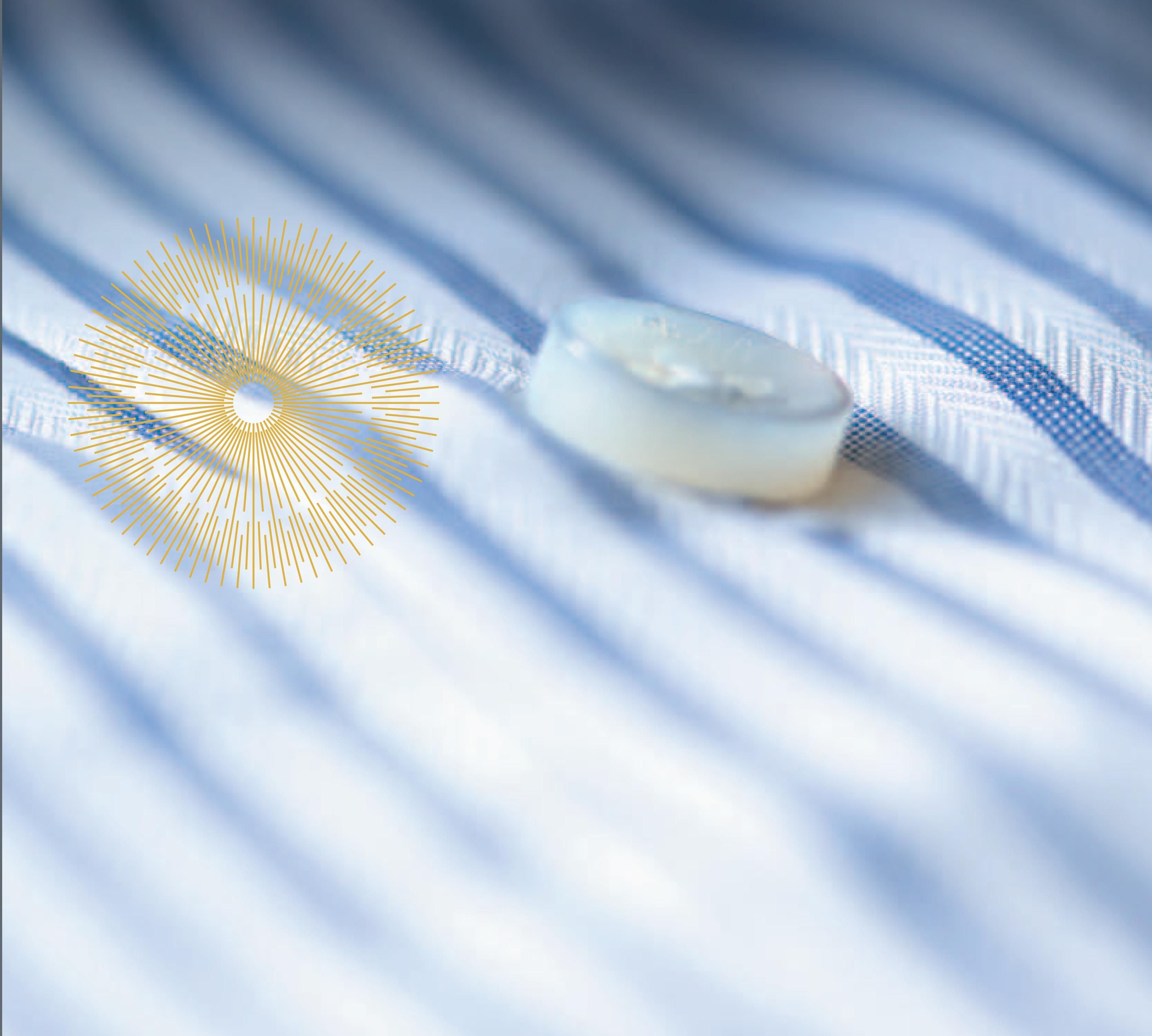
ANNUAL REPORT 2012

Trinity Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 891

TRINITY



Global Offices

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TAIWAN TAIPEI
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A Fung Retailing Company

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30/F, OCTA Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong
T (852) 2342 1151 www.trinitygroup.com

Contents

corporate information

Executive Directors

WONG Yat Ming
(Group Managing Director)

Bruno LI Kwok Ho
(Chief Financial Officer)

Danny LAU Sai Wing
(Chief Operating Officer)

Sabrina FUNG Wing Yee

Non-executive Directors

Dr Victor FUNG Kwok King *GBM, GBS, CBE*
(Chairman)

Dr William FUNG Kwok Lun *SBS, OBE, JP*
(Deputy Chairman)

Jose Hosea CHENG Hor Yin
Jean-Marc LOUBIER

Independent Non-executive Directors

Cassian CHEUNG Ka Sing
Michael LEE Tze Hau
Eva LI Kam Fun
Patrick SUN

Group Chief Compliance Officer

Srinivasan PARTHASARATHY

Company Secretary

Christiana YIU Yuen Wah

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

30/F, OCTA Tower
8 Lam Chak Street
Kowloon Bay, Kowloon
Hong Kong

Website

www.trinitygroup.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
Citibank, N.A.

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers
Certified Public Accountants

WORLDWIDE STORES

486

Revenue

↑7.4%

Gross profit

78.1%

Profit attributable to shareholders

↑5.2%

Dividend per share

22.0 Basic

2.0 Special

HK cents

highlights

Highlights of results for the year ended 31 December 2012

	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*

Store numbers as at 31 December 2012

Kent & Curwen
144

118 Chinese Mainland
14 Hong Kong & Macau
11 Taiwan
1 Europe

Cerruti
132

110 Chinese Mainland
10 Hong Kong & Macau
11 Taiwan
1 Europe

Gieves & Hawkes
126

95 Chinese Mainland
8 Hong Kong & Macau
9 Taiwan
14 Europe

D'URBAN
67

49 Chinese Mainland
8 Hong Kong & Macau
10 Taiwan

Intermezzo
17

14 Chinese Mainland
2 Hong Kong & Macau
1 Taiwan

Total for the Group
486

386 Chinese Mainland
42 Hong Kong & Macau
42 Taiwan
16 Europe

TAILORING TRADITION WITH

INNOVATION

chairman's statement

Victor Fung Kwok King
Chairman

The year brought unique challenges and exciting new developments. The continuing struggles of the global economy and softening export demand inevitably impacted on the Chinese Mainland, where the retail sector began showing clear signs of slowing down in the second half of the financial year. This created natural repercussions for our business in Greater China.

Given our retail network penetration, we believe that improvement is forthcoming. The new Central Government leadership in China will be firmly established in March 2013, lending a measure of stability as the country continues to shift from export-led dependence to domestic consumption, creating a new generation of wealthier Chinese. This policy should continue to benefit retail sales domestically.

In the meantime, Chinese consumers are becoming more discerning and sophisticated than ever before, presenting considerable opportunities for growth among authentic luxury brands. To capitalise on this trend, Trinity Limited and its subsidiaries (the "Group") have emphasised its "Global Brands, Global Networks" platform. In an age when it is widely believed Chinese consumers will soon become the biggest buyers of the world's luxury brands, they are increasingly looking to the fashion capitals for inspiration and guidance. It is critically important to take the Group's authentic and heritage luxury menswear brands to their next level of being internationally recognised brands.

Business Overview

During the year under review, revenue for the Group increased by 7.4% to HK$2,800.7 million, while gross profit margin decreased from 80.7% to 78.1%. Profit attributable to shareholders was HK$540.0 million, an increase of 5.2% compared with HK$513.1 million recorded in 2011.

Revenue from the Chinese Mainland increased by 1.9%, accounting for 58.6% of the Group's total revenue in the Greater China region. Revenue from Hong Kong and Macau ("HK & Macau") increased by 2.7%, while growth in Taiwan decreased by 4.5%.

Review of the Retail Market in Greater China

The growth rate for the Chinese Mainland luxury retail market has cooled, hence the year under review showed more modest growth results. Factors causing the slowdown included uncertainty over the global macroeconomic environment, the transition of Central Government leadership, and softening export demand, which caused the drop in consumption in the key Yangtze and Pearl River Delta areas. The Hong Kong retail market was also affected by lower spending by Chinese tourists. The Group considers these to be short-term phenomena.

On the other side of the equation are several factors we believe will contribute to healthy medium to long-term growth for the luxury retail market. Rising domestic spending lies with China's growing aspirational middle class which has a higher propensity for purchasing luxury goods than in other places around the world. Meanwhile, the numbers of wealthy residents in Chinese Mainland cities continue to increase substantially. Both of these developments and a preference for European luxury brands are helping create demand for products of quality and distinction. In addition, Chinese are travelling more than ever, adopting a more sophisticated outlook and displaying a higher level of affinity for brands that have established themselves globally while purchasing goods abroad.

Sustainability

Trinity has emphasised employee welfare, community outreach and the environment ever since the Group's founding. The Group has increased its efforts in these areas significantly over the years. In 2012, Trinity conducted 44 activities focused to reinforce important areas of sustainability, representing more than 50.0% increase over 2011. We believe it is critical for us to instill consciousness and awareness for sustainability initiatives among our staff and throughout our operations. This past year also marked increased regional participation, with more involvement from our offices in the Chinese Mainland than ever.

Trinity remains a staunch supporter of the United Nations Global Compact for human rights, labour, the environment and anti-corruption measures. The Group will also continue to identify more ways it can contribute to sustainability and its own involvement as a good corporate citizen.

Outlook

Trinity is one of the leaders in luxury menswear for Chinese consumers in Greater China. We remain excited about continuing to expand our business in this growing market while extending our retail footprint internationally.

In the past few years, Trinity has made a series of acquisitions of its successful operating brands, including Kent & Curwen, Cerruti and Gieves & Hawkes. We are now intently focused on strengthening these three great brands – which already enjoy high level of regard and popularity among Chinese consumers globally. Part of this strategy involves increasing their exposure in global fashion capitals such as Paris, New York, London and Tokyo. We have taken the initiative to create a Kent & Curwen design studio in New York through a licensee operation with a plan to open a boutique in New York and enter into high-end department stores in autumn 2013. A Kent & Curwen store will also be opened at No. 2 of the famed Savile Row next to Gieves & Hawkes at No. 1 Savile Row, creating a formidable synergy between two iconic British heritage brands. Cerruti has debuted in the prestigious Paris Men's Fashion Week and received exhilarating reviews from the fashion press in France and abroad.

The fundamentals of the Group's business are solid, as are the growth prospects of its brands. We remain strong in our main markets in Greater China, which is core to the consumption of luxury goods. We are building our "Global Brands, Global Networks" strategy by creating an extensive network with seasoned international management veterans.

On behalf of the Board, I would like to take this opportunity to express my gratitude to our management and staff for their hard work and performance during a challenging year. I believe we are positioned well to grow sustainably in the coming years, particularly as we completed our transition from a retail operator in Greater China to a portfolio owner of global brands.

Victor FUNG Kwok King
Chairman

Hong Kong, 13 March 2013

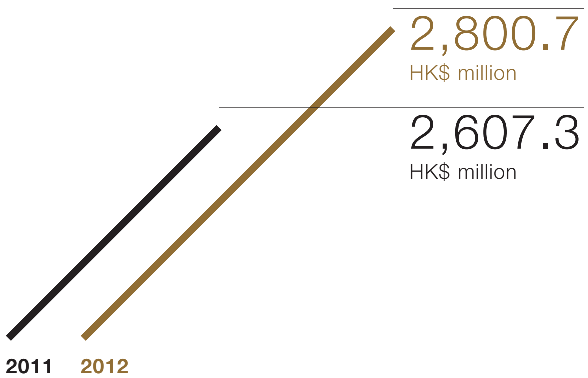
DEFINITIVE

BRANDS

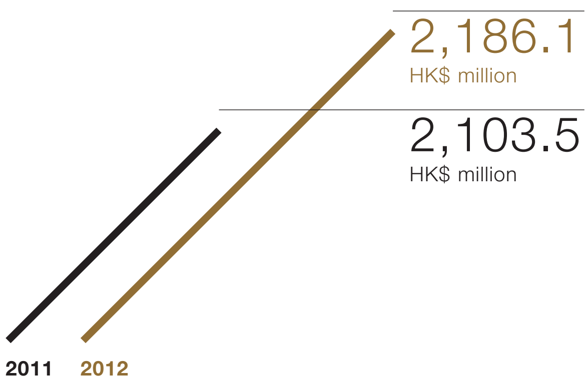
management discussion and analysis financial review

Wong Yat Ming
Group Managing Director

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



gross 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 days in 2011 to 28 days 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%.


CITIES OF
PROVENANCE
80

management discussion and analysis operations review

Stores

386 The Chinese Mainland

15 UK & Ireland

42 HK & Macau

1 France

42 Taiwan

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.

chengdu

Cerruti 1881 organized one of the city's most memorable fashion shows while unveiling its Fall/Winter 2012 collection, with movie star Mr Liu Ye in attendance.

hong kong

D'URBAN unveiled a fresh new look with the launch of a concept store in Hong Kong's Harbour City mall.

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 and 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.

hong kong

Gieves & Hawkes sponsored and dressed the Jerusalem Quartet for the Hong Kong International Chamber Music Festival, bringing together the worlds of style and performance.

london

Prince Harry and his Royal Salute Team celebrate winning the Kent & Curwen Royal Charity Polo Cup, an event benefiting the charities of both Prince Harry and his brother Prince William. Brand Ambassador Aaron Kwok and Sabrina Fung presented the trophy to the winning team.

Looking Ahead

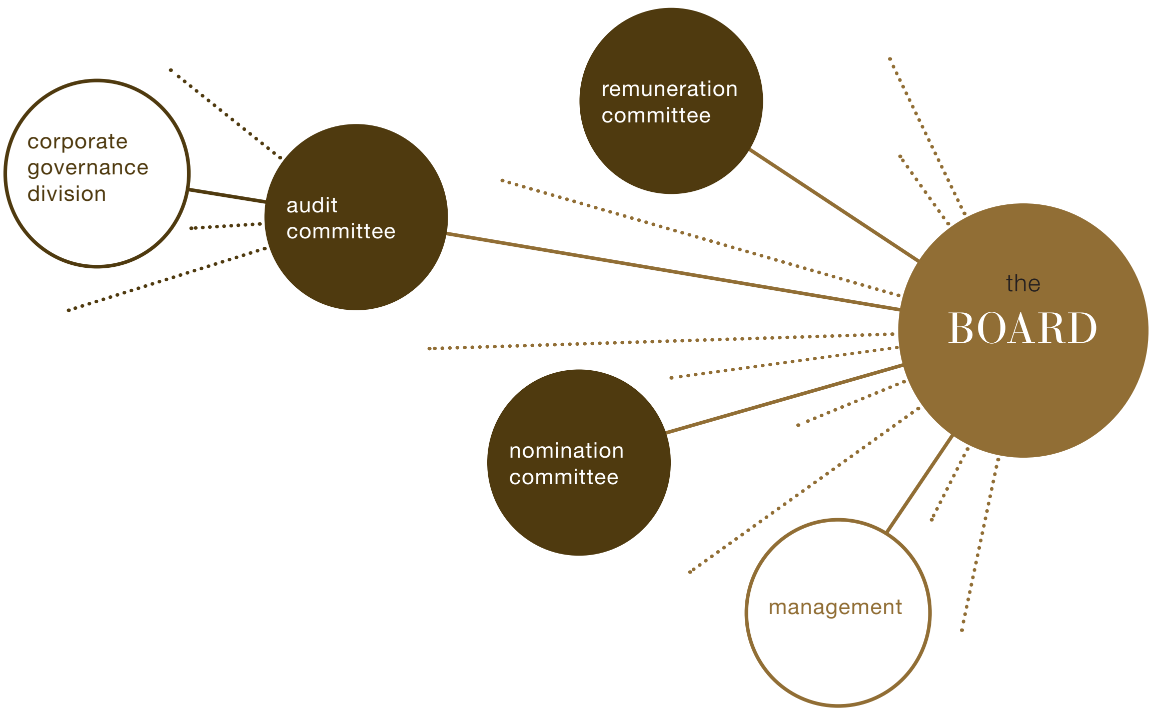
Despite a slowdown in its domestic retail sector, the Chinese Mainland remains the most important market in the world for luxury goods. We believe the "Global Brands, Global Networks" strategy positions our brands as desirable icons for wealthy Chinese whether this new emerging class of luxury travellers 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 report

The Board of Directors 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. Set out below are those principles of corporate governance as adopted by the Company that are consistent with the principles 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").



CORPORATE GOVERNANCE STRUCTURE

The Board is structured to ensure it is of high calibre and has a balance of skills, experience, and knowledge desirable for effective leadership of the Group and has a strong independent element, which can effectively exercise independent judgement.

The Board is composed of the Non-executive Chairman, four Executive Directors, three Non-executive Directors and four Independent Non-executive Directors. Biographical details and relevant relationships of the Board members are set out in the Directors and Senior Management section on pages 42 to 49.

Roles and Responsibilities of the Board

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions, and other significant operational and financial matters.

The role of the Chairman, held by Dr Victor FUNG Kwok King, is separate from that of the Group Managing Director, held by Mr WONG Yat Ming, in order to reinforce their respective independence, accountability, and responsibility, and to enhance the corporate governance of the Board. Their respective responsibilities are clearly established and defined by the Board in writing. The Chairman is responsible for strategic management of the Board, which includes ensuring that the Board is functioning properly and with good corporate governance practices and procedures whilst the Group Managing Director, supported by other Executive Directors, is responsible for managing the Group's business, including the implementation of major strategies and initiatives adopted by the Board and within those authorities delegated by the Board.

The Non-executive Directors, including the Independent Non-executive Directors, offer diverse industry expertise but are not involved in the day-to-day management of the Group. They serve the important function of advising the Management on strategy and ensuring that the Board maintains high standards of financial and other reporting requirements, as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. All the Independent Non-executive Directors have experience as directors of listed companies and are able to provide independent and professional advice to protect the interests of the minority shareholders of the Company.

The Directors ensure that they can give sufficient time and attention to the affairs of the Company. The Directors have disclosed to the Company, at the time of their appointment and on an annual basis, the number and nature of offices held in listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations.

The Board and the Management

The Company's organisational structure is designed to maintain an appropriate balance of responsibility between the Board and the Management. While the Board is responsible for setting up the overall strategy, the general management and day-to-day decisions and matters are delegated to the Management, including but not limited to the following:

- preparation of interim financial information and annual financial statements for board approval before public reporting;
- execution of business strategies and initiatives adopted by the Board and monitoring of operating budgets;
- implementation of adequate systems of internal controls and risk management procedures;
- implementation of sustainability practices; and
- compliance with relevant statutory requirements and rules and regulations.

The Board and the Management fully understand their respective roles and are supportive of the development of a healthy corporate governance culture.

Independence of Independent Non-executive Directors

The Independent Non-executive Directors are required to confirm their independence upon their appointment and on an annual basis. The Board has received from each Independent Non-executive Director written confirmation of their independence in accordance with the relevant requirements of the Listing Rules for the year ended 31 December 2012. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company considers all of the Independent Non-executive Directors to be independent during the year ended 31 December 2012.

Corporate Governance Measures to Safeguard the Independent Shareholders' Interests

Directors are required to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings. They will not vote on any resolution nor be counted in the quorum at any Board meeting for approving any transaction in which they have material interests. The Board will ensure that any material conflict or material potential conflict of interests will be reported to the Independent Non-executive Directors as soon as practicable when such conflict or potential conflict is discovered.

The Independent Non-executive Directors may in their absolute discretion determine whether a Director (together with any of his associates) has material interest in a business that is in material competition with or is potentially in material competition with the businesses of the Group. Any of the Independent Non-executive Directors may request such Director not to attend, or if already present, to absent himself/herself from the meeting where such matters are the subjects of discussion.

It was disclosed in the Company's prospectus dated 21 October 2009 ("Prospectus"), Parent Group granted to the Company (a) a right of first refusal to acquire the interests of Parent Group in respect of the Excluded Brands (as defined in the Prospectus) when Parent Group intends to dispose of the same; and (b) a right to acquire the interest in BLS (Private Labels) Holdings Limited, which holds some of the Excluded Brands, at any time within the 36 months period from 1 September 2009 to 31 August 2012, at a price to be negotiated in due course ("Call Option"). In view of the expiry of the Call Option on 31 August 2012, a committee comprised of all Independent Non-executive Directors was established and such committee, after reviewing all relevant information relating to the Call Option, agreed in August 2012 to let the Call Option lapse after its expiry.

The Board has reviewed and confirmed that various corporate governance measures as stated in the Prospectus were duly complied with during the year ended 31 December 2012.

Information and Continuous Professional Development

All new Directors shall receive an induction briefing on the Group's structure, businesses and governance practices to enhance their knowledge and understanding on the Group's operation. The Directors are kept informed on a periodic basis of major changes that may affect the Group's businesses, including relevant rules and regulations.

The Board and each director have separate and independent access to the Group Chairman, Group Managing Director, Group Chief Compliance Officer and Company Secretary at all times to obtain relevant information for carrying out their duties as Directors of the Company. In order to further enhance communication between the Chairman and the Non-executive Directors, a separate meeting was held in November 2012 between the Group Chairman and the Non-executive Directors (including Independent Non-executive Directors) to discuss business and related issues of the Group.

Procedures are also put in place for Directors and Board Committees to seek independent professional advice in performing their Directors' duties and at the Company's expense. No request for such independent professional advice was made by any Director in 2012.

All the Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities as Directors of the Company. During 2012, all Directors attended relevant training programmes provided by the Company. The Directors also participated in other training sessions, forums or talks organised externally. Relevant training records have been received.

Appointment and Re-election of the Directors

All Non-executive Directors are appointed for a term of three years and all Directors are subject to retirement by rotation and re-election at annual general meeting ("AGM"). Under the Company's bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation, provided that every Director is subject to retirement by rotation at least once every three years, and shall be eligible for re-election. In addition to the retirement by rotation, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall retire and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then retire and be eligible for re-election. During the AGM in 2012, five Directors, namely Mr Jose Hosea CHENG Hor Yin, Mr Cassian CHEUNG Ka Sing, Ms Eva LI Kam Fun, Mr Patrick SUN and Mr WONG Yat Ming, retired and offered themselves for re-appointment. Assuming no appointment or resignation of Directors between the date of this report and the coming AGM, Dr Victor FUNG Kwok King, Mr Danny LAU Sai Wing, Mr Bruno LI Kwok Ho and Mr Jean-Marc LOUBIER will retire and will offer themselves for re-election at the coming AGM.

Independent Reporting of Corporate Governance Matters

The Board recognises the importance of the independent reporting of the corporate governance function. The Group Chief Compliance Officer attended all meetings of the Board and Board Committees in 2012 to advise on corporate governance matters covering risk management, internal controls, and relevant compliance issues relating to mergers and acquisitions, accounting, and financial reporting.

Liability Insurance for the Directors

The Company has appropriate liability insurance put in place to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Board and Committee Meetings

The Board meets regularly throughout the year. Regular board meetings are scheduled a year ahead to facilitate high attendance of Directors and notice of meeting is sent at least 14 days before the meeting. The meeting agenda is set by the Group Chairman in consultation with members of the Board. Agenda and accompanying board papers are sent to all Directors at least three days before the intended meeting so as to give the Directors sufficient time to prepare before the meeting. Draft and final versions of minutes of board meetings are circulated to all Board members for comments and records respectively, within a reasonable time after each board meeting. The minutes of the board meetings are kept by the Company Secretary.

A summary of attendance of Board and Committee meetings in 2012 is detailed in the following table:

No. of meetings ● attended ○ held

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Non-executive Directors				
Dr Victor FUNG Kwok King	● ● ● ● ○		● [1]	○
Dr William FUNG Kwok Lun	● ● ● ● ○		● ○	
Jose Hosea CHENG Hor Yin	● ● ● ● ●	● ● ● ●		
Jean-Marc LOUBIER	● ● ● ● ●	● ● ● ●		
Independent Non-executive Directors				
Patrick SUN	● ● ● ● ●	● ● ● ●	● ●	
Michael LEE Tze Hau	● ● ● ● ●	● ● ● ●	● ●	●
Cassian CHEUNG Ka Sing	● ● ● ● ●	● ● ● ●	● ●	●
Eva LI Kam Fun	● ● ● ● ●	● ● ● ●	● [1]	●
Executive Directors				
WONG Yat Ming	● ● ● ● ●	● ● ● ● [1]		
Bruno LI Kwok Ho	● ● ● ● ●	● ● ● ● [1]		
Danny LAU Sai Wing	● ● ● ● ●			
Sabrina FUNG Wing Yee	● ● ● ● ●			
Group Chief Compliance Officer				
Srinivasan PARTHASARATHY [2]	● ● ● ● ●	● ● ● ●	● ●	●
Dates of Meeting	13/3/2012 11/4/2012 11/5/2012 22/8/2012 24/11/2012	12/3/2012 10/5/2012 20/8/2012 24/11/2012	13/3/2012 24/11/2012	13/3/2012
Average attendance rate	96.7%	100%	87.5%	75%

1. *Attended Committee meetings by invitation as a non-member.*
2. *Attended Board and Committee meetings by invitation as a non-member. Effective 1 January 2012, Mr Srinivasan PARTHASARATHY was appointed as the Group Chief Compliance Officer in place of the retired Group Chief Compliance Officer, Mr James SIU Kai Lau.*

Board Committees

The Board has established the following committees on 1 January 2009 with defined terms of reference (available on the Company's and The Stock Exchange of Hong Kong Limited's websites), which are of no less exacting terms than those set out in the CG Code:

- Nomination Committee
- Audit Committee
- Remuneration Committee

The Committees comprise a majority of Independent Non-executive Directors and to further reinforce independence, all three Committees are chaired by Independent Non-executive Directors. All Committees are provided with sufficient resources to discharge their duties and have access to professional advice if considered necessary at the Company's expense. Draft and final versions of minutes of Committees' meetings are circulated to all respective members for comments and records within a reasonable time after each meeting. Minutes of all these meetings are made available to all Board members. Details and reports of the Committees are set out below.

Nomination Committee

The Nomination Committee was established on 1 January 2009. Majority of the Committee members are Independent Non-executive Directors (with a Non-executive Director, Dr William FUNG Kwok Lun), as set out below:

Mr Michael LEE Tze Hau *(Chairman)*
Mr Cassian CHEUNG Ka Sing
Dr William FUNG Kwok Lun
Mr Patrick SUN

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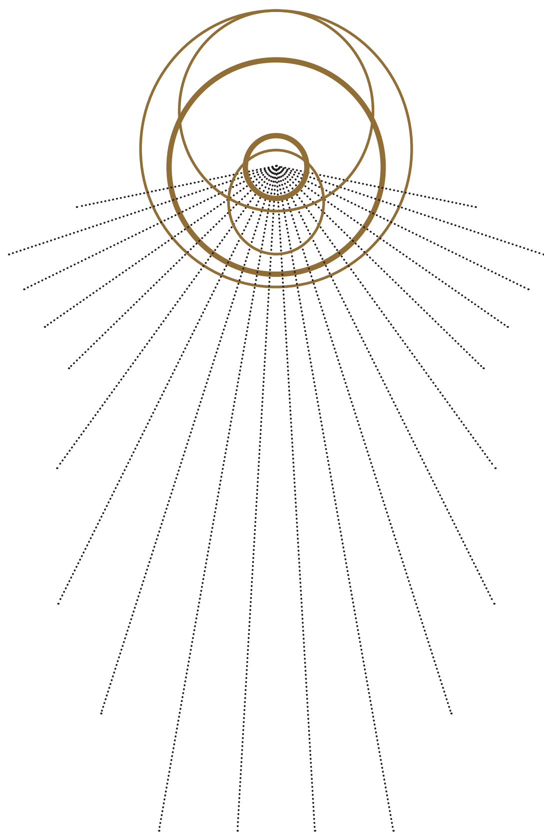
LEADERSHIP

The board is structured to have a diversity of experience to ensure governance, stewardship and effective management of the Group.



The Committee's written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of board composition, and the management of board succession with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, as well as time commitments of members. The Nomination Committee selects and recommends candidates for directorship, including the consideration of referrals and engagement of external recruitment professionals when necessary.

The Nomination Committee met twice in 2012 (with a 87.5% attendance rate) to review the retirement of directors and recommend their re-appointment at the AGM held in May 2012; to recommend the adoption of the revised terms of reference of Nomination Committee; and to review and discuss the results on the Board performance evaluation and the succession planning.

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 majority of the Committee members are Independent Non-executive Directors (with two Non-executive Directors, Mr Jose Hosea CHENG Hor Yin and Mr Jean-Marc LOUBIER), as set out below:

Mr Patrick SUN *(Chairman)*
Mr Cassian CHEUNG Ka Sing
Mr Michael LEE Tze Hau
Ms Eva LI Kam Fun
Mr Jose Hosea CHENG Hor Yin
Mr Jean-Marc LOUBIER

All Committee members possess appropriate professional qualifications or accounting or related financial management expertise or industry expertise to advise on all the above matters.

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 audit 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, 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 authority to investigate any activity within its terms of reference and has full access to and the cooperation of Management. It has direct access to the CGD and external auditor, and full discretion to invite any Management to attend its meetings.

The Audit Committee also ensures proper arrangements are in place for employees to report any concerns, including misconduct, impropriety, or fraud in financial reporting matters and accounting practices in confidence and without fear of recrimination. Under the Group's Whistle Blowing Policy, the employees are able to report any concerns to either senior management or the Audit Committee through the Group Chief Compliance Officer. Any shareholders or stakeholders can also report similar concerns by writing in confidence to our Group Chief Compliance Officer at the Company's business address in Hong Kong. In 2012, no incident of fraud or misconduct was reported from employees or shareholders or stakeholders that have material effect on the Group's financial statements and overall operations.

In order to further enhance independent reporting by the external auditor, PricewaterhouseCoopers ("PwC"), the Company's external auditor, was invited to attend all the Audit Committee meetings in 2012. During the year under review, two separate sessions were held between the Committee members and PwC to discuss audit and related issues of the Group. A policy on provision of non-audit services by the external auditor has been established since March 2009 to ensure that the external auditor is engaged to provide non-audit services only if they are more effective or economical than those available from other service providers and if they will not constitute adverse impact on their independence as external auditor. Under this policy, certain specified non-audit services are prohibited. Other non-audit services (with a fee above a threshold) require prior approval of the Audit Committee. The permitted services conducted and related fees for the year ended 31 December 2012 by PwC are as follows:

	2012
Services rendered	**HK$'000**
Audit services	**4,702**
Non-audit services	
Due diligence review	**2,053**
Taxation	**880**
Others	**223**
Total	**7,858**

The nature and ratio of annual fees to the external auditor for non-audit services and for audit services are subject to scrutiny by the Audit Committee. Prior to the commencement of the audit of the Company's 2012 financial statements, the Committee received written confirmation from PwC on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Members of the Committee are satisfied with the audit fees, effectiveness of the audit process, as well as technical competence, professional ethics, independence and objectivity of PwC. The Committee has recommended to the Board the re-appointment of PwC as the Company's external auditor for the financial year ending 31 December 2013 at the coming AGM.

Remuneration Committee

The Remuneration Committee was established on 1 January 2009. Majority of the Committee members are Independent Non-executive Directors (with a Non-executive Director, Dr Victor FUNG Kwok King), as set out below:

Mr Cassian CHEUNG Ka Sing *(Chairman)*
Dr Victor FUNG Kwok King
Mr Michael LEE Tze Hau
Ms Eva LI Kam Fun

The Committee's responsibilities as set out in its written terms of reference include the review of the Group's remuneration policy and approval of the remuneration policy for all Directors and senior management, the determination (with delegated responsibility) of the remuneration packages of individual executive directors and senior management, and the granting and allocation of share options under the Company's share option schemes.

The Remuneration Committee met once in 2012 (with a 75% attendance rate) to review and recommend the adoption of the revised terms of reference.

Remuneration Policy for Executive Directors

The primary goal of the remuneration policy on Executive Directors' packages is to enable the Company to motivate Executive Directors by linking their compensation to performance with reference to corporate and business streams' objectives. Under the policy, a Director is not allowed to approve his/her own remuneration.

The principal elements of the remuneration package of Executive Directors include:

- basic salary and allowances;
- bonus, calculated at a percentage of the Group's profit before interest and tax; and
- share options.

Details of the Executive Directors' emoluments are set out in Note 15 to the consolidated financial statements on pages 99 to 101.

Remuneration Policy for Non-executive Directors

The remuneration, comprising Directors' fees, of Non-executive Directors is subject to assessment with reference to remuneration surveys conducted by independent external consultants and a recommendation for adjustment, if any, by the Remuneration Committee will be submitted for shareholders' approval. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at Company's meetings. Details of Non-executive Directors' emoluments are set out in Note 15 to the consolidated financial statements on pages 99 to 101.

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. Such system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and aims to provide reasonable but not absolute assurance against material misstatement, loss, or fraud.

The Board has delegated to Management the design, implementation, and ongoing monitoring of such system of internal controls covering financial, operational and compliance controls, and risk management procedures. Qualified personnel throughout the Group maintain and monitor this system of controls on an ongoing basis.

The Board and the Management fully understand their respective roles and are supportive of the development of a sound and effective control environment.

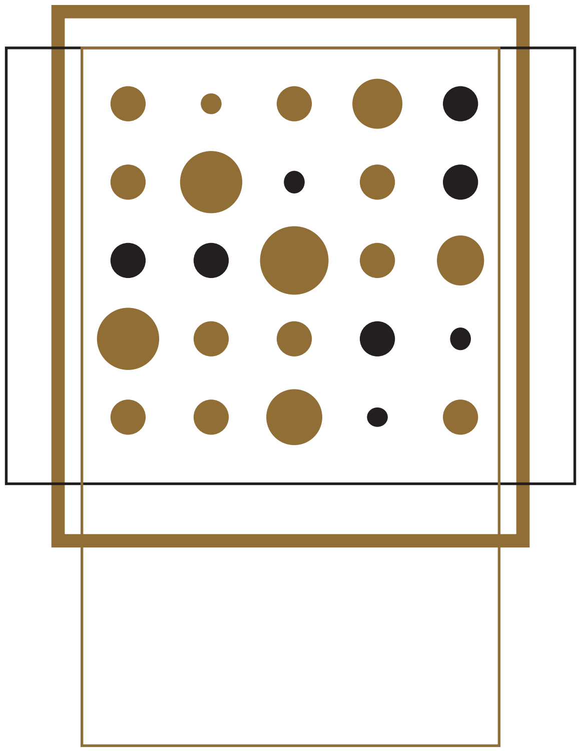
Control Environment

The Group operates within an established control environment, which is consistent with the principles outlined in "Internal Control and Risk Management – A Basic Framework" issued by the HKICPA. The scope of internal controls of the Group relates to three major areas: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

effective

CONTROLS

The Board recognises the importance of internal controls to safeguard shareholders' interests and investment of the Group's assets.



The Group maintains a tailored governance framework with defined lines of responsibility and appropriate delegation of authority. An Operation Support Group ("OSG"), under the supervision of the Chief Financial Officer, was established to centralise the functions and controls exercised over treasury activities, financial and management reporting, human resources, administration and information technology, and is supplemented by written policies tailored to the needs of respective business units in the countries where the Group operates. These policies cover the Group's key risk management and control standards.

Financial Risk Management

The Board approves the Group's Three-Year Business Plan and annual budget, and reviews the Group's operating and financial performance and key performance indicators against the budget on a quarterly basis. Management closely monitors actual financial performance of the Group on a monthly basis. The Group adopts sound management practices in mitigating financial risks. Details of the Group's financial risk management (encompassing foreign exchange risk, credit risk, liquidity risk and interest rate risk) are set out in Note 4 to the consolidated financial statements on pages 88 to 91.

Operational Control Management

A Brand Management Committee, chaired by the Group Managing Director, was established in 2009 to upgrade, manage, and control the operation procedures and risks as well as the professional standards of all aspects of the Group's business in the key areas of merchandise development, retail management, and marketing. Policies and procedures covering key risks and control standards are periodically updated and implemented.

Regulatory Compliance Control Management

The Corporate Compliance Group (comprising the CGD and Corporate Secretarial Division), under the supervision of the Group Chief Compliance Officer, in conjunction with our external advisers, reviews the adherence to relevant laws and regulations, listing rules compliance, public disclosure requirements, and our standards of compliance practices.

Code of Conduct and Business Ethics

The Group places great emphasis on staff's ethical standards and integrity in all aspects of its operations. Guidelines of the Group's code of conduct, business ethics, and Whistle Blowing Policy are posted on the Company's intranet for ease of reference and as a constant reminder to all staff members. All Directors and staff members are expected to comply with them at all times.

Directors' Securities Transactions

The Group has adopted 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 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.

Internal and External Audits

The CGD independently reviews the internal controls and evaluates their adequacy, effectiveness, and compliance. The Audit Committee reviews and endorses the execution of the CGD Three-Year Audit Plan (2011-2013) that is strategically linked to the Group's Three-Year Business Plan. The CGD Audit Plan is prepared under a risk-based assessment methodology and covers the Group's significant operations over a three-year cycle period.

The scope of work mainly covers financial, operational and compliance controls, risk management policies and procedures, and sustainability practices. The CGD has unrestricted access to all the information needed for review. Our Group Chief Compliance Officer reports major findings and recommendations to the Audit Committee on a regular basis. The implementation of all agreed recommendations is being followed up on a three-month basis and reported to the Audit Committee at each Committee meeting. In addition, the CGD visits the Group's local and overseas offices and selected stores, and meets with Management and retail staff on a regular basis to help embed the compliance culture in the Group's business practices when performing on-site reviews.

As part of the annual review of the effectiveness of the Group's system of internal controls, CGD independently reviews the Internal Control Self-Assessment Checklist completed by Management, and assesses the adequacy and effectiveness of internal controls implemented by Management.

The CGD also reviews the adequacy of resources, qualification, and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

Our external auditor, PwC, performs independent statutory audit on the Group's consolidated financial statements. As part of its audit engagement, PwC also reports to the Audit Committee any significant weaknesses in the Group's internal control system that may come to their attention during the course of their audit.

Based on the assessments made by 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 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.

Directors' and Senior Management Interests

Details of Directors' interests in the shares of the Company are set out in the Directors' Report section on pages 55 to 64. The shares held by each member of senior management are less than 2% of the issued share capital of the Company during the year ended 31 December 2012.

Directors' Responsibility and Auditor's Responsibility for Financial Statements

The Directors' responsibility for preparing the financial statements are set out on page 64 and the auditor's reporting responsibility is set out on page 65.

Compliance with the CG Code

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.

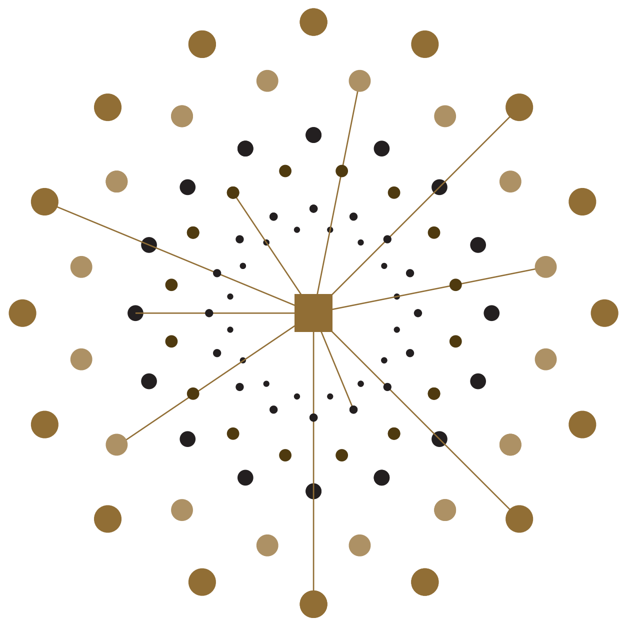
CORPORATE COMMUNICATION

The Company recognises the importance of communication with its internal and external stakeholders, in particular its employees and shareholders, in establishing a good corporate governance culture.

the importance of

COMMUNICATION

The Company recognises the importance of communication with its internal and external stakeholders, in particular its employees and shareholders, in establishing a good corporate governance culture



Investor relations and communication

The Company has pursued a policy of promoting investor relations and communication. In 2012, the Company participated in investor conferences during which it made corporate presentations, arranged company visits, and held regular meetings with institutional shareholders, fund managers, and analysts. The Company also arranged analysts' briefings and road shows after its annual and interim results announcements. As a channel to further promote effective communication, the Company maintains a website (*www.trinitygroup.com*) to disseminate announcements, shareholder information, and other relevant financial and non-financial information electronically on a timely basis. Webcasts of results presentations are also made available on the website. The Company is aware of the overriding principle of disclosing inside information promptly and has been following its adopted policy handling and disseminating such information. Only selected members of Management are authorised to act as spokespersons and respond to related external enquiries.

The Company regards the AGM as an important event as it provides an opportunity for the Board to communicate with the shareholders. The Chairman of the Board, the Chairman of the Committees (in their absence, their duly appointed delegates) and external auditor attend the AGM to answer any questions from the shareholders. All Directors also make an effort to attend. Active participation by the shareholders at the AGM is highly welcomed. Notices of AGM and related papers are sent to the shareholders no less than 20 business days before the meeting. Vote of shareholders at a general meeting is taken by poll and the results are published on the Company's and Stock Exchange's websites.

In 2012, the Board confirmed that there was no change in the Company's bye-laws that affected the Company's operations and reporting practices. Key calendar events for shareholders' attention and share information, including market capitalisation as at 31 December 2012, are set out in the Information for Investors section on page 54.

Internal communication

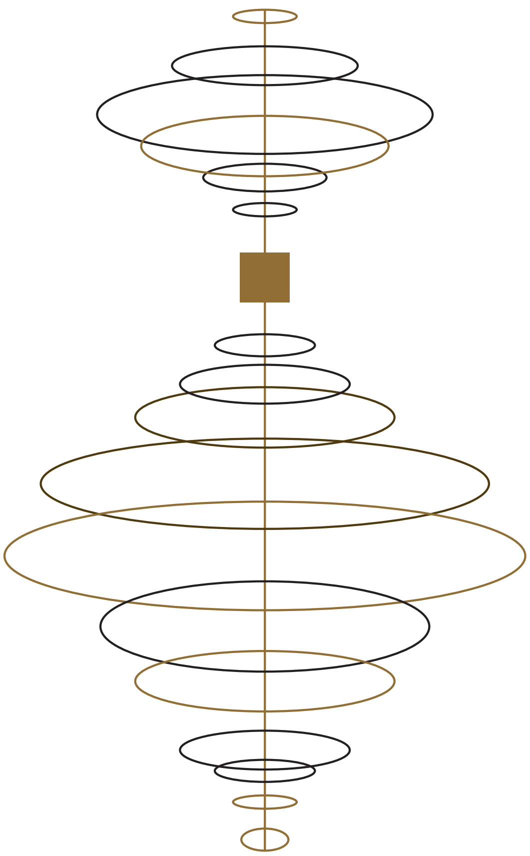
Effective communication between Management and staff is vital to the Group's success. Policy Committee Meetings and Business Stream Meetings are held quarterly and monthly (except in the months when Policy Committee Meetings are held), respectively, for senior executives with active participation of the Group Chairman, to review the Group's operating results and performance, and to formulate Group-wide policies and practices, as well as to report and discuss significant issues affecting the Group. OSG Meetings for senior executives of OSG are also held at least once a month to review the efficiency and effectiveness of the Group's operation support functions. Senior Management Meetings are also held twice a year for the senior managers of the Group, with active participation of the Group Chairman, the Group Managing Director, and Executive Directors, to create a sense of staff ownership of the Group's strategic objectives and to foster effective communications across the Group.

A corporate intranet has been established to facilitate easy access by staff to corporate information in relation to policies, codes of practice, and other staff communication. The Group also publishes a regular newsletter to provide staff with reports on the Group's latest developments, directives and initiatives, the Group's functions, staff movement, and staff recreational activities.

integrating

SUSTAINABILITY

The Group is progressively integrating sustainability initiatives throughout its business while incorporating broader social and environmental matters into its day-to-day decision-making.



The Group recognises the importance of human capital to its growth and success, and in enhancing the good corporate governance culture of the Company. Details of our human resources and staff development and personal growth are set out in the Management Discussion and Analysis section on page 23.

SHAREHOLDERS’ RIGHTS

Under the Company’s bye-laws, on the written requisition of shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, the Board shall convene a special general meeting for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of the requisition. Any such proposal can be put forward in writing to the Board or the Company Secretary at the Company’s principal place of business in Hong Kong.

Specific enquiries by shareholders requiring the Board’s attention can be sent in writing to the Company Secretary at the Company’s principal place of business in Hong Kong. Other general enquiries can be directed to the Company through the Company’s website.

SUSTAINABILITY INITIATIVES

Being a socially responsible corporation, the Group is progressively integrating sustainability initiatives throughout its business while incorporating broader social and environmental matters into its day-to-day decision-making. Details of the Group’s corporate social responsibility and sustainability initiatives are set out in the Management Discussion and Analysis section on page 24.

directors and senior management

EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT









WONG Yat Ming
Sabrina FUNG
David AU

Danny LAU
Agnes SHEN
Godwin LAM
Michelle NG

Bruno LI
Catherine GERARDIN-VAUTRIN
Raymond CLACHER

EXECUTIVE DIRECTORS

WONG Yat Ming | *Group Managing Director*

Aged 62, has been the Group Managing Director since June 2009 and an Executive Director since December 2006. He is responsible for the overall business strategies and business operations of the Group. Prior to joining the Group, he was the Chief Executive, Consumer and Healthcare of Greater China of Inchcape Marketing Service, and a director of Inchcape Pacific Limited. He joined the Fung group (formerly known as “Li & Fung group”) in 1999 as Regional Director of Fung Distribution International Limited (formerly known as “Li & Fung (Distribution) Limited”). Mr Wong has more than 30 years of experience in the distribution of consumer products and in particular, he has extensive experience in the distribution of fast-moving consumer products in the Asia-Pacific region. He also has ample experience in the marketing of consumer brands and successfully marketed many well-known consumer brands in the Asia-Pacific region, including Brand’s Essence of Chicken, Ferrero chocolate, Mattel Toys, Scholl and Listerine.

Mr Wong holds a Bachelor of Arts (Hons) degree in Economics and Philosophy from The University of Hong Kong.

Bruno LI Kwok Ho | *Chief Financial Officer*

Aged 63, is the Chief Financial Officer of the Group and an Executive Director since 1 July 2009. He is responsible for the finance and accounting, human resources, and information technology functions of the Group. Prior to joining the Group, he was the Chief Financial Officer of Fung Holdings (1937) Limited (formerly known as “Li & Fung (1937) Limited”), a substantial shareholder of the Company, from January 2008 to June 2009. Mr Li joined the Li & Fung group in January 1991 as the Chief Financial Officer. From February 1993 to December 2007, he was appointed as the Retail Services Director of Fung Retailing Limited (formerly known as “Li & Fung (Retailing) Limited”) (the retailing arm of the Fung group) and took charge of all centralised supporting services, which comprised the areas of finance and accounting, human resources and administration, information technology and real estate. From January 2001 to August 2009, Mr Li was an executive director of Convenience Retail Asia Limited, a listed company in Hong Kong principally engaging in the operations of a chain of convenience stores and bakery shops in Hong Kong and the Chinese Mainland under the trade name of “Circle K” and “Saint Honore”, respectively. Prior to joining the Li & Fung group, he gained extensive senior financial management experience with several multi-national trading and retailing groups such as Dairy Farm and Rhone Poulenc.

Mr Li holds a Bachelor of Science degree from the Chinese University of Hong Kong and obtained a postgraduate diploma in Accountancy from the University of Strathclyde, Scotland. He has been a member of the Institute of Chartered Accountants of Scotland since 1982, with more than 30 years of professional experience in finance and accounting.

Danny LAU Sai Wing | *Chief Operating Officer*

Aged 61, was appointed as Executive Director and the Group’s Chief Operating Officer on 1 January 2011. He is responsible for the supply chain management of the Group and the operation of the Kent & Curwen brand. Prior to joining the Group, he was an executive director of Li & Fung (Trading) Limited, which is a wholly-owned subsidiary of Li & Fung Limited, a company listed on the Main Board of the Stock Exchange, where he was in charge of the business stream specialising in sourcing for global apparel brands and apparel specialty stores in the United States. Mr Lau joined the Li & Fung group in 1981 and was an executive director of Li & Fung Limited from 1992 to 2009. Mr Lau graduated from the University of Kansas with a Bachelor of Science Degree in Business and Accounting.

Sabrina FUNG Wing Yee | *Executive Director*

Aged 41, daughter of Dr Victor Fung Kwok King and niece of Dr William Fung Kwok Lun, is an Executive Director and was appointed to the Board in September 2007. She is the Brand Managing Director of Kent & Curwen and is also responsible for corporate and marketing projects of the Group.

Ms Fung started her career at the private investment arm of Fung group (formerly known as "Li & Fung group") in 2000 as Investment Manager running the family's investments and is the Investment Director of Fung Investment Management Limited. Prior to joining the Fung group, she worked for Brown Brothers Harriman & Co in New York and later held the position of Assistant Manager at its Hong Kong office until 1999. Ms Fung is experienced in the retail industry and also held positions in marketing and public relations for Salvatore Ferragamo Asia, merchandising and sourcing for Li & Fung (Trading) Limited and wholesale branding for Li & Fung USA.

Ms Fung graduated from Harvard University, with a Bachelor of Arts degree in Economics in 1993. She is a member of the Special Task Group of the Moral Education Concern Group and an Adviser to the Monaco-Asia Society. She is a member of the Mainland Business Advisory Committee of Hong Kong Trade Development Council. In the US, she serves on the Board of Trustees at St Paul's School in New Hampshire and is a member of the Academic Resources Task Force at Harvard University.

NON-EXECUTIVE DIRECTORS

Dr Victor FUNG Kwok King *GBM, GBS, CBE* | *Non-executive Chairman*

Aged 67, brother of Dr William Fung Kwok Lun and father of Ms Sabrina Fung Wing Yee, has been the Chairman of the Company and a Non-executive Director since December 2006. Dr Fung is Group Chairman of the Fung group (formerly known as "Li & Fung group"), a Hong Kong-based multi-national group which comprises major subsidiaries in trading, logistics, distribution and retailing. They include publicly-listed Li & Fung Limited, Convenience Retail Asia Limited and the Company. Dr Fung has become Honorary Chairman of Li & Fung Limited after stepping down as its Group Chairman since May 2012. In addition, he is a director of King Lun Holdings Limited, Fung Holdings (1937) Limited (formerly known as "Li & Fung (1937) Limited"), Fung Retailing Limited (formerly known as "Li & Fung (Retailing) Limited") and Fung Trinity Investments Limited (formerly known as "LiFung Trinity Limited"), which are substantial shareholders of the Company. Dr Fung holds Bachelor and Master degrees in Electrical Engineering from the Massachusetts Institute of Technology and a Doctorate in Business Economics from Harvard University.

Dr Fung is an independent non-executive director of BOC Hong Kong (Holdings) Limited (Hong Kong), Chow Tai Fook Jewellery Group Limited (Hong Kong) and Koç Holding A.Ş. (Turkey). He has also been appointed as independent non-executive director of China Petrochemical Corporation (People's Republic of China) since April 2012. Dr Fung is Founding Chairman of the Fung Global Institute, an independent, non-profit think-tank based in Hong Kong. He is also Honorary Chairman of the International Chamber of Commerce and a member of WTO Panel on Defining the Future of Trade (since April 2012). In public service, Dr Fung is a member of the Chinese People's Political Consultative Conference and a vice chairman of China Centre for International Economic Exchanges. He has also been appointed as a member of the Economic Development Commission of the Hong Kong Government recently.
Dr Fung was Chairman of the Hong Kong Trade Development Council (1991 – 2000), the Hong Kong representative on the APEC Business Advisory Council (1996 – 2003), Chairman of the Hong Kong Airport Authority (1999 – 2008), Chairman of The Council of The University of Hong Kong (2001 – 2009), Chairman of the Hong Kong – Japan Business Co-operation Committee (2004 – 2010), Chairman of the Greater Pearl River Delta Business Council (2004 – end of February 2013) and a member of the Commission on Strategic Development of the Hong Kong Government (2005 – June 2012). In 2003 and 2010, the Hong Kong Government awarded Dr Fung the Gold Bauhinia Star and Grand Bauhinia Medal, respectively, for distinguished service to the community.

Dr William FUNG Kwok Lun *SBS, OBE, JP* | *Non-executive Deputy Chairman*

Aged 64, brother of Dr Victor Fung Kwok King and uncle of Ms Sabrina Fung Wing Yee, has been a Deputy Chairman of the Company and a Non-executive Director since December 2006. Dr Fung is the Group Chairman of Li & Fung Limited and a non-executive director of Convenience Retail Asia Limited of the Fung group (formerly known as "Li & Fung group"). He is a director of the substantial shareholders of the Company, King Lun Holdings Limited, Fung Holdings (1937) Limited (formerly known as "Li & Fung (1937) Limited"), Fung Retailing Limited (formerly known as "Li & Fung (Retailing) Limited") and Fung Trinity Investments Limited (formerly known as "LiFung Trinity Limited"). He is also a director of the Fung Global Institute, an independent, non-profit think-tank based in Hong Kong. He is past Chairman of the Hong Kong General Chamber of Commerce, the Hong Kong Exporters' Association and the Hong Kong Committee for Pacific Economic Cooperation. In 2008, the Hong Kong Government awarded Dr Fung the Silver Bauhinia Star for distinguished service to the community. He graduated from Princeton University with a Bachelor of Science degree in Engineering and holds a Master of Business Administration degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science & Technology and by The Hong Kong Polytechnic University. Currently, Dr Fung is an independent non-executive director of VTech Holdings Limited, Shui On Land Limited, Sun Hung Kai Properties Limited and The Hongkong and Shanghai Hotels, Limited. He is also an independent director of Singapore Airlines Limited.

Jose Hosea CHENG Hor Yin | *Non-executive Director*

Aged 46, is a Non-executive Director appointed in December 2006. Prior to joining the Fung group (formerly known as "Li & Fung group") in 2004, he held senior management positions in several multi-national investment firms. He started his career at Prudential Insurance Company of America in 1993 and later held the post of an Assistant Director at Prudential Asset Management Asia Hong Kong Limited until 1998. He was a Director at EM Warburg, Pincus & Co, Asia, Limited between 1998 and 2001 and also the Vice President at Investor Asia Limited between 2002 and 2003. He holds a Bachelor of Arts degree in Philosophy from Queen's University in Canada.

Mr Cheng is currently Managing Director of Fung Capital Asia Investments Limited where he is responsible for managing private equity investments in Asia. He has extensive experience in private equity and investment management in the Asia-Pacific Region. He is also a director of Furla Hong Kong Retail Limited, a ladies accessories company; a non-executive director of Lever Style Inc, a garment manufacturer; and a director of Fung Asia Japan Development Ltd (formerly known as "LF Japan Development Limited"), which engages in the business of textile and apparel sourcing, distribution and brand management in Japan.

Jean-Marc LOUBIER | *Non-executive Director*

Aged 57, was appointed an Independent Non-executive Director on 1 June 2009 and re-designated as a Non-executive Director on 23 March 2011. He is the Chief Executive Officer of HKL Holding in Paris, France. He is an independent non-executive director of Harry Winston Diamond Corporation, a company listed on the Toronto Stock Exchange and the New York Stock Exchange. He is also the Chief Executive Officer of RC Holdings SAS, which operates the footwear and accessories brand, Robert Clergerie. Mr Loubier is the President of Fung Heritage Brands Advisory SAS and Delvaux Design Coordination & Finance NV and the Chairman of Sonia Rykiel Creation et Diffusion de Modeles SA. He is also the Chairman of the Supervisory Board of Cerruti 1881 SAS and *Gérant* of Toga Investments France SARL, both are the Company's subsidiaries in France. He is a Board Member of Federation Francaise de la Couture et du Pret a Porter and a Vice President of Chambre Syndicale du Pret a Porter. Mr Loubier was the Chief Executive Officer of Escada AG, a company listed on the Frankfurt Stock Exchange, from 1 June 2007 to 30 June 2008 and was a member of its supervisory board and chairman of its strategy committee since November 2006 to May 2007. Previously, Mr Loubier held key managing positions for 16 years in the LVMH Group, where he joined Louis Vuitton Malletier in 1990 as Director of Communications, and was later the Executive Vice President until 2000. He was the President and Chief Executive Officer of Celine and a board member of Comite Colbert, French Association of Luxury Companies from 2000 to 2006. Mr Loubier has an extensive and profound international experience in the luxury, fashion, and retail industries.

Mr Loubier graduated from Institut d'Etudes Politiques de Paris, France, and obtained a Master of Business Administration degree from HEC (Hautes Etudes Commerciales), France, in 1983.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Patrick SUN | *Independent Non-executive Director*
Chairman of Audit Committee

Aged 54, was appointed an Independent Non-executive Director on 1 October 2008. He is currently an independent non-executive director and non-executive chairman of Solomon Systech (International) Limited, an independent non-executive director of China Railway Group Limited, Sihuan Pharmaceutical Holdings Group Ltd and China NT Pharma Group Company Limited (all of which are listed companies in Hong Kong). He is also an independent non-executive director of China CNR Corporation Limited, a company listed on the Shanghai Stock Exchange. He is a vice-chairman of The Chamber of Hong Kong Listed Companies; and formerly was its Honorary Chief Executive Officer. Mr Sun was a non-executive director of Renhe Commercial Holdings Company Limited, an executive director of Value Convergence Holdings Limited and SW Kingsway Capital Holdings Limited and an independent non-executive director of The Link Management Limited (all of which are listed companies in Hong Kong), the Senior Country Officer and Head of Investment Banking for Hong Kong of JP Morgan Chase, group executive director and Head of Investment Banking for Greater China at Jardine Fleming Holdings Limited. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee, Deputy Convenor of the Listing Committee of the Stock Exchange and a council member of the Stock Exchange.

Mr Sun graduated from the Wharton School of the University of Pennsylvania, the United States, with a Bachelor of Science degree in Economics in 1981. Mr Sun also completed the Stanford Executive Program of Stanford Business School, the United States, in 2000. Mr Sun is a fellow of the Association of Chartered Certified Accountants, the United Kingdom, and a fellow of the Hong Kong Institute of Certified Public Accountants.

Cassian CHEUNG Ka Sing | *Independent Non-executive Director*
Chairman of Remuneration Committee

Aged 57, was appointed an Independent Non-executive Director on 1 October 2008. Mr Cheung was the President of Wal-Mart China Co Ltd from 2002 to 2005, where he led the expansion of Wal-Mart retail stores in China and managed a team of more than 20,000 associates. Prior to joining Wal-Mart, he was the President of Quaker Oats Asia, Inc, which managed amongst other brands, the Gatorade Sports Drinks and Quaker Cereals brands. Mr Cheung also worked in The Nestle Company from 1978 until 1994, and was the Chief Operating Officer-PRC for Nestle (China) Ltd from 1992 to 1994. Currently, Mr Cheung is an executive director and Group Chief Executive Officer of Next Media Limited, a company listed on the Main Board of the Stock Exchange. He was the President of the Hong Kong Kellogg Alumni Club, and currently is a member of the Kellogg Alumni Council of Asia. Mr Cheung was an advisory board member of the Business School of the Hong Kong University of Science and Technology ("HKUST"). Since 2005, Mr Cheung has been an adjunct professor at the Business and Management School of the HKUST, where he teaches management courses in both the Master of Business Administration program and the undergraduate Global Business program. Mr Cheung received a Master of Business Administration degree from the Kellogg School of Management, Northwestern University.

Michael LEE Tze Hau | *Independent Non-executive Director*
Chairman of Nomination Committee

Aged 52, was appointed an Independent Non-executive Director on 1 October 2008. Mr Lee is the managing director of MAP Capital Limited, an investment management company. Mr Lee started his career in the investment industry in 1987 and has since held senior management positions in multi-national investment companies including Indosuez Asia Investment Services Limited and Lloyd George Management. He also co-founded Asia Strategic Investment Management Limited in 1995. Mr Lee was a member of the Main Board and Growth Enterprise Market Listing Committee of the Stock Exchange and the Securities and Futures Commission (HKEC Listing) Committee. He was an independent non-executive director of Tai Ping Carpets International Limited from August 1998 to June 2010. He was a director of Hysan Development Company Limited, a company listed on the Main Board of the Stock Exchange, from March 1990 to May 2007 and has been its non-executive director since January 2010. He is also an independent non-executive director of Chen Hsong Holdings Limited and Hong Kong Exchanges and Clearing Limited (both of which are listed on the Main Board of the Stock Exchange) and a Steward of The Hong Kong Jockey Club. Educated in the United States, Mr Lee holds a Bachelor of Arts degree from Bowdoin College and a Master of Business Administration degree from Boston University.

Eva LI Kam Fun | *Independent Non-executive Director*

Aged 60, was appointed an Independent Non-executive Director on 1 November 2011.

Ms Li began her career with Amway in Hong Kong in 1977 and was promoted to the rank of Corporate Executive Vice President of Amway in 2005. She had direct responsibility for all Amway markets in the Greater China and Southeast Asia regions.

Ms Li is best known for leading Amway's entry into China in 1991, and served concurrently as Executive Chairwoman of Amway China Co. Ltd. until her retirement in the spring of 2011. Under her leadership, Amway China overcame significant regulatory and operating challenges and grew to become a business enterprise with over US$3 billion in revenues in 2010. In 2007, CNBC presented Ms Li with the "China Talent Management Award". In 2008 and 2009, she was twice named by Forbes magazine as one of the "World's 100 Most Powerful Women". In 2010, Fortune magazine (Chinese edition) named her as one of the "25 Most Influential Business Women in China".

Ms Li is the Founding Chairwoman & Honorary Chairwoman of the Amway Charity Foundation, Member of the Executive Committee of the All-China Women's Federation, and Member of the Guangdong Provincial Committee of Chinese People's Political Consultative Conference. She currently serves as Independent Non-Executive Director on other publicly listed company boards of Esprit Holdings Limited and Amway (Malaysia) Holdings Berhad in Hong Kong and Malaysia respectively.

Ms Li graduated from The University of Hong Kong and holds a Bachelor of Arts (Hons) Degree and a Master of Business Administration Degree.

GROUP CHIEF COMPLIANCE OFFICER

Srinivasan PARTHASARATHY | *Group Chief Compliance Officer*

Aged 55, was appointed as the Group Chief Compliance Officer of the Company in January 2012. He is also the Group Chief Compliance Officer of Fung Holdings (1937) Limited (formerly known as "Li & Fung (1937) Limited"), a substantial shareholder of the Company and of the Fung group (formerly known as "Li & Fung group") of companies including Li & Fung Limited and Convenience Retail Asia Limited of which he is also their respective Group Chief Compliance Officer. He has more than 30 years of experience and has held various financial and commercial positions with the Fung group since 1999, and the Inchcape Group before that, in Hong Kong, Singapore, the United Kingdom and the Middle East. He is a Commerce Graduate of Bombay University and qualified as a Chartered Accountant in India, securing fourth position in the All India Merit Rankings. He is also a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom.

SENIOR MANAGEMENT

Godwin LAM Kin Ping | *Managing Director – China*

Aged 64, the Managing Director – China of the Group since May 2006 and is in charge of the overall operation supports and market development for all the brands operated by the Group in the Chinese Mainland. Mr Lam joined Fung group (formerly known as "Li & Fung group") in January 2000 and was appointed as Managing Director for Land Ocean IDS Logistics Co, Ltd, a logistics joint-venture company in Shanghai under Fung Distribution International Limited (formerly known as "Li & Fung (Distribution) Limited"). From 1984 to 1999, Mr Lam held various senior management positions in various Asian countries with Genstar Container Corp, the world's largest marine container leasing company, which was a part of GE Capital Company. In 1997 Mr Lam was appointed as Vice President – Asia Pacific of Genstar/GE SeaCo. Between 1978 and 1984, Mr Lam worked with OOCL in Osaka, Japan, and was responsible for the overall sales and marketing activities covering west Japan. Mr Lam graduated from Keio University of Tokyo, Japan, with a Bachelor of Arts degree in Business & Commerce.

Michelle NG Keng Chu | *Regional Managing Director*

Aged 53, joined the Group on 1 April 2007. She was Regional Managing Director primarily responsible for managing Salvatore Ferragamo until end of 2012. She is currently Regional Managing Director of LiFung Trinity Management (Singapore) Pte Limited and Cerruti Investment Pte Ltd and is responsible for developing Trinity's owned brands into ASEAN and Indian sub-continent. Ms Ng formed Branded Lifestyle, the fashion retailing arm of the Fung group (formerly known as "Li & Fung group"). Ms Ng has more than 26 years experience in the retail business of luxury and fashion labels. Her previous portfolio of world-renowned brands includes Mango, Calvin Klein Jeans, Country Road, and GANT in various markets in South Korea and Southeast Asia. Ms Ng joined Inchcape Berhad in 1986 handling personal-care products, sports footwear, and luxury goods, including Sheaffer pens, Vacheron Constantin, Nina Ricci, and Givenchy watches as well as premium fashion labels including Ermenegildo Zegna and Karl Lagerfeld. Over the years at Inchcape Berhad, she played a key role in the expansion of the Salvatore Ferragamo franchise from Singapore to Indonesia, Malaysia, and Thailand. In 1995, she struck a joint-venture deal with Salvatore Ferragamo in Italy to expand the brand to South Korea covering both the domestic and duty-free businesses. This joint-venture was subsequently extended to Southeast Asia. Prior to joining Inchcape Berhad, she worked in Export Credit Insurance Corporation of Singapore in finance, Mulpha Sdn Bhd (Malaysia) in sales, and IBM (United Kingdom) in marketing. Ms Ng holds a Bachelor of Arts (Hons) degree from Brighton University, United Kingdom.

Agnes SHEN | *Brand Managing Director – Cerruti 1881*

Aged 58, is the Brand Managing Director of Cerruti 1881. She is also a director of three retail subsidiaries of the Company. Ms Shen joined Trinity Retail (H.K.) Limited in 1978. She was a Director of Merchandising responsible for product development, merchandising, and retail operations between 1987 and 1996. She has extensive experience in product development and retail business of premium men's apparel. Ms Shen holds a Bachelor of Science degree in Business Administration (Economics) from the University of San Francisco, United States.

Raymond Mark CLACHER | *Managing Director – Gieves & Hawkes*

Aged 49, is the Managing Director of Gieves & Hawkes. Prior to joining our Group on 1 October 2009, Mr Clacher was the Retail Director of Gieves UK Limited in 2005 and Commercial Director in 2006, responsible for the brand globally. He has more than 25 years of retail-operations experience in the United Kingdom. He was previously the Retail Operations Director for United Colors of Benetton from November 2000 to July 2002 and held senior management positions with Matalan, BHS, House of Fraser, and Littlewoods Stores. Mr Clacher holds a national business diploma from Business Education Council in the United Kingdom.

David AU Wong Gay | *Group Chief Marketing Officer*

Aged 53, has been the Group Chief Marketing Officer since January 2010. He is responsible for strategic corporate and functional marketing services for the Group.

Mr Au has extensive global luxury, retail and marketing and communications experience. He has held senior positions with worldwide luxury brands at their respective headquarters, as Chief Marketing Officer at Ermenegildo Zegna Group in Milan, Italy and as International Communication Director at Celine in Paris, France.

With LVMH group, Mr Au started as the Marketing & Communication Director for Louis Vuitton in Asia Pacific, the largest territory of the Louis Vuitton group. He played a key role in growing the Asian market, contributing substantially to sales revenue worldwide.

Mr Au attended the University of Southern California, where he studied Fine Arts, he then transferred to Pratt Institute in Brooklyn, New York to pursue Graphic Design and Art Direction. His retail career began at New York Bloomingdale's. He then worked with R.H. Macy & Co. Inc., in New York developing private label brands for Macy's network of stores.

Catherine GERARDIN-VAUTRIN | *President – Cerruti 1881*

Aged 53, joined the Group in October 2011. She is a recognised manager of the luxury fashion industry. She is also an independent, non-executive director of Yoox Group, the fashion internet retailer, listed on the Milan Stock Exchange. She has been formerly the President and CEO of Emilio Pucci (LVMH Group), and graduated from HEC (Hautes Etudes Commerciales), France.

brand activities in 2012
january to june

22 march

Going for Gold from Kent & Curwen

Hong Kong's Olympic athletes wore the capsule collection of the 2012 Olympic-themed tribute. Here they pose with Kenneth Fok, Chef de Mission of the Hong Kong Delegation to the Youth Olympic Games.

23-25 march

Gieves & Hawkes opens a new store in Shanxi

No. 1 Savile Row came to Shanxi for a showcase of sartorial excellence during the "Military Uniform Showcase and Tuxedo Presentation" at Gieves & Hawkes' new concept store at Taiyuan Tianmei Shopping Centre.

21 january

Cerruti 1881 in the "City of Light"

Cerruti 1881 takes the stage at Paris Fashion Week, one of the world's most anticipated fashion events, to unveil its Fall/Winter 2012 collection.

15 january

Kent & Curwen Centenary Sprint Cup

The 2012 edition of this annual Hong Kong event featured thoroughbreds on the catwalk as well as the racetrack. Key VIPs, business partners and media attended, as did Guest of Honour Peter Mark Andrew Phillips (eldest grandson of HRH Queen Elizabeth II), Brand Ambassador Aaron Kwok, Sabrina Fung and David Au.

15 june

Kent & Curwen Flannels for Heroes

Kent & Curwen went to bat for this venerable charity cricket event, which raises funds for wounded British servicemen. Here the winning team stands in front of Burton Court Pavilion on the grounds of The Royal Hospital Chelsea.

29 march

D'URBAN at Sogo Spring Fashion Week 2012

Trinity added a touch of metropolitan sophistication with an exhibition of D'URBAN's latest style.

brand activities in 2012
july to december

21 july

The Kent & Curwen Royal Charity Polo Cup

Kent & Curwen extended its proud sporting tradition by serving as title sponsor for *the Kent & Curwen Royal Charity Polo Cup*. Prince Harry and Brand Ambassador Aaron Kwok were just two of the celebrities on hand for the match, played at Sir Andrew Lloyd Webber's estate, Watership Down. The cup was presented by Sabrina Fung.

10 july

A gallery debut for Gieves & Hawkes

Beijing's trendy 798 ArtZone was the site for the launch of the brand's Fall/Winter 2012 collection to the Chinese press.

june-july

Kent & Curwen catches Olympic fever

As well as outfitting the Hong Kong Olympic team in unforgettable uniforms, Kent & Curwen also featured an Olympic-inspired window display at Pacific Place, one of the city's most prestigious shopping malls.

13 september

Cerruti 1881 opens a new concept store

Cerruti 1881 boosted its image among high net-worth Chinese luxury consumers with the opening of the new concept store at Hong Kong's renowned Harbour City shopping mall, an event attended by movie star Chang Chen.

27 july

The Hong Kong Olympic Team goes to London

The Hong Kong delegation and team made its grand entrance at the 2012 London Olympic Stadium wearing custom-designed uniforms from Kent & Curwen, highlighting the brand's iconic heritage and pride in its founding city.

1 september

Cerruti 1881 makes a splash in Chengdu

Cerruti 1881 organized a striking catwalk event in one of its fastest-growing markets to debut the Fall/Winter 2012 collection at Renhe Spring Department Store.

information
for investors

Listing Information

Listing:	**Hong Kong Stock Exchange**
Stock Code:	**891**

Key Dates

13 March 2013
Announcement of 2012 Final Results

27 May 2013
Record Date for determining Members' right to attend Annual General Meeting

28 May 2013
Annual General Meeting

3 June 2013
Closure of Register of Members for 2012 Final and Special Final Dividends

10 June 2013
Despatch of Dividend Warrants

Share Information

Board lot size
2,000 shares

Shares outstanding as at 31 December 2012
1,723,716,883

Market capitalisation as at 31 December 2012
HK$8.72 billion

Dividend per share for 2012

Interim	**8.0 HK cents**
Final	
– Basic	**14.0 HK cents**
– Special	**2.0 HK cents**
Full Year	
– Basic	**22.0 HK cents**
– Special	**2.0 HK cents**

Share Registrar and Transfer Offices

Principal:

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Hong Kong Branch:

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Enquiries Contact

Mr Bruno Li Kwok Ho
Executive Director/Chief Financial Officer

Telephone number:	(852) 2342 1151
Facsimile number:	(852) 2343 4708
e-mail:	info@trinitygroup.com

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Website

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directors' report

The Directors have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2012.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 42 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 6 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 67.

The directors recommend the payment of a final dividend and a special final dividend of 14.0 HK cents per share and 2.0 HK cents per share respectively.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 28 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2012, the Company's distributable reserves available for distribution to shareholders under the Companies Act 1981 of Bermuda (as amended) amounted to HK$607,273,000 (2011: HK$403,548,000).

Donations

Charitable and other donations made by the Group during the year amounted to HK$1,979,000 (2011: HK$505,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company are set out in Note 27 to the consolidated financial statements.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws ("Bye-laws") and there was no restriction against such rights under the laws of Bermuda.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group as at 31 December 2012 and for the previous four years are set out on page 132.

Purchase, Sale or Redemption of Securities

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

Share Option Schemes

On 16 October 2009, the Company adopted a pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and a share option scheme ("Post-IPO Share Option Scheme") (collectively "Share Option Schemes") for the purposes of providing incentives and/or rewards to eligible persons as defined in the respective schemes.

Pre-IPO Share Option Scheme

The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Post-IPO Share Option Scheme except for certain principal terms as follows:

(i) the subscription price per share of the Company ("Share") shall be the offer price ("Offer Price") for subscription for Shares pursuant to the Initial Public Offering;

(ii) no further options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange on 3 November 2009 ("Listing Date");

(iii) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall not exceed 45,194,000 Shares, representing approximately 3% of the total number of issued Shares as at the Listing Date; and

(iv) the provisions relating to the restriction on time of grant of option and the grant of option to connected persons under the Post-IPO Share Option Scheme shall not apply to the Pre-IPO Share Option Scheme.

As at 31 December 2012, options to subscribe for a total of 15,878,000 Shares granted by the Company pursuant to the Pre-IPO Share Option Scheme remained valid and outstanding and these options represented approximately 0.92% of the total number of issued Shares as at the date of this report.

Post-IPO Share Option Scheme

Details of the Post-IPO Share Option Scheme ("Scheme") are as follows:

(i) Purpose

The purpose is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to the qualifying grantees, and to promote long-term financial success of the Group by aligning the interests of the option holders to the Company's shareholders.

(ii) Qualifying participants

Any employee (whether full-time or part-time), executive or non-executive director, company secretary, secondee, consultant, agent, representative, adviser, customer, contractor, business partner, business ally, business alliance, joint venture partner of or supplier of goods or services to the Group or any affiliates ("Eligible Person"), or any trust for the benefit of an Eligible Person or his immediate family members, or any company controlled by an Eligible Person or his immediate family members.

(iii) Maximum number of shares

The total number of Shares that may be issued upon exercise of all options to be granted under the Share Option Schemes and any other schemes must not in aggregate exceed 10% of the Shares in issue as at the Listing Date. The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Schemes and any other schemes must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Scheme if this will result in such limit being exceeded. As at 31 December 2012, the number of Shares available for issue in respect thereof is 63,342,488, representing approximately 3.67% of the issued share capital of the Company as at the date of this report.

(iv) Limit for each qualifying participant

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each qualifying participant must not exceed 1% of the Shares in issue.

(v) Option period

In respect of any particular option, such period as the Board may in its absolute discretion determine and specify, which shall be not more than 10 years from the date of grant of relevant option.

(vi) Acceptance and payment on acceptance

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the date of offer (or such period as the Board may specify in writing). HK$1.00 is payable by the grantee to the Company on acceptance of the offer.

(vii) Subscription price

The subscription price shall not be less than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

(viii) Remaining life of the Scheme

The Board shall be entitled at any time within 10 years commencing on 3 November 2009 to make an offer for the grant of an option.

As at 31 December 2012, options to subscribe for a total of 21,964,000 Shares granted by the Company pursuant to the Scheme remained valid and outstanding and the options representing approximately 1.27% of the total number of issued Shares as at the date of this report.

Share Options

Details of the share options granted under the Share Option Schemes and remaining outstanding as at 31 December 2012 are as follows:

		Number of Share Options									
Category of Participants	**Scheme Type**	**As at 01/01/2012**	**Granted**	**Exercised**	**Cancelled/ Lapsed**	**Transfer In**	**Transfer Out**	**As at 31/12/2012**	**Exercise Price HK$**	**Grant Date**	**Exercisable Period**
Directors											
WONG Yat Ming	Pre-IPO	3,750,000	–	–	–	–	–	3,750,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	3,750,000	–	–	–	–	–	3,750,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	1,600,000	–	1,600,000	–	–	–	–	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	1,600,000	–	–	–	–	–	1,600,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	1,600,000	–	–	–	–	–	1,600,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
Bruno LI Kwok Ho	Post-IPO	800,000	–	800,000	–	–	–	–	2.45	26/11/2009	26/11/2012 – 25/11/2014
Danny LAU Sai Wing	Post-IPO	1,000,000	–	–	–	–	–	1,000,000	8.08	11/01/2011	01/01/2012 – 31/12/2013
	Post-IPO	1,000,000	–	–	–	–	–	1,000,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
Sabrina FUNG Wing Yee	Pre-IPO	700,000	–	–	–	–	–	700,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	700,000	–	–	–	–	–	700,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	700,000	–	700,000	–	–	–	–	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	700,000	–	–	–	–	–	700,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	700,000	–	–	–	–	–	700,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
Continuous Contract Employees	Pre-IPO	1,336,000	–	326,000	1,000	6,000	–	1,015,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	7,018,000	–	2,698,000	13,000	190,000	–	4,497,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	1,638,000	–	1,638,000	–	–	–	–	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	7,204,000	–	3,570,000	30,000	100,000	–	3,704,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	8,110,000	–	1,060,000	60,000	100,000	500,000	6,590,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	720,000	–	–	30,000	–	60,000	630,000	8.08	11/01/2011	01/01/2012 – 31/12/2013
	Post-IPO	720,000	–	–	30,000	–	60,000	630,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
	Post-IPO	250,000	–	–	–	–	–	250,000	7.71	24/03/2011	01/01/2012 – 31/12/2013
	Post-IPO	250,000	–	–	–	–	–	250,000	7.71	24/03/2011	01/01/2013 – 31/12/2014
	Post-IPO	1,780,000	–	–	30,000	30,000	–	1,780,000	5.61	25/11/2011	01/01/2013 – 31/12/2014
Other Participants	Pre-IPO	671,000	–	94,000	–	–	6,000	571,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	2,435,000	–	1,350,000	–	–	190,000	895,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	590,000	–	590,000	–	–	–	–	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	850,000	–	400,000	–	–	100,000	350,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	1,100,000	–	500,000	–	500,000	100,000	1,000,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	–	–	–	–	60,000	–	60,000	8.08	11/01/2011	01/01/2012 – 31/12/2013
	Post-IPO	–	–	–	–	60,000	–	60,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
	Post-IPO	90,000	–	–	–	–	30,000	60,000	5.61	25/11/2011	01/01/2013 – 31/12/2014

Notes:

1. *The weighted average closing market prices per share immediately before the dates on which the share options were exercised by Mr WONG Yat Ming, Mr Bruno LI Kwok Ho and Ms Sabrina FUNG Wing Yee were HK$5.13, HK$5.25 and HK$5.39 respectively.*
2. *The weighted average closing market prices per share immediately before the dates on which the share options were exercised by the continuous contract employees and by other participants were HK$5.72 and HK$5.87 respectively.*
3. *The above options are recognised as expenses in the consolidated financial statements in accordance with the Company's accounting policy as set out in Note 3.17(v) to the consolidated financial statements. Other details of share options granted by the Company are set out in Note 27 to the consolidated financial statements.*

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

WONG Yat Ming *(Group Managing Director)*
Bruno LI Kwok Ho *(Chief Financial Officer)*
Danny LAU Sai Wing *(Chief Operating Officer)*
Sabrina FUNG Wing Yee

Non-executive Directors

Dr Victor FUNG Kwok King *(Chairman)*
Dr William FUNG Kwok Lun *(Deputy Chairman)*
Jose Hosea CHENG Hor Yin
Jean-Marc LOUBIER

Independent Non-executive Directors

Cassian CHEUNG Ka Sing
Michael LEE Tze Hau
Eva LI Kam Fun
Patrick SUN

In accordance with Bye-law 84 of the Company's Bye-laws, Dr Victor FUNG Kwok King, Mr Danny LAU Sai Wing, Mr Bruno LI Kwok Ho and Mr Jean-Marc LOUBIER will retire by rotation at the forthcoming Annual General Meeting, and being eligible, will offer themselves for re-election.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company that is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year except as disclosed under Connected Transactions section stated below and Note 39 "Related party transactions" to the consolidated financial statements.

Directors' Interests and Short Positions in Securities

As at 31 December 2012, the Directors and chief executive of the Company and their associates had the following interests in the shares, underlying shares, and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Long Position in Shares and Underlying Shares of the Company

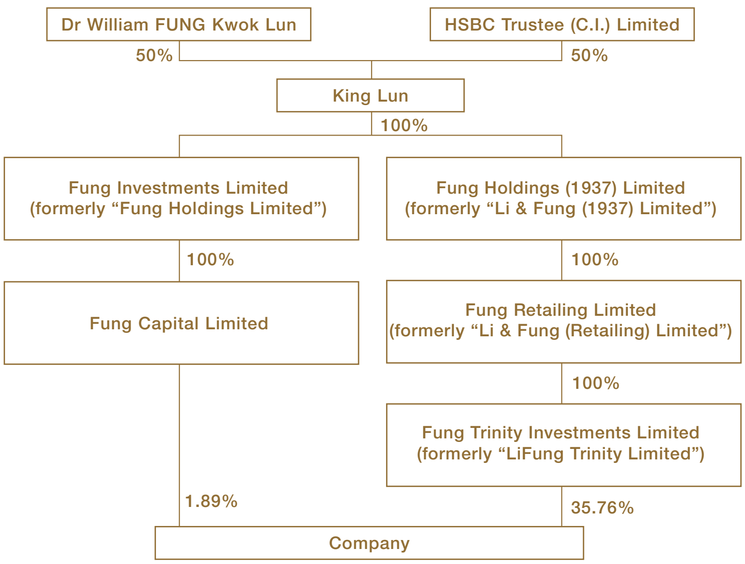
	Number of Shares					
Directors	Personal Interest	Family Interest	Corporate/ Trust Interest	Equity Derivatives (share options)	Total	Approximate Percentage of Issued Share Capital (%)
Victor FUNG Kwok King	–	–	649,027,555 [1]	–	649,027,555	37.65
William FUNG Kwok Lun	–	–	649,027,555 [1]	–	649,027,555	37.65
Sabrina FUNG Wing Yee	700,000	–	649,027,555 [1]	2,800,000	652,527,555	37.85
Jose Hosea CHENG Hor Yin	–	–	50,227,590 [2]	–	50,227,590	2.91
WONG Yat Ming	49,376,563	–	–	10,700,000	60,076,563	3.48
Bruno LI Kwok Ho	5,400,000	–	–	–	5,400,000	0.31
Danny LAU Sai Wing	–	–	–	2,000,000	2,000,000	0.11

Notes:

1. *The 649,027,555 Shares comprised 616,413,760 Shares held by Fung Trinity Investments Limited and 32,613,795 Shares held by Fung Capital Limited. King Lun Holdings Limited ("King Lun") through its indirect wholly owned subsidiaries, Fung Trinity Investments Limited and Fung Capital Limited, was interested in 649,027,555 Shares.*

   King Lun was owned as to 50% by HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King and as to 50% by Dr William FUNG Kwok Lun. Therefore, each of Dr Victor FUNG Kwok King, Ms Sabrina FUNG Wing Yee (daughter of Dr Victor FUNG Kwok King and as his family member), and Dr William FUNG Kwok Lun was deemed to be interested in the said 649,027,555 Shares.

   The interests of Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun, and Ms Sabrina FUNG Wing Yee in the 649,027,555 Shares are summarised in the following chart:



2. *The 50,227,590 Shares were held by SperoTrinity Limited, a company wholly owned by Mr Jose Hosea CHENG Hor Yin. Therefore, Mr Jose Hosea CHENG Hor Yin was deemed to be interested in these Shares.*

Directors' Interests and Short Positions in Securities *(Continued)*

The interests of the Directors and chief executive in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are detailed in the Share Option section.

Save as disclosed above, as at 31 December 2012, none of the Directors and chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year, the Directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

Substantial Shareholders' Interests and Short Positions in Securities

As at 31 December 2012, other than the Directors and chief executive of the Company, the following persons had interests or short positions in the Shares as recorded in the register required to be kept under Section 336 of the SFO:

Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital (%)
Fung Trinity Investments Limited	Beneficial owner [1]	616,413,760 (L)	35.76
Fung Retailing Limited	Interest of controlled corporation [1]	616,413,760 (L)	35.76
Fung Holdings (1937) Limited	Interest of controlled corporation [1]	616,413,760 (L)	35.76
King Lun	Interest of controlled corporation [1]	649,027,555 (L)	37.65
HSBC Trustee (C.I.) Limited	Trustee [2]	649,027,555 (L)	37.65
JPMorgan Chase & Co [3]	Investment manager (46,456,000) Custodian (94,190,566 (P))	140,646,566 (L)	8.15
Morgan Stanley [4]	Interest of controlled corporation	96,409,204 (L) 56,113,736 (S)	5.59 3.26

(L) represents long position, (S) represents short position and (P) represents shares in lending pool

Notes:

1. *Fung Trinity Investments Limited was an indirect wholly owned subsidiary of King Lun, with Fung Retailing Limited and Fung Holdings (1937) Limited as the intermediate holding companies along the chain of ownership. Therefore, Fung Retailing Limited, Fung Holdings (1937) Limited, and King Lun were all deemed to be interested in the 616,413,760 Shares held by Fung Trinity Investments Limited. King Lun was also deemed to be interested in 32,613,795 Shares held by its indirect wholly owned subsidiary, Fung Capital Limited. Therefore, King Lun was deemed to be interested in 649,027,555 Shares in aggregate.*
2. *HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King, owned 50% of the issued share capital of King Lun.*
3. *JPMorgan Chase & Co was interested in these Shares through various companies/entities controlled directly or indirectly by it.*
4. *Morgan Stanley was interested in these Shares through various companies/entities controlled directly or indirectly by it. Its interests also included derivatives.*

Save as disclosed above, as at 31 December 2012, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which were recorded or required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 42 to 49.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

During the year, the Group purchased or sold less than 30% of its goods and services from or to its five largest suppliers or customers, respectively.

Connected Transactions

Details of the continuing connected transactions entered into by the Group during the year are set out below:

(i) Provision of warehousing and logistics related services

On 15 October 2009, the Company entered into a master agreement ("Master Agreement") with Fung Holdings (1937) Limited (formerly "Li & Fung (1937) Limited") ("FH 1937"), a substantial shareholder of the Company, in respect of the provision of warehousing and logistics related services ("Services") by FH 1937 and its associates to the Group in Hong Kong and the Chinese Mainland. The Master Agreement was renewed on 25 August 2011 for another term of three years from 2012 to 2014. The provision of the Services pursuant to the Master Agreement constituted continuing connected transactions under the Listing Rules. The Group incurred service charges of HK$14,082,000 for the year ended 31 December 2012.

(ii) Lease and/or licensing arrangements

The Group has been leasing certain office premises in Shanghai, PRC from a subsidiary of FH 1937 since 2007. On 25 August 2010, the Company entered into a master agreement with FH 1937 for a term from 8 October 2010 to 31 December 2012. The said master agreement was renewed on 24 November 2012 for a term of 12 months starting from 1 January 2013 covering the lease and/or licensing of premises with FH 1937 and its associates. Rentals for the lease and/or licensing arrangements were negotiated between parties with reference to the then prevailing market rates and such transactions constituted continuing connected transactions under the Listing Rules. The Group incurred rentals of HK$3,534,000 for the year ended 31 December 2012.

(iii) Provision of management services

On 13 October 2009, the Company entered into an agreement with BLS Holdings Limited ("BLS"), a subsidiary of FH 1937, to provide management services to its subsidiary, BLS (Private Labels) Holdings Limited and other subsidiaries, for a term of 36 months from 1 September 2009, subject to certain early termination conditions. The scope of services includes front end management services and back-office support services and the provision of such services constituted continuing connected transactions.

As disclosed in the Company's Prospectus, the management fee to be charged by the Group under the aforesaid agreement for each of the 12-month period ended on 31 August 2010, 2011 and 2012 would not exceed HK$25 million respectively. The management fee charged by the Group for the 12-month period ended 31 August 2012 was HK$21 million and for the year ended 31 December 2012 was HK$14 million.

On 22 August 2012, the Company entered into a new agreement with BLS for a term of four months from 1 September 2012 in connection with the provision of management services by the Group to certain subsidiaries of BLS at a total fee of HK$7 million, being the management fee charged by the Group for the year ended 31 December 2012.

(iv) Sourcing of products

On 15 October 2009, the Company entered into an agreement with a fellow subsidiary of FH 1937 in relation to the provision of product supply service in the Chinese Mainland or other Asian countries for a term of not more than 36 months and such sourcing agreement expired on 30 September 2012. As disclosed in the Company's Prospectus, the amount of products to be purchased by the Group for the 12-month period ended 30 September 2010, 2011 and 2012 respectively would not exceed HK$28 million, HK$31 million and HK$34 million respectively. The provision of product supply service constituted a continuing connected transaction and the purchases for the 12-month period ended 30 September 2012 and the year ended 31 December 2012 was HK$3,370,000 and HK$330,000 respectively.

(v) Consultancy services

In 2011, the Group entered into a consultancy services agreement with an associate of a director of the Company for the provision of advisory services to the Group's business in Europe for 12 months starting from 1 April 2011. On 13 March 2012, the consultancy services agreement was renewed for another term of 12 months starting from 1 April 2012 for a monthly fee of Euro 33,000. The consultancy fee incurred by the Group for the 12-month ended 31 March 2012 and the 9-month ended 31 December 2012 were HK$4,294,000 (Euro 396,000) and HK$2,944,000 (Euro 297,000) respectively.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or, on terms no less favourable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to paragraph 14A.38 of the Listing Rules, the Board of Directors engaged the Company's auditor to perform certain procedures in respect of the continuing connected transactions set out above as items (i) to (v) in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has, based on the procedures performed, issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions to the Board of Directors.

Save as disclosed above, none of the transactions disclosed as related party transactions in Note 39 to the consolidated financial statements is a connected transaction or a continuing connected transaction which is subject to the reporting and disclosure requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these financial statements for the year ended 31 December 2012, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Victor FUNG Kwok King
Chairman

Hong Kong, 13 March 2013

Independent Auditor's Report

pwc

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TRINITY LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Trinity Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 67 to 131, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 13 March 2013

consolidated income statement

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Revenue	6	**2,800,671**	2,607,281
Cost of sales		**(614,543)**	(503,754)
Gross profit		**2,186,128**	2,103,527
Other income	8	**71,556**	59,766
Selling and marketing expenses		**(1,260,314)**	(1,093,660)
Administrative expenses		**(464,680)**	(460,509)
Other gains – net	9	**15,543**	4,396
Gain on disposal of investments in jointly controlled entities	20	**34,766**	–
Operating profit	7	**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	10	**(11,339)**	1,182
Share of profit of jointly controlled entities	20	**65,346**	62,275
Profit before income tax		**637,006**	676,977
Income tax expense	11	**(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 (expressed in HK cents per share)	13	**31.5 cents**	30.3 cents
Diluted earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	13	**30.9 cents**	29.5 cents

The notes on pages 74 to 131 are an integral part of these consolidated financial statements. Details of dividends of HK$413,162,000 (2011: HK$392,099,000) are set out in Note 16 to the consolidated financial statements.

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

The notes on pages 74 to 131 are an integral part of these consolidated financial statements.

consolidated balance sheet

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**328,810**	311,806
Intangible assets	18	**3,077,327**	2,312,248
Investments in jointly controlled entities	20	**–**	229,045
Investments in associates	21	**128,278**	–
Deposit and prepayments	22	**45,983**	45,695
Deferred income tax assets	23	**154,151**	94,009
		3,734,549	2,992,803
Current assets			
Inventories	24	**663,626**	605,036
Trade receivables	25	**188,130**	233,326
Deposit and prepayments	22	**101,551**	63,554
Amounts due from related parties	39(b)	**4,614**	1,153
Cash and cash equivalents	26	**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	27	**172,372**	170,839
Share premium	27	**2,335,098**	2,302,656
Reserves	28	**958,084**	782,000
Total equity		**3,465,554**	3,255,495

The notes on pages 74 to 131 are an integral part of these consolidated financial statements.

	Note	2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments	29	**9,719**	9,378
Retirement benefit obligations	30	**18,375**	13,415
Contingent purchase consideration payable for acquisition	33	**311,352**	–
Other payables and accruals	31	**–**	31,648
Deferred income tax liabilities	23	**360,726**	230,693
		700,172	285,134
Current liabilities			
Trade payables	32	**81,467**	123,759
Contingent purchase consideration payable for acquisition	33	**8,277**	–
Other payables and accruals	31	**517,763**	529,615
Amounts due to related parties	39(b)	**13,098**	13,674
Current income tax liabilities		**35,236**	98,565
Borrowings	34	**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

On behalf of the Board

Victor FUNG Kwok King
Director

WONG Yat Ming
Director

The notes on pages 74 to 131 are an integral part of these consolidated financial statements.

balance sheet of the company

As at 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	19(a)	**2,682,298**	1,957,477
Current assets			
Prepayments		**3,817**	–
Amounts due from subsidiaries	19(b)	**752,285**	911,495
Cash and cash equivalents	26	**5,305**	16,557
		761,407	928,052
Total assets		**3,443,705**	2,885,529
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	27	**172,372**	170,839
Share premium	27	**2,335,098**	2,302,656
Reserves	28	**607,273**	403,548
Total equity		**3,114,743**	2,877,043
LIABILITIES			
Non-current liabilities			
Contingent purchase consideration payable for acquisition	33	**311,352**	–
Current liabilities			
Contingent purchase consideration payable for acquisition	33	**8,277**	–
Other payables and accruals	31	**5,516**	8,486
Amount due to a subsidiary	19(b)	**3,817**	–
		17,610	8,486
Total liabilities		**328,962**	8,486
Total equity and liabilities		**3,443,705**	2,885,529
Net current assets		**743,797**	919,566
Total assets less current liabilities		**3,426,095**	2,877,043

On behalf of the Board

Victor FUNG Kwok King
Director

WONG Yat Ming
Director

The notes on pages 74 to 131 are an integral part of these consolidated financial statements.

consolidated statement of changes in equity

For the year ended 31 December 2012

	Note	Attributable to shareholders of the Company				
		Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000 (Note 28)	Other reserves HK$'000 (Note 28)	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	27	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	27	1,950	35,141	–	–	37,091
– transfer to retained earnings		–	–	11,583	(11,583)	–
Dividends paid	16	–	–	(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	27	**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	16	**–**	**–**	**(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**

The notes on pages 74 to 131 are an integral part of these consolidated financial statements.

consolidated cash flow statement

For the year ended 31 December 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	35	530,934	577,906
Interest paid on bank loans and overdrafts		(9,118)	(1,254)
Income tax paid		(189,949)	(124,529)
Net cash generated from operating activities		331,867	452,123
Cash flows from investing activities			
Purchase of property, plant and equipment		(111,773)	(87,519)
Acquisition of subsidiaries, net of cash acquired	36	(365,660)	(389,873)
Capital injection in a jointly controlled entity	20	(12,438)	–
Proceeds from disposal of investments in jointly controlled entities	20	201,969	–
Dividends received from a jointly controlled entity	20	29,807	29,998
Interest received	10	5,457	5,218
Net cash used in investing activities		(252,638)	(442,176)
Cash flows from financing activities			
Interest paid		–	(2,574)
Proceeds from issuance of ordinary shares		33,975	787,091
Proceeds from borrowings		640,000	680,000
Repayment of borrowings		(150,000)	(880,000)
Dividends paid	16	(394,477)	(305,447)
Share issuance cost		–	(13,446)
Net cash generated from financing activities		129,498	265,624
Net increase in cash and cash equivalents		208,727	275,571
Cash and cash equivalents at beginning of the year		790,370	514,799
Cash and cash equivalents at end of the year	26	999,097	790,370

The notes on pages 74 to 131 are an integral part of these consolidated financial statements.

notes to the consolidated financial statements

1 General information

Trinity Limited (the "Company") is an investment holding company and was incorporated in Bermuda as an exempted company with limited liability under Companies Act 1981 of Bermuda. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (together the "Group") are principally engaged in the retailing of high-end to luxury menswear in the Chinese Mainland, Hong Kong, Macau, Taiwan (the "Greater China") and Europe, as well as licensing its major brands globally. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at 30/F, OCTA Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

2 Basis of preparation

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.

3 Summary of principal accounting policies

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(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.

3 Summary of principal accounting policies *(Continued)*

(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

(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 (Amendments)	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.

3 Summary of principal accounting policies *(Continued)*

3.1 Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities, all intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

3.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for acquisition of entities or business under common control using merger accounting as explained in Note 3.1 of this section, the Group applies acquisition method to account for business combinations. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

3 Summary of principal accounting policies *(Continued)*

3.2 Consolidation *(Continued)*

(i) Subsidiaries (Continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 3.7). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Jointly controlled entities

Jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Profits and losses resulting from upstream and downstream transactions between the Group and its jointly controlled entities are recognised in the Group's financial statements only to the extent of the unrelated investor's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in jointly controlled entities are recognised in the consolidated income statement. If the ownership interest in jointly controlled entities is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in associates are reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associates equal or exceed its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

3 Summary of principal accounting policies *(Continued)*

3.2 Consolidation *(Continued)*

(iii) Associates *(Continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the consolidated income statement.

Profits and losses resulting from transactions between the Group and associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management (chief operating decision makers). The Group's senior executive management are responsible for allocating resources and assessing performance of the operating segments.

3.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$" or "HKD"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within other (losses)/gains-net.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in other comprehensive income.

3 Summary of principal accounting policies *(Continued)*

3.4 Foreign currency translation *(Continued)*

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised in consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs less accumulated impairment losses to their residual values over their estimated useful lives, as follows:

– Buildings	10 years
– Leasehold improvements, furniture and fixtures	3 – 9 years
– Computers, equipment and air-conditioners	3 years
– Plant and machinery	6 – 9 years
– Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within administrative expense in the consolidated income statement.

3 Summary of principal accounting policies *(Continued)*

3.6 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared with the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Acquired trademarks and licences that have an indefinite useful life are carried at historical cost less accumulated impairment, if any, and are tested for impairment annually and when there is an indication of impairment.

Acquired licences that have a finite useful life are carried at cost less accumulated amortisation and accumulated impairment, if any, and are tested for impairment when there is an indication of impairment. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives (10 to 11 years).

3.7 Impairment of investments in subsidiaries, jointly controlled entities, associates and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries, jointly controlled entities and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, jointly controlled entities and associates in the period the dividend are declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3 Summary of principal accounting policies *(Continued)*

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises purchase price, design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.9 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprises as 'trade receivables', 'deposit and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the consolidated balance sheet. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial asset is impaired.

3.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income and changes in the fair value of other derivative instruments are recognised immediately in the consolidated income statement.

3.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within administrative expenses.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the consolidated income statement.

3 Summary of principal accounting policies *(Continued)*

3.12 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated and entity balance sheets, bank overdrafts are shown within borrowings in current liabilities.

3.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.16 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, jointly controlled entities and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3 Summary of principal accounting policies *(Continued)*

3.16 Current and deferred income tax *(Continued)*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.17 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3 Summary of principal accounting policies *(Continued)*

3.17 Employee benefits *(Continued)*

(ii) Pension obligations *(Continued)*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately as income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

In respect of the employees of the Group in Hong Kong, the Group's net obligation in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit as calculated using the projected unit credit method is discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3 Summary of principal accounting policies *(Continued)*

3.17 Employee benefits *(Continued)*

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Share-based compensation

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instrument of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted:

– including any market performance conditions (for example, an entity's share price);
– excluding the impact of any service and non-market performance vesting conditions; and
– including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity (employee share-based compensation reserve) over the remaining vesting period. The amounts recognised in the employee share-based compensation reserve are transferred to the retained earnings when the options are exercised or options expire.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among Group entities

The grant by Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

3 Summary of principal accounting policies *(Continued)*

3.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns and discounts and after eliminating sales within the Group. Royalties are accounted for based on sales made by the licensees and the terms of the contract.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods – retail

The Group operates a chain of retail stores selling menswear and accessories. Sales of goods are recognised when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card. Accumulated experience is used to estimate and provide for sales returns at the time of sale.

(ii) Royalty income from licensing

Royalty income is recognised based on the contract terms on an accruals basis.

(iii) Sales of goods – wholesale

Sales of goods are recognised when a Group entity has delivered products to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Administration and consultancy fee income

Administration and consultancy fee income is recognised when services are rendered.

3 Summary of principal accounting policies *(Continued)*

3.19 Leases

(a) As the lessee of operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. As a lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) As the lessor of operating leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Lease income from operating lease is recognised over the term of the lease on a straight-line basis over the period of the lease.

3.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board of Directors, where appropriate.

3.21 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3.22 Royalty expense

Royalty expense is recognised on an accrual basis when they are due on the sale of goods in the ordinary course of business.

3.23 Subsidy income

Subsidy income is financial assistance provided by local municipal government in the Chinese Mainland in the form of a transfer of resources to an enterprise to encourage business development in the local municipality and is recognised at its fair value where there is a reasonable assurance that the grants will be received and the Group has complied with all attached conditions.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Finance Department of the Group based on policies approved by the Board of Directors. The Finance Department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currencies, primarily with respect to Renminbi ("RMB"), Euro ("EUR") and Japanese Yen ("JPY"). Foreign exchange risk arises from future commercial transactions or recognised assets or liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

Management has adopted a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. As at 31 December 2012, the Group has two outstanding forward contracts with notional principal amounts of EUR 2,595,000 (buying EUR at fixed exchange rate of 10.002 HKD), and JPY 21,889,000 (buying JPY at fixed exchange rate of 0.098843 HKD).

At 31 December 2012, if HK dollar had weakened or strengthened by 10% against the RMB with all other variables held constant, profit for the year would have been HK$39,867,000 (2011: HK$16,827,000) respectively higher or lower, mainly as a result of foreign exchange gains or losses on translation of RMB denominated receivables recorded in the books of the Group's entities in Hong Kong.

(ii) Interest rate risk

The Group's interest rate risk arises from short term bank borrowings. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During the year, the Group's borrowings at variable rates were denominated in HK$.

The Group analyses its interest rate exposure on a dynamic basis. If interest rates had increased/decreased by 10 basis points and all other variables were held constant, the Group's net profit would have decreased/increased by HK$821,000 (2011: HK$343,000) for the year ended 31 December 2012.

During the year, the Group has not used any financial instruments to hedge its exposure to interest rate risk as the Directors consider there was no significant interest rate risk.

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(b) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of cash and cash equivalents, amounts due from related parties, trade receivables and deposit and prepayments represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 December 2012, cash and cash equivalents are deposited in major reputable financial institutions without significant credit risk.

Management does not expect any losses from the non-performance by these banks. The Group has no policy to limit the amount of credit exposure to any financial institution.

Rental deposits are placed with reputable landlords with no history of default. Management does not expect any losses from the non-performance by these counterparties.

The majority of sales made by the Group are in the form of cash and credit cards.

The Group's trade receivables comprise mainly of credit card sales and amounts owing from department stores in the Chinese Mainland and licensees in Europe with no recent history of material defaults. For those long term relationship customers, the Group offers credit terms up to 90 days. There is no recent history of material default in relation to those customers.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Finance Department maintains flexibility in funding by monitoring availability of committed credit lines.

Management maintains rolling forecasts of the Group's liquidity reserves which comprise undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows.

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

The tables below analyse the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining periods at the balance sheet date to the contractual maturity dates.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group

	Repayment period			
As at 31 December 2012	**Less than 1 year HK$'000**	**Between 1 and 2 years HK$'000**	**Between 2 and 5 years HK$'000**	**Over 5 years HK$'000**
Trade payables	**81,467**	**–**	**–**	**–**
Contingent purchase consideration payable for acquisition	**1,258**	**4,061**	**33,401**	**459,610**
Other payables and accruals	**199,667**	**–**	**–**	**–**
Amounts due to related parties	**13,098**	**–**	**–**	**–**
Borrowings	**870,428**	**–**	**–**	**–**
	1,165,918	**4,061**	**33,401**	**459,610**

	Repayment period			
As at 31 December 2011	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
Trade payables	123,759	–	–	–
Other payables and accruals	157,204	10,333	37,417	25,167
Amounts due to related parties	13,674	–	–	–
Borrowings	380,184	–	–	–
	674,821	10,333	37,417	25,167

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

Company

	Repayment period			
As at 31 December 2012	**Less than 1 year HK$'000**	**Between 1 and 2 years HK$'000**	**Between 2 and 5 years HK$'000**	**Over 5 years HK$'000**
Contingent purchase consideration payable for acquisition	**1,258**	**4,061**	**33,401**	**459,610**
Other payables and accruals	**3,266**	**–**	**–**	**–**
Amount due to a subsidiary	**3,817**	**–**	**–**	**–**
	8,341	**4,061**	**33,401**	**459,610**

	Repayment period			
As at 31 December 2011	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
Other payables and accruals	6,519	–	–	–

4.2 Fair value estimation

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and amounts due from related parties; and financial liabilities including trade and other payables, current borrowings, contingent purchase consideration payable for acquisition and amounts due to related parties, approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares.

Total capital is calculated as 'equity' as shown in the consolidated balance sheet.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of intangibles – goodwill and trademarks

The Group tests annually or whenever there is an indicator of impairment whether goodwill and trademarks have suffered any impairment in accordance with the accounting policy stated in Note 3.7. The recoverable amounts of CGUs are determined based on fair value less costs to sell calculations. These calculations require the use of estimates (Note 18).

(b) Useful life of trademarks

A portion of the Group's licences are classified as indefinite useful life intangible assets in accordance with HKAS 38 "Intangible Assets". This conclusion is supported by the fact that these licences are capable of being renewed indefinitely at insignificant cost, perpetual in duration, relate to well-known and long established menswear brands, and based on past and future financial performance of the Group and they are expected to generate positive cash flows indefinitely. It is possible that this conclusion could change significantly as a result of changes in the luxury menswear industry or competitors' actions in response to severe industry cycles. Under HKAS 38, the Group re-evaluates the useful life of intangibles each year to determine whether events and circumstances continue to support the view of indefinite useful life for these assets.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling the product. It could change significantly as a result of changes in consumer taste and competitors' actions in response to severe industry cycles. Management reassesses these estimates at each balance sheet date.

(d) Employee benefits – share-based payments

The determination of the fair value of the share options granted requires estimates in determining the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the options as stated in Note 27.

Where the outcome of the number of options that are exercisable is different, such difference will impact the consolidated income statement in the subsequent remaining vesting periods of the relevant share options.

5 Critical accounting estimates and judgements *(Continued)*

(e) Allocation of purchase price amongst identifiable assets acquired, liabilities and contingent liabilities assumed in business combination

The Group accounts for the business combination as detailed in Note 36 in accordance with the accounting policy set out in Note 3.2(i). On initial recognition, it is required to recognise separately, at the date of initial recognition, the Group's share of identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria regardless of whether they have been previously recognised in acquiree's financial statements. The valuation in respect of the identifiable assets (including intangible assets recognised upon initial recognition during the year) and liabilities was referenced to the inflow of future economic benefits associated to the asset and the outflow of future economic resources required to settle the obligation based on fair value assessment which requires significant amount of judgement and estimate. An independent professional valuer was engaged to assist in determining the fair values of identifiable assets, liabilities and contingent liabilities, if any.

(f) Contingent purchase consideration payable for acquisition

As disclosed in Note 36(a), the Group's acquisition of Gieves & Hawkes group involved post-acquisition performance-based contingent purchase consideration which was recognised at fair value at the acquisition date as part of the total consideration for the acquired business. The fair value measurement requires, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgement in relation to the time value of money. All outstanding contingent purchase consideration will be re-measured at fair value reflecting the impact of any events or factors which occur after the acquisition date, with any resulting gain or loss recognised in the consolidated income statement in accordance with HKFRS 3 (Revised). The determination of outstanding contingent purchase consideration payable involves significant judgement and estimation of the future performance of the acquired business. The Group's profit attributable to shareholders of the Company would decrease/increase and the contingent purchase consideration payable would increase/decrease by HK$49,028,000 and HK$44,213,000 respectively if future revenue growth is 1% higher/lower than the estimation made by management at balance sheet date.

6 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.

6 Segment information *(Continued)*

(a) Segment results

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

	HK & Macau Retail HK$'000	HK & Macau Wholesale HK$'000	Chinese Mainland Retail HK$'000	Taiwan Retail HK$'000	Europe Retail HK$'000	Europe Licensing HK$'000	Others Retail HK$'000	Total HK$'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 Retail HK$'000	HK & Macau Wholesale HK$'000	Chinese Mainland Retail HK$'000	Taiwan Retail HK$'000	Europe Retail HK$'000	Europe Licensing HK$'000	Others Retail HK$'000	Total HK$'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

6 Segment information *(Continued)*

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

	2012 HK$'000	2011 HK$'000
Segment profit before income tax for reportable segments	**864,808**	1,003,187
Add:		
Other income (Note 8)	**71,556**	59,766
Other gains – net (Note 9)	**15,543**	4,396
Finance income – net (Note 10)	**–**	1,182
Gain on disposal of investments in jointly controlled entities	**34,766**	–
Less:		
Finance costs – net (Note 10)	**(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

7 Operating profit

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

	2012 HK$'000	2011 HK$'000
Cost of inventories recognised as expenses included in cost of sales (Note 24)	**623,760**	521,040
Reversal of provision for impairment of inventories (Note 24)	**(9,217)**	(17,286)
Depreciation of property, plant and equipment (Note 17)	**178,466**	135,132
Additional/(reversal of) provision for impairment of property, plant and equipment (Note 17)	**3,996**	(10,128)
Amortisation of intangible assets (Note 18)	**1,759**	6,068
Loss on disposal of property, plant and equipment (Note 17)	**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 (Note 25)	**200**	367
Employee benefit expenses (Note 14)	**626,277**	565,918
Advertising and promotion expenses	**161,233**	138,908
Royalty expenses	**13,933**	23,636

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

	2012 HK$'000	2011 HK$'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.

8 Other income

	2012 HK$'000	2011 HK$'000
Subsidy income	24,066	13,911
Rental and licence fee income (Note 39(a))	2,214	2,255
Management fee income (Note 39(a))	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

9 Other gains – net

	2012 HK$'000	2011 HK$'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

10 Finance (costs)/income – net

	2012 HK$'000	2011 HK$'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

11 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 HK$'000	2011 HK$'000
Current income tax		
– Hong Kong profits tax	38,967	54,660
– Overseas taxation	81,864	97,528
Deferred income tax (Note 23)	(9,647)	11,699
Over provision in prior years	(14,187)	–
	96,997	163,887

The tax charge on the Group's profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated entities as follows:

	2012 HK$'000	2011 HK$'000
Profit before income tax	637,006	676,977
Tax calculated at domestic tax rates applicable to profits in the respective areas	103,435	122,722
Effect of withholding tax on distributable profits of the Group's Chinese Mainland subsidiaries, jointly controlled entities and associates in South Korea	(6,424)	32,342
Income not subject to tax	(6,610)	(4,760)
Effect of unrecognised tax losses	(2,758)	(2,028)
Expenses not deductible for tax purposes	9,354	15,611
Income tax expense	96,997	163,887

The weighted average applicable tax rate for the year was 16.2% (2011: 18.1%).

The subsidiaries incorporated in the Chinese Mainland are subject to income tax rate at 25% (2011: 25%).

12 Profit for the year attributable to shareholders of the Company

The profit for the year attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$591,702,000 (2011: HK$479,504,000).

13 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

14 Employee benefit expenses

The aggregate amounts of staff costs including directors' emoluments are as follows:

	2012 HK$'000	2011 HK$'000
Wages, salaries and bonus	**538,514**	487,318
Pension costs – defined benefit and contribution plans	**13,353**	9,420
Social security and benefits for the Chinese Mainland employees	**67,910**	51,593
Employee share option benefit	**6,500**	17,587
Total	**626,277**	565,918

There were no forfeited contributions during the year (2011: nil).

15 Directors' and senior management emoluments

(a) The remuneration of each director is set out below:

(i) For the year ended 31 December 2012:

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Other benefits (note) HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
WONG Yat Ming	120	3,360	4,862	1,094	14	9,450
Bruno LI Kwok Ho	120	1,766	3,112	546	14	5,558
Sabrina FUNG Wing Yee	120	2,280	1,815	64	14	4,293
Danny LAU Sai Wing	120	3,000	3,890	971	14	7,995
Victor FUNG Kwok King	180	–	–	–	–	180
William FUNG Kwok Lun	150	–	–	–	–	150
Jose Hosea CHENG Hor Yin	200	–	–	–	–	200
Cassian CHEUNG Ka Sing	280	–	–	–	–	280
Michael LEE Tze Hau	280	–	–	–	–	280
Patrick SUN	250	–	–	–	–	250
Jean-Marc LOUBIER	200	–	–	–	–	200
Eva LI Kam Fun	230	–	–	–	–	230
	2,250	10,406	13,679	2,675	56	29,066

The executive directors agreed to revise their 2012 bonus entitlement payable in 2013 which resulted in a reduction of HK$8.7 million bonus for the year ended 31 December 2012 (2011: nil). The respective reduction for each of the executive director for 2012 bonus was as follows:

Mr Wong Yat Ming – approximately HK$3.2 million
Mr Bruno Li Kwok Ho – approximately HK$2.1 million
Ms Sabrina Fung Wing Yee – approximately HK$0.8 million
Mr Danny Lau Sai Wing – approximately HK$2.6 million

15 Directors' and senior management emoluments *(Continued)*

(a) The remuneration of each director is set out below: (Continued)

(ii) For the year ended 31 December 2011:

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Other benefits (note) HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
WONG Yat Ming	120	3,360	8,447	1,090	12	13,029
Bruno LI Kwok Ho	120	1,766	5,406	542	12	7,846
Sabrina FUNG Wing Yee	120	2,169	2,703	60	12	5,064
Danny LAU Sai Wing	120	3,000	6,758	965	12	10,855
Victor FUNG Kwok King	184	–	–	–	–	184
William FUNG Kwok Lun	125	–	–	–	–	125
Jeremy Paul Egerton HOBBINS (retired on 1 June 2011)	50	–	–	–	–	50
Jose Hosea CHENG Hor Yin	133	–	–	–	–	133
Cassian CHEUNG Ka Sing	269	–	–	–	–	269
Michael LEE Tze Hau	280	–	–	–	–	280
Patrick SUN	250	–	–	–	–	250
Jean-Marc LOUBIER	207	–	–	–	–	207
Eva LI Kam Fun	38	–	–	–	–	38
	2,016	10,295	23,314	2,657	48	38,330

Note: Other benefits include insurance premium and housing allowance.

(b) The emoluments of senior management of the Group fall within the following bands:

	Number of individuals 2012	2011
Emolument bands		
– HK$4,000,001 to HK$4,500,000	**2**	–
– HK$4,500,001 to HK$5,000,000	**1**	2
– HK$5,000,001 to HK$5,500,000	**1**	1
– HK$5,500,001 to HK$6,000,000	**1**	1
– HK$6,500,001 to HK$7,000,000	**1**	–
– HK$7,000,001 to HK$7,500,000	**–**	1
	6	5

15 Directors' and senior management emoluments *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2012 include three (2011: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two highest paid individuals (2011: two) during the year are as follows:

	2012 HK$'000	2011 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**7,257**	6,427
Discretionary bonuses	**5,222**	4,731
Compensation for loss of office	**–**	8,844
Employer's contribution to pension scheme	**173**	170
	12,652	20,172

No compensation was paid for loss of office during the year (2011: HK$8,844,000).

The emoluments of the highest paid individuals of the Group fall within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
– HK$5,500,001 to HK$6,000,000	**1**	–
– HK$6,500,001 to HK$7,000,000	**1**	–
– HK$7,000,001 to HK$7,500,000	**–**	1
– HK$12,500,001 to HK$13,000,000	**–**	1
	2	2

16 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).

17 Property, plant and equipment – Group

	Buildings HK$'000	Leasehold improvements, furniture and fixtures HK$'000	Computers, equipment and air-conditioners HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2011						
Cost	1,716	354,877	31,113	15,986	3,045	406,737
Accumulated depreciation and impairment	(924)	(186,787)	(21,377)	(14,165)	(1,856)	(225,109)
Net book amount	792	168,090	9,736	1,821	1,189	181,628
Year ended 31 December 2011						
Opening net book amount	792	168,090	9,736	1,821	1,189	181,628
Exchange differences	–	1,088	185	–	31	1,304
Acquisition of subsidiaries (Note 36 (b))	–	40,984	300	–	–	41,284
Additions	–	201,897	12,465	2,240	776	217,378
Disposals	–	(3,093)	(1,488)	(203)	–	(4,784)
Reversal of impairment provision (Note 7)	–	10,128	–	–	–	10,128
Depreciation (Note 7)	(198)	(128,771)	(4,930)	(616)	(617)	(135,132)
Closing net book amount	594	290,323	16,268	3,242	1,379	311,806
At 31 December 2011						
Cost	1,716	580,910	45,548	15,814	3,673	647,661
Accumulated depreciation and impairment	(1,122)	(290,587)	(29,280)	(12,572)	(2,294)	(335,855)
Net book amount	594	290,323	16,268	3,242	1,379	311,806
Year ended 31 December 2012						
Opening net book amount	**594**	**290,323**	**16,268**	**3,242**	**1,379**	**311,806**
Exchange differences	**(54)**	**393**	**(75)**	**–**	**(2)**	**262**
Acquisition of subsidiaries (Note 36 (a))	**5,802**	**7,358**	**3,960**	**–**	**–**	**17,120**
Additions	**580**	**183,041**	**5,146**	**138**	**–**	**188,905**
Disposals	**–**	**(5,891)**	**(726)**	**–**	**(204)**	**(6,821)**
Impairment provision (Note 7)	**–**	**(3,996)**	**–**	**–**	**–**	**(3,996)**
Depreciation (Note 7)	**(1,179)**	**(165,157)**	**(10,904)**	**(706)**	**(520)**	**(178,466)**
Closing net book amount	**5,743**	**306,071**	**13,669**	**2,674**	**653**	**328,810**
At 31 December 2012						
Cost	**16,102**	**626,501**	**59,495**	**12,775**	**1,631**	**716,504**
Accumulated depreciation and impairment	**(10,359)**	**(320,430)**	**(45,826)**	**(10,101)**	**(978)**	**(387,694)**
Net book amount	**5,743**	**306,071**	**13,669**	**2,674**	**653**	**328,810**

17 Property, plant and equipment – Group *(Continued)*

The table below shows the amount of depreciation expenses included in cost of sales, selling and marketing expenses and administrative expenses:

	2012 HK$'000	2011 HK$'000
Cost of sales	**3,023**	1,602
Selling and marketing expenses	**157,331**	118,767
Administrative expenses	**18,112**	14,763
Total	**178,466**	135,132

18 Intangible assets – Group

	Licences (with finite useful lives) HK$'000	Trademarks and licences (with indefinite useful lives) (note (a)) HK$'000	Goodwill HK$'000	Others HK$'000	Total HK$'000
At 1 January 2011					
Cost	87,492	307,239	1,271,751	–	1,666,482
Accumulated amortisation	(37,410)	–	–	–	(37,410)
Net book amount	50,082	307,239	1,271,751	–	1,629,072
Year ended 31 December 2011					
Opening net book amount	50,082	307,239	1,271,751	–	1,629,072
Acquisition of subsidiaries (Note 36 (b))	–	700,477	–	6,023	706,500
Reclassification	(6,997)	6,997	–	–	–
Amortisation charge (Note 7)	(6,038)	–	–	(30)	(6,068)
Exchange differences	–	(16,681)	–	(575)	(17,256)
Closing net book amount	37,047	998,032	1,271,751	5,418	2,312,248
At 31 December 2011					
Cost	60,191	998,032	1,271,751	5,418	2,335,392
Accumulated amortisation	(23,144)	–	–	–	(23,144)
Net book amount	37,047	998,032	1,271,751	5,418	2,312,248

18 Intangible assets – Group *(Continued)*

	Licences (with finite useful lives) HK$'000	Trademarks and licences (with indefinite useful lives) (note (a)) HK$'000	Goodwill HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2012					
Opening net book amount	37,047	998,032	1,271,751	5,418	2,312,248
Acquisition of subsidiaries (Note 36 (a))	–	792,000	–	–	792,000
Disposal (note (b))	(35,288)	–	–	–	(35,288)
Amortisation charge (Note 7)	(1,759)	–	–	–	(1,759)
Exchange differences	–	10,040	–	86	10,126
Closing net book amount	–	1,800,072	1,271,751	5,504	3,077,327
At 31 December 2012					
Cost	–	1,800,072	1,271,751	5,504	3,077,327
Accumulated amortisation	–	–	–	–	–
Net book amount	–	1,800,072	1,271,751	5,504	3,077,327

Notes:

(a) *Indefinite life trademarks mainly represent the Group's rights and titles in respect of the worldwide Kent & Curwen trademark, the worldwide Cerruti and Gieves & Hawkes trademarks acquired through business combinations as detailed in Note 36.*

(b) *Disposal of intangible assets for the year ended 31 December 2012 relates to the write-off of the licence right for Gieves & Hawkes capitalised in prior years, together with corresponding royalties payable included in other payables and accruals (Note 31), as a result of the completion of acquisition of Gieves & Hawkes group as disclosed in Note 36(a).*

An amortisation charge of HK$1,759,000 (2011: HK$6,068,000) is included in administrative expenses.

Impairment tests for goodwill and other intangible assets

Goodwill is allocated to the Group's operating segments which comprise a group of CGUs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

All of the Group's goodwill is allocated to the relevant operating segments. An analysis of goodwill allocated to each operating segment as at 31 December 2012 is presented below.

	HK$'000
Goodwill	
Chinese Mainland	724,898
Hong Kong	470,548
Taiwan	76,305
Total	1,271,751

18 Intangible assets – Group *(Continued)*

Impairment tests for goodwill

In accordance with HKAS 36 “Impairment of Assets”, the Group completed impairment tests for goodwill allocated to the Group’s various CGUs identified according to the operating segment by comparing their recoverable amount to their carrying amount as at the balance sheet date. The recoverable amount of a CGU is determined based on fair value less costs to sell calculation. These calculations use cash flow projections based on one-year financial budget approved by management and extrapolated in perpetuity, with an estimated general annual growth rate stated below of not more than 5%. The growth rate used is largely consistent and does not exceed industry growth forecasts. The discount rate used is approximately 10% (post-tax) and reflects market assessments of the time value and the specific risks relating to the industry. The budgeted gross margin and net profit margin were determined by management based on past performance and its expectations for market development. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount. Judgements are required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections.

The key assumptions used in fair value less costs to sell calculations are as follows:

	Hong Kong	Chinese Mainland	Taiwan
Gross margin (note (i))	79%	80%	75%
Growth rate (note (ii))	5%	5%	5%
Discount rate (note (iii))	10%	10%	10%

Notes:

(i) Budgeted gross margin

(ii) Weighted average growth rate used to extrapolate cash flows beyond the budget period

(iii) Post-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU within the operating segment.

Trademarks and licences

Some of the trademarks and licences acquired are deemed to have indefinite useful lives because they relate to well known and long established menswear brands that do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewals and the relationship with the contracting parties. The carrying amount of these trademarks and licences is not amortised and there is no foreseeable limit on the period of time over which it is expected to generate positive cash flows. The directors have performed an impairment test of the carrying amount of each trademark as a corporate asset based on a fair value less costs to sell calculation. This valuation uses cash flow projections based on financial estimates covering a five-year period, expected royalty rates deriving from respective trademarks and a post-tax discount rate of 10% (2011: 10%). The cash flows beyond the three-year period are extrapolated using market growth rate. This growth rate does not exceed the long-term average growth rate for apparel markets in which the Group operates. Management has considered the above assumptions and valuation and has also taken into account the business expansion plan going forward and concluded that no impairment is required.

19 Investments in and amounts due from/(to) subsidiaries – Company

(a) Investments in subsidiaries

	2012 HK$'000	2011 HK$'000
Unlisted investments, at cost	**481,082**	9,000
Capital contribution relating to share-based payment	**4,936**	–
Advances to subsidiaries	**2,196,280**	1,948,477
	2,682,298	1,957,477

Advances to subsidiaries are unsecured, interest free and will not be demanded for repayment.

Details of subsidiaries are included in Note 42.

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand. Included in the balance, HK$301,285,000 (2011: HK$351,285,000) represents dividend receivable from subsidiaries. The fair values of amounts due from/(to) subsidiaries are approximately the same as their carrying amounts.

20 Investments in jointly controlled entities – Group

	2012 HK$'000	2011 HK$'000
Beginning of the year	**229,045**	210,982
Share of profit of jointly controlled entities	**65,346**	62,275
Capital contribution	**12,438**	–
Dividends received	**(29,807)**	(29,998)
Exchange differences and other equity movements	**19,815**	(14,214)
Disposal (note)	**(168,559)**	–
Transfer to investments in associates (Note 21)	**(128,278)**	–
End of the year	**–**	229,045

Note: On 20 December 2012, the Group disposed of its 30% equity interest in Ferragamo Korea Limited, Ferragamo (Malaysia) Sdn Bhd, Ferragamo (Singapore) Pte Ltd and Ferragamo (Thailand) Limited (collectively "Ferragamo entities"), then jointly controlled entities of the Group, to Salvatore Ferragamo S.p.A. for a total cash consideration of US$26,056,000 (approximately HK$201,969,000). As a result of the disposal, the Group's interests in Ferragamo entities have been reduced from 50% to 20%. The Group has classified its residual interests as investments in associates and has continued to equity account for these entities in its financial statements.

20 Investments in jointly controlled entities – Group *(Continued)*

Details of consideration received and net assets disposed of were as follows:

	HK$'000
Total cash consideration received	201,969
Net assets disposed of:	
30% share of net assets of interest in jointly controlled entities disposed	(168,559)
Translation reserve	6,841
Related transaction costs incurred	(5,485)
Gain on disposal of investments in jointly controlled entities	34,766

The summarised financial information of Ferragamo entities are disclosed in Note 21 to the consolidated financial statements.

21 Investments in associates – Group

	2012 HK$'000	2011 HK$'000
Investments in associates, at initial recognition		
At 1 January	–	–
Transfer from investments in jointly controlled entities (Note 20)	128,278	–
At 31 December	128,278	–

The assets and liabilities, and results of Ferragamo entities, then jointly controlled entities of the Group, were 50% equity accounted for by the Group in 2011 and up to 20 December 2012 when the Group disposed of its 30% equity interest. Since then, Ferragamo entities became the 20% owned associates of the Group. The Group's share of Ferragamo entities' assets and liabilities as at 31 December 2012 and their results for the year then ended 31 December 2012 are as follows:

Name	Particulars of total issued shares	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit attributable to the Group HK$'000
2012						
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	11,584	1,813	37,184	4,912
Ferragamo (Thailand) Limited	770,500 ordinary shares of Baht 100 each 229,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	5,420	774	23,888	4,727
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of S$1 each	Singapore	22,968	10,502	106,946	6,581
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	111,622	10,227	338,411	49,126
			151,594	23,316	506,429	65,346

21 Investments in associates – Group *(Continued)*

The assets and liabilities, and results of Ferragamo entities, then jointly controlled entities of the Group, were 50% equity accounted for by the Group in 2011 and up to 20 December 2012 when the Group disposed of its 30% equity interest. Since then, Ferragamo entities became the 20% owned associates of the Group. The Group's share of Ferragamo entities' assets and liabilities as at 31 December 2011 and their results for the year ended 31 December 2011 are as follows:

Name	Particulars of total issued shares	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit attributable to the Group HK$'000
2011						
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	29,933	5,521	31,678	4,560
Ferragamo (Thailand) Limited	220,500 ordinary shares of Baht 100 each 229,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	12,464	12,464	17,378	–
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of S$1 each	Singapore	46,545	23,535	93,482	4,580
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	215,532	33,909	343,205	53,135
			304,474	75,429	485,743	62,275

22 Deposit and prepayments – Group

	2012 HK$'000	2011 HK$'000
Non-current assets		
Rental deposits	**45,983**	45,695
Current assets		
Rental deposits	**35,225**	18,625
Prepayments	**66,326**	44,929
	101,551	63,554
Total	**147,534**	109,249

22 Deposit and prepayments – Group *(Continued)*

The carrying amounts of deposits and prepayments are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
HKD	**57,767**	44,872
RMB	**48,320**	36,202
EUR	**26,942**	25,677
GBP	**10,746**	107
MOP	**2,210**	774
TWD	**1,132**	1,249
SGD	**417**	368
	147,534	109,249

As at 31 December 2012, the carrying amounts of the Group's deposits and prepayments approximated their fair values.

23 Deferred income tax – Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2012 HK$'000	2011 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**154,151**	94,009
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(360,726)**	(230,693)

The gross movements in the deferred income tax assets and (liabilities) are as follows:

	2012 HK$'000	2011 HK$'000
Beginning of the year	**(136,684)**	(33,125)
Credited/(charged) to consolidated income statement (Note 11)	**9,647**	(11,699)
Acquisition of subsidiaries (Note 36)	**(98,375)**	(102,610)
Utilisation for the year	**17,182**	6,717
Exchange differences	**1,655**	4,033
End of the year	**(206,575)**	(136,684)

23 Deferred income tax – Group *(Continued)*

The movements of deferred income tax liabilities during the year are as follows:

	Intangible assets – trademarks HK$'000	Accelerated tax depreciation allowances HK$'000	Undistributed profits of subsidiaries, associates and jointly controlled entities HK$'000	Others HK$'000	Total HK$'000
At 1 January 2011	27,720	13,549	49,303	2,656	93,228
Charged to the consolidated income statement	–	4,423	32,342	2,676	39,441
Acquisition of subsidiaries (Note 36 (b))	108,754	–	–	–	108,754
Utilisation for the year	–	–	(6,717)	–	(6,717)
Exchange differences	(3,532)	(481)	–	–	(4,013)
At 31 December 2011	132,942	17,491	74,928	5,332	230,693
(Credited)/charged to the consolidated income statement	**–**	**10,062**	**(6,424)**	**10,180**	**13,818**
Acquisition of subsidiaries (Note 36 (a))	**134,716**	**–**	**–**	**–**	**134,716**
Utilisation for the year	**–**	**–**	**(17,182)**	**–**	**(17,182)**
Exchange differences	**775**	**1,099**	**(2,900)**	**(293)**	**(1,319)**
At 31 December 2012	**268,433**	**28,652**	**48,422**	**15,219**	**360,726**

23 Deferred income tax – Group *(Continued)*

The movements of deferred income tax assets during the year are as follows:

	Impairment of assets HK$'000	Decelerated tax depreciation allowances HK$'000	Provisions and accruals HK$'000	Unrealised profit on inventories HK$'000	Unutilised tax loss HK$'000	Others HK$'000	Total HK$'000
At 1 January 2011	4,801	3,172	7,866	31,175	10,658	2,431	60,103
(Charged)/credited to the consolidated income statement	(2,236)	–	2,309	27,419	2,522	(2,272)	27,742
Acquisition of subsidiaries (Note 36 (b))	–	–	–	–	–	6,144	6,144
Exchange differences	78	(2)	489	–	(192)	(353)	20
At 31 December 2011	2,643	3,170	10,664	58,594	12,988	5,950	94,009
(Charged)/credited to the consolidated income statement	**1,211**	**(2,303)**	**(1,357)**	**22,662**	**2,758**	**494**	**23,465**
Acquisition of subsidiaries (Note 36 (a))	**–**	**–**	**–**	**–**	**36,341**	**–**	**36,341**
Exchange differences	**(290)**	**–**	**(6)**	**–**	**547**	**85**	**336**
At 31 December 2012	**3,564**	**867**	**9,301**	**81,256**	**52,634**	**6,529**	**154,151**

24 Inventories – Group

	2012 HK$'000	2011 HK$'000
Raw materials	**39,439**	55,674
Work-in-progress	**8,781**	25,012
Finished goods	**615,406**	524,350
Total	**663,626**	605,036

The cost of inventories and reversal of provision for impairment of inventories recognised as expense and included in 'cost of sales' amounted to HK$623,760,000 (2011: HK$521,040,000) and HK$9,217,000 (2011: HK$17,286,000) respectively (Note 7).

25 Trade receivables – Group

	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

Trade receivables that are less than three months past due are not considered impaired. Trade receivables of HK$57,563,000 (2011: HK$45,269,000) as at 31 December 2012 were past due but not impaired. These relate to a number of independent department stores for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012 HK$'000	2011 HK$'000
Past due		
Up to 3 months	**56,822**	44,355
4 to 12 months	**659**	795
Over 12 months	**82**	119
	57,563	45,269

25 Trade receivables – Group *(Continued)*

Trade receivables of HK$10,149,000 (2011: HK$8,945,000) as at 31 December 2012 were impaired and fully provided for. The individually impaired receivables mainly arise from department stores in the Chinese Mainland and licensees in Europe. The ageing of these receivables is as follows:

	2012 HK$'000	2011 HK$'000
Up to 3 months	167	–
4 to 12 months	1,399	790
Over 12 months	8,583	8,155
	10,149	8,945

Movements in the provision for impairment of trade receivables are as follows:

	2012 HK$'000	2011 HK$'000
At 1 January	8,945	2,392
Acquisition of subsidiaries	1,911	6,718
Additional provision	2,244	4,138
Unused amounts reversed	(2,044)	(3,771)
Impairment provision written off	(978)	–
Exchange differences	71	(532)
At 31 December	10,149	8,945

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the consolidated income statement (Note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The fair value of the Group's trade receivables are approximately the same as their carrying amounts.

25 Trade receivables – Group *(Continued)*

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
RMB	**126,373**	161,988
TWD	**37,076**	36,011
HKD	**9,611**	17,074
EUR	**9,431**	18,600
MOP	**8,018**	7,787
GBP	**5,440**	–
USD	**2,330**	811
	198,279	242,271

26 Cash and cash equivalents

	Group		Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Cash at bank and in hand	**923,945**	704,606	**5,305**	16,557
Short-term bank deposits (note (i))	**75,152**	85,764	**–**	–
	999,097	790,370	**5,305**	16,557
Maximum exposure to credit risk	**997,345**	788,596	**5,305**	16,557

The maximum exposure to credit risk refers to the cash balances held at financial institutions, and excludes cash on hand held at the retail stores and offices of the Group.

As at 31 December 2012, cash and bank balances amounting to HK$329,972,000 (2011: HK$312,391,000) were deposited in the bank accounts in the Chinese Mainland where exchange control applies.

Note (i): The table below shows the effective interest rate and average maturity days of the Group's short-term bank deposits:

	2012	*2011*
Effective interest rate	***1.80%***	*1.41%*
Average maturity days of deposits	***30***	*32*

26 Cash and cash equivalents *(Continued)*

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2012 HK$'000	2011 HK$'000
RMB	**460,482**	452,370
HKD	**219,094**	137,381
USD	**202,598**	95,679
TWD	**39,176**	46,341
GBP	**27,982**	13,357
EUR	**25,628**	22,414
MOP	**15,930**	16,601
Others	**8,207**	6,227
	999,097	790,370

27 Share capital, share premium and share options

	Number of authorised shares (Thousands)	Number of issued and fully paid shares (Thousands)	Amount		
			Ordinary shares HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2011	4,000,000	1,588,887	158,889	1,540,961	1,699,850
Exercise of share options	–	19,504	1,950	35,141	37,091
Placement of shares	–	100,000	10,000	726,554	736,554
At 31 December 2011	4,000,000	1,708,391	170,839	2,302,656	2,473,495
Exercise of share options (note (a))	**–**	**15,326**	**1,533**	**32,442**	**33,975**
At 31 December 2012	**4,000,000**	**1,723,717**	**172,372**	**2,335,098**	**2,507,470**

Note:

(a) During the year, 4,468,000 and 10,858,000 ordinary shares were issued at an exercise price of HK$1.65 and HK$2.45 per share, respectively, to the share option holders pursuant to the Share Option Schemes.

27 Share capital, share premium and share options *(Continued)*

Share Option Schemes

Pre-IPO and Post-IPO Share Option Schemes

Pursuant to the Pre-IPO Share Option Scheme ("Pre-IPO Scheme") and the Post-IPO Share Option Scheme ("Post-IPO Scheme") (together the "Schemes") adopted by the Company on 16 October 2009, the Board of Directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full-time or part-time employee, executive or non-executive Directors, of the Company or any affiliates as defined in the Schemes) which entitle the holders of options to subscribe for shares in the Company. The total number of shares that may be issued upon exercise of all options to be granted under the Share Option Schemes and any other schemes must not in aggregate exceed 10% of the shares in issue as at 3 November 2009, the listing date, or 30% of the shares in issue from time to time.

Movements in the number of such share options granted, and their related weighted average exercise prices during the year are as follows:

	2012		2011	
	Number of options	Weighted average exercise price HK$	Number of options	Weighted average exercise price HK$
At 1 January	53,362,000	2.67	68,396,000	2.05
Share options granted on 11 January 2011	–	–	4,260,000	7.35
Share options granted on 24 March 2011	–	–	500,000	7.35
Share options granted on 25 November 2011	–	–	1,900,000	7.35
Exercised	(15,326,000)	2.22	(19,504,000)	1.90
Forfeited	(194,000)	4.62	(2,190,000)	4.44
At 31 December	37,842,000	2.84	53,362,000	2.67

At the end of the year, there were 37,842,000 outstanding share options (2011: 53,362,000 share options), out of which 34,062,000 (2011: 35,242,000) share options were exercisable.

Share options outstanding at the end of the year have the following exercisable periods and exercise prices:

Exercisable periods	Exercise price	2012	2011
3 November 2010 to 2 November 2014	HK$1.65	6,036,000	6,457,000
3 November 2011 to 2 November 2014	HK$1.65	9,842,000	13,903,000
26 November 2010 to 25 November 2012	HK$2.45	–	4,528,000
26 November 2011 to 25 November 2013	HK$2.45	6,354,000	10,354,000
26 November 2012 to 25 November 2014	HK$2.45	9,890,000	12,310,000
1 January 2012 to 31 December 2013	HK$8.08	1,690,000	1,720,000
1 January 2013 to 31 December 2014	HK$8.08	1,690,000	1,720,000
1 January 2012 to 31 December 2013	HK$7.71	250,000	250,000
1 January 2013 to 31 December 2014	HK$7.71	250,000	250,000
1 January 2013 to 31 December 2014	HK$5.61	1,840,000	1,870,000
At 31 December		37,842,000	53,362,000

27 Share capital, share premium and share options *(Continued)*

Share Option Schemes *(Continued)*

The weighted average share price at the date of exercise of share options exercised during the year was HK$5.65.

The fair values of options granted were determined using the Black-Scholes valuation model.

Expected volatility was determined based on the historical price volatility of shares of the Company or comparable companies to the Company. Changes in the subjective input assumptions may materially affect their fair value estimates.

During the year ended 31 December 2012, the Company had not granted any share options.

28 Reserves

Group

	Retained earnings HK$'000	Merger reserves HK$'000 (note (a))	Other reserve HK$'000 (note (b))	Statutory reserves HK$'000 (note (c))	Translation reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
Balance at 1 January 2011	731,262	(217,064)	(37,623)	9,717	35,995	28,751	551,038
Profit for the year	513,090	–	–	–	–	–	513,090
Exchange differences on translation of subsidiaries and jointly controlled entities	–	–	–	–	5,732	–	5,732
Transfer from retained earnings	(49)	–	–	49	–	–	–
Dividends (Note 16)	(305,447)	–	–	–	–	–	(305,447)
Employee share option schemes							
– value of employee services	–	–	–	–	–	17,587	17,587
– transfer to retained earnings	11,583	–	–	–	–	(11,583)	–
Balance at 31 December 2011	950,439	(217,064)	(37,623)	9,766	41,727	34,755	782,000
Profit for the year	**540,009**	**–**	**–**	**–**	**–**	**–**	**540,009**
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)**
Dividends (Note 16)	**(394,477)**	**–**	**–**	**–**	**–**	**–**	**(394,477)**
Employee share option schemes							
– value of employee services	**–**	**–**	**–**	**–**	**–**	**6,500**	**6,500**
– transfer to retained earnings	**10,804**	**–**	**–**	**–**	**–**	**(10,804)**	**–**
Transfer of reserve upon disposal of investments in jointly controlled entities	**3,817**	**–**	**–**	**(3,817)**	**–**	**–**	**–**
Balance at 31 December 2012	**1,110,592**	**(217,064)**	**(37,623)**	**5,949**	**65,779**	**30,451**	**958,084**

28 Reserves *(Continued)*

Company

	Retained earnings HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
Balance at 1 January 2011	183,153	28,751	211,904
Profit for the year	479,504	–	479,504
Employee share options schemes			
– value of employee services	–	17,587	17,587
– transfer to retained earnings	11,583	(11,583)	–
Dividends (Note 16)	(305,447)	–	(305,447)
Balance at 31 December 2011	368,793	34,755	403,548
Profit for the year	**591,702**	**–**	**591,702**
Employee share options schemes			
– value of employee services	**–**	**6,500**	**6,500**
– transfer to retained earnings	**10,804**	**(10,804)**	**–**
Dividends (Note 16)	**(394,477)**	**–**	**(394,477)**
Balance at 31 December 2012	**576,822**	**30,451**	**607,273**

Notes:

(a) Merger reserves as at 1 January 2011 mainly represented the differences between the sum of the nominal value and share premium of the subsidiaries acquired under common control and the nominal value of shares of the Company issued in exchange on the purchase considerations.

(b) Other reserve was resulted from acquiring minority interest in a subsidiary in 2008.

(c) In accordance with the relevant rules and regulations in the Chinese Mainland, the Republic of Korea and Macau, the Group's subsidiaries registered in the respective countries are required to appropriate a certain percentage of the statutory profit after tax to the statutory general reserve fund until such reserve fund reaches certain percentage of the respective registered capital. Subject to certain restrictions set out in the relevant regulations in respective countries and in the subsidiaries' articles of association, the statutory general reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital. The fund cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

29 Provision for long service payments – Group

The movements of provision for long service payments are as follows:

	2012 HK$'000	2011 HK$'000
At 1 January	**9,378**	6,082
Charged to the consolidated income statement	**341**	3,651
Payments made during the year	**–**	(355)
At 31 December	**9,719**	9,378

The Group provides for future long service payments expected to be made to employees under the Hong Kong Employment Ordinance.

30 Retirement benefit obligations – Group

	2012 HK$'000	2011 HK$'000
Balance sheet obligations for:		
– Pension benefits	**18,375**	13,415

	2012 HK$'000	2011 HK$'000
Income statement charge for:		
– Pension benefits (included in administrative expenses)	**976**	397

The Group operates defined benefit plans in Taiwan and the United Kingdom respectively. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. (i) Taiwan: Based on the projected unit credit method, the latest independent actuarial valuation of the plan dated 31 December 2012 was prepared by Mercer (Taiwan) Limited, which is a member of the American Academy of Actuaries. (ii) United Kingdom: Based on the projected unit credit method, the latest independent actuarial valuation of the plan dated 31 December 2012 was prepared by Barnett Waddingham LLP, which is a member of the Institute and Faculty of Actuaries.

The amounts recognised in the consolidated balance sheet are determined as follows:

	2012 HK$'000	2011 HK$'000
Present value of funded obligations	**100,041**	18,201
Fair value of plan assets	**(81,666)**	(4,786)
Liability in the consolidated balance sheet	**18,375**	13,415

The movements in the defined benefit obligations of the year are as follows:

	2012 HK$'000	2011 HK$'000
Beginning of year	**18,201**	18,159
Acquisition of subsidiaries (note)	**80,554**	–
Current service cost	**607**	488
Interest cost	**377**	388
Actuarial losses/(gains)	**41**	(129)
Benefits paid during the year	**(531)**	–
Exchange differences	**792**	(705)
End of year	**100,041**	18,201

30 Retirement benefit obligations – Group *(Continued)*

The movements in the fair value of plan assets of the year are as follows:

	2012 HK$'000	2011 HK$'000
Beginning of year	**4,786**	4,496
Acquisition of subsidiaries (note)	**76,747**	–
Expected return on plan assets	**115**	94
Actuarial losses	**(66)**	(38)
Contributions during the year	**410**	418
Benefits paid during the year	**(531)**	–
Exchange differences	**205**	(184)
End of year	**81,666**	4,786

The amounts recognised in the consolidated income statement are as follows:

	2012 HK$'000	2011 HK$'000
Current service cost	**607**	488
Interest cost	**377**	388
Expected return on plan assets	**(115)**	(94)
Amortisation of actuarial losses/(gains)	**110**	(60)
Total, included in employee benefit expenses	**979**	722

The principal actuarial assumptions used were as follows:

	2012		2011
	Taiwan	UK	Taiwan
Discount rate	**1.50%**	**5.00%**	1.75%
Expected return on plan assets	**2.50%**	**5.70%**	2.25%
Future salary increases	**2.25%**	**2.30%**	2.25%

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

Note: *In May 2012, the Group acquired Gieves & Hawkes group as detailed in Note 36(a). The net assets of Gieves & Hawkes group acquired include a defined benefit plan obligation of HK$3,807,000. As the seller had undertaken to fully indemnify the Group for any future potential exposure of the related defined benefit plan, the Group had recognised an indemnity of the same amount within other receivables.*

31 Other payables and accruals

Group

	2012 HK$'000	2011 HK$'000
Non-current		
Royalties payable (Note 18)	–	31,648
Current		
Royalties payable (Note 18)	**7,239**	18,664
Value-added-tax payable	**56,087**	43,793
Sales deposits received	**32,375**	14,466
Lease incentive	**121,395**	140,358
Other payables and accruals (note (i))	**300,667**	312,334
	517,763	529,615
Total	**517,763**	561,263

Note (i): Other payables and accruals include employee benefits cost amounted to HK$111,739,000 as at 31 December 2012 (2011: HK$166,203,000).

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

Company

	2012 HK$'000	2011 HK$'000
Other payables and accruals	**5,516**	8,486

32 Trade payables – Group

	2012 HK$'000	2011 HK$'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 HK$'000	2011 HK$'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

33 Contingent purchase consideration payable for acquisition

Group and Company	2012 HK$'000	2011 HK$'000
Total contingent purchase consideration payable for acquisition (note)	319,629	–
Less: current portion of contingent purchase consideration payable for acquisition	(8,277)	–
Non-current portion of contingent purchase consideration payable for acquisition	311,352	–

Note: Balance represents management's best estimation of the fair value of contingent purchase consideration payable for the acquisition as detailed in Note 36(a). Final amount of consideration settlement would be determined based on future performance of the acquired business.

34 Borrowings

	2012 HK$'000	2011 HK$'000
Current		
Bank borrowings, secured	870,000	380,000

(a) The maturity of bank borrowings for current and preceding year are within 1 year.

(b) All of the Group's borrowings are subject to floating interest rates and the effective interest rates at the balance sheet date were as follows:

	2012	2011
HKD	1.37%	1.08%

(c) The fair values of borrowings approximated their carrying amounts.

(d) The carrying amounts of the borrowings are denominated in HKD for current and preceding year.

(e) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2012 HK$'000	2011 HK$'000
6 months or less	870,000	380,000

(f) All bank borrowings were secured by guarantees from the Company as at 31 December 2012.

(g) As at 31 December 2012, the Group has unutilised banking facilities amounted to HK$440 million (2011: HK$630 million).

35 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations

	2012 HK$'000	2011 HK$'000
Profit before income tax	**637,006**	676,977
Adjustments for:		
– Share of profit of jointly controlled entities (Note 20)	**(65,346)**	(62,275)
– Gain on disposal of investments in jointly controlled entities (Note 20)	**(34,766)**	–
– Amortisation of intangible assets (Note 18)	**1,759**	6,068
– Interest income (Note 10)	**(5,457)**	(5,218)
– Interest expense (Note 10)	**16,796**	4,036
– Depreciation of property, plant and equipment (Note 17)	**178,466**	135,132
– Provision/(reversal of provision) for impairment of property, plant and equipment (Note 17)	**3,996**	(10,128)
– Loss on disposal of property, plant and equipment (Note 17)	**6,821**	4,784
– Additional provision for impairment of trade receivables – net (Note 25)	**200**	367
– Net contributions to long service payment provision and retirement benefit obligation	**341**	3,048
– Employee share option benefit	**6,500**	17,587
– Foreign exchange losses	**9,549**	26,652
Changes in working capital		
– Inventories	**(15,804)**	(178,062)
– Trade and other receivables	**33,741**	(19,800)
– Trade and other payables	**(245,219)**	(27,068)
– Balances with related parties	**2,351**	5,806
Cash generated from operations	**530,934**	577,906

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise of:

	2012 HK$'000	2011 HK$'000
Net book amount (Note 17)	**6,821**	4,784
Loss on disposal of property, plant and equipment	**(6,821)**	(4,784)
Proceeds from disposal of property, plant and equipment	**–**	–

36 Business combinations

(a) Gieves & Hawkes group

On 3 May 2012, the Group acquired a 100% equity interest in each of Marvinbond Limited and Gieves and Hawkes International (BVI) Limited and certain of their subsidiaries ("Gieves & Hawkes group") at an aggregate consideration amounting to approximately HK$719.9 million, including initial consideration of GBP32.5 million (approximately HK$402.3 million) and contingent consideration of HK$317.6 million payable in 19 instalments over 18 years subject to a cap of HK$ equivalent of GBP60.0 million (approximately HK$753.3 million).

The fair value of the contingent purchase consideration payable at the acquisition date was approximately HK$317.6 million. This fair value was dependent and determined based on management's best estimation of the future performance of the acquired business/subsidiaries taking into account the time value of money.

Gieves & Hawkes group is principally engaged in the management of Gieves & Hawkes trademarks and retailing of menswear products. The acquisition fits in with the Group's strategy to own intellectual property rights or take on very long term licences in high-end to luxury menswear brands with heritage.

Recognised amounts of identifiable assets acquired and liabilities assumed were as follows:

	Fair Value HK$'000
Property, plant and equipment (Note 17)	17,120
Intangible assets – Trademark (with indefinite useful lives) (Note 18) (note (i))	792,000
Deferred income tax assets (Note 23)	36,341
Inventories	43,051
Trade receivables	7,234
Other current assets	16,956
Cash and cash equivalents	36,625
Trade payables	(13,624)
Other payables and accruals (note(ii))	(81,102)
Deferred income tax liabilities (Note 23)	(134,716)
Net assets	719,885

Analysis of the net cash outflow of cash and cash equivalents in respect of the acquisition:

	HK$'000
Total purchase consideration	719,885
Purchase consideration payable	(317,600)
Cash and cash equivalents in subsidiaries acquired	(36,625)
Net cash outflow on acquisition	365,660

Acquisition-related costs of HK$6,411,000 were included in administrative expenses in the consolidated income statement for the year ended 31 December 2012.

Notes:

(i) Indefinite life trademark represents rights and titles in respect of the worldwide Gieves & Hawkes trademarks.

(ii) Included in other payables and accruals is a retirement benefit obligation of HK$3,807,000.

36 Business combination *(Continued)*

(a) Gieves & Hawkes group *(Continued)*

(i) Revenue and profit contribution

Gieves & Hawkes group contributed revenue of HK$128,815,000 and net loss of HK$5,862,000 to the Group for the period from 4 May 2012 to 31 December 2012.

If the acquisition had occurred on 1 January 2012, Group revenue would have been HK$2,858,779,000; profit after tax would have been HK$488,756,000 for the year ended 31 December 2012.

(ii) Acquired receivables

Fair value of the trade receivables acquired was HK$7,234,000, for which the gross contractual amount was HK$9,145,000.

(b) Cerruti group

On 15 March 2011, the Group acquired a 100% equity interest in the Cerruti group at a consideration of Euro 52.6 million (approximately HK$556.7 million). Cerruti group is principally engaged in the management of the Cerruti trademarks and retailing of menswear products. The acquisition fits in with the Group's strategy to own intellectual property rights or take on very long term licences in high-end to luxury menswear brands with heritage. The net assets of HK$556.7 million acquired included an indefinite life worldwide Cerruti trademark of approximately HK$700.5 million and the related deferred tax liability of HK$108.8 million. The net cash outflow used in acquiring Cerruti group amounted to HK$389.9 million for the year ended 31 December 2011.

37 Commitments – Group

(a) Commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2012 HK$'000	2011 HK$'000
No later than 1 year	**272,188**	199,350
Later than 1 year but no later than 5 years	**282,882**	162,433
	555,070	361,783

(b) Other commitments

	2012 HK$'000	2011 HK$'000
Contracted but not provided for:		
– Within 1 year	**7,700**	–
– Later than 1 year but no later than 2 years	**2,800**	–
	10,500	–

38 Contingent liabilities

Save as disclosed elsewhere in this report, the Group and the Company had no significant contingent liabilities as at 31 December 2011 and 2012.

39 Related party transactions – Group

(a) Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Transactions with related parties were determined on basis agreed by both parties and were conducted in the normal course of business.

Majority of the Group's related parties are companies associated with or controlled by Fung Holdings (1937) Limited (formerly "Li & Fung (1937) Limited"), a substantial shareholder of the Company (collectively, the "Substantial Shareholder Group").

The Group's connected or continuing connected transactions as defined in Chapter 14A of the Listing Rules are disclosed in the Connected Transactions section of the Directors' Report on pages 62 and 63. Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the year were as follows:

	Note	2012 HK$'000	2011 HK$'000
(I) Transactions with the Substantial Shareholder Group			
Purchase of goods		**7,164**	9,672
Sub-contracting fee expense for production of product parts		**35,194**	36,346
Management service fee income (Note 8)	(i)	**21,000**	21,000
Management fee income for provision of accounting, information system and human resources services (Note 8)	(ii)	**4,584**	4,444
Service fee expense for provision of corporate compliance services and other administrative services	(ii)	**2,161**	5,199
Service fee expense for provision of warehouse and logistics services		**14,082**	13,013
Rental and licence fee income (Note 8)	(ii)	**2,214**	2,255
Rental and management fee expense	(ii)	**3,573**	3,449
Sub-contracting fee income for production of product parts	(ii)	**144**	–
(II) Transactions with other related parties			
Consultancy and advisory service fee paid to a director of a subsidiary of the Company	(ii)	**540**	–
Consultancy and advisory services expense paid to an associate of a director of the Company		**3,953**	3,285
Advertising and promotion expense paid to an associate of a director of the Company	(ii)	**294**	–

Notes:

(i) Since 1 September 2009, the Group provided management services including front end management services (such as services relating to product development or design, product sourcing, retail management and marketing) and back office support services (such as services relating to accounting and treasury, corporate compliance, management information system, human resources and lease administration) to BLS (Private Labels) Holdings Limited and its subsidiaries. The service agreement between the Company and BLS Holdings Limited in connection to the aforesaid management services expired on 31 August 2012.

On 22 August 2012, the Company entered into a new agreement with BLS Holdings Limited for a term of four months from 1 September 2012 in connection with the provision of management services by the Group to certain subsidiaries of BLS Holdings Limited.

(ii) Included in these transactions, certain amounts are exempt from the reporting and disclosure requirements under the Listing Rules.

39 Related party transactions – Group *(Continued)*

(b) Year-end balance with related parties

	2012 HK$'000	2011 HK$'000
Due from		
Substantial Shareholder Group	**3,650**	288
Associates/jointly controlled entities	**964**	865
	4,614	1,153
Due to		
Substantial Shareholder Group	**13,038**	13,674
Other related party	**60**	–
	13,098	13,674

Balances with related parties are unsecured, interest free and repayable on demand.

(c) Corporate guarantee to a related party

The Company has provided a corporate guarantee in favour of a bank in Thailand to support the banking facilities of Ferragamo (Thailand) Limited. The maximum liability of the Company is the lower of (a) 20% of the borrowed sum; or (b) 20% of Baht 160 million and USD2.5 million (that is Baht 32 million and USD0.5 million). As at 31 December 2012, the sum borrowed by Ferragamo (Thailand) Limited amounted to approximately Baht 14.5 million and USD1.376 million (approximately HK$14.3 million in aggregate) (2011: Baht 79.5 million and USD1.555 million (approximately HK$31.5 million in aggregate)).

(d) Save as disclosed above and key management compensation as set out in Note 15 to the consolidated financial statements, the Group has no other material related party transactions during the year.

40 Events after the balance sheet date

Save as disclosed elsewhere in this report, there was no other significant subsequent events that took place subsequent to 31 December 2012.

41 Approval of consolidated financial statements

The consolidated financial statements have been approved for issue by the Board of Directors on 13 March 2013.

42 Details of subsidiaries

As at 31 December 2012, the Company has direct and indirect interest in the following subsidiaries:

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Share capital or paid-in capital	Interest held directly	Interest held indirectly
Trinity International Brands Holdings Limited (formerly "LiFung Trinity International Brands Holdings Limited")	8 December 2006	British Virgin Islands	Investment holding	USD1	100%	–
Trinity Brands Limited (formerly "LiFung Trinity JV Brands Limited")	12 May 2006	British Virgin Islands	Investment holding	USD1	100%	–
Trinity Services Holdings Limited (formerly "LiFung Trinity Services Limited")	8 December 2006	British Virgin Islands	Investment holding	USD1	100%	–
Marvinbond Limited	8 June 1993	British Virgin Islands	Investment holding	USD1	100%	–
A.T. Distributions Limited	3 October 2003	Hong Kong	Trading of garments	HK$1,000,000	–	100%
Cerruti 1881 SAS	23 March 1967	France	Trading of garments	EUR11,485,166	–	100%
Cerruti Investment Pte. Limited	28 January 2011	Singapore	Holding of trademarks	SGD100	–	100%
Champion Distributions Limited	6 August 1997	Hong Kong	Trading of garments	HK$1,000,000	–	100%
逸貿服飾銷售(上海)有限公司 (Champion Fashion Distributions (Shanghai) Limited) (note)	27 June 2005	PRC	Inactive	RMB3,000,000	–	100%
卓誼(澳門)有限公司 (COL (Macau) Limited)	14 March 2007	Macau	Trading of garments	MOP100,000	–	100%
Concord Distributions Limited	25 June 1997	Hong Kong	Trading of garments	HK$1,000,000	–	100%
永盈服飾銷售(上海)有限公司 (Concord Fashion Distributions (Shanghai) Limited) (note)	18 May 2005	PRC	Inactive	RMB3,000,000	–	100%
利永(澳門)有限公司 DBN (Macau) Limited	16 August 2012	Macau	Inactive	MOP25,000	–	100%

42 Details of subsidiaries *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Share capital or paid-in capital	Interest held directly	Interest held indirectly
Ferrinch (L) Limited	5 August 1996	Federal Territory of Labuan, Malaysia	Provision of marketing consultancy services & investment holding	USD3,001,500	–	100%
Gieves and Hawkes International (BVI) Limited	23 January 2001	British Virgin Islands	Investment holding & holding of trademarks	USD1	–	100%
Gieves Limited	6 October 1971	England and Wales	Wholesaling, retailing & tailoring businesses	GBP10,100	–	100%
Gieves & Hawkes International Limited	15 March 1984	England and Wales	Trademark licensing	GBP250,000	–	100%
Gieves & Hawkes (Hong Kong) Limited	30 October 2007	Hong Kong	Inactive	HK$1	–	100%
Gieves & Hawkes plc	18 October 1979	England and Wales	Investment holding	GBP3,111,096	–	100%
Golden Palace Global Inc.	4 July 2000	British Virgin Islands	Investment holding	USD2	–	100%
Golden Palace Global (H.K.) Limited	30 July 2003	Hong Kong	Investment holding	HK$1,000,000	–	100%
永圖貿易(上海)有限公司 (Golden Palace Global Trading (Shanghai) Co., Ltd.) (note)	29 December 2000	PRC	Inactive	USD200,000	–	100%
Kent & Curwen Limited	25 November 1996	England and Wales	Trading of garments	GBP1,000,000	–	100%
LiFung Trinity Management (Singapore) Pte Ltd	21 March 2007	Singapore	Holding of trademarks & provision of business management & consultancy services	SGD100	–	100%

42 Details of subsidiaries *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Share capital or paid-in capital	Interest held directly	Interest held indirectly
Million Venture Inc.	28 August 2000	British Virgin Islands	Investment holding	USD2	–	100%
Million Venture (H.K.) Limited	30 July 2003	Hong Kong	Investment holding	HK$1,000,000	–	100%
逸倫貿易（上海）有限公司 Million Venture Trading (Shanghai) Co., Ltd) (note)	29 December 2000	PRC	Inactive	USD200,000	–	100%
Savile Row Logistics Limited	1 June 2009	England and Wales	Inactive	GBP100	–	100%
Toga Investments France SARL	20 July 2006	France	Investment holding	EUR52,470,627	–	100%
Trinity China Distributions (B.V.I.) Limited	23 July 2003	British Virgin Islands	Investment holding	HK$5,001,000	–	100%
Trinity China Distributions (H.K.) Limited	28 July 2003	Hong Kong	Investment holding & trading of garments	HK$5,000,000	–	100%
利永（上海）時裝商貿有限公司 (Trinity China Distributions (Shanghai) Limited) (note)	27 October 2006	PRC	Trading of garments	RMB3,000,000	–	100%
利宜貿易（上海）有限公司 (Trinity China Distributions Trading (Shanghai) Limited) (note)	29 December 2000	PRC	Inactive	USD200,000	–	100%
利邦（上海）服裝貿易有限公司 Trinity Distributions & Retails (Shanghai) Limited (formerly "LiFung Trinity China Distribution (Shanghai) Limited") (note)	27 October 2006	PRC	Trading of garments	RMB3,000,000	–	100%
Trinity Fashions Limited (formerly "LiFung Trinity Fashions Limited")	21 December 2006	Hong Kong	Investment holding	HK$5,000,000	–	100%
Trinity International Brands Limited (formerly "LiFung Trinity International Brands Limited")	18 May 2006	Hong Kong	Investment holding & trading of garments	HK$5,000,000	–	100%

42 Details of subsidiaries *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Share capital or paid-in capital	Interest held directly	Interest held indirectly
Trinity Lifestyle (Singapore) Pte Ltd (formerly "L&F Branded Lifestyle (Singapore) Pte Limited")	12 July 1994	Singapore	Provision of consultancy service	SGD500,000	–	100%
Trinity (Business Wear) Limited	2 February 1973	Hong Kong	Garment manufacturing	HK$3,900,000	–	100%
Trinity (Casual Wear) Limited (In members' voluntary liquidation)	24 May 1974	Hong Kong	Inactive	HK$3,000,000	–	100%
Trinity (Management Services) Limited (formerly "LiFung Trinity (Management) Limited")	6 April 2006	Hong Kong	Provision of management services	HK$1	–	100%
Trinity Luxury Brands Holdings Limited (formerly "L&F Branded Lifestyle International Limited")	11 October 1999	British Virgin Islands	Investment holding	USD1	–	100%
Trinity Retail Limited	24 July 1979	Hong Kong	Trading of garments	HK$500,000	–	100%
Trinity Retail (H.K.) Limited	8 December 1978	Hong Kong	Trading of garments	HK$25,000,000	–	100%
Trubest Limited	25 June 1997	Hong Kong	Trading of garments	HK$200,000	–	100%

Note: These companies are foreign-owned enterprises registered in the PRC.

financial summary

The following table summarises the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012 HK$'000**
Consolidated results					
Revenue from Continuing Operations	1,528,352	1,645,178	2,011,380	2,607,281	**2,800,671**
Operating profit	194,294	262,376	429,640	613,520	**582,999**
Profit before income tax	189,080	263,576	460,885	676,977	**637,006**
Income tax expense	(67,514)	(75,655)	(120,036)	(163,887)	**(96,997)**
Profit for the year from Continuing Operations	121,566	187,921	340,849	513,090	**540,009**
Gain/(Loss) for the year from					
Discontinued Operations	(17,765)	(18,295)	–	–	**–**
Disposal of Discontinued Operations	–	10,037	–	–	**–**
Profit for the year	103,801	179,663	340,849	513,090	**540,009**
Attributable to:					
Shareholders of the Company	98,035	179,663	340,849	513,090	**540,009**
Minority interests	5,766	–	–	–	**–**
Assets					
Non-current assets	2,040,115	2,022,174	2,118,509	2,992,803	**3,734,549**
Current assets	1,108,707	1,114,199	1,350,639	1,693,439	**1,957,018**
Total assets	3,148,822	3,136,373	3,469,148	4,686,242	**5,691,567**
Equity and liabilities					
Total equity	1,343,856	2,016,044	2,250,888	3,255,495	**3,465,554**
Liabilities					
Non-current liabilities	1,050,658	744,195	370,021	285,134	**700,172**
Current liabilities	754,308	376,134	848,239	1,145,613	**1,525,841**
Total liabilities	1,804,966	1,120,329	1,218,260	1,430,747	**2,226,013**
Total equity and liabilities	3,148,822	3,136,373	3,469,148	4,686,242	**5,691,567**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