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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**

**PROVISION OF SOURCING AND RELATED SERVICES**

The Board announces that on 20 December 2019, the Company entered into the New Master Agreement with FH 1937 pursuant to which the Group agreed to appoint members of the FH 1937 Group as non-exclusive agents for sourcing of products and provision to the Group of the Sourcing and Related Services on all products sourced through members of the FH 1937 Group for a term of one year from 1 January 2020 to 31 December 2020.

As FH 1937 and Dr William FUNG Kwok Lun is each a substantial shareholder of the Company, FH 1937 and its associates as well as Li & Fung Limited and its subsidiaries (being associates of Dr William FUNG Kwok Lun) are, respectively, connected persons of the Company. Accordingly, the New Master Agreement and the transactions contemplated thereunder will constitute continuing connected transactions for the Company under the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Annual Cap for the New Master Agreement exceed 0.1% but are less than 5%, the New Master Agreement and the transactions contemplated thereunder 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.

**INTRODUCTION**

Reference is made to the announcement dated 13 November 2015 of the Company regarding the 2015 Agreement entered into by the Company with FH 1937 in relation to the provision of sourcing services for garments and fashion accessories from 2015 to 2017. Reference is also made to the announcement dated 7 June 2017 of the Company regarding the 2017 Agreement entered into by certain subsidiaries of the Company with LF Trading for sourcing of products and provision of the Sourcing and Related Services for a term from 1 June 2017 to 31 December 2019. The 2017 Agreement will expire on 31 December 2019. After taking into consideration the business needs of the Group, the Company entered into the New Master Agreement with FH 1937 pursuant to which the Group agreed to appoint members of the FH 1937 Group as non-exclusive agents for sourcing of products and provision to the Group of the Sourcing and Related Services on all products sourced through members of the FH 1937 Group for a term of one year from 1 January 2020 to 31 December 2020.

## **THE NEW MASTER AGREEMENT**

### ***Date***

20 December 2019

### ***Parties***

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

### ***Nature of the Transactions***

Under the New Master Agreement, members of the Group will appoint members of the FH 1937 Group as non-exclusive agents for sourcing of products and members of the FH 1937 Group will provide to members of the Group sourcing and related services, including (i) providing product samples and price quotations from potential suppliers; (ii) assisting in the negotiation of pricing and commercial terms with suppliers; (iii) liaising with suppliers at all stages of the production process; (iv) carrying out quality assurance and quality control inspections on suppliers; (v) facilitating import and customs documentation for finished products; (vi) handling product delivery and relevant processes in the system of the Group; and (vii) following up shipment shortage or overage and product claims for quality issues or late shipment (the “**Sourcing and Related Services**”), on all products sourced through members of the FH 1937 Group.

### ***Term***

One year from 1 January 2020 to 31 December 2020

### ***Pricing Basis***

The Group shall pay to the FH 1937 Group a commission for each transaction contemplated under the New Master Agreement which will be determined by the relevant member of the Group and the relevant member of the FH 1937 Group on arm’s length negotiations at the time of entry into of the relevant transaction with reference to applicable market practices and commission rate charged for similar services by independent third party service providers provided that the amount of commission payable for each transaction shall not exceed 10% of the FOB value of all products sourced under such transaction.

When determining the terms of the transactions contemplated under the New Master Agreement, the Group will take into account a number of factors including, but not limited to, (i) commission amount; (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 third party service providers so as to ensure that the terms offered by the FH 1937 Group to the Group are either at market rate or at rate no less favourable than those offered to the Group by independent third party service providers.

### *Historical Figures*

Aggregate amounts paid by the Group under the 2017 Agreement for the two years ended 31 December 2017 and 31 December 2018 and for the nine months ended 30 September 2019 were as follows:

<u>Year ended</u> <u>31 December 2017</u>	<u>Year ended</u> <u>31 December 2018</u>	<u>Nine months ended</u> <u>30 September 2019</u>
HK\$40,776,000	HK\$43,000,000	HK\$13,063,000

The annual cap under the 2017 Agreement for the financial year ending 31 December 2019 is HK\$43,000,000.

### *Annual Cap*

The Annual Cap for the amount of commissions payable under the New Master Agreement for the year from 1 January 2020 to 31 December 2020 is HK\$38,000,000.

The Annual Cap has been determined with reference to the expected annual volume of products to be purchased by the Group through the FH 1937 Group and the scope of services provided by the FH 1937 Group.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER AGREEMENT**

The Group has been engaging members of the FH 1937 Group for sourcing and related services. By entering into the New Master Agreement, the Group can continue to leverage on the sourcing expertise of the FH 1937 Group to address its business needs.

The terms of the New Master Agreement were agreed upon after arm's length negotiations between the Company and FH 1937. The Directors (including the independent non-executive Directors but excluding the Director who abstained from voting) 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 transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Ms Sabrina FUNG Wing Yee, a Director, has abstained from voting on the relevant Board resolution approving the New Master Agreement by virtue of her deemed interests in FH 1937.

### **GENERAL INFORMATION**

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.

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

## LISTING RULES IMPLICATIONS

As FH 1937 and Dr William FUNG Kwok Lun is each a substantial shareholder of the Company, FH 1937 and its associates as well as Li & Fung Limited and its subsidiaries (being associates of Dr William FUNG Kwok Lun) are, respectively, connected persons of the Company. Accordingly, the New Master Agreement and the transactions contemplated thereunder will constitute continuing connected transactions for the Company under the Listing Rules.

As more than one of the applicable percentage ratios in respect of the Annual Cap for the New Master Agreement exceed 0.1% but are less than 5%, the New Master Agreement and the transactions contemplated thereunder 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>“2015 Agreement”</b>	the old master agreement dated 13 November 2015 entered into between the Company and FH 1937 in relation to the provision of sourcing services for garments and fashion accessories by the FH 1937 Group (where in this context, excluding the Group) to the Group from 2015 to 2017
<b>“2017 Agreement”</b>	the agreement dated 7 June 2017 entered into between Trinity International Brands Limited, Trinity Brands UK Limited, Gieves Limited and Cerruti 1881 SAS (all being indirect wholly-owned subsidiaries of the Company) and LF Trading in relation to the provision of the Sourcing and Related Services to the Group by LF Trading (and/or its subsidiaries and/or fellow subsidiaries) for a term from 1 June 2017 to 31 December 2019
<b>“Annual Cap”</b>	the projected maximum aggregate annual amount of commissions payable by the Group under the New Master Agreement for the year from 1 January 2020 to 31 December 2020
<b>“associate”</b>	has the meaning ascribed to this term by the Listing Rules
<b>“Board”</b>	the board of directors of the Company
<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”</b>	has the meaning ascribed to this term 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 and Li & Fung Group, and “member of the FH 1937 Group” shall be construed accordingly
<b>“FOB”</b>	Free On Board, an Incoterm which means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards
<b>“Greater China”</b>	Mainland China, Hong Kong, Macau Special Administrative Region of PRC and Taiwan
<b>“Group”</b>	the Company and its subsidiaries, and “member of the Group” shall be construed accordingly
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	Hong Kong Special Administrative Region of PRC
<b>“Li &amp; Fung Group”</b>	Li & Fung Limited, a company incorporated in Bermuda with limited liability, and its subsidiaries; each of which is an associate of Dr William FUNG Kwok Lun who in turn is a substantial shareholder of the Company
<b>“LF Trading”</b>	Li & Fung (Trading) Limited, a company incorporated in Hong Kong with limited liability, and a subsidiary of Li & Fung Limited
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“New Master Agreement”</b>	the new master agreement entered into between the Company and FH 1937 on 20 December 2019 in relation to the appointment by members of the Group of members of the FH 1937 Group as non-exclusive agents to source products for the Group and provision to the Group of the Sourcing and Related Services on all products sourced through members of the FH 1937 Group for a term of one year from 1 January 2020 to 31 December 2020
<b>“percentage ratios”</b>	has the meaning ascribed to this term by the Listing Rules
<b>“PRC”</b>	The People’s Republic of China

“Shareholder(s)”	holder(s) of shares in the Company
“Sourcing and Related Services”	has the meaning ascribed to this term under the section headed “ <i>THE NEW MASTER AGREEMENT – Nature of the Transactions</i> ” in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to this term by the Listing Rules
“substantial shareholder”	has the meaning ascribed to this term by the Listing Rules
“%”	per cent

By Order of the Board  
**Paul David HAOUZI**  
*Executive Director & President*

Hong Kong, 20 December 2019

*As at the date of this announcement, the Board comprises five executive directors, namely, Ms SUN Weiyang (Chief Executive Officer), Mr Paul David HAOUZI (President), Ms QIU Chenran, Ms SU Xiao and Mr Kelvin HO Cheuk Yin (Chief Strategy Officer); four non-executive directors, namely, Mr QIU Yafu (Chairman), Ms Sabrina FUNG Wing Yee (Deputy Chairman), Mr WONG Yat Ming and Mr Daniel LALONDE; and five independent non-executive directors, namely, Mrs Eva CHENG LI Kam Fun, Mr Patrick SUN, Mr Victor HUANG, Mr YANG Dajun and Mr ZHAO Zongren.*

*\* For identification purposes only*