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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

**PROVISION OF LOGISTICS RELATED SERVICES
IN MAINLAND CHINA**

Reference is made to the announcement dated 20 December 2019 of the Company in relation to the 2020 Master Agreement entered into between the Company and FH 1937 for the provision of the Logistics Related Services by member(s) of the FH 1937 Group to member(s) of the Group in Mainland China for a term of one year from 1 January 2020 to 31 December 2020.

In view of the expiry of the term of the 2020 Master Agreement on 31 December 2020, the Company entered into the 2021 Master Agreement with FH 1937 on 22 December 2020 for setting out the framework and the binding principles for the provision of the Logistics Related Services by member(s) of the FH 1937 Group to member(s) of the Group in Mainland China for a term of one year from 1 January 2021 to 31 December 2021.

As FH 1937 is a substantial shareholder of the Company and is ultimately owned as to 50% by Dr William FUNG Kwok Lun who is also a substantial shareholder of the Company, FH 1937 and its associates are connected persons of the Company. Accordingly, the 2021 Master Agreement and the Transactions contemplated thereunder 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 exceed 0.1% but are less than 5%, the 2021 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 20 December 2019 of the Company in relation to the 2020 Master Agreement entered into between the Company and FH 1937 for the provision of the Logistics Related Services by member(s) of the FH 1937 Group to member(s) of the Group in Mainland China for a term of one year from 1 January 2020 to 31 December 2020. The 2020 Master Agreement will expire on 31 December 2020.

The Board announces that, on 22 December 2020, the Company entered into the 2021 Master Agreement with FH 1937 for setting out the framework and the binding principles for the provision of the Logistics Related Services by member(s) of the FH 1937 Group to member(s) of the Group in Mainland China for a term of one year from 1 January 2021 to 31 December 2021.

THE 2021 MASTER AGREEMENT

Date:

22 December 2020

Parties:

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

Nature of the Transactions:

Member(s) of the Group will enter into transaction(s) in relation to the provision of the Logistics Related Services in Mainland China with member(s) of the FH 1937 Group under the terms of the 2021 Master Agreement (the “**Transactions**”).

It is envisaged that Relevant Agreement may be entered into by relevant member of the Group with relevant member of the FH 1937 Group from time to time and as required for a particular Transaction. Each such Relevant Agreement shall be entered into on general business terms and the provisions of which shall be consistent with the terms of the 2021 Master Agreement.

Term:

One year from 1 January 2021 to 31 December 2021

Pricing basis:

The service fees payable for each Transaction shall be determined by the relevant member of the Group with the relevant member of the FH 1937 Group on arm’s length negotiation and with reference to the following pricing basis:

- (i) for all direct costs incurred, including direct labour costs, infrastructure and occupancy expenses, service fees shall be charged at cost plus a mark-up of not more than 7%;
- (ii) for IT support, tax charges and other administrative expenses, they shall be reimbursed at actual costs incurred; and
- (iii) for transportation and freight related services, service fees shall be determined by the relevant parties to the Transaction 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 service providers.

The Company and FH 1937 shall endeavour to procure that the service fee offered by the relevant member of the FH 1937 Group to the relevant member of the Group will be at market rate or at rate no less favourable than those offered to the Group by independent third party service providers.

Besides, when determining the terms of the Relevant Agreement in respect of a Transaction, the Group will take into account a number of factors including, but not limited to, (i) service fee; (ii) payment and credit terms; (iii) complexity of services; (iv) service level; (v) capacity; (vi) delivery schedule; (vii) compliance record; and (viii) quality control capability, and will benchmark these factors with the terms offered by independent third party service providers so as to ensure that the terms offered by the FH 1937 Group are fair and reasonable.

HISTORICAL FIGURES

The annual cap of service fees for the transactions to be entered into pursuant to the 2020 Master Agreement as disclosed in the announcement dated 20 December 2019 of the Company was RMB15,000,000. The actual aggregate amount of service fees incurred for the transactions entered into pursuant to the 2020 Master Agreement for the nine months ended 30 September 2020 was RMB4,261,000.

ANNUAL CAP FOR THE 2021 MASTER AGREEMENT

The Annual Cap of service fees for the Transactions to be entered into pursuant to the 2021 Master Agreement for the year from 1 January 2021 to 31 December 2021 is projected at RMB10,500,000 (equivalent to approximately HK\$12,442,500). The Annual Cap was determined with reference to the expected business needs and the scope of the Logistics Related Services required by the Group from the FH 1937 Group in Mainland China for 2021. The Group's demand for logistics related services is expected to return to normal level in 2021 as compared with 2020 when the Group's operations were severely impacted by the COVID-19 pandemic.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE 2021 MASTER AGREEMENT

The Group has been engaging the FH 1937 Group for provision of logistics related services since 2008. Throughout these years of services, the FH 1937 Group has obtained a better understanding of the Group's needs in respect of logistics services as compared with other logistics service providers in the market. By entering into the 2021 Master Agreement, the Group can continue to leverage on the logistics expertise of the FH 1937 Group in Mainland China.

The terms of the 2021 Master Agreement were agreed upon after arm's length negotiations between the Company and FH 1937. The Directors (including all the independent non-executive Directors) consider that the 2021 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 2021 Master Agreement (including the Annual Cap) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As FH 1937 is a substantial shareholder of the Company and is ultimately owned as to 50% by Dr William FUNG Kwok Lun who is also a substantial shareholder of the Company, FH 1937 and its associates are connected persons of the Company. Accordingly, the 2021 Master Agreement and the Transactions contemplated thereunder 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 exceed 0.1% but are less than 5%, the 2021 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.

GENERAL INFORMATION

The Company is an investment holding company. 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. Ruyi is the controlling shareholder of the Company. Ruyi group is engaged in the business of raw materials cultivation, textiles processing, and design and sale of brands and apparel. Mr QIU Yafu (a non-executive Director) holds 51% equity interests in Ruyi.

FH 1937 is an investment holding company and a substantial shareholder of the Company. The FH 1937 Group focuses on four core businesses, namely, trading, logistics, distribution and retailing. FH 1937 is a wholly-owned subsidiary of King Lun Holdings Limited, which is ultimately owned as to 50% by Dr William FUNG Kwok Lun (who is also a substantial shareholder of the Company) and 50% by the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King (whose daughter, Ms Sabrina FUNG Wing Yee, was a non-executive Director and deputy chairman of the Board until her resignation on 25 September 2020).

DEFINITIONS

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

- “2020 Master Agreement”** the master agreement entered into between the Company and FH 1937 on 20 December 2019 in relation to the provision of the Logistics Related Services by the FH 1937 Group to the Group in Mainland China for a term of one year from 1 January 2020 to 31 December 2020
- “2021 Master Agreement”** the new master agreement entered into between the Company and FH 1937 on 22 December 2020 in relation to the provision of the Logistics Related Services by the FH 1937 Group to the Group in Mainland China for a term of one year from 1 January 2021 to 31 December 2021

“Annual Cap”	the annual aggregate maximum amount of service fees projected to be incurred under the 2021 Master Agreement for the year ending 31 December 2021
“associate”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Trinity Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“controlling shareholder”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“FH 1937”	Fung Holdings (1937) Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of the Company, and a company which is ultimately owned as to 50% by Dr William FUNG Kwok Lun (who is also a substantial shareholder of the Company)
“FH 1937 Group”	FH 1937 and its associates (which, for avoidance of doubt, include Li & Fung Limited and its subsidiaries), and “member(s) of the FH 1937 Group” shall be construed accordingly
“Greater China”	Mainland China, Hong Kong, Macau and Taiwan
“Group”	the Company and its subsidiaries, and “member(s) of the Group” shall be construed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logistics Related Services”	logistics related services, including warehousing, transportation, freight forwarding/shipping and other value-added services
“Macau”	Macau Special Administrative Region of PRC
“Mainland China”	in the context of the 2021 Master Agreement, means PRC excluding Hong Kong, Macau and Taiwan

“percentage ratios”	has the meaning ascribed to this term under the Listing Rules
“PRC”	The People’s Republic of China
“Relevant Agreement”	individual agreement to be entered into between any member of the Group and any member of the FH 1937 Group from time to time for setting out the terms and conditions of a particular Transaction
“RMB”	Renminbi, the lawful currency of PRC
“Ruyi”	北京如意時尚投資控股有限公司 (Beijing Ruyi Fashion Investment Holding Company Limited), a company established in PRC with limited liability and the controlling shareholder of the Company
“Shareholder(s)”	holder(s) of shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to this term under the Listing Rules
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“Transaction(s)”	has the meaning ascribed to this term under the sub-section headed “THE 2021 MASTER AGREEMENT – Nature of the Transactions” of this announcement
“%”	per cent

In this announcement, for illustration purpose, the translation of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.185.

By Order of the Board
QIU Yafu
Chairman

Hong Kong, 22 December 2020

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); two non-executive directors, namely, Mr QIU Yafu (Chairman) and Mr WONG Yat Ming; and three independent non-executive directors, namely, Mr Victor HUANG, Mr YANG Dajun and Mr ZHAO Zongren.

** For identification purposes only*