TRINITY LIMITED
利邦控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 891)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

Highlights

	2012	2011	% change
Revenue *(HK$ million)*	**2,801**	2,607	7.4%
Gross profit *(HK$ million)*	**2,186**	2,104	3.9%
Gross profit (%)	**78.1%**	80.7%	
Operating profit *(HK$ million)*	**583**	614	-5.0%
Operating profit (%)	**20.8%**	23.5%	
Profit attributable to shareholders *(HK$ million)*	**540**	513	5.2%
Profit attributable to shareholders (%)	**19.3%**	19.7%	
Current ratio [1]	**1.3**	1.5	
Trade payable turnover days [2]	**61**	80	
Trade receivable turnover days [3]	**28**	31	
Inventory turnover days [4]	**378**	372	
Return on equity (%) [5]	**16.1%**	18.6%	
Basic earnings per share *(HK cents)* [6]	**31.5**	30.3	
Dividend per share *(HK cents)*			
- Final			
- Basic	**14.0**	15.0	
- Special	**2.0**	-	
- Full Year			
- Basic	**22.0**	23.0	
- Special	**2.0**	-	

Key ratios:

1.Current ratio = Current assets / current liabilities

2.Trade payable turnover days = Average of opening and closing balances on trade payables / cost of sales for the year x number of days for the year

3.Trade receivable turnover days = Average of opening and closing balances on trade receivables / revenue for the year x number of days for the year

4.Inventory turnover days = Average of opening and closing balances on inventory / cost of sales for the year x number of days for the year

5.Return on equity = Profit attributable to shareholders / average shareholders' equity x 100%

6.Basic earnings per share = Profit attributable to shareholders / weighted average number of ordinary shares

The board of directors (the "Board") of Trinity Limited (the "Company") is pleased to announce the audited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 and the audited consolidated balance sheet of the Group as at 31 December 2012 together with the comparative figures in 2011. The annual results have been reviewed by the Company's audit committee and the Company's external auditor.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Note	**2012 HK$'000**	2011 HK$'000
Revenue	2	**2,800,671**	2,607,281
Cost of sales		**(614,543)**	(503,754)
Gross profit		**2,186,128**	2,103,527
Other income	4	**71,556**	59,766
Selling and marketing expenses		**(1,260,314)**	(1,093,660)
Administrative expenses		**(464,680)**	(460,509)
Other gains – net	5	**15,543**	4,396
Gain on disposal of investments in jointly controlled entities		**34,766**	-
Operating profit	3	**582,999**	613,520
Finance income		**5,457**	5,218
Finance costs			
Notional interest on contingent purchase consideration payable		**(7,019)**	-
Interest expense on bank loans and overdrafts		**(9,777)**	(4,036)
Finance (costs) / income – net	6	**(11,339)**	1,182
Share of profit of jointly controlled entities		**65,346**	62,275
Profit before income tax		**637,006**	676,977
Income tax expense	7	**(96,997)**	(163,887)
Profit for the year attributable to shareholders of the Company		**540,009**	513,090
Basic earnings per share attributable to shareholders of the Company during the year	8		
(expressed in HK cents per share)		**31.5 cents**	30.3 cents
Diluted earnings per share attributable to shareholders of the Company during the year	8		
(expressed in HK cents per share)		**30.9 cents**	29.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**540,009**	513,090
Other comprehensive income		
Exchange differences on translation of subsidiaries, jointly controlled entities and associates	**30,893**	5,732
Exchange differences realised upon disposal of investments in jointly controlled entities	**(6,841)**	-
Total comprehensive income for the year	**564,061**	518,822
Total comprehensive income attributable to:		
- Shareholders of the Company	**564,061**	518,822

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

	Note	**2012 HK$'000**	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**328,810**	311,806
Intangible assets		**3,077,327**	2,312,248
Investments in jointly controlled entities		**-**	229,045
Investments in associates		**128,278**	-
Deposit and prepayments		**45,983**	45,695
Deferred income tax assets		**154,151**	94,009
		3,734,549	2,992,803
Current assets			
Inventories		**663,626**	605,036
Trade receivables	10	**188,130**	233,326
Deposit and prepayments		**101,551**	63,554
Amounts due from related parties		**4,614**	1,153
Cash and cash equivalents		**999,097**	790,370
		1,957,018	1,693,439
Total assets		**5,691,567**	4,686,242
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**172,372**	170,839
Share premium		**2,335,098**	2,302,656
Reserves		**958,084**	782,000
Total equity		**3,465,554**	3,255,495
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**9,719**	9,378
Retirement benefit obligations		**18,375**	13,415
Contingent purchase consideration payable for acquisition		**311,352**	-
Other payables and accruals		**-**	31,648
Deferred income tax liabilities		**360,726**	230,693
		700,172	285,134
Current liabilities			
Trade payables	11	**81,467**	123,759
Contingent purchase consideration payable for acquisition		**8,277**	-
Other payables and accruals		**517,763**	529,615
Amounts due to related parties		**13,098**	13,674
Current income tax liabilities		**35,236**	98,565
Borrowings		**870,000**	380,000
		1,525,841	1,145,613
Total liabilities		**2,226,013**	1,430,747
Total equity and liabilities		**5,691,567**	4,686,242
Net current assets		**431,177**	547,826
Total assets less current liabilities		**4,165,726**	3,540,629

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to shareholders of the Company				
	Share capital HK$'000	**Share premium HK$'000**	**Retained earnings HK$'000**	**Other reserves HK$'000**	**Total HK$'000**
Balance at 1 January 2011	158,889	1,540,961	731,262	(180,224)	2,250,888
Comprehensive income					
Exchange differences on translation of subsidiaries and jointly controlled entities	-	-	-	5,732	5,732
Profit for the year	-	-	513,090	-	513,090
Total comprehensive income	-	-	513,090	5,732	518,822
Transactions with owners					
Issue of shares pursuant to a placement	10,000	726,554	-	-	736,554
Transfer from retained earnings	-	-	(49)	49	-
Employee share option schemes					
- value of employee services	-	-	-	17,587	17,587
- exercise of share options	1,950	35,141	-	-	37,091
- transfer to retained earnings	-	-	11,583	(11,583)	-
Dividends paid	-	-	(305,447)	-	(305,447)
Total transactions with owners	11,950	761,695	(293,913)	6,053	485,785
Balance at 31 December 2011	170,839	2,302,656	950,439	(168,439)	3,255,495
Balance at 1 January 2012	170,839	2,302,656	950,439	(168,439)	3,255,495
Comprehensive income					
Exchange differences on translation of subsidiaries, jointly controlled entities and associates	-	-	-	30,893	30,893
Exchange differences realised upon disposal of investments in jointly controlled entities	-	-	-	(6,841)	(6,841)
Profit for the year	-	-	540,009	-	540,009
Total comprehensive income	-	-	540,009	24,052	564,061
Transactions with owners					
Employee share option schemes					
- value of employee services	-	-	-	6,500	6,500
- exercise of share options	1,533	32,442	-	-	33,975
- transfer to retained earnings	-	-	10,804	(10,804)	-
Transfer of reserve upon disposal of investments in jointly controlled entities	-	-	3,817	(3,817)	-
Dividends paid	-	-	(394,477)	-	(394,477)
Total transactions with owners	1,533	32,442	(379,856)	(8,121)	(354,002)
Balance at 31 December 2012	172,372	2,335,098	1,110,592	(152,508)	3,465,554

Notes:

1. Basis of preparation and accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Adoption of new/revised standards, amendments and interpretations to existing standards effective in 2012

The Group has adopted the following amendment to existing standards which are mandatory for accounting periods beginning on or after 1 January 2012 and relevant to the Group:

HKFRS 7 (Amendment)	Disclosures – Transfer of Financial Assets

The adoption of such amendment to existing standards does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

(b) New/revised standards and amendments and interpretations to existing standards effective in 2012 but not relevant to the Group

The following amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2012 but currently not relevant to the Group:

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

1. **Basis of preparation and accounting policies (Continued)**

(c) New/revised standards, amendments and interpretations to standards that have been issued but are not yet effective

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
HKAS 19 (2011)	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
HKAS 27 (2011)	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKAS 28 (2011)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
HKFRS 1 (Amendment)	Government Loans (effective for annual periods beginning on or after 1 January 2013)
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2015)
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures (effective for annual periods beginning on or after 1 January 2015)
HKFRS 10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
HKFRS 13	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine (effective for annual periods beginning on or after 1 January 2013)
Annual Improvements Project	Annual Improvements 2009-2011 Reporting Cycle (effective for annual periods beginning on or after 1 January 2013)

All these amendments are effective in the financial year of 2012 or years after 2012 and these amendments are not expected to have a significant impact on the results and financial position of the Group.

2. Segment information

The Group is principally engaged in the retailing and wholesale of high-end to luxury menswear in Greater China and Europe, as well as licensing its major brands globally. The jointly controlled entities/associates are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia.

Management has determined the operating segments based on reports reviewed by the senior executive management of the Group that are used to make strategic decisions. Management considers the business from both geographic and business lines perspectives. Geographically, management considers the performance of the retail businesses in the Chinese Mainland, Hong Kong & Macau, Taiwan, Europe and others. Management also assesses the performance of the individual business line, namely retail, wholesale and licensing. Management assesses the performance of operating segments based on a measure of segment profit before tax. Corporate employee benefit expenses and overhead, finance income/(costs) and other gains-net are not allocated to segments.

Segment asset consists only of inventories.

(a) Segment results

The segment results for the year ended 31 December 2012 are as follows:

	HK & Macau		Chinese Mainland	Taiwan	Europe		Others	
	Retail	Wholesale	Retail	Retail	Retail	Licensing	Retail	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue and revenue from external customers	847,540	9,231	1,492,785	195,937	148,347	106,831	-	2,800,671
Gross profit	672,139	2,132	1,173,045	142,035	89,946	106,831	-	2,186,128
Segment profit/(loss) before income tax	287,472	2,132	426,036	43,564	(4,954)	45,212	65,346	864,808
Segment profit/(loss) before income tax includes:								
Depreciation	(9,752)	-	(144,309)	(4,030)	(7,938)	(2,075)	-	(168,104)
Share of profit of jointly controlled entities	-	-	-	-	-	-	65,346	65,346
Segment asset	213,853	-	332,660	69,638	47,475	-	-	663,626

The segment results for the year ended 31 December 2011 were as follows:

	HK & Macau		Chinese Mainland	Taiwan	Europe		Others	
	Retail	Wholesale	Retail	Retail	Retail	Licensing	Retail	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue and revenue from external customers	828,444	5,913	1,464,264	205,220	23,718	79,722	-	2,607,281
Gross profit	671,283	1,926	1,182,107	154,508	13,981	79,722	-	2,103,527
Segment profit/(loss) before income tax	312,460	1,926	527,589	54,004	(19,328)	64,261	62,275	1,003,187
Segment profit/(loss) before income tax includes:								
Depreciation	(9,178)	-	(96,282)	(2,573)	(4,200)	(75)	-	(112,308)
Share of profit of jointly controlled entities	-	-	-	-	-	-	62,275	62,275
Segment asset	196,226	-	346,469	55,962	6,379	-	-	605,036

2. Segment information (Continued)

(b) A reconciliation of segment profit before income tax to the Group's profit before income tax is as follows:

	2012	2011
	HK$'000	HK$'000
Segment profit before income tax for reportable segments	**864,808**	1,003,187
Add:		
Other income (Note 4)	**71,556**	59,766
Other gains – net (Note 5)	**15,543**	4,396
Finance income – net (Note 6)	**-**	1,182
Gain on disposal of investments in jointly controlled entities	**34,766**	-
Less:		
Finance costs – net (Note 6)	**(11,339)**	-
Employee benefit expenses	**(232,630)**	(248,301)
Rental expenses	**(52,251)**	(44,784)
Depreciation and amortisation	**(12,121)**	(28,892)
Other unallocated expenses	**(41,326)**	(69,577)
Total Group's profit before income tax	**637,006**	676,977

3. Operating profit

Operating profit is arrived at after charging/(crediting) the following:

	2012	2011
	HK$'000	HK$'000
Cost of inventories recognised as expenses included in cost of sales	**623,760**	521,040
Reversal of provision for impairment of inventories	**(9,217)**	(17,286)
Depreciation of property, plant and equipment	**178,466**	135,132
Additional/(reversal of) provision for impairment of property, plant and equipment	**3,996**	(10,128)
Amortisation of intangible assets	**1,759**	6,068
Loss on disposal of property, plant and equipment	**6,821**	4,784
Operating lease rental expense – minimum lease payment	**267,832**	216,575
Operating lease rental expense – contingent rents	**319,854**	327,706
Additional provision for impairment of trade receivables – net	**200**	367
Employee benefit expenses	**626,277**	565,918
Advertising and promotion expenses	**161,233**	138,908
Royalty expenses	**13,933**	23,636

3. **Operating profit (Continued)**

The remuneration to the auditors for audit and non-audit services is as follows:

	2012	2011
	HK$'000	HK$'000
Audit services	**4,810**	4,068
Non-audit services		
- due diligence review	**2,053**	-
- taxation services	**2,225**	801
- other services	**223**	280
	9,311	5,149

Note: Of the above audit and non-audit services fees, HK$4,702,000 (2011: HK$4,068,000) and HK$3,156,000 (2011: HK$1,081,000) respectively are payable to the Company's external auditor.

4. **Other income**

	2012	2011
	HK$'000	HK$'000
Subsidy income	**24,066**	13,911
Rental and licence fee income	**2,214**	2,255
Management fee income	**25,584**	25,444
Claims received	**2,194**	3,344
Sales commission	**1,552**	2,268
Others	**15,946**	12,544
	71,556	59,766

5. **Other gains – net**

	2012	2011
	HK$'000	HK$'000
Fair value gains/(losses) on forward foreign exchange contracts	**395**	(7,128)
Net foreign exchange gains	**15,148**	11,524
Other gains – net	**15,543**	4,396

6. **Finance (costs) / income – net**

	2012	2011
	HK$'000	HK$'000
Finance costs		
- Interest expenses on bank loans and overdrafts wholly repayable within five years	**(9,777)**	(4,036)
- Notional interest on contingent purchase consideration payable	**(7,019)**	-
Finance income		
- Interest income on short-term bank deposits	**5,457**	5,218
Finance (costs) / income – net	**(11,339)**	1,182

7. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates. Overseas capital gain tax has also been provided for in respect of the disposal of investments in jointly controlled entities.

	2012	2011
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**38,967**	54,660
- Overseas taxation	**81,864**	97,528
Deferred income tax	**(9,647)**	11,699
Over provision in prior years	**(14,187)**	-
	96,997	163,887

8. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit attributable to shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2012	2011
Weighted average number of ordinary shares in issue	**1,715,719,000**	1,695,093,000
Profit attributable to shareholders of the Company (HK$'000)	**540,009**	513,090
Basic earnings per share (HK cents per share)	**31.5 cents**	30.3 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. For the dilutive effect of share options, the calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2012	2011
Weighted average number of ordinary shares in issue	**1,715,719,000**	1,695,093,000
Adjustment for share options	**31,126,000**	45,280,000
Weighted average number of ordinary shares for diluted earnings per share	**1,746,845,000**	1,740,373,000
Profit attributable to shareholders of the Company (HK$'000)	**540,009**	513,090
Diluted earnings per share (HK cents per share)	**30.9 cents**	29.5 cents

9. Dividends

	2012 HK$'000	2011 HK$'000
Interim dividend declared and paid of 8.0 HK cents (2011: 8.0 HK cents) per ordinary share	**137,367**	135,840
Final dividend proposed of 14.0 HK cents (2011: 15.0 HK cents) per ordinary share based on issued share capital as at the balance sheet date	**241,321**	256,259
Special final dividend proposed of 2.0 HK cents (2011: nil) per ordinary share based on issued share capital as at the balance sheet date	**34,474**	-
	413,162	392,099

At a meeting held on 13 March 2013, the Directors recommended a final dividend and a special final dividend of 14.0 HK cents per share and 2.0 HK cents per share respectively, which are not reflected as dividend payable in these consolidated financial statements as at 31 December 2012, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2013. Dividends paid by the Company to its shareholders during the year of HK$394,477,000 (2011: HK$305,447,000) related to the final dividend for prior year of HK$257,110,000 (2011: HK$169,607,000) and the interim dividend for 2012 financial year of HK$137,367,000 (2011: HK$135,840,000).

10. Trade receivables

	2012 HK$'000	2011 HK$'000
Trade receivables	**198,279**	242,271
Less: provision for impairment of trade receivables	**(10,149)**	(8,945)
Trade receivables – net	**188,130**	233,326

Majority of the Group's revenue are retail sales and licensing income. Retail sales are made in cash or by credit card. Sales through department stores are generally collectible within 30 days to 60 days from the invoice date. Licensing income is generally collectible within 90 days from the invoice date. The ageing analysis by invoice date of trade receivables of the Group is as follows:

	2012 HK$'000	2011 HK$'000
1 - 30 days	**132,841**	180,790
31 - 60 days	**44,472**	46,505
61 - 90 days	**7,920**	1,122
Over 90 days	**13,046**	13,854
	198,279	242,271

11. Trade payables

	2012	2011
	HK$'000	HK$'000
Trade payables	**81,467**	123,759

As at 31 December 2011 and 2012, the carrying amounts of the Group's trade payables approximated their fair values.

The credit period granted by creditors generally ranges from 30 to 90 days. Ageing analysis by invoice date of trade payables is as follows:

	2012	2011
	HK$'000	HK$'000
1 - 30 days	**32,414**	75,017
31 - 60 days	**18,801**	14,102
61 - 90 days	**9,944**	12,677
Over 90 days	**20,308**	21,963
	81,467	123,759

Financial Review

Softening exports and the turbulent global economy resulted in a change in consumer confidence. The Chinese Government's promotion of austerity measures also dampened conspicuous consumption. This led to repercussions for the Chinese Mainland domestic retail market in 2012. Nevertheless, the Group was able to deliver mild growth in profit attributable to shareholders. Additionally, lower tax charges and a gain from disposal of its 30.0% interest in the Ferragamo joint ventures contributed to the growth in profit.

Revenue

Revenue increased by 7.4% to HK$2,800.7 million. The slowdown in growth for the domestic retail sector in Greater China affected the Group, which managed to deliver subdued growth of 1.5 %.

Gross Profit

As a result of the softening of the domestic retail sector in Greater China, competition on price intensified, resulting in a drop of the gross profit margin for the Group from 80.7% to 78.1%.

Selling and Marketing Expenses

Selling and marketing expenses increased by 15.2% in 2012, out of which 6.0% increase was attributable to Europe following mainly the acquisition of the Gieves & Hawkes business in the United Kingdom and increases in store operating expenses in Greater China. Meanwhile, advertising and promotion expenses expressed as a percentage of revenue increased from 5.3% to 5.8%, reflecting higher investments in brand building including global activities in Europe.

Administrative Expenses

The Group implemented tight cost control and managed to maintain 2012 administrative expenses at a level similar to 2011.

Operating Profit

Full year operating margin declined from 23.5% to 20.8% which was mainly attributable to a drop in gross profit margin and higher growth in selling and marketing expenses as a percentage of revenue.

Share of Profit of Jointly Controlled Entities

The Group's share of profit of jointly controlled entities increased by 4.9% to HK$65.3 million as a result of improved performances in Singapore and Thailand.

As announced on 20 December 2012, the Group has disposed of its 30.0% interest in the Ferragamo joint venture companies with a gain of HK$34.8 million. Consequently, the Group's share of interest in each of the Ferragamo joint venture companies was reduced to 20.0%.

Effective Tax Rate

The effective tax rate of the Group decreased from 24.2% in 2011 to 15.2% in 2012. The improvement was partly attributable to a shift in geographical mix of profit to a lower tax rate jurisdiction. In addition, the recognition of share option costs as tax deductible expenses in Hong Kong and the release of previously provided withholding tax provision on the 30.0% share of retained profits of a Ferragamo joint venture company also helped to reduce the effective tax rate.

Profit Attributable to Shareholders

Profit attributable to shareholders increased by 5.2% to HK$540.0 million and as a percentage of revenue decreased slightly to 19.3% in 2012 from 19.7% achieved in 2011. Basic earnings per share of the Group improved to 31.5 HK cents in 2012 from 30.3 HK cents in 2011.

Working Capital Management

The Chinese New Year in 2013 fell in early February thereby delaying the arrival of the peak sales period. As a result, the consumption of inventory was delayed, resulting in a slight jump of inventory turnover days from 372 days in 2011 to 378 days in 2012. However, further improvement in managing receivables reduced the trade receivable turnover days from 31 in 2011 to 28 in 2012.

The Group's trade payable turnover days decreased from 80 days in 2011 to 61 days in 2012 as there was a delay in inventory built up for the launch of the 2013 Spring/Summer season after a late Chinese New Year.

Financial Position and Liquidity

The Group generated net cash from operating activities of HK$331.9 million, which is lower than the HK$452.1 million achieved in 2011. The decrease was mainly due to a drop in operating profit and an increase in tax payment during the year for 2011 profit.

The Group achieved a net cash position of HK$129.1 million in 2012. The major movements of investing activities during the year were the payment for the acquisition of the Gieves & Hawkes business in the United Kingdom and the receipt of proceeds on the disposal of its 30.0% interest in the Ferragamo joint venture companies.

Credit Risk Management

Trade receivables from department stores and receivables owed by licensees are the major credit risk of the business. The Group established procedures to evaluate and monitor the credit risk of department stores and licensees in order to control its exposure in this area. The Group's trade receivable turnover days improved from 31 days in 2011 to 28 days in 2012. At the end of December 2012, the Group's debtors ageing analysis showed that the percentage of debtors over three months old was 6.6% of total trade receivables. The Group's cash and cash equivalents were deposited with major international banks.

Foreign Exchange Management

The Group purchases a substantial part of its production materials and finished goods in foreign currencies. To minimise foreign-exchange risks, the Group has a hedging policy in place.

Interest Rate Management

The Group evaluates interest-rate risks periodically to determine the need to hedge against adverse interest-rate movements. Since the volatility of interest-rate movements was expected to be mild during the year, no interest-rate hedge was taken in 2012.

Banking Facilities

The Group has secured adequate bank lines of approximately HK$1,341.4 million for operational contingencies. A total of HK$870.0 million revolving loans were obtained, and HK$31.4 million was utilised for trade financing at year end. The undrawn facilities at year end amounted to HK$440.0 million.

Use of Proceeds from Initial Public Offering

With the balance of fund-designated for retail network expansion consumed during the year, all proceeds raised from the Initial Public Offering in November 2009 were fully utilised at 31 December 2012.

Geographical Analysis for Retail and Licensing Businesses

The Greater China retail business contributed 90.6% of the Group's total revenue in 2012 while retail and licensing income in Europe contributed 9.1% to the total, up from 4.0% as a result of the acquisition of Gieves & Hawkes in the United Kingdom in May 2012. The slowdown in the growth in demand for luxury products in Greater China was more pronounced in the second half of the year as portrayed by the 5.0% decline in same-store sales which contrasted with a 6.5% growth in the first half of 2012. The Chinese Mainland recorded subdued annual revenue growth of 1.9% as an increase in new store sales was dragged down by a 1.6% decline in same-store sales. Meanwhile, Hong Kong and Macau managed 2.7% growth on the back of a 6.6% increase in same-store sales. As the economy remained sluggish, Taiwan posted a drop of 4.5% in revenue mainly as a result of a 11.9% fall in same-store sales.

Geographic Gross Profit Margin

The slowdown in demand in the domestic retail sector has affected net retail prices in the Greater China market. The retail gross profit margins were 78.6% for the Chinese Mainland, 79.3% for Hong Kong and Macau and 72.5% for Taiwan and they were 2.1, 1.7 and 2.8 percentage points lower than those achieved in 2011 respectively. In Europe, where the business comprises retail and licensing operations, the margin was 77.1%.

Operations Review

The year 2012 was challenging due to ongoing turbulence in the global economy and the impact on the Chinese Mainland. Slowing down export in Eastern China had a significant effect on our Group's sales there, while consumer spending decreased in general, especially in the area of corporate gifts. The Group dedicated considerable effort to cost control and supply chain management to maximise efficiency.

The year under review marked the beginning of the "Global Brands, Global Networks" strategy. The Group is intently focused on building global brands with enhanced international appeal. Trinity's owned global brands will establish business in new markets in the United States and Europe to drive even greater affinity among wealthy Chinese travellers.

The acquisition of Gieves & Hawkes in May 2012, combined with the earlier acquisitions of Cerruti and Kent & Curwen, has given Trinity ownership of well over 90.0% of its revenue stream. The Group now controls an enviable menswear portfolio and enjoys a leadership position in the valuable Chinese Mainland market, where the luxury retail sector remains fundamentally sound and offers substantial room for growth in the long run.

The Group is now embarking on expanding the presence of Cerruti and Gieves & Hawkes and their profile in Europe through a much strengthened management and design team in Paris and London respectively. Licensing arrangement for Kent & Curwen was made with British Heritage Brands ("BHB"), a US company, in 2012. Through this arrangement, Kent & Curwen will enter the United States market and strengthen its presence in Europe.

Store Network

During the year, the Group further expanded its network by penetrating into 59 cities in the Chinese Mainland and closed underperforming stores. The Group entered into travel retail with six stores at key high traffic domestic airports in Greater China.

In 2012, Trinity added 101 new stores, including 14 stores in the United Kingdom and Ireland through acquisition of Gieves & Hawkes, and closed 75 stores, a 5.7% net increase. Total store footage increased by 13.8% to 58,060 square metres. In the Chinese Mainland the Group opened a total of 78 new stores and closed 66 stores.

The Group can leverage BHB's in-depth understanding of the American and European markets to expand the Kent & Curwen brand internationally. One significant early initiative was the establishment of a showroom at Trump Tower in New York City that enables department store buyers to preview and place orders. The Group is also looking to expand the brand's retail presence in New York as well as in Europe, where it has secured the space at No. 2 Savile Row, next door to Gieves & Hawkes at No. 1 Savile Row. Despite economic difficulties and softening of the United Kingdom retail market, London remains resilient and a valuable market for Trinity's British heritage brands.

As at 31 December 2012, the Group operated a total of 486 stores, of which 386 were located in the Chinese Mainland, 42 in Hong Kong and Macau, 42 in Taiwan, 15 in the United Kingdom and Ireland, as well as one in France.

During the year, the Group rolled out a new store concept from an Italian architecture firm for Cerruti at the premiere Chinese tourist destination Harbour City shopping mall in Hong Kong. It is also testing a new design concept for Gieves & Hawkes, while Kent & Curwen is embarking on a new store concept with a celebrity architect and interior designer.

Marketing & Promotion

Trinity's spending on marketing – comprising advertising, public relations, events, online and digital marketing, visual merchandising, and celebrity endorsements increased to 5.8% of revenue during the year.

One of Trinity's priorities under the "Global Brands, Global Networks" strategy is to raise the profiles of its wholly owned brands – Kent & Curwen, Cerruti and Gieves & Hawkes – in European and American markets. During the year under review, the Group made a number of significant inroads in this direction.

The acquisition of Gieves & Hawkes gave Trinity a second wholly-owned British heritage brand alongside Kent & Curwen, and the Group is aggressively marketing these brands in new and exciting ways. The partnership with BHB in New York will help increase exposure for the Kent & Curwen brand together with support from advertising and promotion activities in autumn 2013.

Gieves & Hawkes, managed from London, recently welcomed a new creative director, Mr Jason Basmajian, formerly of Brioni. Gieves & Hawkes already enjoys the famed No. 1 Savile Row address, and now the Group plans on housing a new Kent & Curwen store at No. 2 for added synergy between these two heritage brands. Both of these initiatives offer considerable marketing opportunities.

Cerruti, at No. 3 Place de la Madeleine, Paris, has also welcomed a new artistic director, Mr Aldo Maria Camillo who had formerly worked for Valentino men and Ermenegildo Zegna. Cerruti debuted at Paris Men's Fashion Week in January 2013, gaining exposure that should greatly contribute to the brand's global credibility.

The Group is proud of Kent & Curwen being the first sponsor of the Kent & Curwen Royal Charity Polo Cup, held last year at Watership Down in the United Kingdom, the private estate and home of famed musical composer Sir Andrew Lloyd Webber. Thanks to extensive public relations efforts, the Cup was covered widely by leading media in target markets. HRH Prince Harry and Mr Aaron Kwok received exposure in the coverage, deepening their support for Kent & Curwen. The Group also continued its annual Kent & Curwen Centenary Spring Cup at Shatin Racecourse, Hong Kong in January 2013, featuring Mr Aaron Kwok as brand ambassador, which successfully attracted leading media, landlords and VIPs to view the Kent & Curwen featuring BHB collection and the upcoming new brand concept.

The Group launched new websites for Trinity in March and Kent & Curwen in September 2012, and has dedicated websites for each Trinity brand.

Celebrity endorsements and appearances have had a significantly positive impact on brand recognition in key markets. International artist Mr Aaron Kwok and up-and-coming Taiwanese actor Mr Mark Chao are both involved in promoting Kent & Curwen and Cerruti respectively. In 2012, Gieves & Hawkes also dressed the Jerusalem Quartet during the Hong Kong International Chamber Music Festival.

Joint promotions played a significant role in the Group's merchandising during the year under review. Trinity worked together with leading Hong Kong and Chinese Mainland shopping malls, luxury brand Davidoff, Dah Sing Bank and the Hong Kong Jockey Club. The sponsorship of the Hong Kong team's uniform at London's Olympics was a great boost of pride for Chinese people. We leveraged the International Olympic Committee's strength to host an exhibition and press conference at the prime Hong Kong shopping mall, Pacific Place, and the Hong Kong Jockey Club respectively.

Sourcing

The Group continues to source approximately 85.1% of quality raw materials from Europe, in particular Italy. The Group made further improvements to the order placement process, which has been shortened to reduce lead times and inventory as well as bringing products closer to its markets.

Human Resources

Trinity's success is predicated on having the best personnel in the business, so its hiring, training and staff retention practices are critical to meeting its goals.

In 2012, the Group continued to participate in the staff development programme organised by the Fung Group and Stanford University Centre for Professional Development in collaboration with the University of Hong Kong. It was an initiative designed to develop high-calibre managers and ensure smooth succession planning. The Group conducts its own management training in areas such as retail operations and customer service. Also, the Trinity Elite Lessons in Leadership ensures sound succession planning and cross-company communications by involving staff from various departments and markets in the same classroom.

As at 31 December 2012, the Group had a total workforce of 3,891, of whom 962 were based in Hong Kong and Macau, 2,552 in the Chinese Mainland, 179 in Taiwan and 198 in other countries. The Group's total staffing costs for 2012 were HK$626.3 million, compared with HK$565.9 million for 2011.

Information Technology

In 2012, the Group deployed a budgeting and planning system for inventory control which enables the Group to plan the inventory one year in advance by starting from a revenue target for each brand and region, the clearance level of aged inventory, and the anticipated sell through percentage of inventory in the new seasons.

Our IT Department also enhanced the operation management system to support our country teams for the management of new store openings as well as, renovation and relocation, especially in the Chinese

Mainland. The purpose of this system is to help monitor the status of a store's opening, particularly to facilitate communication between operations teams and also to record important dates related to the activities with our landlords, contractors and internal teams.

Corporate Social Responsibility & Sustainability Initiatives

Being a responsible corporate citizen and running our business in a sustainable manner are core fundamentals of our culture. The Group is happy to report that 2012 marked a number of milestones in these important areas, in terms of the number of initiatives undertaken, the breadth of geographies involved and the number of times staff participating.

Trinity executed a total of 44 programmes and activities throughout the year, an increase of more than 50.0% over 2011. These largely focused on community service, environmental conservation, and employee development. One particularly positive note is that our offices in the Chinese Mainland were more involved than ever, with employees there registering a 14.8% increase in participation. Our European operations also got in on the act this year with a good number of employees taking part.

Overall, Trinity saw record employee participation in 2012. Along with the significant increase in participation among our Mainland Chinese staff, the participation rate for Hong Kong staff increased by 9.1%. In Hong Kong, total volunteer service hours increased 26.4% while in the Chinese Mainland it went up by an amazing 191.1% from a modest start in 2011.

Trinity closely aligns many of its activities with those supported by the Fung (1906) Foundation, which in recent years has focused on children and youth. In 2012, these included the "Sponsor a Child" activity in support of World Vision and PLAN International, "Strollerthon" for the Children's Medical Foundation's efforts in expanding lifesaving care for babies in rural China, and the "Little Gardener" activity on behalf of the World Wildlife Fund, which educates the public about plant life and biodiversity.

One of the most important initiatives of the year was the Group's first-ever Sustainability Day, including activities such as sustainability quizzes as well as free cholesterol and body mass index screenings for staff to encourage healthier living. The Group also held Occupational Health and Safety ("OHS") talks as it is an important part of policy for our staff to help promote a safe, healthy workplace. In addition, Trinity is proud to have attained for the second time, the third-highest number of participants in World Vision's "Skip a Meal" programme for hunger awareness.

In 2012, the Group continued to take part in restoration projects for stilt homes inhabited by the elderly in the Tai O area of Hong Kong. Staff also helped paint schools as well as clean homes for disabled people living in Wong Tai Sin during the year. These activities required both physical stamina and creativity from enthusiastic and well-intentioned colleagues.

Trinity is an ardent supporter of the United Nations Global Compact and is making every effort to ensure compliance with its 10 principles both within the Group's operations and those of its vendors. The Group is also in the process of implementing an Environment Management System to measure and manage our carbon emissions footprint.

Looking Ahead

Despite a slowdown in its domestic retail sector, the Chinese Mainland remains the most important market in the world for luxury goods. We believe the "Global Brands, Global Networks" strategy positions our brands as desirable icons for wealthy Chinese whether this new emerging class of luxury travellers is shopping in China or abroad, while appealing to high-end consumers in more developed markets. We have considerable assets for the development of our heritage brands such as a network of stores in the United Kingdom and Continental Europe as well as in top-and second-tier cities in China, high-quality and fashionable products created by leading designers, significant brand exposure and innovative marketing as well as creative visual merchandising.

Trinity anticipates that while the Chinese luxury retail market may not continue to expand at the 20%-plus rates seen previously, it will nevertheless enjoy healthy growth in the medium term. This will be driven by the country's growing number of wealthy as well as an aspirational middle to upper class. The Central Government's ongoing drive to create an economy led more by domestic consumption than investment should also support this growth.

Trinity's transformation from a regional retail operator to an owner of a portfolio of global heritage brands will continue to elevate its fundamental business prospects. The Group will continue to seek opportunities to further build this brand portfolio through acquisitions or partnerships. Based within the framework of the Group's "Global Brands, Global Networks" strategy, these attributes will be key to achieving sustainable growth in the long term.

CORPORATE GOVERNANCE

The Board and management are committed to principles of good corporate governance consistent with prudent enhancement and management of shareholder value. These principles emphasise transparency, accountability and independence.

In order to reinforce independence, accountability and responsibility, the role of the Chairman is separate from that of the Group Managing Director. Their respective responsibilities are clearly established and defined by the Board in writing.

The Board has established the Audit Committee, Nomination Committee and Remuneration Committee (all chaired by Independent Non-executive Director) with defined terms of reference, which are of no less exacting than those set out in the former Code on Corporate Governance Practices and the revised Corporate Governance Code which came into effect on 1 April 2012 (hereinafter collectively referred to as the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). All these committees comprise a majority of Independent Non-executive Directors.

Full details on the Company's corporate governance practices are set out in the Company's 2012 Annual Report.

AUDIT COMMITTEE

The Audit Committee was established on 1 January 2009 to review the Group's financial reporting, internal controls and corporate governance issues, to consider issues relating to the external auditor, and to provide advice and make relevant recommendations to the Board.

The Audit Committee met four times in 2012 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD") and external auditor, the Group's significant internal controls, risk management, and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The CGD, under the supervision of the Group Chief Compliance Officer, is responsible for performing the internal audits of the Group. In 2012, the Committee's review covered the audit plans and findings of the CGD and external auditor, external auditor's independence, the Group's accounting principles and practices, goodwill assessment, listing rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the annual and interim financial statements before recommending them to the Board for approval) and the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed the annual results for the year ended 31 December 2012.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises the importance of internal controls to safeguard shareholders' interests and investments and the Group's assets, as well as to manage business risks. The Board is responsible for ensuring that the Group maintains a sound and effective system of internal controls, and for reviewing the adequacy and effectiveness of such system through the Audit Committee.

Based on the assessments made by the management, CGD and also taking into the account the results of the work conducted by the external auditor for the purpose of their audit for 2012, the Audit Committee is satisfied that:

- the internal controls and accounting systems of the Group are in place and functioning effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation, and the financial statements are not materially misstated and are reliable for publication;
- there are ongoing processes in place for identifying, evaluating, and managing the significant risks faced by the Group; and
- the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting function are adequate.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to be in possession of unpublished inside / price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific confirmation has been obtained from each Director and each relevant employee to confirm compliance with the Model Code for 2012. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2012.

COMPLIANCE WITH THE CG CODE OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

FINAL AND SPECIAL FINAL DIVIDENDS

The Board recommended to pay to the shareholders of the Company a final dividend and a special final dividend of 14.0 HK cents per share (2011: 15.0 HK cents) and 2.0 HK cents per share (2011: nil) respectively for the year ended 31 December 2012. Together with the interim dividend of 8.0 HK cents (2011: 8.0 HK cents) per share, the total dividends for the year ended 31 December 2012 amount to 24.0 HK cents (2011: 23.0 HK cents) per share.

ANNUAL GENERAL MEETING AND OTHER INFORMATION

Date of the Annual General Meeting of the Company ("AGM") and the information relating to relevant record date and book closure for purposes of attending the AGM or dividend entitlements; and the despatch of dividend warrant will be announced in due course.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at *www.trinitygroup.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2012 Annual Report and the Notice of AGM will be despatched to the shareholders of the Company and available on the same websites on or about 12 April 2013.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 13 March 2013

As at the date of this announcement, the Board comprises four executive directors, namely, Mr WONG Yat Ming, Mr Bruno LI Kwok Ho, Mr Danny LAU Sai Wing and Ms Sabrina FUNG Wing Yee; four non-executive directors, namely, Dr Victor FUNG Kwok King, GBM, GBS, CBE, Dr William FUNG Kwok Lun, SBS, OBE, JP, Mr Jose Hosea CHENG Hor Yin and Mr Jean-Marc LOUBIER; and four independent non-executive directors, namely, Mr Cassian CHEUNG Ka Sing, Mr Michael LEE Tze Hau, Ms Eva LI Kam Fun and Mr Patrick SUN.

** For identification purposes only*