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## **TRINITY LIMITED**

**利邦控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 891)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

The Board announces that on 22 December 2017, the Company entered into the New Master Agreement with FH 1937 for a term of one year commencing on 1 January 2018 and ending on 31 December 2018 in connection with the provision of the logistics related services.

As FH 1937 is a substantial shareholder of the Company, members of the FH 1937 Group (other than the Group) are connected persons of the Company. The Transactions constitute continuing connected transactions for the Company under the Listing Rules. As the highest of the applicable percentage ratios calculated with reference to the Annual Caps for the Transactions is more than 0.1% but less than 5%, the Transactions are 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.

### **BACKGROUND INFORMATION**

Reference is made to the Announcement dated 4 November 2014 relating to the renewal of the Previous Master Agreement in respect of the provision of logistics related services by the FH 1937 Group to the Group for a term of three years from 1 January 2015 to 31 December 2017. The Directors consider that it is in the interest of the Group to continue the procurement of such services from FH 1937 Group and to enter into the New Master Agreement with FH 1937 as a framework for the provision of logistics related services, which include warehousing, transportation, freight forwarding/shipping and other value-added services, by the members of the FH 1937 Group to the Group.

### **NEW MASTER AGREEMENT**

#### ***Date***

22 December 2017

#### ***Parties***

- (1) The Company
- (2) FH 1937, a substantial shareholder of the Company

### *Transaction Nature*

The Transactions are related to the provision of logistics related services, which include warehousing, transportation, freight forwarding/shipping and other value-added services, by any members of the FH 1937 Group to any members of the Group pursuant to the New Master Agreement.

### *Term*

One year from 1 January 2018 to 31 December 2018

### *Pricing Basis*

The pricing of each of the Transactions will be determined by the relevant members of the FH 1937 Group and the relevant members of the Group (together, the “**Parties**”) at the time of entry into the Relevant Agreements for such Transactions based on the applicable market practices and value. In particular:

- In relation to warehousing and other value-added services, the service fee shall be determined with reference to the actual costs incurred. All the direct costs, which include direct labour costs, infrastructure and occupancy expenses, shall be charged at cost with a fixed mark-up of 8%. In determining the service fee of warehousing and other value-added services, the Group would solicit at least two other quotations from unrelated parties for services in similar scope to determine if the fees and terms offered by the FH 1937 Group are fair and reasonable and comparable to those offered by unrelated third parties. The IT support, tax charges and other administrative expenses shall be reimbursed at cost.
- In relation to transportation and freight related services, the service fee shall be determined by each of the Parties with reference to the weight and type of cargo, mode of shipment, freight rate of the carrier and the service fees charged by independent third party logistics services providers. In determining the service fee of transportation and freight related services, the Group would solicit at least two other quotations from unrelated parties for services in similar scope to determine if the fees and terms offered by the FH 1937 Group are fair and reasonable and comparable to those offered by unrelated third parties.

When determining the terms of the 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) complexity of the services, (iv) service level, (v) capacity, (vi) delivery schedule, (vii) compliance record, and (viii) quality control capability, and will benchmark these factors with independent suppliers so as to ensure that the terms offered by the FH 1937 Group are either at market rate or at rate no less favourable than those available from unrelated third parties and are fair, reasonable and competitive.

### ***Historical Figures (2015 – 2017)***

*Caps for the financial year ended / ending :*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Hong Kong	HK\$600,000	HK\$600,000	HK\$600,000
Chinese Mainland	RMB16,000,000	RMB24,000,000	RMB34,000,000

*Aggregate amounts paid by the Group to the FH 1937 Group for the financial year / period ended:*

	<u>Year ended 31 December 2015</u>	<u>Year ended 31 December 2016</u>	<u>Ten months ended 31 October 2017</u>
Hong Kong	HK\$422,400	HK\$422,400	HK\$352,000
Chinese Mainland	RMB8,797,651	RMB8,466,489	RMB7,674,189

### ***Annual Caps (2018)***

*Annual Caps for 2018 are as follows:*

Hong Kong	HK\$600,000
Chinese Mainland	RMB20,000,000

The above Annual Caps have been determined by projected growth of the business, scope of services and cost increase.

## **REASONS AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

The FH 1937 Group has been providing the logistics related services to the Group. By entering into the New Master Agreement, the Group can continue to leverage on the logistics expertise of the FH 1937 Group. In addition, given the affiliation between the FH 1937 Group and the Group, the FH 1937 Group has a better understanding of the Group's business needs than other alternative service providers.

The terms of the New Master Agreement were agreed upon after arm's length negotiations between the Group and the FH 1937 Group. The Directors (including independent non-executive Directors) consider that the New Master Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the New Master Agreement and the Annual Caps are fair and reasonable and the Transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

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

## 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.

FH 1937 is an investment holding company and the FH 1937 Group focuses on four main businesses, namely trading, logistics, distribution and retailing.

## LISTING RULES IMPLICATIONS

As FH 1937 is a substantial shareholder of the Company, members of the FH 1937 Group (other than the Group) are connected persons of the Company. The Transactions therefore constitute continuing connected transactions 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 Transactions is more than 0.1% but less than 5%, the Transactions are 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.

## DEFINITIONS

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

<b>“Announcement”</b>	the announcement of the Company dated 4 November 2014 relating to the Previous Master Agreement
<b>“Annual Caps”</b>	Maximum aggregate annual value of the Transactions projected for the year 2018
<b>“associate(s)”</b>	has the meaning ascribed to it by the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Trinity Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
<b>“connected person(s)”</b>	has the meaning ascribed to it by the Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“FH 1937”</b>	Fung Holdings (1937) Limited, a company incorporated in Hong Kong with limited liability, and a substantial shareholder of the Company
<b>“FH 1937 Group”</b>	FH 1937 and its associates (including Li & Fung Limited and Global Brands Group Holding Limited and their respective subsidiaries) but excluding the Group
<b>“Greater China”</b>	Chinese Mainland, Hong Kong, Macau and Taiwan
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong

<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“New Master Agreement”</b>	the new master agreement entered into between the Company and FH 1937 on 22 December 2017 in relation to the provision of logistics related services by the FH 1937 Group to the Group for a term of one year from 1 January 2018 to 31 December 2018
<b>“percentage ratios”</b>	has the meaning ascribed to it by the Listing Rules
<b>“Previous Master Agreement”</b>	the master agreement dated 4 November 2014 in respect of the provision of logistics related services by the FH 1937 Group to the Group for a term of three years from 1 January 2015 to 31 December 2017, details of which were disclosed in the Announcement
<b>“Relevant Agreements”</b>	the individual agreement(s) to be entered into between the Group and the FH 1937 Group for the Transactions from time to time
<b>“RMB”</b>	Renminbi, the lawful currency of the People’s Republic of China
<b>“Shareholder(s)”</b>	holder(s) of shares in the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it by the Listing Rules
<b>“substantial shareholder”</b>	has the meaning ascribed to it by the Listing Rules
<b>“Transactions”</b>	the transactions contemplated under the New Master Agreement
<b>“%”</b>	per cent

*For illustration purposes, the translation of RMB into HK\$ is based on exchange rate of RMB1.00 to HK\$1.18.*

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

Hong Kong, 22 December 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 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*