, 2020 in respect of the transactions with the Tainwala Group are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transactions with the Tainwala Group, and therefore no Director abstained from voting on the relevant resolutions of the Board in respect of these agreements or the annual caps in respect of these agreements and the transactions relating thereto.

#### **4. INFORMATION ON THE GROUP**

The Company, together with its consolidated subsidiaries, is the world's largest travel luggage company, with a heritage dating back more than 100 years. The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the Samsonite®, Tumi®, American Tourister®, Hartmann®, High Sierra®, Gregory®, Speck®, Lipault®, Kamiliant® and eBags® brand names as well as other owned and licensed brand names.

#### **5. DEFINITIONS**

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

“Abhishri”	Abhishri Packaging Private Limited, a company controlled by certain members of the Tainwala Group
“Abhishri Framework Agreement”	the framework agreement dated October 9, 2015 (which was renewed with effect from January 1, 2020 for a period expiring on December 31, 2020) between the Company and Abhishri for the sale of finished products, components and manufacturing services to members of the Group
“Abhishri Manufacturing Agreement”	the memorandum of understanding dated January 3, 2009 between Samsonite India and Abhishri, as renewed from time to time, pursuant to which Abhishri purchases certain raw materials and components from Samsonite India and manufactures hard-side luggage products on behalf of Samsonite India
“associates”	has the meaning ascribed to it in the Listing Rules
“Bagzone”	Bagzone Lifestyle Private Limited, a company controlled by certain members of the Tainwala Group
“Bagzone Dealership Agreement”	the memorandum of understanding dated November 16, 2009 between Samsonite India and Bagzone (which was renewed with effect from January 1, 2020 for a period expiring on December 31, 2020) pursuant to which, among other things, Bagzone was appointed as a preferred dealer of certain products in India which are sold in exclusive Samsonite retail outlets operated by Bagzone and Bagzone purchases products from Samsonite India to sell in its own multi-brand outlet stores it operates
“Board”	the board of Directors of the Company

“Company”	Samsonite International S.A., a <i>societe anonyme</i> incorporated and existing under the laws of Luxembourg, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Samsonite India”	Samsonite South Asia Private Limited, a non-wholly owned member of the Group held as to 40% by Mr. Ramesh Tainwala and certain of his associates
“Samsonite Middle East”	Samsonite Middle East FZCO, a non-wholly owned member of the Group held as to 40% by Mr. Ramesh Tainwala and certain of his associates
“Shareholders”	holders of Shares
“Shares”	ordinary shares in the capital of the Company with a nominal value of US\$0.01 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tainwala Group”	Mr. Ramesh Tainwala, certain members of his family and his associates
“Tainwala Leases”	the license and lease agreements for commercial properties between Samsonite India and members of the Tainwala Group
“US dollar” or “US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board  
**SAMSONITE INTERNATIONAL S.A.**  
**Timothy Charles Parker**  
*Chairman*

Hong Kong, December 20, 2019

*As of the date of this announcement, the Executive Director is Kyle Francis Gendreau, the Non-Executive Directors are Timothy Charles Parker and Tom Korbas, and the Independent Non-Executive Directors are Paul Kenneth Etchells, Keith Hamill, Bruce Hardy McLain (Hardy), Ying Yeh and Jerome Squire Griffith.*