TRINITY

Annual Report 2014

Trinity Limited

Incorporated in Bermuda with limited liability

Stock Code: 891

Target Globally

Think Locally

hua *(pinyin)*

meaning in Chinese
Chinese.
Luxury.
Gorgeous.

Trinity's suite of refined and distinctive menswear brands, Kent & Curwen, Gieves & Hawkes, Cerruti 1881, and D'URBAN, continue to generate excitement across the fashion world.

TRINITY

The Greater China market

cities	stores
65	390

KENT&CURWEN

GIEVES & HAWKES
No.1 SAVILE ROW LONDON

CERRUTI 1881

D'URBAN

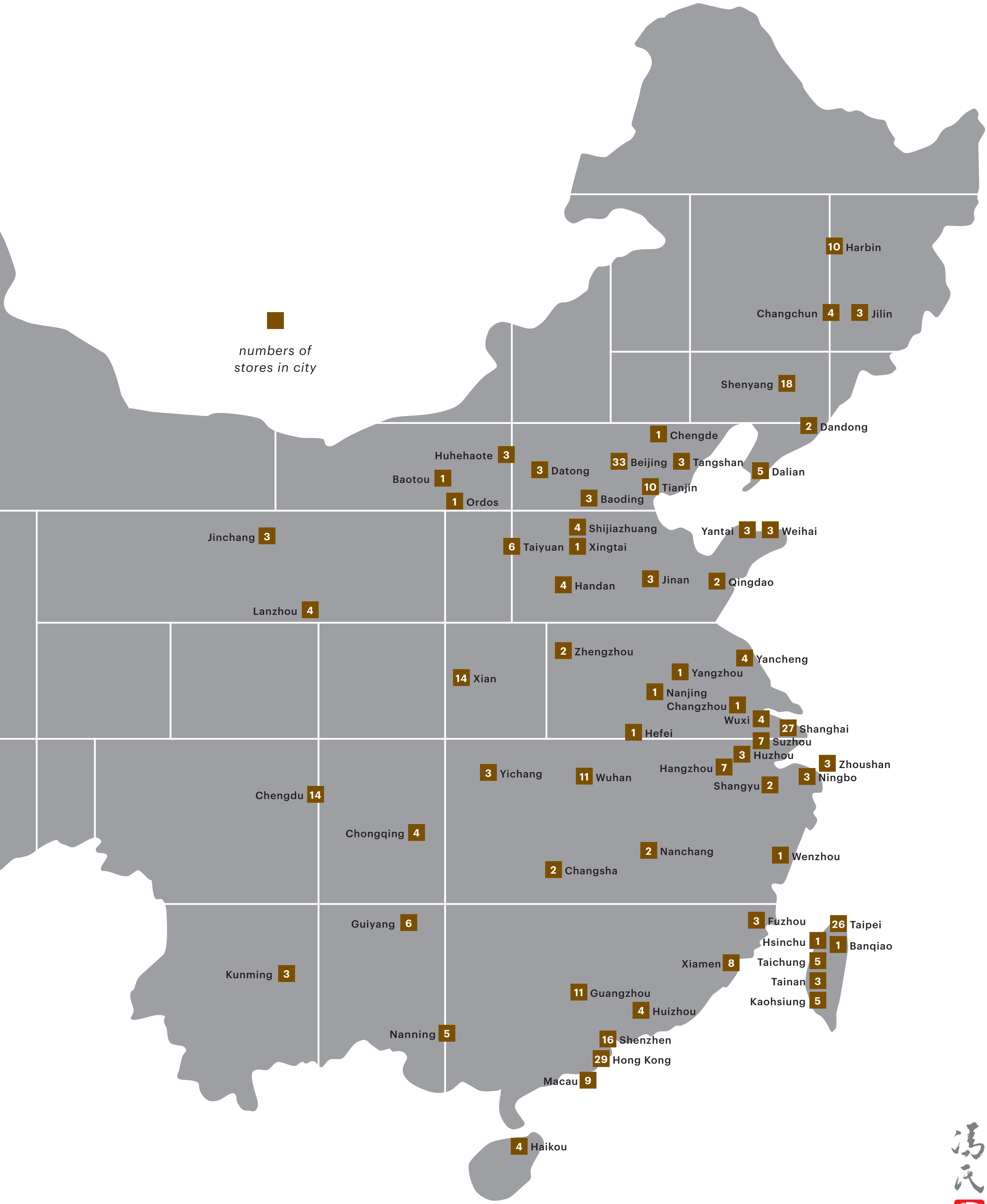
Global Offices

Chinese Mainland Beijing, Chengdu, Guangzhou, Shanghai, Wuhan

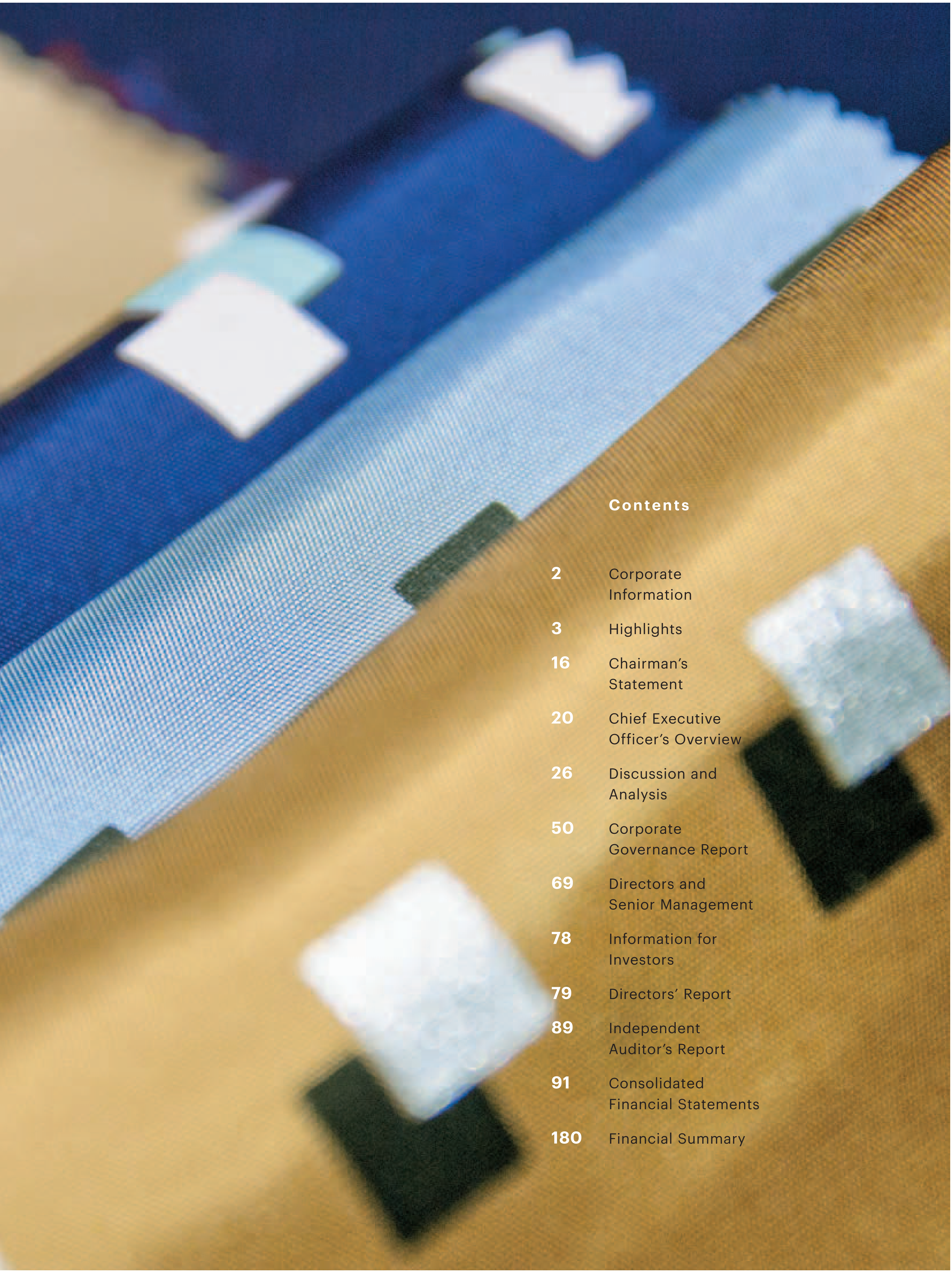
France Paris | Hong Kong, SAR

Singapore | Taiwan Taipei

United Kingdom London



A Fung Retailing Company



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Corporate Information

Executive Directors

Richard Samuel COHEN
(Chief Executive Officer)

Bruno LI Kwok Ho
(Chief Financial Officer)

Danny LAU Sai Wing
(Chief Operating Officer)

Non-executive Directors

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

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

Sabrina FUNG Wing Yee

Jean-Marc LOUBIER

WONG Yat Ming

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

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

Bank of China (Hong Kong) Limited

Citibank, N.A.

Standard Chartered Bank (Hong Kong) Limited

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Highlights

Highlights of results for the year ended 31 December 2014

	2014	2013	% change
Revenue *(HK$ million)*	**2,624**	2,696	**-2.7%**
Gross profit *(HK$ million)*	**1,943**	2,036	**-4.6%**
Gross margin *(%)*	**74.1%**	75.5%	
Operating profit *(HK$ million)*	**173**	363	**-52.4%**
Operating margin *(%)*	**6.6%**	13.5%	
Profit attributable to shareholders *(HK$ million)*	**161**	308	**-47.8%**
Profit attributable to shareholders *(%)*	**6.1%**	11.4%	
Current ratio [1]	**1.3**	1.2	
Trade payable turnover days [2]	**36**	47	
Trade receivable turnover days [3]	**25**	25	
Inventory turnover days (before provision) [4]	**343**	428	
Return on equity *(%)* [5]	**4.7%**	8.9%	
Net debt to equity ratio *(%)* [6]	**6.6%**	2.6%	
Basic earnings per share *(HK cents)* [7]	**9.3**	17.8	
Dividend per share *(HK cents)*			
– **Final**	**4.3**	8.5	
– **Full Year**	**6.7**	13.0	

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 (before provision) = Average of opening and closing balances on inventory before provision / cost of sales for the year before provision x number of days for the year
5 Return on equity = Profit attributable to shareholders / average shareholders' equity x 100%
6 Net debt to equity ratio = Net debt / total equity x 100% whereas net debt = interest bearing bank borrowings and bank overdrafts less cash and cash equivalents
7 Basic earnings per share = Profit attributable to shareholders / weighted average number of ordinary shares in issue

Store numbers as at 31 December 2014

Kent & Curwen
117
- 94 Chinese Mainland
- 12 Hong Kong & Macau
- 11 Taiwan

Gieves & Hawkes
105
- 80 Chinese Mainland
- 8 Hong Kong & Macau
- 9 Taiwan
- 8 Europe

Cerruti 1881
128
- 107 Chinese Mainland
- 8 Hong Kong & Macau
- 12 Taiwan
- 1 Europe

D'URBAN
48
- 30 Chinese Mainland
- 9 Hong Kong & Macau
- 9 Taiwan

Intermezzo
1
- 1 Hong Kong & Macau

Total stores for
the Group
399
- 390 Greater China
- 9 Europe

Heritage. *Drawing on almost a century of British sporting heritage, Kent & Curwen is the icon of modern British styling.*

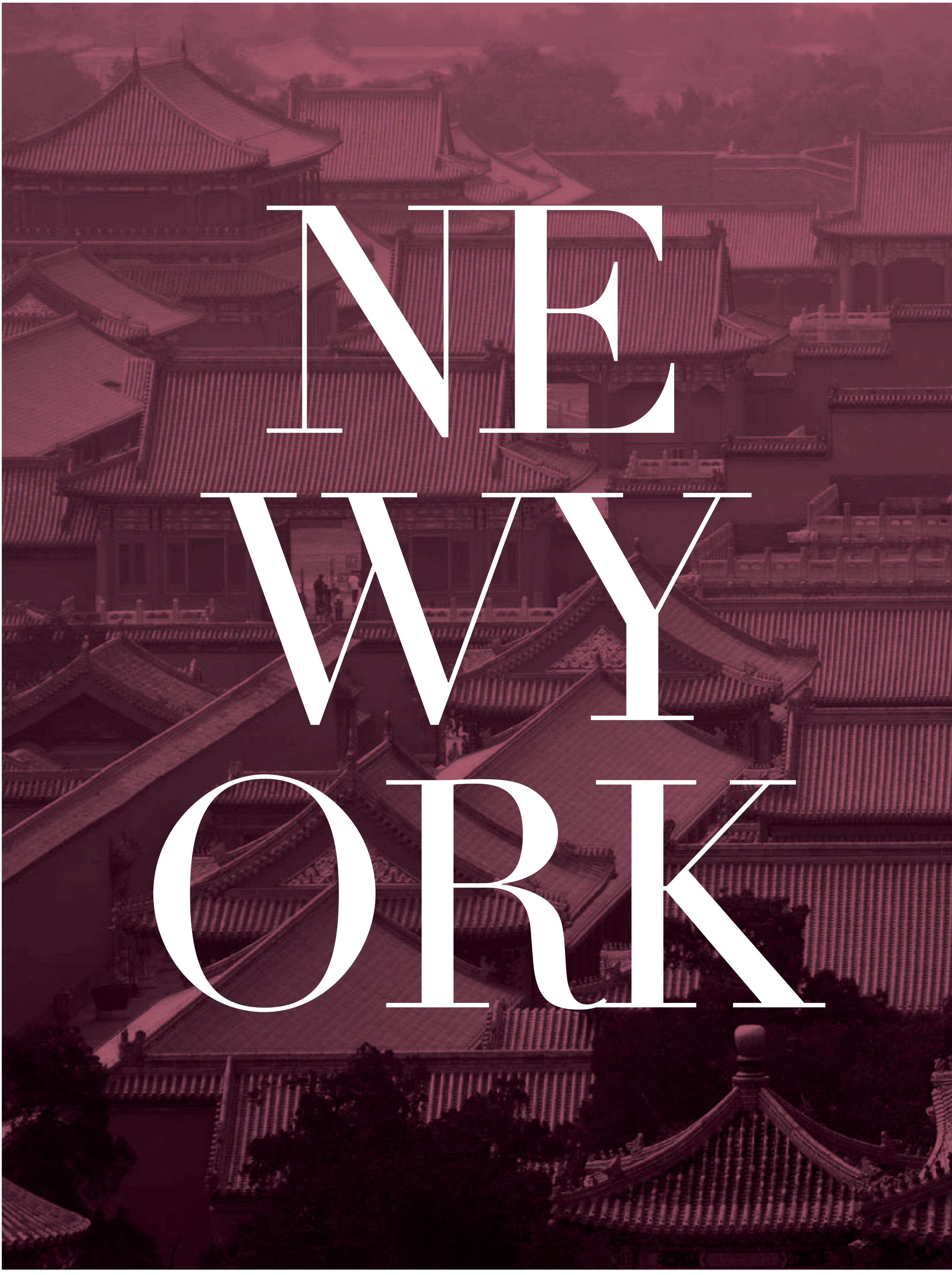
Creativity. *Kent & Curwen infuses its rich heritage with innovation and creativity.*

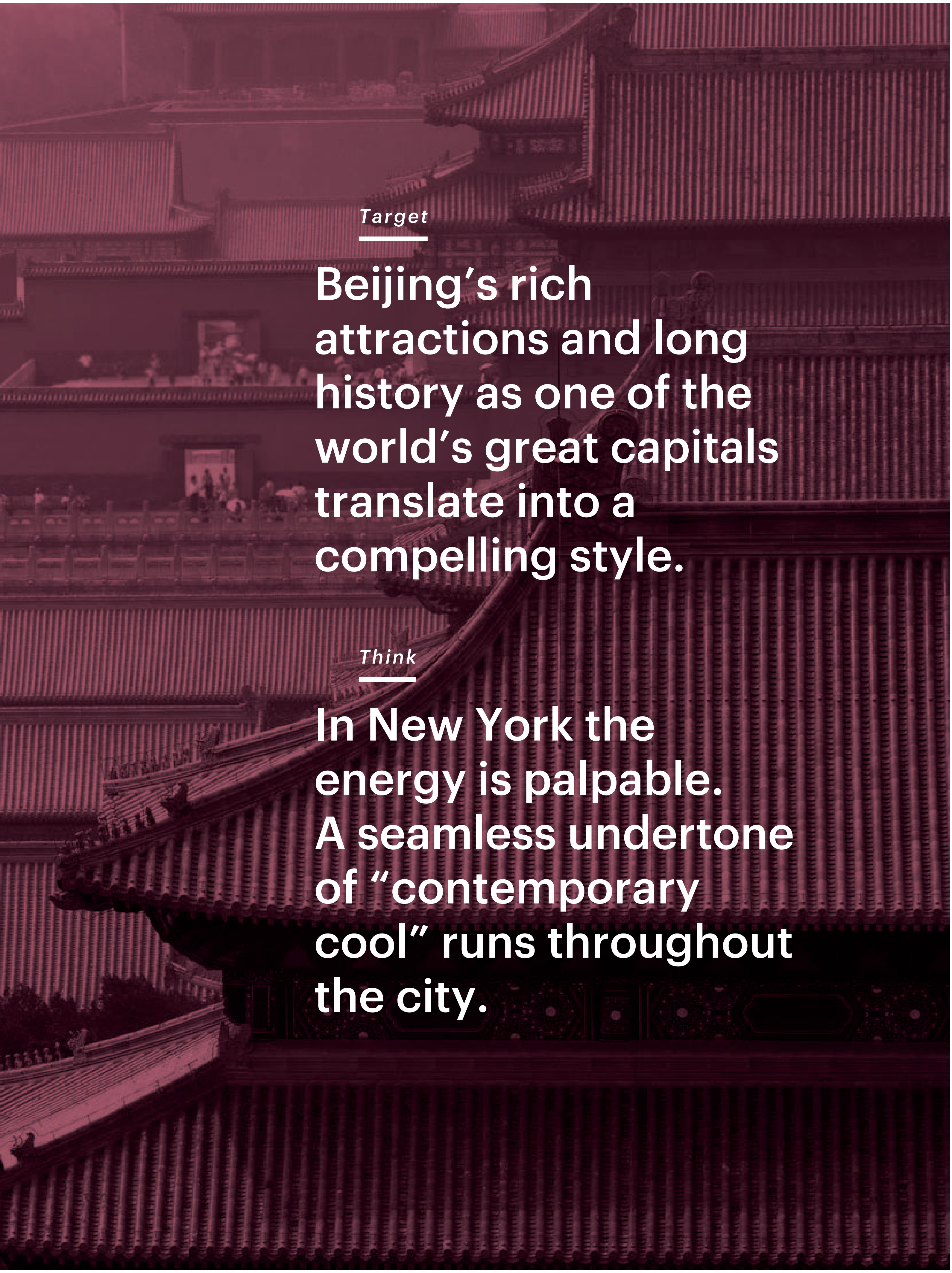
More. *We are establishing clear identities for each brand, supported by stronger and more powerful brand narratives to sustain momentum.*

Less. *We delivered on our plan to improve inventory management and established new disciplines of doing business on less inventory.*

3 Design centres. *We will – over time – move our design and creative centres from Hong Kong to the fashion centres of New York, London and Paris.*

390 Stores. *No one else addresses the Greater China market with a network of 390 stores most of which are located in second- and third-tier cities where consumer spending power is rising fastest.*


NE
WY
ORK



Target

Beijing's rich attractions and long history as one of the world's great capitals translate into a compelling style.

Think

In New York the energy is palpable. A seamless undertone of "contemporary cool" runs throughout the city.

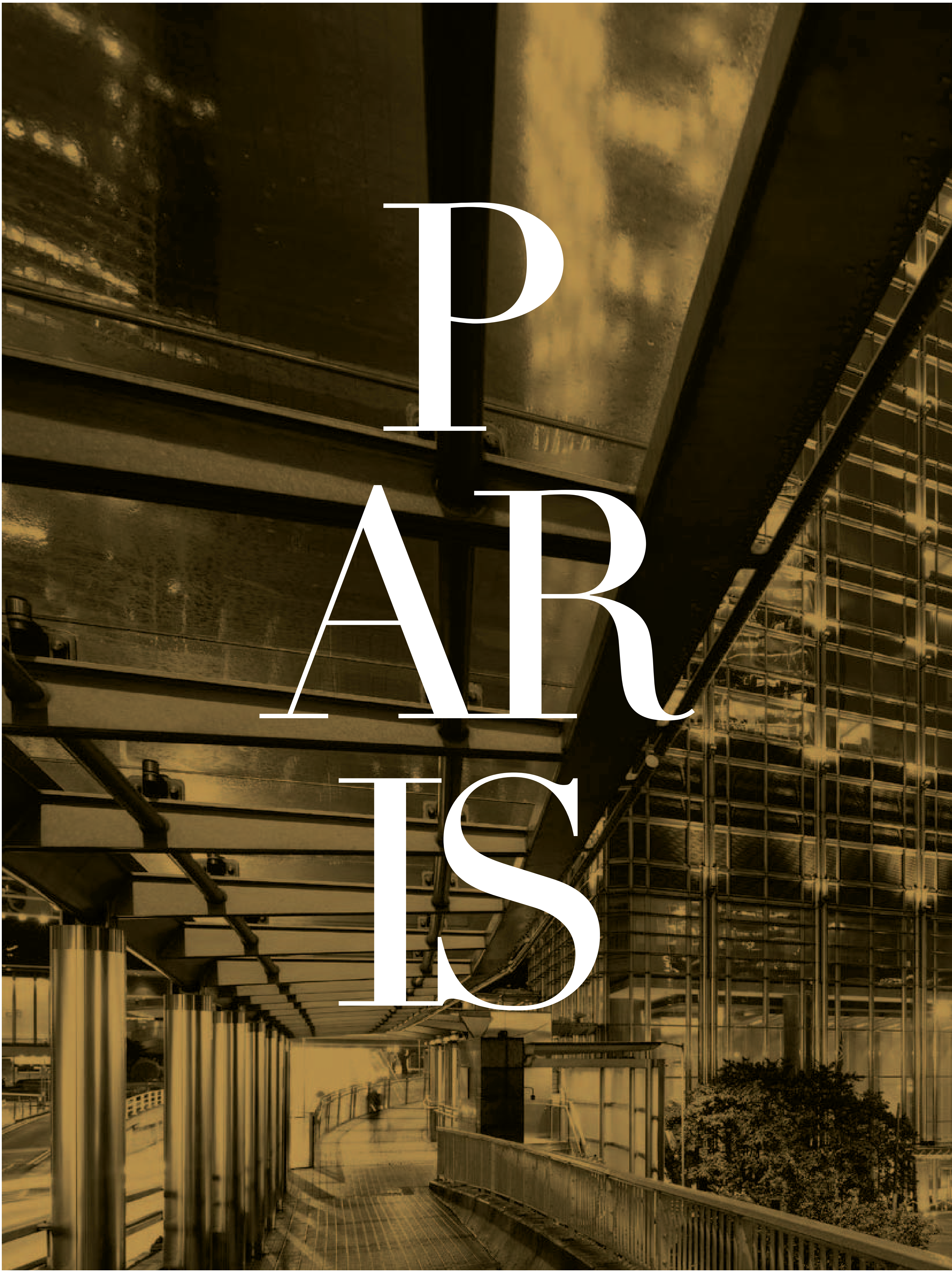

LONDON

Target

Shanghai is dynamic and cutting-edge with style to match. Sophisticated excellence is a way of life here.

Think

London's eclectic approach to fashion is a hallmark of this global village that sets trends around the world.


PARIS

Target

In Hong Kong, the meeting of East and West creates a global tempo that defines life in this vibrant Asian metropolis.

Think

In Paris, elegance and panache converge in a landscape of classic chic and unrivalled romance.

Chairman's Statement

Just as China's economy is undergoing a re-set, with greater emphasis on quality growth and domestic consumption, so is Trinity.

Victor FUNG Kwok King
Chairman

Strategic overview

The year 2014 marked the beginning of a new phase for Trinity Limited and its subsidiaries ("the Group") as the growth of middle-class affluence in our principal market, China, continued to create opportunities and transform high-end retailing on the Mainland and across the world.

Having succeeded in establishing a pioneering presence, with 311 stores across 57 Mainland Chinese cities – a retail network few in our sector can match in China – we are now intently focused on satisfying a more knowledgeable Chinese customer who, increasingly, bases purchasing decisions not just on brand cachet but also on value for money.

With the Chinese market trending towards affordable luxury, the Group is ahead of this curve. As detailed in the pages that follow, we are innovating at all levels of our business. We have also brought in international talent with retail disciplines and methodologies honed by cyclical downturns elsewhere, and experience relevant to satisfying discerning Chinese customers both at home and abroad.

In other words, just as China's economy is undergoing a re-set, with greater emphasis on quality growth and domestic consumption, so is Trinity, with heightened focus on the personal preferences of price-sensitive customers buying for their own use, and with greater attention paid to brand story-telling for our leading brands Kent & Curwen, Gieves & Hawkes and Cerruti 1881.

In the second half of 2014, the Group, under the leadership of new Chief Executive Officer, Mr Richard Cohen, undertook a series of proactive measures that included reducing the number of inventory days by selling off older inventory, pruning under-performing lines and better matching brand styles with customer preferences.

Such measures have started bearing fruit and are helping to position us strongly for the medium and longer term.

Challenges remain in the Chinese market as downward pressures build in the Chinese economy. High-end retail is by no means out of the woods. But I believe that Trinity did better in 2014 than most in our sector. We also acted on the opportunity to pick up market share from competitors, thus reinforcing our lead position.

As disposable incomes rise on the Mainland, as more Chinese shoppers travel overseas to fashion capitals where they can buy the Group's authentic heritage brands, and as opportunities present themselves to expand elsewhere in Asia, there is reason to hope that the worst may soon be behind us.

57

CITIES

Having succeeded in establishing a pioneering presence, with 311 stores across 57 Mainland Chinese cities – a retail network few in our sector can match in China.

T

Trinity is not only adapting to "the new normal" for high-end retail in Greater China, but, by being proactive, we are helping to define and drive it.

Financial overview

The Group's total revenue for the year was HK$2.6 billion, a slight decrease of 2.7% over the previous year.

Gross profit was HK$1.9 billion, compared with HK$2.0 billion in 2013. Profit attributable to shareholders was HK$160.9 million, about half of that for 2013. Earnings per share were 9.3 HK cents.

Trends in our main market

The Group's initiatives in 2014, especially in the second half, and our plans for the medium term have been influenced by a number of key factors.

Despite slower economic growth on the Mainland, China's upper middle class – Trinity's prime target segment – remains a bright prospect. McKinsey estimates that by 2020 – just five years away – China's middle class will number 630 million. It further predicts that by 2022, three-quarters of China's urban consumers will earn between RMB60,000 and RMB229,000 per year.

As Mainland customers become more familiar with high-end retail, they are re-defining the price–value relationship. One implication is that longstanding price differences between high-end products purchased in China and the same items available more cheaply overseas are unsustainable. This is especially so when shopping alternatives readily exist with overseas websites.

One of the biggest trends for retail globally is that of affluent Mainland Chinese travelling overseas. They numbered more than 100 million in 2014, a number that is expected to double within the next five to ten years. According to Bain & Company, Chinese consumers now represent the top and fastest-growing nationality for luxury, spending abroad more than three times what they spend locally.

Another game changer is the digital revolution, which is transforming the retail interface faster in China than almost anywhere. Unburdened by legacies of traditional retailing, China is now the world's largest online market. Within two years, total online sales are expected to reach RMB4.45 trillion, accounting for more than 12% of total retail sales.

A glimpse of the year ahead

Against this backdrop, I am confident that the Group's adjustments to its retail strategies and plans in the year under review have set the stage for an improved performance.

As suggested by the sub-title of this Report, we target globally with our brands and think locally in how we serve our Chinese customers, wherever they live or travel.

We shall strengthen our global network by creating a wholesale business overseas. In London, Paris and New York, our brands – so visible on the Mainland – will be carried by leading department stores which, in turn, recognise their power to attract travelling Chinese customers.

With our emphasis on sourcing European quality, the weaker euro will provide us with a cost advantage that will benefit our margins.

We shall continue to invest in the Group's customer relations management systems and "omni-channel" strategy, surrounding our customers with opportunities to be served the way they wish to be served, whether they shop online or in person; are in Greater China or further afield.

True to the values of the Fung Group, of which Trinity is a part, we shall also continue to integrate environmentally sustainable practices into all aspects of our daily operations.

In sum, Trinity is not only adapting to "the new normal" for high-end retail in Greater China, but, by being proactive, we are also helping to define and drive it. I wish to thank the Board, Mr Richard Cohen, his dedicated colleagues and all our customers as we embark on the next exciting stage of Trinity's journey in the fast-evolving Chinese retail market.

Victor FUNG Kwok King
Chairman

Hong Kong, 17 March 2015

Chief Executive Officer's Overview

2,624
HK$ MILLION REVENUE

399
NUMBER OF GLOBAL STORES

We believe we are putting in place the right retail strategy and structure to deliver consistent, sustainable returns into the future.

Richard Samuel COHEN
Chief Executive Officer

Targeting globally, thinking locally

At the close of 2014 and into 2015, Trinity Limited and its subsidiaries ("the Group") are evolving and adapting with confidence to the changing Chinese market for high-end menswear. We believe we are putting in place the right retail strategy and structure to deliver consistent, sustainable returns into the future. The unique combination of our deep credentials and broad footprint across the Chinese Mainland, along with our professional expertise in global retailing, strongly positions Trinity to thrive in the dawning era of Chinese middle-class affluence.

We have achieved the performance milestones set out last August, at the time of our 2014 interim results, and are on track with the implementation of our medium-term strategy. While affected – inevitably – by another year of lower growth in 2014 for high-end menswear in most of Greater China, the Group has been proactive about limiting the impact. Largely because of these efforts, same-store sales rose 3.2% in the second half, reversing a downward trend. Trinity remains profitable; we have a strong balance sheet, and we have introduced new methodologies and disciplines to equip us for the future.

We have significantly strengthened our teams up and down the organisation. Today, we believe we have the capabilities, and the local and international talent needed to succeed within the exacting Greater China market and to compete for the rapidly expanding segment of affluent Chinese travellers shopping overseas. We are in tune with the needs of our customers in Greater China, and when they travel to the fashion capitals of the world we are there, too. We target globally while thinking locally.

P

Performance milestones set out last August, at the time of our 2014 interim results have been achieved, and we are on track with the implementation of our medium-term strategy.

The Group's operations are being re-organised to be more competitive, both internally and externally, as we strive for greater cost efficiencies and higher productivity. Specifically we have put in place sounder budget planning, and better methods for determining where and how to open stores within the city clusters that define China's new urban landscape. Another key element of our re-organisation, which will continue in 2015, is to integrate and unify the creative, sourcing, merchandising, marketing and distribution platforms that drive Trinity's brands behind the scenes. Consolidation means, for example, that one sourcing team now services all our brands, as opposed to having a sourcing team for each.

The Chinese consumer remains our story

We remain bullish about the future for high-end menswear on the Chinese market, which has always been the Group's primary focus, and firm in our belief that Trinity's business will grow as China's upper middle class expands. Indeed, no one else addresses the Mainland Chinese market with a network of more than 310 stores in 2014, most of which are located in second- and third-tier cities where consumer spending power is rising fastest. As competitors begin targeting these cities in earnest; Trinity is already there, building customer loyalty. This is what differentiates us.

We had 390 stores in Greater China as at 31 December 2014 and, during the year, added a multi-brand outlet in Beijing that is performing well. Going forward, it is both a challenge and an opportunity to master the Mainland's new urban retail dynamics, where some cities attract more high-end spending than others. Accordingly, we have restructured our China business by appointing new managers in each of the four regions.

We have also re-organised and invested in our businesses in Europe. In particular, we completed major refurbishments of our Gieves & Hawkes flagship store at No. 1 Savile Row in London. After some pick-up in the second half of 2014, we expect improved performance in 2015 as the methodologies we have put in place begin to generate results.

Improved methodologies: inventories and sourcing

In the second half of 2014, we delivered on our plan to improve inventory management and achieved new disciplines of doing business on less inventory. In keeping with this new approach, recent purchases for Spring and Fall 2015 were considerably less than those of the previous seasons.

Across the board we are improving our supply chain to make it more cost effective and flexible, in parallel with our drive to reduce inventory. We have been able to generate a better price–value relationship for the consumer by using new and different sourcing methodologies: for instance, consolidating our buying power across the brands, sourcing fabric and finished goods directly in Europe – where we are planning to open a sourcing office in Florence – shortening the lead time to market.

In addition to streamlining and consolidating the internal infrastructure that supports our brands, we have developed centralised shared services across departments. Besides helping to reduce administrative costs, this has enabled the shared services teams to partner with the brands in instilling new disciplines consistently across the Group. We have also hired external expertise to help us strengthen Trinity's customer relations management systems. This is a lead-in to further developing our e-commerce capabilities to address customers across all channels ("omni-channel"). As the Chairman said in his message, we shall surround our customers with opportunities to be served the way they wish to be served.

W

We remain bullish about the future for high-end menswear on the Chinese market and firm in our belief that Trinity's business will grow as China's upper middle class expands.

O

Our strategy is to keep evolving as an organisation of first-class international retail and brand marketing professionals, well adapted to changed times and changing markets.

New talent

Our strategy can only be achieved with the right people at all levels. During the year under review, we brought into the business a Chief Merchandising Officer, Mr Cody Kondo, previously General Merchandise Manager at Saks Fifth Avenue, who has exceptional experience in internationally recognised retail processes and disciplines. This enables us to make better, more relevant sales, purchasing and marketing decisions. We have also engaged an experienced Chief Planner to guide our buyers and a budgeting executive to buttress our financial and organisational oversight. And to support our business on the Chinese Mainland, we have employed even more people with knowledge and experience of that market.

Our management philosophy is for customers to buy Trinity's products not just because of the look, style, point of view and value, but because each employee has personally added value at every stage.

Strengthening brand identities

As part of the Group's growth and revitalisation plans, we will – over time – move our design and creative centres from Hong Kong to the fashion centres of New York, London and Paris for Kent & Curwen, Gieves & Hawkes and Cerruti 1881, respectively, with the creative centre for the D'URBAN brand based in Tokyo, where it originated. All brands will be supported by powerful marketing that drives their brand image, and articulates and differentiates their stories.

While we plan to explore new markets – and new demographics within our existing markets – the Group will maintain its strong focus on the Chinese consumer. The Chinese Mainland market has changed greatly. The Chinese consumer is more discerning and sophisticated; Trinity has evolved, too. As China's upper middle class grows, we are building a sustainable business and retail model based on heritage brands that have a bright future.

Beyond Greater China, we are confident we can take our brands and use our experience, skills and capabilities to branch out successfully. In 2015, we shall open stores in Singapore, explore other parts of Southeast Asia and actively look to invest in South Korea. In all these Asian markets, we see opportunities to target new customer segments, as well as the travelling Chinese. It will be a similar story in Europe and the US, where we shall further develop our wholesale business to ensure that Trinity's brands are in top department stores.

Moving forward with optimism

Our strategy is to keep evolving as an organisation of first-class international retail and brand marketing professionals, well adapted to changed times and changing markets. From marketing to internal communications, all our processes will be geared to adding value to our brands and to our customers. We are focused on improving what we can control and adapting to what is beyond our control.

In summary, we are optimistic for the near and medium term, and remain confident about the longer-term potential for our business. We feel energised by the positive outcomes already achieved from the measures announced last August; we are sure of our ability to address near-term challenges realistically, while acting on opportunities to create a broader-based, more sustainable business for the future.

We very much look forward to the rest of 2015, when the first collections developed by the new management team will appear in the stores. The hard work of all of the Group's employees in making that happen will manifest itself, and customers will see a difference in styling, in the way our stores look and in how our staff have been trained. Exciting times.

Richard Samuel COHEN
Chief Executive Officer

Hong Kong, 17 March 2015

Discussion and Analysis

Revenue

Revenue for the year 2014 was HK$2.6 billion, which was 2.7% lower than that for 2013. This small decline was primarily caused by the weak sales environment in Greater China. The change in Greater China sales was skewed towards the first half of the year where a 5.7% decline improved to a 1.2% decline in the second half. This was reflected in the improvement of same-store sales in Greater China, where growth of 1.8% was recorded in the second half of the year. Retail revenue per sq. ft. also improved, increasing by 6% to HK$5,036 per sq. ft. in 2014, from HK$4,750 per sq. ft. in 2013.

Gross profit

The gross profit was HK$1.9 billion in 2014 compared to HK$2.0 billion in the previous year. The gross profit margin was 74.1% for 2014, representing a 1.4 percentage point decline. This was due to liquidation of the excess inventory.

Selling and marketing expenses

Selling and marketing expenses amounted to HK$1.3 billion, representing a slight increase over 2013. Our continued investment in retail stores, where landlord subsidies were no longer prevalent compared to previous years, and a substantial investment in No. 1 Savile Row in London caused this change.

Administrative expenses

Administrative expenses remained stable.

Other income

Other income increased by HK$28.5 million to HK$98.9 million in 2014. The increase was due to the fair value accounting adjustment on the contingent consideration payable relating to the acquisition of Gieves & Hawkes business.

Other losses of HK$32.8 million in 2014 arose primarily from the foreign exchange loss on renminbi ("RMB") holdings. This contrasted with a gain of HK$47.6 million in 2013. It is our decision that we will not take any positions in RMB or any other currencies in the future.

KENT&CURWEN

store in

MACAU

THE SHOPPES AT FOUR SEASONS

NANNING

MIXC CITY CROSSING

GIEVES & HAWKES
No.1 SAVILE ROW LONDON

store in
TAICHUNG
SHIN KONG MITSUKOSHI
ZHONGGANG

HANDAN
NEW CENTURY
COMMERCIAL PLAZA

Finance income – net

Net finance income was HK$3.6 million in 2014, whereas a net finance cost of HK$9.7 million was reported in 2013. This favourable result was largely due to an increase in interest earned on RMB funds held by the Group.

Share of Profit of Associates

Share of profit of associates declined to HK$7.8 million as a result of the lower net profit sharing.

Effective Tax Rate

The effective tax rate decreased to 12.7% in 2014, down from 16.6% in 2013. The decline in the effective tax rate was due to the net effect of the increase in non-taxable income (such as fair value accounting adjustment on the contingent consideration payable), and non-deductible expenses (including exchange losses), as well as the net effect of unrecognised tax losses and prior year tax adjustments.

Profit attributable to Shareholders

Profit attributable to shareholders decreased to HK$160.9 million and as a percentage of revenue was 6.1%. Basic earnings per share of the Group were 9.3 HK cents.

Working Capital Management

Significant efforts have been devoted to managing inventory. As a result, inventory turnover days were reduced to 343 days in 2014, 85 days down from the 428 days recorded in 2013, before inventory provision.

The Group's trade receivable days were 25 days which is comparable to 2013.

The Group's trade payable turnover days were 36 days in 2014, compared with 47 days in 2013. This was attributable to the strengthening of inventory control and management.

Financial Position and Liquidity

The Group generated net cash of HK$143.6 million from operating activities. This level of cash inflow was due to a decline in operating profit.

The net debt of the Group was HK$225.2 million and the net debt to equity ratio, equal to net debt divided by total equity, was 6.6%. The comparable position for 2013 was 2.6%.

Credit Risk Management

Trade receivables from department stores and receivables from licensees are the major credit risk of the business. The Group has 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 of 25 days achieved in 2014 was in line with the 25 days in 2013. At the end of December 2014, the Group's debtors ageing analysis by invoice date showed the percentage of receivables over three months old was 7.3% (3.4% in 2013) of total trade receivables.

The Group's cash and cash equivalents were deposited with major international banks.

Foreign Exchange and Interest Rate 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.

The Group evaluates interest-rate risks periodically to determine the need to hedge against adverse interest-rate movements. As the Group's interest rate exposure was expected to be limited, no hedging activities were undertaken during the reporting year.

CERRUTI 1881

store in

XIAMEN

PARAGON PLAZA

SHANGHAI

HONG KONG PLAZA

D'URBAN

store in

BEIJING

CUIWEI TOWER

HONG KONG

TIMES SQUARE

Banking Facilities

The Group has secured adequate bank lines of approximately HK$2,565.0 million for operational contingencies and in 2014 only used a small proportion of the available facility. A total of HK$691.1 million in revolving loans, repayable within one year, were utilised, and HK$58.9 million was deployed for trade financing and bank overdrafts at year end. The undrawn facilities at year end amounted to HK$1,815.0 million.

Purchase of Convertible Promissory Note

Our continued commitment and collaboration with British Heritage Brands, Inc. ("BHB") to expand Kent & Curwen into the defined licensed territories required the purchase of a convertible promissory note issued by BHB, of which HK$77.6 million (equivalent to US$10.0 million) was taken up during 2013. A further advance of HK$19.4 million (equivalent to US$2.5 million) was made on 20 January 2015 to BHB. The timetable for making an additional advance will be determined at a later stage. Under this arrangement the Group could have an equity interest in BHB of up to 23.94% after exercising the conversion option.

Segmental Analysis

Revenue

The retail business continued to be the principal source of revenue for the Group. The revenue from the licensing business remained stable, while the wholesale business increased its revenue by HK$12.9 million to HK$34.7 million in 2014.

Total retail revenue for Taiwan grew by 3.0% in 2014. In Europe, retail revenue ended the year with a small decline of 1.5%. In Hong Kong & Macau, and on the Chinese Mainland, it declined by 3.6% and 4.6%, respectively.

Same-store sales were effectively flat for Taiwan, where they declined by 0.1%, and in Europe increased by 8.4%. In Hong Kong & Macau same-store sales increased by 0.5% while on the Chinese Mainland they declined by 1.3%.

A positive trend in same-store sales was recorded in the second half of 2014 in both Hong Kong & Macau, and on the Chinese Mainland, with increases of 2.0% and 2.6%, respectively.

Same-store Sales Growth	2014	2nd Half 2014	1st Half 2014	2013
Chinese Mainland	-1.3%	2.6%	-6.0%	-11.1%
Hong Kong & Macau	0.5%	2.0%	-0.3%	6.0%
Taiwan	-0.1%	-3.0%	2.9%	-2.8%
Greater China total	**-0.6%**	**1.8%**	**-3.4%**	**-5.4%**
Europe	8.4%	16.3%	0.4%	-4.3%
Group total	**0.3%**	**3.2%**	**-3.0%**	**-5.3%**

Gross profit

Gross profit margin for the Group declined to 74.1% in 2014, from 75.5% in 2013. The change was attributable to the inventory liquidation initiative.

The gross margin percentage comparison between 2014 and 2013 is distorted by movements in inventory provisions for the two years. A change in accounting estimates on the saleable value of inventories necessitated a write back of inventory provisions in 2014. The change in accounting estimates reflected the market conditions as well as our past experience with the clearance of aged inventories.

If we excluded the distortion effect of the change in accounting estimates, the Group's gross profit margin percentages for 2014 and 2013 would be 72.6% and 75.5%, respectively. The retail gross profit margins before the change in accounting estimates for the Chinese Mainland and Hong Kong & Macau in 2014 were 74.6% and 72.4% while that for Taiwan improved to 72.4%.

The segmental contributions

The segmental contributions for the Group declined to HK$330.5 million in 2014. While the segmental contributions for Taiwan and Europe improved in 2014, Hong Kong & Macau and the Chinese Mainland were affected negatively by the market conditions.

The Group continues to invest in human resources through training and development programmes for managers and staff at all levels.

Human Resources and Training

The Group continues to invest in human resources through training and development programmes for managers and staff at all levels, including for employees reassigned as a result of our ongoing internal re-organisation. We have a leadership training programme called Trinity Elite Lessons in Leadership, from which 13 managers graduated during the year. In addition, we conducted product and customer service training programmes for frontline staff across all brands in Greater China.

At the end of 2014, the total workforce for the Group was 3,330 employees, compared with 3,699 a year earlier, a 10.0% decrease. This was mainly due to a decrease in the number of stores. Our workforce was comprised of 929 employees in Hong Kong and Macau; 2,052 on the Chinese Mainland; 179 in Taiwan, and 170 in other countries. The total staff cost for the year was HK$707.2 million compared with HK$685.5 million in 2013. The increase was mainly due to the investment in new talent.

Corporate Social Responsibility and Sustainability Initiatives

We embrace sustainability as one of our core corporate values. Since 2009 we have implemented policies, initiatives and programmes that make sustainability an integral part of our daily operations.

During the reporting year, Trinity employees in Hong Kong took part in 25 activities and contributed over 2,000 hours to corporate social responsibility and sustainability activities. Employees across the rest of Greater China made a similar contribution to initiatives in this area.

The Group continues to support a work-life balance. It encouraged staff to participate in wellness initiatives such as talks and workshops on ergonomics, acupressure massage, and gastrointestinal disease. Trinity also participated for the first time in "Movember", a global movement which raises awareness of men's health issues by encouraging the wearing of moustaches.

In July 2014, we launched a new employee assistance program, including 24-hour telephone counselling services, face-to-face consultations and other staff wellness activities.

In the community, Trinity partnered for the seventh consecutive year with Junior Achievement Hong Kong to host a "job-shadowing" day. This allows teenagers to work with our staff on a one-on-one basis giving them first-hand experience of a real-life work situation and helping them improve their work readiness.

The Group's supplier Code of Conduct was updated in 2014 to include requirements for vendors to support collective bargaining and freedom of association. Our Supplier Compliance Manual for direct suppliers clearly states that suppliers should maintain high ethical standards in the areas of anti-corruption, extortion, bribery, fraud, false declarations, counterfeiting, and insider trading.

The Group retained its membership of the Hang Seng Sustainability Benchmarking Index for the fourth consecutive year, and achieved an AA rating on the Index. We also successfully implemented a comprehensive online sustainability data management system, Credit 360, to manage group sustainability data. The system enables us to collate, consolidate, and verify sustainability data in one platform. This increases data accuracy and enhances data management and will result in the Group being better able to meet future sustainability reporting requirements.

FW14
LONDON COLLECTIONS: MEN SHOW

THE STORY OF KENT & CURWEN

Drawing on almost a century of British sporting heritage, Kent & Curwen is the icon of modern British styling. From the introduction of the cricket sweater in the 1920s, Kent & Curwen has maintained its sophisticated outdoor ethos, impeccable cut and unique British identity.

117
STORES IN
53
CITIES

R

Reinforcing its rich heritage, Kent & Curwen continues to support prestigious events such as the Royal Charity Polo Cup, the Incheon Asian Olympic Games and is a proud sponsor of the Hong Kong Olympic team uniform.

KENT&CURWEN

1

Pop Up Shop, Kent & Curwen Centenary Sprint Cup, Sha Tin Racecourse, Hong Kong

2

FW14 Press Open House,
Time Art Gallery, Beijing, China

3

Simon Spurr, Senior Vice President of Design and Creative Director of Kent & Curwen

4

Flagship Shop of Kent & Curwen,
The Shoppes Four Seasons, Macau

5

Prince William, The Duke of Cambridge and Prince Harry, His Royal Highness Prince Henry of Wales playing polo in Kent & Curwen Royal Charity Polo Cup 2014, UK

6

Kent & Curwen was the official uniform supplier for the Hong Kong Team in 17th Asian Games Incheon 2014

1

2

3

4

5

6

FW14
THEMATIC ADVERTISING CAMPAIGN

BY APPOINTMENT
TO HER MAJESTY THE QUEEN
LIVERY & MILITARY TAILORS
GIEVES & HAWKES, LONDON

BY APPOINTMENT
TO HIS ROYAL HIGHNESS
THE DUKE OF EDINBURGH
NAVAL TAILORS & OUTFITTERS
GIEVES & HAWKES, LONDON

BY APPOINTMENT
TO HIS ROYAL HIGHNESS
THE PRINCE OF WALES
TAILORS & OUTFITTERS
GIEVES & HAWKES, LONDON

GIEVES & HAWKES

No.1 SAVILE ROW LONDON

THE STORY OF GIEVES & HAWKES

Tradition and pedigree; the time-tested traits of the English gentleman. Gieves & Hawkes addresses men who prefer the elegance and gentility of classic English sartorial style, with its emphasis on tradition and breeding.

105

STORES IN

55

CITIES

GIEVES & HAWKES
No.1 SAVILE ROW LONDON

"One Savile Row: The Invention of the English Gentleman" was published along with the refurbishment of our Flagship Store at No 1 Savile Row, London helped to celebrate Gieves & Hawkes as the leading bespoke brand name for all.

1 — FW14 Collection Showcase and Exhibition, Beijing, China

2 — Shop Opening of Gieves & Hawkes, The Shoppes Four Seasons, Macau

3 — Vitale Barberis Canonico Joint Gala Dinner, London, UK

4 — Souvenir book, "One Savile Row: The Invention of the English Gentleman"

5 — London Flagship Shop, No 1 Savile Row, London, UK

6 — Jason Basmajian, Chief Creative Officer of Gieves & Hawkes

1

2

3

4


ONE SAVILE ROW
THE INVENTION OF THE
ENGLISH GENTLEMAN
GIEVES & HAWKES

5

6

FW14
THEMATIC ADVERTISING CAMPAIGN

CERRUTI 1881

THE STORY OF CERRUTI 1881

While remaining true to the brand's distinctive ethos of fine fabrics, meticulous craftsmanship and intelligent design in its offerings, Cerruti 1881 has embraced innovation and creativity to become the quintessential contemporary menswear brand. Cerruti 1881 is a jewel in the crown.

128

STORES IN

58

CITIES

CERRUTI 1881

C

Cerruti 1881 hosted exclusive Open House events for media in Beijing and Hong Kong. Across five major cities in Mainland China, creative pop up shops showcased the glamorous passion of Italian style.

1

FW14 Press Open House
at Eight & Nine, Hong Kong

2

FW14 Press Open House
at Eight & Nine, Hong Kong

3

Paris FW14 Fashion Show
at Place Vendôme, Paris, France

4

FW14 Press Open House
at Temple Hotel, Beijing, China

5

FW14 Press Open House
at Temple Hotel, Beijing, China

6

Pop Up Shop, Cerruti 1881,
Guofang Department Store,
Lanzhou, China

1

2

3

4

5

6

FW14
THEMATIC ADVERTISING CAMPAIGN

THE STORY OF D'URBAN

Founded in Japan in 1970, D'URBAN is a menswear brand for the metropolitan man. Inspired by the traditions of European tailoring, D'URBAN is committed to the latest technology in colours, fabrics, design and cutting.

48

STORES IN

25

CITIES

D'URBAN

A

All the shops in Hong Kong and Macau were refitted into the new store concept in 2014. The first independent store opened mid-year at The Regal Kowloon Hotel.

1

Celebrity Sponsorship – Korean Star Kang Gary

2

Shop opening of D'urban, Furama Hotel Dalian, China

3

SS14 Thematic Advertising Campaign

4

SS14 New Collection Launch Event, Harbour City, Hong Kong

1

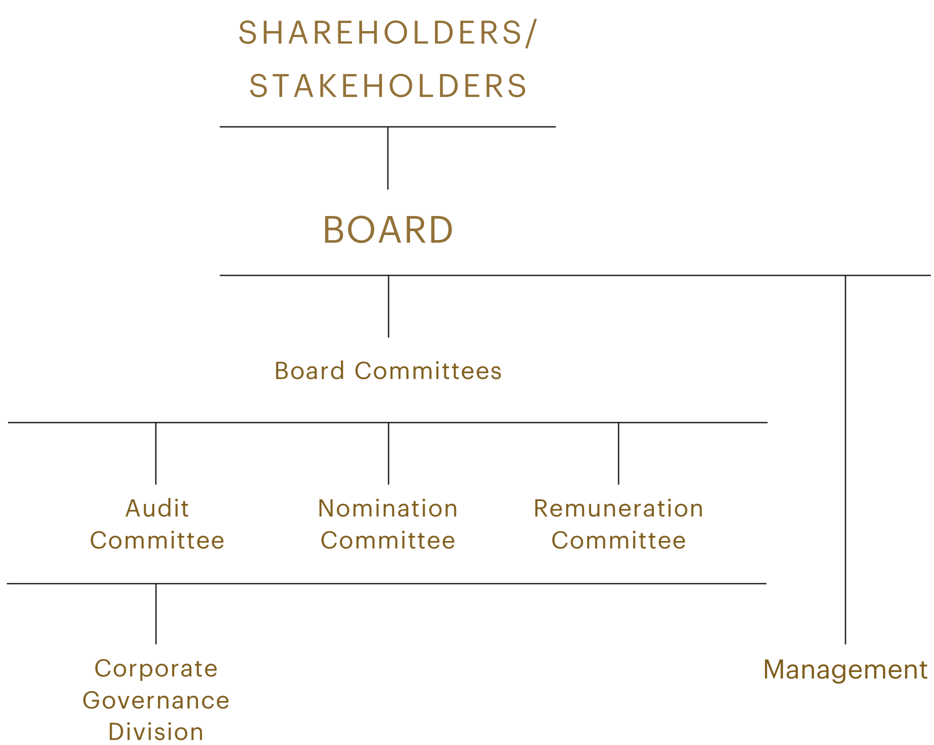
3

4

2

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 Corporate Governance Code ("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, three Executive Directors ("ED"), four Non-executive Directors ("NED") and four Independent Non-executive Directors ("INED"). Biographical details and relevant relationships of the Board members are set out in the Directors and Senior Management section on pages 69 to 77.

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 Chief Executive Officer ("CEO"), held by Mr Richard Samuel COHEN, 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 a culture of openness and debate whilst the CEO, 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 in serving boards of listed companies and are able to provide independent 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 2014. 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 2014.

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.

The Board has reviewed and confirmed that various corporate governance measures as stated in the Company's prospectus dated 21 October 2009 were duly complied with during the year ended 31 December 2014.

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, CEO, 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, two separate meetings were held during 2014 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 2014.

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 2014, 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 held in 2014, four Directors, namely Dr William FUNG Kwok Lun, Mr Jose Hosea CHENG Hor Yin, Ms Sabrina FUNG Wing Yee and Mr Michael LEE Tze Hau, retired and offered themselves for re-appointment. Assuming no appointment or resignation of Directors between the date of this report and the forthcoming AGM, Mr Cassian CHEUNG Ka Sing, Mrs Eva CHENG LI Kam Fun, Mr Patrick SUN, Mr WONG Yat Ming and Mr Richard Samuel COHEN will retire and offer themselves for re-election at the forthcoming 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 2014 to advise on corporate governance matters covering risk management, internal controls, and relevant compliance issues relating to business operations, 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 with sufficient details 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 and available for inspection by Directors.

A summary of attendance of Board and Committee meetings in 2014 is set out in the following table:

• attended

	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 [2]	•••	•••		
Sabrina FUNG Wing Yee [3]	••••			
Jean-Marc LOUBIER	••••	••••		
WONG Yat Ming [4]	••••	••[1]		•[1]
Independent Non-executive Directors				
Eva CHENG LI Kam Fun	••••	••••		••
Cassian CHEUNG Ka Sing	••••	••••	•••	••
Michael LEE Tze Hau	••••	••••	•••	••
Patrick SUN	••••	••••	•••	
Executive Directors				
Richard Samuel COHEN [5]	•••	••[1]		•[1]
Bruno LI Kwok Ho	••••	••••[1]		
Danny LAU Sai Wing	••••			
Group Chief Compliance Officer				
Srinivasan PARTHASARATHY [6]	••••	••••	•••	••
Dates of Meeting	14/3/2014 21/5/2014 20/8/2014 2/11/2014	12/3/2014 19/5/2014 18/8/2014 2/11/2014	14/3/2014 20/8/2014 2/11/2014	14/3/2014 20/8/2014
Attendance rate	**100%**	**100%**	**100%**	**100%**

1. *Attended Committee meetings by invitation as a non-member.*
2. *Resigned as Non-executive Director and ceased to be a member of the Audit Committee of the Company effective 21 August 2014.*
3. *Re-designated as Non-executive Director on 18 February 2014.*
4. *Re-designated as Non-executive Director on 22 May 2014.*
5. *Appointed as Executive Director on 21 August 2014 and attended Board meetings in May and August 2014 by invitation before becoming a Board member.*
6. *Attended Board and Committee meetings by invitation as a non-member.*

Board Committees

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

- Audit Committee
- Nomination 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.

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. All of the Committee members are Independent Non-executive Directors, except Mr Jean-Marc LOUBIER, who is a Non-executive Director:

Mr Patrick SUN *(Chairman)*
Mrs Eva CHENG LI Kam Fun
Mr Cassian CHEUNG Ka Sing
Mr Michael LEE Tze Hau
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 2014 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditor, the Three-Year Internal Audit Plan (2014-2016), 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 2014, 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 2014, 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 2014. 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 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 by PwC and the related fees for the year ended 31 December 2014 are as follows:

	2014 HK$'000
Audit services	**5,467**
Non-audit services	
Taxation	**1,019**
Others	**426**
Total	**6,912**

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 2014 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 2015 at the coming AGM.

Nomination Committee

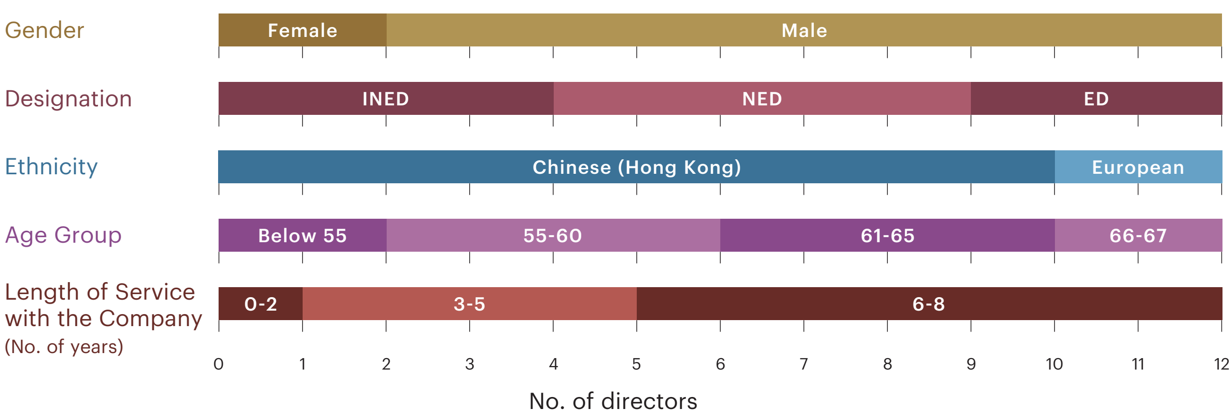
The Nomination Committee was established on 1 January 2009. All of the Committee members are Independent Non-executive Directors, except Dr William FUNG Kwok Lun, who is a Non-executive Director:

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

The Committee's written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of board composition (including diversity), monitoring of continuous professional development of Directors and senior executives, 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 Company recognises and embraces the benefits of having a diverse Board. A Board Diversity Policy was approved by the Board in May 2013. In reviewing Board composition, the Nomination Committee will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, ethnic background, age, culture and gender, so as to maintain an appropriate range and balance of skills, experience and background on the Board. Based on the latest review, the Nomination Committee considers the Board to be diverse in respect of the aforesaid evaluation criteria.

An analysis of the Board's composition as at 31 December 2014 is set out in the following chart:



The Nomination Committee met thrice in 2014 (with a 100% attendance rate) to review the board composition, the re-designation of Directors, the recruitment and appointment of CEO, the re-appointment of the retiring directors at the Annual General Meeting held in May 2014, and the changes to the Board members. It also reviews and discusses the results on the Board performance evaluation and assesses the independence of independent non-executive directors.

Remuneration Committee

The Remuneration Committee was established on 1 January 2009. All of the Committee members are Independent Non-executive Directors, except Dr Victor FUNG Kwok King, who is a Non-executive Director:

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

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 twice in 2014 (with a 100% attendance rate) to review the independent compensation and benefits report for senior executives (including the CEO, Chief Financial Officer ("CFO") and brand management executives), to review the remuneration packages of directors, senior management and the new CEO, to review and recommend the proposal on revision of fees to Directors commencing 1 January 2014, and to review and recommend the grant of share options to eligible grantees including Executive Directors.

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(a) to the consolidated financial statements on pages 137 and 138.

Remuneration Policy for Non-executive Directors

The remuneration, comprising Directors' fees, of non-executive Directors is determined by the Board and approved by the Shareholders from time to time with reference to the range of remuneration of other companies listed on the Stock Exchange with similar market capitalisation. 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(a) to the consolidated financial statements on pages 137 and 138.

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.

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 CFO, 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 117 to 125.

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 possess inside 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 2014. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2014.

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 (2014-2016) 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 2014, 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 79 to 88. 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 2014.

Directors' Responsibility and Auditor's Responsibility for Financial Statements

The Directors' responsibility for preparing the financial statements are set out on page 88 and the auditor's reporting responsibility is set out on page 89.

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 2014.

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.

Investor relations and communication

The Company has pursued a policy of promoting investor relations and communication. In 2014, 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 its obligation under the Securities and Futures Ordinance and the Listing Rules, including the overriding principle that information which is expected to be inside information should be announced promptly and to prevent selective or inadvertent disclosure of inside 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 attended the AGM held in 2014. 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 clear business days before the meeting. Vote of shareholders at a general meeting is taken by poll and the results are published on the websites of the Company and the Stock Exchange.

In 2014, 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 2014, are set out in the Information for Investors section on page 78.

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. Monthly financial updates would be prepared by finance team and distributed to senior executives before the meeting. 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, CEO 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.

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 Discussion and Analysis section on page 32.

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 Discussion and Analysis section on pages 32 and 33.

Executive Directors

RICHARD SAMUEL COHEN

BRUNO LI KWOK HO

DANNY LAU SAI WING

Senior Management

CODY KONDO

MICHELLE NG KENG CHU

AGNES SHEN

Senior Management

GODWIN LAM KIN PING

RAYMOND MARK CLACHER

ANDY WONG TAK MING

PAMELA FONG SIU YI

Directors and Senior Management

EXECUTIVE DIRECTORS

Richard Samuel COHEN

Chief Executive Officer

Aged 60, the Group's Chief Executive Officer appointed on 22 May 2014, and an Executive Director of the Company from 21 August 2014.

Mr Cohen has 40 years' experience in the apparel industry and the retail market, and held various senior positions in a number of prestigious international apparel and retail companies. Mr Cohen served on the worldwide executive committee of Ermenegildo Zegna Corp where he was President and CEO for North America for 16 years until 2004. He was also a senior executive with the Burberry Group wholesale and retail team in the United States during the 1980s. Prior to joining the Group, Mr Cohen was Senior Vice-President of Business Development at Saks Fifth Avenue.

Bruno LI Kwok Ho

Chief Financial Officer

Aged 65, is Executive Director and the Chief Financial Officer of the Group since 1 July 2009. He is responsible for the finance and accounting, human resources, and information technology functions of the Group. Mr Li joined the Li & Fung group in January 1991 as the Chief Financial Officer, and has been transferred to various positions within the Fung Retailing group to take 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. 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 63, 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.

Prior to joining the Group, Mr Lau 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. He 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.

NON-EXECUTIVE DIRECTORS

Dr Victor FUNG Kwok King *GBM, GBS, CBE*

Non-executive Chairman

Aged 69, 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, a Hong Kong-based multinational group which comprises operating groups engaging in trading, logistics, distribution and retailing. They include publicly-listed Li & Fung Limited, Global Brands Group Holding 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, Fung Retailing Limited and Fung Trinity Investments 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 Chow Tai Fook Jewellery Group Limited (Hong Kong), Koç Holding A.Ş. (Turkey) and China Petrochemical Corporation (People's Republic of China). He was an independent non-executive director of Baosteel Group Corporation (October 2005 – January 2013) and BOC Hong Kong (Holdings) Limited (June 2002 – June 2014). Dr Fung is Founding Chairman of the Fung Global Institute, an independent, non-profit think-tank based in Hong Kong. In public service, Dr Fung is a member of the Chinese People's Political Consultative Conference. He is also a member of the Economic Development Commission of the Hong Kong Government, and Chairman of the Steering Committee on the Hong Kong Scholarship for Excellence Scheme from September 2014. 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 – 2013), a member of the Commission on Strategic Development of the Hong Kong Government (2005 – 2012), Chairman of the International Chamber of Commerce (2008 – 2010), a member of WTO Panel on Defining Future of Trade (2012 – 2013) and a vice chairman of China Centre for International Economic Exchanges (March 2009 – October 2014). 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 66, 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, Chairman and non-executive director of Global Brands Group Holding Limited and a non-executive director of Convenience Retail Asia Limited, all within the Fung group. He is a director of the substantial shareholders of the Company, namely, King Lun Holdings Limited, Fung Holdings (1937) Limited, Fung Retailing Limited and Fung Trinity Investments Limited. He is also a director of the Fung Global Institute, an independent, non-profit think-tank based in Hong Kong.

Dr Fung is past Chairman of the Hong Kong General Chamber of Commerce (1994 – 1996), the Hong Kong Exporters' Association (1989 – 1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993 – 2002). 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, The Hongkong and Shanghai Hotels, Limited and Singapore Airlines Limited.

Sabrina FUNG Wing Yee

Non-executive Director

Aged 43, daughter of Dr Victor Fung Kwok King and niece of Dr William Fung Kwok Lun, is a Non-executive Director. She was appointed as a Director in September 2007 and re-designated from the office of an Executive Director to a Non-executive Director in February 2014.

Ms Fung is an executive director of Fung Retailing Limited, a substantial shareholder of the Company. She started her career at the private investment arm of 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, the Advisory Committee of the Tanoto Center for Asian Family Business and Entrepreneurship Studies at HKUST, and the Hong Kong-Europe Business Council (HKEBC) respectively. In addition, Ms Fung is the Co-Chair of Asia Council of St Paul's School in New Hampshire, the US, and previously served on its Board of Trustees. She was a member of the Mainland Business Advisory Committee of Hong Kong Trade Development Council.

Jean-Marc LOUBIER

Non-executive Director

Aged 59, 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 also the Chief Executive Officer of RC Holdings SAS, which operates the footwear and accessories brand, Robert Clergerie. Mr Loubier is the President of First Heritage Brands Advisory SAS and Delvaux Design Coordination & Finance NV and the Chairman of Sonia Rykiel Creation et Diffusion de Modeles SA. 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. He is also a Director of Comite Colbert, French Association of Luxury Companies.

Mr Loubier was an independent non-executive director of Harry Winston Diamond Corporation (which is now known as "Dominion Diamond Corporation" after its sale of retail business), a company listed on the Toronto Stock Exchange and the New York Stock Exchange. 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 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.

WONG Yat Ming

Non-executive Director

Aged 64, was re-designated as a Non-executive Director in May 2014. He was appointed a Director in December 2006 and was the Group Managing Director from June 2009 to May 2014. Mr Wong is an executive director of Fung Retailing Limited, a substantial shareholder of the Company, and also a managing director of Fung Investment Management Limited and a director of Fung (1906) Foundation Limited. Mr Wong 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 in 1999 as Regional Director of Fung Distribution International Limited. He has more than 30 years of experience in the distribution of consumer products including fast-moving consumer products in the Asia-Pacific Region. He has ample experience in the marketing of consumer brands and successfully marketed many well-known consumer brands in the Asia-Pacific Region.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Eva CHENG LI Kam Fun

Independent Non-executive Director

Aged 62, was appointed an Independent Non-executive Director on 1 November 2011. Mrs Cheng is an executive director of Our Hong Kong Foundation, which is a non-government, non-profit institute – a think tank dedicated to independent research focused on Hong Kong's near and long term development needs.

Mrs Cheng 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. She 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 Mrs Cheng 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".

Mrs Cheng 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 Haier Electronics Group Co., Ltd. in Hong Kong and Amcor Limited in Australia. She is also a director of Nestlé S.A., which is a company listed in Switzerland. She was an independent non-executive director of Amway (Malaysia) Holdings Berhad (a listed company in Malaysia), Esprit Holdings Limited (a listed company in Hong Kong) and The Link Management Limited (the manager of The Link Real Estate Investment Trust which is listed in Hong Kong).

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

Cassian CHEUNG Ka Sing

Independent Non-executive Director
Chairman of Remuneration Committee

Aged 59, 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 Nestlé Company from 1978 until 1994, and was the Chief Operating Officer-PRC for Nestlé (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. On 12 December 2014, he was appointed as the Interim Group Chairman of Next Media Limited following resignation of its Group Chairman.

He is a member of the Global Advisory Board of the Kellogg School of Management at Northwestern University, and was the President of the Hong Kong Kellogg Alumni Club. He is also an advisory member of the Global Business program 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 54, 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 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 ("HKEx") (both of which are listed on the Main Board of the Stock Exchange) and the chairman and an independent non-executive director of OTC Clearing Hong Kong Limited, a subsidiary of HKEx. He is also 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.

Patrick SUN

Independent Non-executive Director

Chairman of Audit Committee

Aged 56, 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, and an independent non-executive director of Sihuan Pharmaceutical Holdings Group Ltd and China NT Pharma Group Company Limited, all of these companies are listed in Hong Kong. He is also an independent non-executive director of China CNR Corporation Limited and China Railway Construction Corporation Limited, both of which are listed on the Stock Exchanges of Hong Kong and Shanghai. He is the Chairman of The Chamber of Hong Kong Listed Companies, appointed in June 2013 and was its Vice-chairman and 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 China Railway Group Limited (all of which are listed companies in Hong Kong) and The Link Management Limited, the manager of The Link Real Estate Investment Trust which is also listed 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.

GROUP CHIEF COMPLIANCE OFFICER

Srinivasan PARTHASARATHY

Group Chief Compliance Officer

Aged 57, 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, a substantial shareholder of the Company and of the Fung group of companies including Li & Fung Limited, Global Brands Group Holding 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.

Mr Parthasarathy 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

Cody KONDO

Chief Merchandising Officer

Aged 59, was appointed the Group's Chief Merchandising Officer in October 2014. He has global responsibility for overseeing the retail stores of all the Group's brands, from product and buying, to visual merchandising and overall store appearance.

Mr Kondo has a wealth of experience in merchandising, branding, retailing management and organisation development, from decades spent with leading international retailers.

Immediately prior to joining the Group, Mr Kondo was with Saks Fifth Avenue in New York for 14 years. He was the Group Senior Vice President and General Merchandise Manager responsible for menswear. In the second part of his time at Saks, Mr Kondo was the Omni Group Senior Vice President and General Merchandise Manager of shoes, handbags and fine jewelry. While in that position, he led the pilot omni integration which eventually was adopted in all product categories. Before joining Saks, Mr Kondo was the Senior Vice President, Polo Retail Corporation of Ralph Lauren in New York from 1997-1999. He began his retail career at Nordstrom Inc. in the US in 1978 where he advanced through positions of increasing responsibility for 19 years, ultimately leading the Midwest and Northeast regions as Menswear General Merchandise Manager.

Mr Kondo has a Bachelor of Business Administration Degree from Brigham Young University, Utah, US.

Michelle NG Keng Chu

Executive Vice President – Singapore

Aged 55, Executive Vice President – Singapore of LiFung Trinity Management (Singapore) Pte Ltd and Cerruti Investment Pte Ltd, joined the Group on 1 April 2007. She is responsible for developing Trinity's owned brands into ASEAN markets. Ms Ng started the Salvatore Ferragamo joint-venture in South Korea managing both the domestic and travel retail business as well as various markets in South East Asia until end of 2012. Previously Ms Ng formed Branded Lifestyle, the fashion retailing arm of the Fung group and has more than 28 years experience in luxury and fashion management. Her past portfolio includes Mango, Calvin Klein Jeans, Country Road, and GANT. Prior to the Group, 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. Before Inchcape Berhad, she worked in Export Credit Insurance Corporation of Singapore, Mulpha Sdn Bhd (Malaysia) and IBM (United Kingdom).

Ms Ng holds a Bachelor of Arts (Hons) degree from Brighton University, United Kingdom.

Agnes SHEN

Executive Vice President – Retail Operations

Aged 60, is the Group's Executive Vice President – Retail Operations. She is also a director of two retail subsidiaries of the Company. Ms Shen joined Trinity Retail (H.K.) Limited in 1978. She was the Director of Merchandising responsible for product development, merchandising, and retail operations between 1987 and 1996. Prior to her present role, she was the Managing Director of Cerruti 1881 from 2007. Ms Shen has extensive knowledge of the premium menswear retail industry and the scope of her experience spans all aspects of the business.

Ms Shen holds a Bachelor of Science degree in Business Administration (Economics) from the University of San Francisco, the United States.

Godwin LAM Kin Ping

Executive Vice President – China

Aged 66, is the Executive Vice President – China of the Group. He is responsible for the retail business and market development for all the brands operated by the Group in the Chinese Mainland.

Mr Lam joined 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. Prior to his present role, he was the Managing Director – China from May 2006. 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 (Japan) Ltd. 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.

Raymond Mark CLACHER

Executive Vice President – Retail (Hong Kong & Macau); Taiwan; Licensing

Aged 51, joined the company in 2009. Prior to his present role, he was the Managing Director of Gieves & Hawkes.
Mr Clacher has more than 25 years of retail operations experience in the United Kingdom. He was the Retail Director of Gieves UK Limited in 2005 and Commercial Director in 2006, responsible for the brand globally. He was 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.

Andy WONG Tak Ming

Senior Vice President – Information Technology

Aged 47, joined the Group in June 2014. He is responsible for the Group's overall e-commerce strategy and development, and is in charge of its IT function.

Mr Wong has more than 23 years of information technology and electronic commerce experience in sectors ranging from retail and manufacturing to aviation and finance.

Prior to joining Trinity, he was the Chief Information Officer, Greater China and Asia Pacific regions at Chanel Limited. Previously, Mr Wong also held IT-related management positions with Otis Far East Holdings Limited, PCCW Limited, Nike International Ltd., Marks and Spencer (Hong Kong) Ltd., Cathay Pacific Airways Limited and American Express International, Inc.

Mr Wong has a Master of Science Degree in Management from Hong Kong Polytechnic University and a Bachelor of Science Degree in Computer Studies from City University of Hong Kong.

Pamela FONG Siu Yi

Senior Vice President – Human Resources and Administration

Aged 49, is the Senior Vice President – Human Resources and Administration of Trinity Group. Ms Fong is responsible for the Group's overall people strategy and organisation development, oversee its Human Resources and Administration function.

Ms Fong has over 20 years' experience in talent management, employee engagement, performance management and reward systems.

Prior to joining the Group in September 2014, Ms Fong was the Human Resources Director (PRC) of TSL Management Services Limited. She has also held senior management positions in multinational organisations in a diverse range of industries, overseeing the human resources in the Asia Pacific region for companies including A.S. Watson & Co. Limited, SML Group and Kalmar Asia Pacific Limited.

Ms Fong graduated from York University, Toronto, Canada, with a Bachelor of Arts (Hons) degree in Economics.

Information for Investors

Listing Information

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

Key Dates

17 March 2015
Announcement of 2014 Final Results

19 May 2015
Record Date for determining Members' right to attend Annual General Meeting

20 May 2015
Annual General Meeting

28 May 2015
Closure of Register of Members and Record Date for 2014 Final Dividend

9 June 2015
Despatch of 2014 Final Dividend Warrants

Share Information

Board lot size
2,000 shares

Shares outstanding as at 31 December 2014
1,746,528,883

Market capitalisation as at 31 December 2014
HK$2.55 billion

Dividend per share for 2014

Interim	**2.4 HK cents**
Final	**4.3 HK cents**
Full Year	**6.7 HK cents**

Share Registrar and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Hong Kong Branch:

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone number: (852) 2980 1333
e-mail: is-enquiries@hk.tricorglobal.com

Enquiries Contact

Mr Bruno Li Kwok Ho
Executive Director/Chief Financial Officer
Telephone number: (852) 2342 1151
Facsimile number: (852) 2343 4708
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Trinity Limited
30/F, OCTA Tower
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Hong Kong

Website

www.trinitygroup.com

The Directors have pleasure in submitting their report together with the audited consolidated financial statements for the year ended 31 December 2014.

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 41 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 91.

The Directors declared an interim dividend of 2.4 HK cents per share, which was paid on 30 September 2014.

The Directors recommend the payment of a final dividend of 4.3 HK cents per share.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Note 29 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2014, the Company's distributable reserves available for distribution to shareholders under the Companies Act 1981 of Bermuda (as amended) amounted to HK$672,597,000 (2013: HK$603,354,000).

Donations

Charitable and other donations made by the Group during the year amounted to HK$252,000 (2013: HK$983,000).

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 28 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 for the last five financial years is set out on page 180.

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 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.

During the year, 13,870,000 share options were exercised and 1,058,000 share options lapsed under the Pre-IPO Share Option Scheme. No share option granted pursuant to the Pre-IPO Share Option Scheme was valid and outstanding as at 31 December 2014.

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 2014, the number of Shares available for issue in respect thereof is 42,122,488, representing approximately 2.41% 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 2014, options to subscribe for a total of 36,250,000 Shares under the Scheme remained valid and outstanding, representing approximately 2.08% of the total number of issued Shares as at the date of this report. Among these 36,250,000 outstanding share options, 3,250,000 share options lapsed immediately upon expiry of the exercisable period ended 31 December 2014 and 33,000,000 share options were granted during the year. Subsequently, the outstanding share options as at 1 January 2015 shall be 33,000,000, representing approximately 1.89% 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 2014 are as follows:

Category of Participants	Scheme Type	Number of Share Options: As at 01/01/2014	Granted	Exercised	Cancelled/ Lapsed	Transfer In	Transfer Out	As at 31/12/2014	Exercise Price HK$	Grant Date	Exercisable Period
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*			*(Note 5)*			
Directors											
Richard Samuel COHEN	Post-IPO	-	1,990,000	-	-	-	-	1,990,000	2.01	21/08/2014	01/04/2015 - 31/12/2016
	Post-IPO	-	1,990,000	-	-	-	-	1,990,000	2.01	21/08/2014	01/01/2016 - 31/12/2017
	Post-IPO	-	1,990,000	-	-	-	-	1,990,000	2.01	21/08/2014	01/01/2017 - 31/12/2018
Bruno LI Kwok Ho	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	2.01	21/08/2014	01/04/2015 - 31/12/2016
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	2.01	21/08/2014	01/01/2016 - 31/12/2017
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	2.01	21/08/2014	01/01/2017 - 31/12/2018
Danny LAU Sai Wing	Post-IPO	1,000,000	-	-	-	-	-	1,000,000 *	8.08	11/01/2011	01/01/2013 - 31/12/2014
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	2.01	21/08/2014	01/04/2015 - 31/12/2016
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	2.01	21/08/2014	01/01/2016 - 31/12/2017
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	2.01	21/08/2014	01/01/2017 - 31/12/2018
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	26/11/2012 - 25/11/2014
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	26/11/2012 - 25/11/2014
Continuous Contract Employees	Pre-IPO	867,000	-	677,000	190,000	-	-	-	1.65	16/10/2009	03/11/2010 - 02/11/2014
	Pre-IPO	3,871,000	-	3,193,000	678,000	-	-	-	1.65	16/10/2009	03/11/2011 - 02/11/2014
	Post-IPO	4,658,000	-	22,000	3,936,000	-	700,000	-	2.45	26/11/2009	26/11/2012 - 25/11/2014
	Post-IPO	510,000	-	-	-	-	-	510,000 *	8.08	11/01/2011	01/01/2013 - 31/12/2014
	Post-IPO	250,000	-	-	-	-	-	250,000 *	7.71	24/03/2011	01/01/2013 - 31/12/2014
	Post-IPO	1,550,000	-	-	120,000	60,000	-	1,490,000 *	5.61	25/11/2011	01/01/2013 - 31/12/2014
	Post-IPO	-	5,260,000	-	-	-	-	5,260,000	2.01	21/08/2014	01/04/2015 - 31/12/2016
	Post-IPO	-	5,260,000	-	-	-	-	5,260,000	2.01	21/08/2014	01/01/2016 - 31/12/2017
	Post-IPO	-	5,260,000	-	-	-	-	5,260,000	2.01	21/08/2014	01/01/2017 - 31/12/2018
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	1.84	04/11/2014	01/04/2015 - 31/12/2016
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	1.84	04/11/2014	01/01/2016 - 31/12/2017
	Post-IPO	-	1,000,000	-	-	-	-	1,000,000	1.84	04/11/2014	01/01/2017 - 31/12/2018
Other Participants	Pre-IPO	570,000	-	475,000	95,000	-	-	-	1.65	16/10/2009	03/11/2010 - 02/11/2014
	Pre-IPO	720,000	-	625,000	95,000	-	-	-	1.65	16/10/2009	03/11/2011 - 02/11/2014
	Post-IPO	600,000	-	-	1,300,000	700,000	-	-	2.45	26/11/2009	26/11/2012 - 25/11/2014
	Post-IPO	60,000	-	-	60,000	-	-	-	8.08	11/01/2011	01/01/2013 - 31/12/2014
	Post-IPO	60,000	-	-	-	-	60,000	-	5.61	25/11/2011	01/01/2013 - 31/12/2014
	Post-IPO	-	750,000	-	-	-	-	750,000	2.01	21/08/2014	01/04/2015 - 31/12/2016
	Post-IPO	-	750,000	-	-	-	-	750,000	2.01	21/08/2014	01/01/2016 - 31/12/2017
	Post-IPO	-	750,000	-	-	-	-	750,000	2.01	21/08/2014	01/01/2017 - 31/12/2018
	Total:	25,916,000	33,000,000	13,892,000	8,774,000	760,000	760,000	36,250,000			

Share Options *(Continued)*

Notes:

1. *As at 31 December 2013, there were 27,736,000 share options outstanding. Among these outstanding share options, 1,820,000 share options lapsed immediately upon the expiry of the exercisable period ended 31 December 2013 and subsequently, the total number of outstanding share options as at 1 January 2014 was 25,916,000.*
2. *During the year, 30,000,000 share options and 3,000,000 share options were granted on 21 August 2014 and 4 November 2014 respectively. The closing prices of the shares immediately before the dates on which the options were granted were HK$1.92 per share and HK$1.81 per share respectively.*
3. *(i) The weighted average closing market prices per share immediately before the dates on which the share options were exercised by Mr WONG Yat Ming and Ms Sabrina FUNG Wing Yee, Directors of the Company, were HK$2.32 and HK$1.84 respectively.*

   (ii) 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$1.99 and HK$2.02 respectively.
4. *Having included the 1,820,000 lapsed share options mentioned in Note 1 above in the 8,774,000 lapsed share options at 31 December 2014, the total number of lapsed share options during the year is 10,594,000.*
5. ** Denotes those share options with expiry date of 31 December 2014, totalling 3,250,000 share options, lapsed upon that expiry date and subsequently, the total number of outstanding share options as at 1 January 2015 shall be 33,000,000.*
6. *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 3.19(v) to the consolidated financial statements. Other details of share options granted by the Company are set out in Note 28 to the consolidated financial statements.*

Directors

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

Executive Directors

Richard Samuel COHEN *(Chief Executive Officer)*
(appointed as Chief Executive Officer on 22 May 2014 and Executive Director on 21 August 2014)

Bruno LI Kwok Ho *(Chief Financial Officer)*

Danny LAU Sai Wing *(Chief Operating Officer)*

Non-executive Directors

Dr Victor FUNG Kwok King *(Chairman)*

Dr William FUNG Kwok Lun *(Deputy Chairman)*

Jose Hosea CHENG Hor Yin
(resigned on 21 August 2014)

Sabrina FUNG Wing Yee
(re-designated as Non-executive Director on 18 February 2014)

Jean-Marc LOUBIER

WONG Yat Ming
(re-designated as Non-executive Director on 22 May 2014)

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

Patrick SUN

In accordance with Bye-law 84 of the Company's Bye-laws, Mrs Eva CHENG LI Kam Fun, Mr Cassian CHEUNG Ka Sing, Mr Patrick SUN and Mr WONG Yat Ming will retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election. In addition, in accordance with Bye-law 83 of the Company's Bye-laws, Mr Richard Samuel COHEN will retire at the forthcoming Annual General Meeting, and being eligible, offer himself 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.

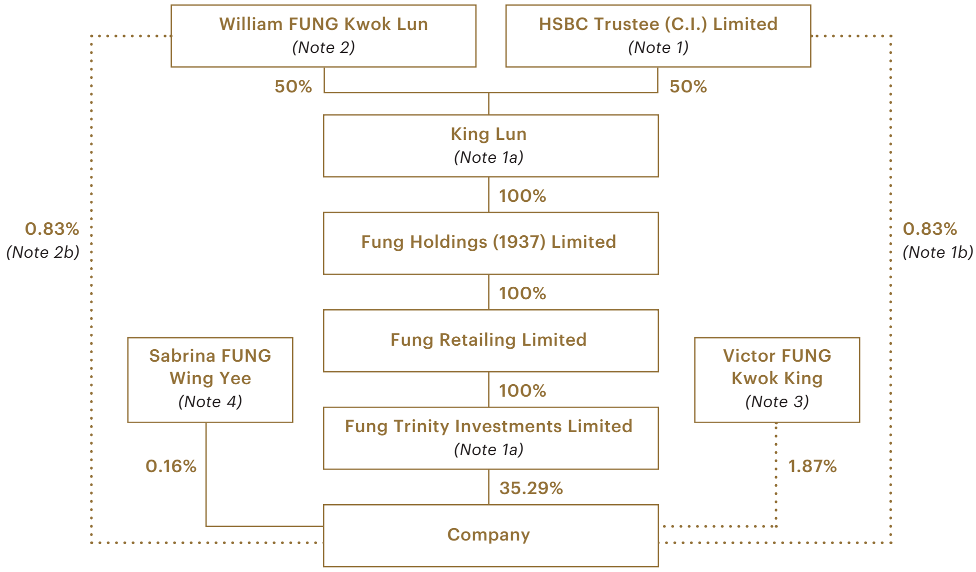
Directors' Interests and Short Positions in Securities

As at 31 December 2014, 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	–	32,613,795 [3]	630,913,760 [1]	–	663,527,555	37.99
William FUNG Kwok Lun	–	–	630,913,760 [2]	–	630,913,760	36.12
Sabrina FUNG Wing Yee	2,800,000 [4]	–	630,913,760 [1]	–	633,713,760	36.28
Richard Samuel COHEN	–	–	–	5,970,000 [5]	5,970,000	0.34
Bruno LI Kwok Ho	5,400,000	–	–	3,000,000 [5]	8,400,000	0.48
Danny LAU Sai Wing	–	–	–	4,000,000 [5]	4,000,000	0.22
WONG Yat Ming	50,976,563	–	–	–	50,976,563	2.91

The following simplified chart illustrates the deemed interests of Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee:



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

Notes:

1. *Each of Dr Victor FUNG Kwok King and Ms Sabrina FUNG Wing Yee (daughter of Dr Victor FUNG Kwok King and as his family member) was deemed to have interests in 630,913,760 Shares, which were held in the following manner:*
   a. *616,413,760 Shares were directly held by Fung Trinity Investments Limited, which is indirect wholly owned subsidiary of King Lun Holdings Limited ("King Lun"). King Lun was owned as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust ("Trustee") established for the benefit of the family members of Dr Victor FUNG Kwok King and as to 50% by Dr William FUNG Kwok Lun.*
   b. *14,500,000 Shares were directly held by First Island Developments Limited, a company wholly owned by the Trustee.*
2. *Among 630,913,760 Shares in which Dr William FUNG Kwok Lun had deemed interest:*
   a. *616,413,760 Shares were under the same block of shares indirectly held by King Lun as mentioned in Note 1a above.*
   b. *14,500,000 Shares were directly held by Step Dragon Enterprise Limited, a company beneficially owned by Dr William FUNG Kwok Lun.*
3. *32,613,795 Shares were held by a company owned by the spouse of Dr Victor FUNG Kwok King. Therefore, Dr Victor FUNG Kwok King was deemed to be interested in these Shares. Included the interests mentioned in Note 1 above, Dr Victor FUNG Kwok King was deemed to be interested in an aggregate of 663,527,555 Shares.*
4. *2,800,000 Shares were personally held by Ms Sabrina FUNG Wing Yee. Included the interests mentioned in Note 1 above, Ms Sabrina FUNG Wing Yee was deemed to be interested in an aggregate of 633,713,760 Shares.*
5. *These interests represented the interests in underlying shares in respect of the share options granted by the Company to these Directors as beneficial owners, details of which are set out in the Share Options section.*

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 Options section.

Save as disclosed above, as at 31 December 2014, 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 2014, 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 [1]	Beneficial owner	616,413,760	35.29
Fung Retailing Limited [1]	Interest of controlled corporation	616,413,760	35.29
Fung Holdings (1937) Limited [1]	Interest of controlled corporation	616,413,760	35.29
King Lun [1]	Interest of controlled corporation	616,413,760	35.29
HSBC Trustee (C.I.) Limited [2]	Trustee	630,913,760	36.12
Schroders Plc [3]	Investment manager	88,159,491	5.04

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. Refer to the chart in the section headed "Directors' Interests and Short Positions in Securities".*
2. *HSBC Trustee (C.I.) Limited, the Trustee, owned 50% of the issued share capital of King Lun and was therefore deemed to be interested in the 616,413,760 Shares indirectly held by King Lun. In addition, the Trustee had deemed interest of the 14,500,000 Shares directly held by its wholly owned company, First Island Developments Limited. Refer to the chart in the section headed "Directors' Interests and Short Positions in Securities".*
3. *Schroders Plc was interested in these Shares through a chain of controlled companies.*

Save as disclosed above, as at 31 December 2014, 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 69 to 77.

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 Customers and Suppliers

In the year under review, the Group sold less than 30% of its goods and services to its five largest customers.

Purchases from the Group's largest supplier and five largest suppliers accounted for 10% and 32% of the total purchases for the year.

Save as disclosed in Note 39(a)(i) to the consolidated financial statements, none of the directors of the Company or any of their close associates or any shareholder (which to the knowledge of the directors own more than 5% of the listed issuer's share capital) had any interest in the Group's five largest suppliers.

Connected Transactions

During the year, the Group engaged in certain continuing connected transactions as set out below:

(i) Provision of logistics related services

On 25 August 2011, the Company entered into a master agreement ("Master Agreement") with Fung Holdings (1937) Limited ("FH 1937") in respect of the provision of logistics related services ("Services") by FH 1937 and its associates to the Group in Hong Kong and the Chinese Mainland for a term of three years from 1 January 2012 to 31 December 2014. The Master Agreement was renewed on 4 November 2014 for three years from 1 January 2015 to 31 December 2017. 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$422,000 and RMB10,300,000 (HK$12,895,000) in Hong Kong and the Chinese Mainland, respectively, for the year ended 31 December 2014.

(ii) Leasing and/or licensing arrangements

The Group has been leasing certain office premises in Shanghai, PRC from a subsidiary of FH 1937. On 19 November 2013, the Company entered into a master agreement with FH 1937 for a term of three years from 1 January 2014 to 31 December 2016 covering the property leasing and/or licensing arrangements with FH 1937 and its associates. Rentals for the property leasing 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 RMB3,287,000 (HK$4,115,000) for the year ended 31 December 2014.

(iii) Consultancy services

On 13 March 2013, 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 a term of 12 months from 1 April 2013 to 31 March 2014 for a monthly fee of Euro 33,000. On 14 March 2014, the consultancy services agreement was renewed for 12 months from 1 April 2014 to 31 March 2015 at a monthly fee of Euro 33,000 and it was terminated with effect from 1 July 2014. The consultancy fee incurred by the Group for the 12 months' period ended 31 March 2014 and the 9 months' period ended 31 December 2014 were Euro 396,000 (HK$4,096,000) and Euro 99,000 (HK$1,060,000) 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.56 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 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 2014, 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, 17 March 2015

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 91 to 179, which comprise the consolidated and company balance sheets as at 31 December 2014, 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 about whether the consolidated financial statements are free from material misstatement.

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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 2014 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, 17 March 2015

Consolidated Income Statement

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Revenue	6(a)	**2,623,584**	2,695,935
Cost of sales		**(680,699)**	(659,795)
Gross profit		**1,942,885**	2,036,140
Other income	8	**98,871**	70,391
Selling and marketing expenses		**(1,329,073)**	(1,285,970)
Administrative expenses		**(507,160)**	(509,153)
Other (losses)/gains – net	9	**(32,764)**	47,592
Gain on disposal of investments in joint ventures	6(b)	**–**	3,984
Operating profit	7	**172,759**	362,984
Finance income		**36,629**	20,102
Finance costs			
Notional interest expenses on contingent purchase consideration payable for acquisition		**(10,649)**	(13,185)
Interest expenses on bank borrowings and overdrafts		**(22,331)**	(16,608)
Finance income/(costs) – net	10	**3,649**	(9,691)
Share of profit of associates	20	**7,790**	16,156
Profit before income tax		**184,198**	369,449
Income tax expense	11	**(23,334)**	(61,241)
Profit for the year attributable to shareholders of the Company		**160,864**	308,208
Basic earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	13(a)	**9.3 cents**	17.8 cents
Diluted earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	13(b)	**9.3 cents**	17.7 cents

The notes on pages 99 to 179 are an integral part of these consolidated financial statements. Details of dividends of HK$116,891,000 (2013: HK$225,107,000) are set out in Note 16(a) to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**160,864**	308,208
Other comprehensive (expenses)/income		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**(13,120)**	665
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries and associates	**(28,842)**	3,160
Exchange differences realised upon liquidation of a subsidiary	**(124)**	–
Exchange differences realised upon disposal of a subsidiary	**–**	(263)
Other comprehensive (expenses)/income for the year, net of tax	**(42,086)**	3,562
Total comprehensive income for the year	**118,778**	311,770
Total comprehensive income attributable to:		
– Shareholders of the Company	**118,778**	311,770

The notes on pages 99 to 179 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**236,985**	278,572
Intangible assets	18	**3,054,502**	3,080,812
Investments in associates	20	**131,486**	135,167
Loan receivable	21	**71,930**	71,647
Derivative financial instrument	22	**6,023**	6,024
Deposits, prepayments and other receivables	23	**55,982**	55,436
Deferred income tax assets	24	**144,651**	150,670
		3,701,559	3,778,328
Current assets			
Inventories	25	**612,475**	684,710
Trade receivables	26	**179,978**	174,084
Deposits, prepayments and other receivables	23	**110,803**	120,793
Amounts due from related parties	39(b)	**77**	652
Current income tax recoverables		**15,599**	20,124
Cash and cash equivalents (excluding bank overdrafts)	27	**522,677**	1,337,451
		1,441,609	2,337,814
Total assets		**5,143,168**	6,116,142
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	28	**174,653**	173,264
Share premium	28	**2,376,850**	2,355,300
Reserves	29	**845,108**	911,071
Total equity		**3,396,611**	3,439,635

The notes on pages 99 to 179 are an integral part of these consolidated financial statements.

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments	30	**10,377**	8,722
Retirement benefit obligations	31	**31,221**	22,035
Contingent purchase consideration payable for acquisition	34	**252,475**	319,301
Deferred income tax liabilities	24	**311,457**	345,159
		605,530	695,217
Current liabilities			
Trade payables	33	**43,870**	89,932
Other payables and accruals	32	**321,869**	401,793
Amounts due to related parties	39(b)	**13,089**	20,024
Current income tax liabilities		**14,279**	41,432
Borrowings	35	**747,920**	1,428,109
		1,141,027	1,981,290
Total liabilities		**1,746,557**	2,676,507
Total equity and liabilities		**5,143,168**	6,116,142
Net current assets		**300,582**	356,524
Total assets less current liabilities		**4,002,141**	4,134,852

Approved by the Board of Directors on 17 March 2015

Victor FUNG Kwok King
Director

Richard Samuel COHEN
Director

The notes on pages 99 to 179 are an integral part of these consolidated financial statements.

Balance Sheet of the Company

As at 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	19(a)	**2,681,694**	2,678,694
Current assets			
Other receivable		**3,817**	3,817
Amounts due from subsidiaries	19(b)	**1,167,644**	1,052,074
Cash and cash equivalents	27	**9,253**	813
		1,180,714	1,056,704
Total assets		**3,862,408**	3,735,398
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	28	**174,653**	173,264
Share premium	28	**2,376,850**	2,355,300
Reserves	29	**672,597**	603,354
Total equity		**3,224,100**	3,131,918
LIABILITIES			
Non-current liabilities			
Contingent purchase consideration payable for acquisition	34	**252,475**	319,301
Current liabilities			
Other payables and accruals	32	**5,441**	5,331
Amounts due to subsidiaries	19(b)	**380,392**	278,848
		385,833	284,179
Total liabilities		**638,308**	603,480
Total equity and liabilities		**3,862,408**	3,735,398
Net current assets		**794,881**	772,525
Total assets less current liabilities		**3,476,575**	3,451,219

Approved by the Board of Directors on 17 March 2015

Victor FUNG Kwok King
Director

Richard Samuel COHEN
Director

The notes on pages 99 to 179 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

		Attributable to shareholders of the Company				
	Note	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2013		172,372	2,335,098	1,106,342	(152,570)	3,461,242
Comprehensive income						
Profit for the year		–	–	308,208	–	308,208
Other comprehensive income						
Remeasurements of post employment benefit obligations	29	–	–	665	–	665
Exchange differences on translation of subsidiaries and associates	29	–	–	–	3,160	3,160
Exchange differences realised upon disposal of a subsidiary	29	–	–	–	(263)	(263)
Other comprehensive income for the year, net of tax		–	–	665	2,897	3,562
Total comprehensive income		–	–	308,873	2,897	311,770
Transactions with owners						
Employee share option schemes						
– exercise of share options	28	892	20,202	–	–	21,094
– transfer to retained earnings	29	–	–	7,515	(7,515)	–
2012 final dividends paid	16(b)	–	–	(242,071)	–	(242,071)
2012 special final dividends paid	16(b)	–	–	(34,581)	–	(34,581)
2013 interim dividends paid	16(a)	–	–	(77,819)	–	(77,819)
Total transactions with owners		892	20,202	(346,956)	(7,515)	(333,377)
Balance at 31 December 2013		173,264	2,355,300	1,068,259	(157,188)	3,439,635

The notes on pages 99 to 179 are an integral part of these consolidated financial statements.

	Note	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000
		Attributable to shareholders of the Company				
Balance at 1 January 2014		173,264	2,355,300	1,068,259	(157,188)	3,439,635
Comprehensive income						
Profit for the year		–	–	160,864	–	160,864
Other comprehensive expenses						
Remeasurements of post employment benefit obligations	29	–	–	(13,120)	–	(13,120)
Exchange differences on translation of subsidiaries and associates	29	–	–	–	(28,842)	(28,842)
Exchange differences realised upon liquidation of a subsidiary	29	–	–	–	(124)	(124)
Other comprehensive expenses for the year, net of tax		–	–	(13,120)	(28,966)	(42,086)
Total comprehensive (expenses)/income		–	–	147,744	(28,966)	118,778
Transactions with owners						
Employee share option schemes						
– value of employee services	29	–	–	–	4,337	4,337
– exercise of share options	28	1,389	21,550	–	–	22,939
– transfer to retained earnings	29	–	–	18,151	(18,151)	–
2013 final dividends paid	16(b)	–	–	(147,288)	–	(147,288)
2014 interim dividends paid	16(a)	–	–	(41,790)	–	(41,790)
Total transactions with owners		1,389	21,550	(170,927)	(13,814)	(161,802)
Balance at 31 December 2014		174,653	2,376,850	1,045,076	(199,968)	3,396,611

The notes on pages 99 to 179 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	36	**234,962**	335,752
Interest paid on bank borrowings and overdrafts		**(22,483)**	(16,741)
Income tax paid		**(68,832)**	(91,105)
Net cash generated from operating activities		**143,647**	227,906
Cash flows from investing activities			
Purchase of property, plant and equipment		**(133,139)**	(96,209)
Investments in convertible promissory note	21	**–**	(77,544)
Proceeds from disposal of investments in joint ventures	6(b)	**–**	3,984
Dividend received from an associate	20	**6,265**	9,045
Proceeds from disposal of a subsidiary		**–**	177
Proceeds from disposal of property, plant and equipment		**306**	124
Interest income received		**31,809**	18,606
Net cash used in investing activities		**(94,759)**	(141,817)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	28	**22,939**	21,094
Proceeds from borrowings		**813,116**	920,012
Repayment of borrowings		**(1,528,000)**	(380,012)
Dividends paid	29	**(189,078)**	(354,471)
Net cash (used in)/generated from financing activities		**(881,023)**	206,623
Net (decrease)/increase in cash and cash equivalents		**(832,135)**	292,712
Cash and cash equivalents at beginning of the year		**1,319,342**	999,097
Effect on foreign exchange rates changes		**(21,370)**	27,533
Cash and cash equivalents at end of the year	27	**465,837**	1,319,342

The notes on pages 99 to 179 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 and wholesale of high-end menswear in the Chinese Mainland, Hong Kong, Macau, Taiwan (the "Greater China") and Europe, as well as licensing its fully owned 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 thousand of units of Hong Kong dollars ("HK$" or "HKD"), unless otherwise stated.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities including derivative financial instrument and contingent purchase consideration payable for acquisition, which are carried at fair values. The consolidated financial statements are prepared in accordance with the applicable disclosure requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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.

3 Summary of principal accounting policies *(Continued)*

(a) Adoption of amendments to existing standards effective in 2014

The Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2014 and relevant to the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
Annual Improvements Project	Annual Improvements 2010-2012 Reporting Cycle

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

(b) Amendments and interpretation to existing standards effective in 2014 but not relevant to the Group

The following amendments and interpretation to existing standards are mandatory for accounting periods beginning on or after 1 January 2014 but currently not relevant to the Group:

HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

3 Summary of principal accounting policies *(Continued)*

(c) New standards and amendments to existing standards that have been issued but are not yet effective

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

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contribution (effective for annual periods beginning on or after 1 July 2014)
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
HKAS 16 and HKAS 41 (Amendments)	Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method (effective for annual periods beginning on or after 1 January 2016)
HKFRS 9 (2014)	Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
HKFRS 11 (Amendment)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
HKFRS 14	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
HKFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
Annual Improvements Project	Annual Improvements 2010-2012 Reporting Cycle (effective for annual periods beginning on or after 1 July 2014)
Annual Improvements Project	Annual Improvements 2011-2013 Reporting Cycle (effective for annual periods beginning on or after 1 July 2014)
Annual Improvements Project	Annual Improvements 2012-2014 Reporting Cycle (effective for annual periods beginning on or after 1 January 2016)

All these new standards and amendments to existing standards are effective in the financial year of 2015 or years after 2015. The Group is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application.

The minor amendments to HKAS/HKFRS under the annual improvement projects of HKICPA are not likely to have a significant impact on the results and financial position of the Group and are not analysed in detail.

3 Summary of principal accounting policies *(Continued)*

(c) New standards and amendments to existing standards that have been issued but are not yet effective (Continued)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3 Summary of principal accounting policies *(Continued)*

3.2 Consolidation *(Continued)*

(i) Subsidiaries (Continued)

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.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (Note 3.6(i)).

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.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

3 Summary of principal accounting policies *(Continued)*

3.2 Consolidation *(Continued)*

(ii) 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.

The Group determines at each balance sheet 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 of associates' in the consolidated income statement.

Profits and losses resulting from transactions between the Group and its 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 Summary of principal accounting policies *(Continued)*

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, 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 or valuation where items are remeasured. 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.

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

(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 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 other 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 Summary of principal accounting policies *(Continued)*

3.4 Foreign currency translation *(Continued)*

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and 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 – 10 years
– Computers, equipment and air-conditioners	3 – 10 years
– Plant and machinery	3 – 10 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 the carrying amount and are recognised within 'selling and marketing expenses' relating to store and 'administrative expenses' relating to office 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 of disposal. 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.

3.7 Impairment of investments in subsidiaries, 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 of disposal 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 and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries and associates in the period the dividend is 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 'loan receivable' (Note 3.10), 'trade receivables', 'deposits, prepayments 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives (Note 3.11) are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

3.10 Loan receivable

Loan receivable is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3 Summary of principal accounting policies *(Continued)*

3.11 Derivative financial instruments

Derivatives financial instruments include forward exchange contracts and conversion right embedded in convertible promissory note (Note 22) are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised immediately in the consolidated income statement within 'Other (losses)/gains – net'. Trading derivatives are classified as a current asset or liability.

3.12 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 re-organisation, 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.

3.13 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 balance sheet, bank overdrafts are shown within borrowings in current liabilities.

3.14 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 Summary of principal accounting policies *(Continued)*

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

3.16 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.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Where guarantees in relation to loans of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3.18 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 in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

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 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. Current income tax recoverables which could not be offset against current income tax liabilities of another entity were presented under current assets.

3 Summary of principal accounting policies *(Continued)*

3.18 Current and deferred income tax *(Continued)*

(b) Deferred income tax

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 only 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 taxable temporary differences arising from investments in subsidiaries 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 future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

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.

3.19 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.

3 Summary of principal accounting policies *(Continued)*

3.19 Employee benefits *(Continued)*

(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 fixed 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.

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. 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 the market rates on government 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.

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

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.

3 Summary of principal accounting policies *(Continued)*

3.19 Employee benefits *(Continued)*

(ii) Pension obligations *(Continued)*

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 at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. 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.

(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.

3 Summary of principal accounting policies *(Continued)*

3.19 Employee benefits *(Continued)*

(v) Share-based compensation (Continued)

(a) Equity-settled share-based payment transactions *(Continued)*

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). 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.

3.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 Summary of principal accounting policies *(Continued)*

3.21 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.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity; and when 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 of return 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 sales made by the licensees and terms of the contract 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. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(v) Administration, management fee and consultancy fee income

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

(vi) Rental and licence fee income

Rental and licence fee income is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

3 Summary of principal accounting policies *(Continued)*

3.22 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 on operating lease is recognised over the term of the lease on a straight-line basis.

3.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the 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.

3.24 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.

3.25 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.

3.26 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 and financial instruments

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 and evaluates 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"), Pound Sterling ("GBP"), Japanese Yen ("JPY") and Taiwan Dollars ("TWD"). 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 2014, the Group's outstanding forward contracts were analysed as below:

Outstanding forward contracts	**31 December 2014**	31 December 2013
Buying EUR		
– Notional principal amount (EUR)	**2,605,595**	1,000,000
– Fixed exchange rate	**9.8803**	10.4125
Buying GBP		
– Notional principal amount (GBP)	**1,445,650**	–
– Fixed exchange rate	**12.6372**	–
Buying JPY		
– Notional principal amount (JPY)	**68,514,730**	31,000,000
– Fixed exchange rate	**0.07118**	0.077025

The Group assumes that its foreign exchange risk mainly comes from RMB denominated receivables and bank balances and HKD denominated payables. At 31 December 2014, if HK dollar had weakened or strengthened by 5% against the RMB with all other variables held constant, profit for the year would have been HK$34,059,000 (2013: HK$92,242,000) respectively higher or lower, mainly as a result of foreign exchange gains or losses on translation of RMB denominated receivables and bank balances recorded in the books of the Group's entities in Hong Kong and HKD denominated payables recorded in the books of the Group's entities in PRC.

4 Financial risk management and financial instruments *(Continued)*

4.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(ii) Interest rate risk

The Group's interest rate risk arises from short term bank borrowings and bank overdrafts. Bank borrowings and bank overdrafts 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$, EUR, GBP and RMB.

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$1,659,000 (2013: HK$1,183,000) for the year ended 31 December 2014.

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.

(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, loan receivable, trade receivables and deposits, prepayments and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. As of 31 December 2014, the Company's maximum exposure to credit risk for financial guarantees is HK$670,166,000 (2013: HK$1,443,870,000). As at 31 December 2014, 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.

Management does not expect any investment counterparty to fail to meet its obligation.

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.

For the outstanding loan receivable from British Heritage Brands, Inc. ("BHB") (Note 21), management performs regular reviews of its financial condition and assess if any provision would be required.

4 Financial risk management and financial instruments *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The 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.

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 2014	**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	**43,870**	–	–	–
Contingent purchase consideration payable for acquisition	–	–	**23,410**	**336,938**
Other payables and accruals	**145,675**	–	–	–
Amounts due to related parties	**13,089**	–	–	–
Borrowings	**749,126**	–	–	–
	951,760	–	**23,410**	**336,938**

	Repayment period			
As at 31 December 2013	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	89,932	–	–	–
Contingent purchase consideration payable for acquisition	–	1,960	32,080	468,170
Other payables and accruals	181,769	–	–	–
Amounts due to related parties	20,024	–	–	–
Borrowings	1,429,184	–	–	–
	1,720,909	1,960	32,080	468,170

4 Financial risk management and financial instruments *(Continued)*

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk *(Continued)*

Company

As at 31 December 2014	Repayment period 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	–	–	**23,410**	**336,938**
Other payables and accruals	**2,132**	–	–	–
Amounts due to subsidiaries	**380,392**	–	–	–
Financial guarantee contracts	**670,166**	–	–	–
	1,052,690	–	**23,410**	**336,938**

As at 31 December 2013	Repayment period 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	–	1,960	32,080	468,170
Other payables and accruals	3,081	–	–	–
Amounts due to subsidiaries	278,848	–	–	–
Financial guarantee contracts	1,443,870	–	–	–
	1,725,799	1,960	32,080	468,170

4.2 Fair value estimation

The table below analyses financial instruments carried at fair value at the end of reporting period, by level of the inputs to valuation techniques used to measure fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation *(Continued)*

31 December 2014	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instrument – conversion right embedded in convertible promissory note (Note 22)	–	–	6,023	6,023
Liabilities				
Derivative financial instruments – forward exchange contracts	–	2,428	–	2,428
Contingent purchase consideration payable for acquisition (Note 34)	–	–	252,475	252,475
Total liabilities	–	2,428	252,475	254,903

31 December 2013	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instrument – conversion right embedded in convertible promissory note (Note 22)	–	–	6,024	6,024
Derivative financial instruments – forward exchange contracts	–	186	–	186
Total assets	–	186	6,024	6,210
Liabilities				
Contingent purchase consideration payable for acquisition (Note 34)	–	–	319,301	319,301

There were no changes in valuation techniques and no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2013: nil).

(a) Valuation techniques used to derive Level 2 fair values

Level 2 financial instruments comprise forward exchange contracts, which have been determined using forward exchange rates that are quoted in an active market. Since all significant inputs required to estimate the fair values are observable, the instruments are included in Level 2.

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation *(Continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3)

Level 3 financial instruments comprise conversion right embedded in a convertible promissory note and contingent purchase consideration payable for acquisition.

The fair value of conversion right embedded in convertible promissory note is determined using binomial model based on the estimated performance of BHB. The valuation takes into account of the expected volatility of 30% with reference to the historical returns of comparable listed companies. The fair value measurement is positively correlated to the expected volatility. The Group's profit attributable to shareholders of the Company would increase/decrease and the conversion right would increase/decrease by HK$1,491,000 (2013: HK$1,582,000) and HK$1,398,000 (2013: HK$1,378,000) respectively if the expected volatility is 3.0% higher/lower at balance sheet date (2013: 3.0%).

The valuation technique used to determine contingent purchase consideration payable for acquisition is discounted cash flow analysis. 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. 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$37,448,000 (2013: HK$44,815,000) and HK$34,076,000 (2013: HK$41,093,000) respectively if future revenue growth is 1% higher/lower than the estimation made by management at balance sheet date.

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation *(Continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3) (Continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Conversion right embedded in convertible promissory note (Note 22) HK$'000	Contingent purchase consideration payable for acquisition (Note 34) HK$'000
Opening net book amount at 1 January 2014	6,024	(319,301)
Remeasurement gains recognised in profit or loss	–	77,475
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(10,649)
Exchange differences	(1)	–
Closing net book amount at 31 December 2014	6,023	(252,475)
Total net (losses)/gains for the year included in profit or loss	(1)	66,826
Change in unrealised gains for the year included in profit or loss for liabilities held at the end of the year, under 'Other income'	–	77,475
Change in unrealised losses for the year included in profit or loss for liabilities held at the end of the year, under 'Finance costs'	–	(10,649)

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation *(Continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3) (Continued)

	Conversion right embedded in convertible promissory note (Note 22) HK$'000	Contingent purchase consideration payable for acquisition (Note 34) HK$'000
Opening net book amount at 1 January 2013	–	(319,629)
Addition	6,024	–
Remeasurement gains recognised in profit or loss	–	13,513
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(13,185)
Closing net book amount at 31 December 2013	6,024	(319,301)
Total net gains for the year included in profit or loss	–	328
Change in unrealised gains for the year included in profit or loss for liabilities held at the end of the year, under 'Other income'	–	13,513
Change in unrealised losses for the year included in profit or loss for liabilities held at the end of the year, under 'Finance costs'	–	(13,185)

Of the total net gains recognised in profit or loss in these years, all amounts are attributable to the change in unrealised net gains relating to those assets or liabilities held at the end of the year.

For conversion right embedded in convertible promissory note HK$1,000 was included in 'Other (losses)/gains – net' in the consolidated income statement. There were no such losses arising in 2013.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation *(Continued)*

(c) Group's valuation processes

The Group's Finance Department performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values based on policies approved by the Board of Directors. The Group's Finance Department reports directly to the Chief Financial Officer.

The main Level 3 inputs used by the Group include:

- The discount rate for conversion right embedded in convertible promissory note and estimated future performance of the BHB business. The discount rate is referenced to weighted average cost of capital of comparable listed companies. The estimated future performance of BHB business was determined with reference to senior management's best estimate.
- The discount rate for contingent purchase consideration payable for acquisition and estimated post acquisition performance of the acquired business. The discount rate is estimated based on the expected cost of borrowings with similar maturity. The estimated post acquisition performance of the acquired business was determined with reference to senior management's best estimate.

(d) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's financial assets (loan receivable, trade receivables, deposits, prepayments and other receivables and amounts due from related parties) and financial liabilities (trade payables, other payables and accruals, amounts due to related parties and borrowings) approximate their fair values except for forward exchange contracts disclosed in Note 4.2 which have been grouped under 'deposits, prepayments and other receivables' as at 31 December 2013 and 'other payables and accruals' as at 31 December 2014 in the consolidated balance sheet and they were included in Level 2.

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.

Note 4.2(b) contains the information about the assumptions and its risk factors relating to the valuation of contingent purchase consideration payable for acquisition. Other 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 of disposal calculations. These calculations require the use of estimates (Note 18).

(b) Useful life of trademarks

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 competitor actions in response to severe industry cycles. Management reassesses these estimates at each balance sheet date.

During the year ended 31 December 2014, management has reviewed the basis on which the net realisable value of inventories is determined after reassessment of the utilisation of the available distribution channels and their expected sales pattern. This change in the estimated net realisable value of inventories has resulted in a decrease in provision for impairment of inventories amounted to HK$38.4 million for the year. Annual impairment provision for obsolete inventories will depend on the actual inventories level and selling experience, and consequently it is not possible to reliably estimate the effect of this change in accounting estimates in the future periods.

5 Critical accounting estimates and judgements *(Continued)*

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

The Group accounts for the business combination 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.

(e) Estimated impairment of convertible promissory note

The fair value of convertible promissory note comprises two elements, namely, the loan receivable and the conversion right. The Group tests annually or whenever there is an indicator of impairment whether the loan receivable element has suffered any impairment in accordance with the accounting policies stated in Note 3.10 and Note 3.11. If an indication of impairment is identified, management prepares discounted cashflow to assess the difference between the carrying value and recoverable amount and makes provision for impairment loss. The valuation measurement requires, among other things, significant estimation of future performance of BHB business and significant judgement in relation to the time value of money. The conversion right element will be remeasured at fair value annually, with any resulting gain or loss recognised in the consolidated income statement.

(f) 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 28.

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.

6 Segment information

The Group is principally engaged in the retailing and wholesale of high-end menswear in Greater China and Europe, as well as licensing its fully owned brands globally. The associates are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

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 segmental earnings before finance income/(costs) – net and income tax expense ("Segmental contributions") for the year. Corporate employee benefit expenses and overhead, finance income/(costs), other income, gain on disposal of investments in joint ventures and other (losses)/gains – net are not allocated to segments. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders. During the year, certain amendments and reclassifications (allocation of certain expenses from individual segment to corporate management overheads) were made to the management reports presented to the senior executive management in order to better reflect the composition and performance of each segment. Prior year comparatives have been restated accordingly.

Segment asset consists only of inventories.

6 Segment information *(Continued)*

(a) Segment results

The segment results for the year ended 31 December 2014 are as follows:

	HK & Macau		Chinese Mainland		Taiwan	Europe			Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	833,503	804,693	1,270,853	17,125	196,900	176,713	76,523	153,638	–	3,529,948
Inter-segment revenue	–	(797,414)	–	–	–	–	(66,193)	(42,757)	–	(906,364)
Segment revenue and revenue from external customers	833,503	7,279	1,270,853	17,125	196,900	176,713	10,330	110,881	–	2,623,584
Gross profit	615,941	2,004	973,034	2,145	144,348	93,421	1,111	110,881	–	1,942,885
Segmental contributions	114,558	2,004	218,808	226	52,139	(87,756)	(9,323)	32,046	7,790	330,492
Segmental contributions includes:										
Depreciation	(22,964)	–	(108,856)	(1,769)	(3,986)	(14,472)	(378)	(2,689)	–	(155,114)
Reversal of provision for impairment of property, plant and equipment	–	–	–	–	–	340	–	–	–	340
Share of profit of associates	–	–	–	–	–	–	–	–	7,790	7,790
Segment asset	196,036	–	319,403	–	47,230	49,806	–	–	–	612,475

6 Segment information *(Continued)*

(a) Segment results (Continued)

The segment results for the year ended 31 December 2013 were as follows:

	HK & Macau		Chinese Mainland		Taiwan	Europe			Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	864,479	855,621	1,331,548	13,904	191,133	179,390	31,141	155,580	–	3,622,796
Inter-segment revenue	–	(849,406)	–	–	–	–	(29,453)	(48,002)	–	(926,861)
Segment revenue and revenue from external customers	864,479	6,215	1,331,548	13,904	191,133	179,390	1,688	107,578	–	2,695,935
Gross profit	678,134	1,469	1,006,541	9,776	133,683	98,049	910	107,578	–	2,036,140
Segmental contributions	200,998	1,469	274,298	9,516	41,483	(86,009)	(5,748)	21,974	16,156	474,137
Segmental contributions includes:										
Depreciation	(16,151)	–	(132,511)	(61)	(2,546)	(10,972)	(51)	(2,215)	–	(164,507)
Additional provision for impairment of property, plant and equipment	(1,356)	–	(2,982)	–	–	–	–	–	–	(4,338)
Share of profit of associates	–	–	–	–	–	–	–	–	16,156	16,156
Segment asset	241,061	–	338,771	–	57,543	47,335	–	–	–	684,710

6 Segment information *(Continued)*

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

	2014 HK$'000	2013 HK$'000
Segmental contributions for reportable segments	**330,492**	474,137
Add:		
Other income (Note 8)	**98,871**	70,391
Other (losses)/gains – net (Note 9)	**(32,764)**	47,592
Gain on disposal of investments in joint ventures (note)	**–**	3,984
Less:		
Finance income/(costs) – net (Note 10)	**3,649**	(9,691)
Employee benefit expenses	**(153,386)**	(146,245)
Rental expenses	**(26,376)**	(21,077)
Depreciation	**(9,900)**	(11,344)
Other unallocated expenses	**(26,388)**	(38,298)
Total Group's profit before income tax	**184,198**	369,449

Note: Gain on disposal of investments in joint ventures represents the gain arising from the final adjustment of the value of the 30% equity interest in the Ferragamo entities, as defined in Note 20, disposed in December 2012.

(c) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, deposits, prepayments and other receivables and investments in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered or the licensing services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset.

The geographical analysis of revenue from external customers is as follows:

	2014 HK$'000	2013 HK$'000
Hong Kong & Macau	**833,503**	864,479
Chinese Mainland	**1,287,978**	1,345,452
Taiwan	**196,900**	191,133
France	**10,381**	15,442
United Kingdom	**166,332**	163,948
Other countries	**128,490**	115,481
Total	**2,623,584**	2,695,935

Revenues from the individual countries included in other countries are not material.

6 Segment information *(Continued)*

(c) Geographic information (Continued)

The geographical analysis of specified non-current assets is as follows:

	2014 HK$'000	2013 HK$'000
Hong Kong & Macau	**590,514**	565,649
Chinese Mainland	**841,825**	915,855
Taiwan	**84,472**	81,822
France	**690,670**	728,900
United Kingdom	**795,295**	773,949
Singapore	**356,763**	362,599
South Korea	**104,600**	105,184
Malaysia	**10,331**	10,869
Thailand	**4,485**	5,160
Total	**3,478,955**	3,549,987

7 Operating profit

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

	2014 HK$'000	2013 HK$'000
Cost of inventories recognised as expenses included in cost of sales (Note 25)	**738,095**	632,242
Write off of inventories (Note 25)	**6,694**	2,835
(Reversal of)/additional provision for impairment of inventories (Note 25)	**(64,090)**	24,718
Depreciation of property, plant and equipment (Note 17)	**165,014**	175,851
(Reversal of)/additional provision for impairment of property, plant and equipment (Note 17)	**(340)**	4,338
Loss on disposal of property, plant and equipment	**6,678**	5,199
Operating lease rental expense – minimum lease payment	**358,472**	323,112
Operating lease rental expense – contingent rents	**266,580**	290,720
Reversal of impairment of trade receivables – net (Note 26)	**(78)**	(3,034)
Employee benefit expenses (Note 14)	**707,154**	685,470
Advertising and promotion expenses (note)	**149,964**	157,797
Royalty expenses	**7,445**	7,838

Note: Advertising and promotion expenses included employee benefit expenses and operating lease rental expenses of HK$13,382,000 (2013: HK$18,892,000) and HK$1,531,000 (2013: HK$2,533,000) respectively.

7 Operating profit *(Continued)*

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

	2014 HK$'000	2013 HK$'000
Audit services	**5,486**	5,398
Non-audit services		
– taxation services	**1,019**	628
– other services	**426**	357
	6,931	6,383

Note: HK$5,467,000 (2013: HK$5,206,000) of the audit services fees and HK$1,445,000 (2013: HK$985,000) of non-audit services fees are payable to the Company's auditor.

8 Other income

	2014 HK$'000	2013 HK$'000
Subsidy income	**6,976**	12,974
Rental and licence fee income from third parties	**3,432**	965
Rental and licence fee income from related parties (Note 39(a))	**1,871**	1,811
Consultancy services fee income from third parties	**–**	17,094
Consultancy services fee income from a related party (Note 39(a))	**–**	2,800
Management fee income from related parties (Note 39(a))	**1,225**	2,285
Claims received	**2,475**	2,413
Sales commission	**987**	1,486
Gains on remeasurement of contingent purchase consideration payable for acquisition	**77,475**	13,513
Gain on disposal of a subsidiary	**–**	479
Others	**4,430**	14,571
	98,871	70,391

9 Other (losses)/gains – net

	2014 HK$'000	2013 HK$'000
Fair value losses on forward foreign exchange contracts	**(2,614)**	(209)
Net foreign exchange (losses)/gains	**(30,150)**	47,801
Other (losses)/gains – net	**(32,764)**	47,592

10 Finance income/(costs) – net

	2014 HK$'000	2013 HK$'000
Finance costs		
– Interest expenses on bank borrowings and overdrafts wholly repayable within five years	**(22,331)**	(16,608)
– Notional interest expenses on contingent purchase consideration payable for acquisition	**(10,649)**	(13,185)
Finance costs	**(32,980)**	(29,793)
Finance income		
– Interest income on bank deposits	**32,412**	18,606
– Interest income on loan receivable	**4,217**	1,496
Finance income	**36,629**	20,102
Finance income/(costs) – net	**3,649**	(9,691)

11 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 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.

	2014 HK$'000	2013 HK$'000
Current income tax		
– Hong Kong profits tax	**16,279**	45,768
– Overseas taxation	**18,957**	31,853
– Over provision in prior years	**(12,964)**	(13,112)
Deferred income tax (Note 24)	**1,062**	(3,268)
	23,334	61,241

11 Income tax expense *(Continued)*

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:

	2014 HK$'000	2013 HK$'000
Profit before income tax	**184,198**	369,449
Tax calculated at domestic tax rates applicable to profits in the respective countries	**23,415**	56,096
Withholding tax on distributable profits, royalty income and interest income	**4,083**	7,490
Income not subject to tax	**(33,873)**	(17,453)
Under/(over) provision in prior years	**187**	(13,112)
Effect of unrecognised tax losses	**4,657**	12,568
Expenses not deductible for tax purposes	**24,865**	15,652
Income tax expense	**23,334**	61,241

The weighted average applicable tax rate for the year was 12.7% (2013: 15.2%). The decrease is caused by a change in the mix of profitability of the Group's subsidiaries in the respective countries.

The subsidiaries incorporated in the Chinese Mainland are subject to income tax rate at 25% (2013: 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$253,984,000 (2013: HK$350,552,000).

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.

	2014	2013
Weighted average number of ordinary shares in issue	**1,737,002,000**	1,728,854,000
Profit attributable to shareholders of the Company (HK$'000)	**160,864**	308,208
Basic earnings per share (HK cents per share)	**9.3 cents**	17.8 cents

13 Earnings per share *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue 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.

	2014	2013
Weighted average number of ordinary shares in issue	**1,737,002,000**	1,728,854,000
Adjustment for share options	**1,814,000**	10,769,000
Weighted average number of ordinary shares for diluted earnings per share	**1,738,816,000**	1,739,623,000
Profit attributable to shareholders of the Company (HK$'000)	**160,864**	308,208
Diluted earnings per share (HK cents per share)	**9.3 cents**	17.7 cents

14 Employee benefit expenses

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

	2014 HK$'000	2013 HK$'000
Wages, salaries and bonus	**595,757**	579,990
Pension costs – defined benefit plans	**2,029**	1,394
Pension costs – defined contribution plans	**12,353**	11,860
Social security and benefits	**92,678**	92,226
Employee share option benefit	**4,337**	–
Total	**707,154**	685,470

There were no forfeited contributions during the year (2013: nil).

15 Directors' remuneration and individuals with highest emoluments

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

(i) For the year ended 31 December 2014:

	Fees HK$'000	Salary HK$'000 or equivalent	Bonuses HK$'000 or equivalent	Other benefits* HK$'000 or equivalent	Share options HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors							
Richard Samuel COHEN[1] (Chief Executive Officer)	73	2,367	1,385	1,829	822	–	6,476
Bruno LI Kwok Ho	200	1,766	1,444	564	413	17	4,404
Danny LAU Sai Wing	200	3,000	1,805	979	413	17	6,414
Non-executive Directors							
Victor FUNG Kwok King	250	–	–	–	–	–	250
William FUNG Kwok Lun	250	–	–	–	–	–	250
WONG Yat Ming[2]	200	1,310	940	435	–	6	2,891
Sabrina FUNG Wing Yee[3]	200	305	–	11	–	4	520
Jose Hosea CHENG Hor Yin[4]	191	–	–	–	–	–	191
Jean-Marc LOUBIER	300	–	–	–	–	–	300
Independent Non-executive Directors							
Cassian CHEUNG Ka Sing	430	–	–	–	–	–	430
Michael LEE Tze Hau	430	–	–	–	–	–	430
Patrick SUN	390	–	–	–	–	–	390
Eva CHENG LI Kam Fun	350	–	–	–	–	–	350
	3,464	8,748	5,574	3,818	1,648	44	23,296

15 Directors' remuneration and individuals with highest emoluments *(Continued)*

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

(ii) For the year ended 31 December 2013:

	Fees HK$'000	Salary HK$'000	Bonuses HK$'000	Other benefits* HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors						
WONG Yat Ming[2]	120	3,360	4,739	1,103	15	9,337
Bruno LI Kwok Ho	120	1,766	3,033	556	15	5,490
Sabrina FUNG Wing Yee[3]	120	2,280	1,517	74	15	4,006
Danny LAU Sai Wing	120	2,990	3,791	982	15	7,898
Non-executive Directors						
Victor FUNG Kwok King	180	–	–	–	–	180
William FUNG Kwok Lun	150	–	–	–	–	150
Jose Hosea CHENG Hor Yin[4]	200	–	–	–	–	200
Jean-Marc LOUBIER	200	–	–	–	–	200
Independent Non-executive Directors						
Cassian CHEUNG Ka Sing	280	–	–	–	–	280
Michael LEE Tze Hau	280	–	–	–	–	280
Patrick SUN	250	–	–	–	–	250
Eva CHENG LI Kam Fun	230	–	–	–	–	230
	2,250	10,396	13,080	2,715	60	28,501

Notes:

1. *Mr Richard Samuel COHEN has been appointed as the Chief Executive Officer with effect from 22 May 2014 and as an Executive Director with effect from 21 August 2014.*
2. *Mr WONG Yat Ming has been re-designated from an Executive Director to a Non-executive Director with effect from 22 May 2014.*
3. *Ms Sabrina FUNG Wing Yee has been re-designated from an Executive Director to a Non-executive Director with effect from 18 February 2014.*
4. *Mr Jose Hosea CHENG Hor Yin has resigned as a Non-executive Director with effect from 21 August 2014.*

* *Other benefits include insurance premium and housing allowance.*

15 Directors' remuneration and individuals with highest emoluments *(Continued)*

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

	Number of individuals	
	2014	2013
Emolument bands		
– HK$500,001 to HK$1,000,000	**2**	–
– HK$1,000,001 to HK$1,500,000	**2**	–
– HK$2,000,001 to HK$2,500,000	**1**	–
– HK$2,500,001 to HK$3,000,000	**1**	1
– HK$3,000,001 to HK$3,500,000	**1**	–
– HK$3,500,001 to HK$4,000,000	**3**	2
– HK$4,000,001 to HK$4,500,000	**2**	1
– HK$4,500,001 to HK$5,000,000	**–**	1
– HK$5,000,001 to HK$5,500,000	**–**	2
– HK$5,500,001 to HK$6,000,000	**–**	1
– HK$6,000,001 to HK$6,500,000	**2**	–
– HK$7,500,001 to HK$8,000,000	**–**	1
– HK$9,000,001 to HK$9,500,000	**–**	1
	14	10

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2014 include three (2013: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two highest paid individuals (2013: two) during the year are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**7,777**	8,770
Bonuses	**1,697**	3,154
Employer's contribution to pension scheme	**123**	332
Employee share option benefit	**182**	–
	9,779	12,256

No compensation was paid for loss of office during the year (2013: nil).

15 Directors' remuneration and individuals with highest emoluments *(Continued)*

(c) Five highest paid individuals (Continued)

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

	Number of individuals	
	2014	2013
Emolument bands		
– HK$4,000,001 to HK$4,500,000	**1**	–
– HK$5,500,001 to HK$6,000,000	**1**	1
– HK$6,000,001 to HK$6,500,000	**–**	1
	2	2

16 Dividends

(a) Dividends attributable to the year are as follows:

	2014 HK$'000	2013 HK$'000
Interim dividend declared and paid of 2.4 HK cents (2013: 4.5 HK cents) per ordinary share	**41,790**	77,819
Final dividend proposed after the balance sheet date of 4.3 HK cents (2013: 8.5 HK cents) per ordinary share	**75,101**	147,288
	116,891	225,107

The final dividend proposed after the balance sheet date has not been recognised as liabilities at the balance sheet date.

(b) Dividends attributable to the previous year, approved and paid during the year are as follows:

	2014 HK$'000	2013 HK$'000
Final dividend approved and paid (2014: 8.5 HK cents per ordinary share; 2013: 14.0 HK cents per ordinary share)	**147,288**	242,071
Special final dividend approved and paid (2014: nil; 2013: 2.0 HK cents per ordinary share)	**–**	34,581
	147,288	276,652

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 2014						
Cost (restated)	1,716	592,387	63,022	12,862	1,631	671,618
Accumulated depreciation and impairment (restated)	(1,518)	(327,501)	(51,880)	(10,817)	(1,330)	(393,046)
Net book amount (restated)	198	264,886	11,142	2,045	301	278,572
Year ended 31 December 2014						
Opening net book amount (restated)	198	264,886	11,142	2,045	301	278,572
Exchange differences	–	(7,191)	(225)	–	–	(7,416)
Additions	–	131,998	4,721	–	768	137,487
Disposals	–	(6,955)	(29)	–	–	(6,984)
Reversal of impairment provision (Note 7)	–	254	86	–	–	340
Depreciation (Note 7)	(198)	(157,460)	(6,463)	(678)	(215)	(165,014)
Closing net book amount	–	225,532	9,232	1,367	854	236,985
At 31 December 2014						
Cost	1,716	541,781	65,049	12,818	2,239	623,603
Accumulated depreciation and impairment	(1,716)	(316,249)	(55,817)	(11,451)	(1,385)	(386,618)
Net book amount	–	225,532	9,232	1,367	854	236,985

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

	Buildings HK$'000 (note) (Restated)	Leasehold improvements, furniture and fixtures HK$'000 (note) (Restated)	Computers, equipment and air-conditioners HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2013						
Cost	1,716	640,887	59,495	12,775	1,631	716,504
Accumulated depreciation and impairment	(1,321)	(329,468)	(45,826)	(10,101)	(978)	(387,694)
Net book amount	395	311,419	13,669	2,674	653	328,810
Year ended 31 December 2013						
Opening net book amount	395	311,419	13,669	2,674	653	328,810
Exchange differences	1	6,868	158	–	–	7,027
Additions	–	122,459	5,701	87	–	128,247
Disposals	–	(5,294)	(29)	–	–	(5,323)
Impairment provision (Note 7)	–	(4,338)	–	–	–	(4,338)
Depreciation (Note 7)	(198)	(166,228)	(8,357)	(716)	(352)	(175,851)
Closing net book amount	198	264,886	11,142	2,045	301	278,572
At 31 December 2013						
Cost	1,716	592,387	63,022	12,862	1,631	671,618
Accumulated depreciation and impairment	(1,518)	(327,501)	(51,880)	(10,817)	(1,330)	(393,046)
Net book amount	198	264,886	11,142	2,045	301	278,572

Note:

Certain comparative figures of buildings have been reclassified to leasehold improvements, furniture and fixtures to conform to current year's presentation and the restatement does not have any impact to either the Group's consolidated income statement or consolidated balance sheet.

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:

	2014	2013
	HK$'000	HK$'000
Cost of sales	**3,368**	3,368
Selling and marketing expenses	**146,173**	156,777
Administrative expenses	**15,473**	15,706
Total	**165,014**	175,851

The recoverable amount of the property, plant and equipment is its value in use, which amounted to HK$236,985,000 (2013: HK$278,572,000).

During the year, the Group reversed an impairment provision of HK$340,000 (2013: additional provision of HK$4,338,000), mainly due to increase in the amount of estimated future cash flows and the reversal of impairment provision is included in selling and marketing expenses.

18 Intangible assets – Group

	Trademarks and licences (with indefinite useful lives) HK$'000 (note)	Goodwill HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014				
Cost	**1,803,297**	**1,271,751**	**5,764**	**3,080,812**
Accumulated amortisation	**–**	**–**	**–**	**–**
Net book amount	**1,803,297**	**1,271,751**	**5,764**	**3,080,812**
Year ended 31 December 2014				
Opening net book amount	**1,803,297**	**1,271,751**	**5,764**	**3,080,812**
Exchange differences	**(25,625)**	**–**	**(685)**	**(26,310)**
Closing net book amount	**1,777,672**	**1,271,751**	**5,079**	**3,054,502**
At 31 December 2014				
Cost	**1,777,672**	**1,271,751**	**5,079**	**3,054,502**
Accumulated amortisation	**–**	**–**	**–**	**–**
Net book amount	**1,777,672**	**1,271,751**	**5,079**	**3,054,502**
At 1 January 2013				
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
Year ended 31 December 2013				
Opening net book amount	1,800,072	1,271,751	5,504	3,077,327
Exchange differences	3,225	–	260	3,485
Closing net book amount	1,803,297	1,271,751	5,764	3,080,812
At 31 December 2013				
Cost	1,803,297	1,271,751	5,764	3,080,812
Accumulated amortisation	–	–	–	–
Net book amount	1,803,297	1,271,751	5,764	3,080,812

Note:

Indefinite life trademarks mainly represent the Group's rights and titles in respect of the worldwide Kent & Curwen trademark, the worldwide Cerruti 1881 trademark and Gieves & Hawkes trademark acquired through business combinations in prior years.

18 Intangible assets – Group *(Continued)*

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 2014 and 31 December 2013 is presented below.

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

Impairment tests for goodwill

In accordance with HKAS 36 "Impairment of Assets", the Group completed its annual 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 of disposal calculation. These calculations use cash flow projections based on financial budget covering a five-year projection. Cash flows beyond the five-year period are extrapolated in perpetuity using a stable growth rate of 3.0% (2013: 3.0%) which does not exceed industry growth forecasts. The discount rate used is approximately 9.6% (post-tax) (2013: 10.0%) 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 of disposal calculations are as follows:

	Operating profit margin (note (i))		Growth rate (note (ii))		Discount rate (note (iii))	
	2014	2013	**2014**	2013	**2014**	2013
Hong Kong	**8.0% – 20.0%**	21.7%	**3.0%**	3.0%	**9.6%**	10.0%
Chinese Mainland	**10.0% – 22.0%**	13.0%	**3.0%**	3.0%	**9.6%**	10.0%
Taiwan	**9.4%**	9.4%	**3.0%**	3.0%	**9.6%**	10.0%

Notes:

(i) Budgeted operating profit margin

(ii) Terminal growth rate beyond five-year 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.

18 Intangible assets – Group *(Continued)*

Trademarks and licences

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 annual impairment test of the carrying amount of each trademark as a corporate asset based on a fair value less costs of disposal 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 9.6% (2013: 10.0%). The cash flows beyond the five-year period are extrapolated using a growth rate of 3.0% (2013: 3.0%). 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

	2014 **HK$'000**	2013 HK$'000
Unlisted investments, at cost	**481,082**	481,082
Capital contribution relating to share-based payment	**4,332**	1,332
Advances to subsidiaries	**2,196,280**	2,196,280
	2,681,694	2,678,694

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

Details of subsidiaries are included in Note 41.

(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$839,454,000 (2013: HK$651,285,000) 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 associates – Group

	2014 HK$'000	2013 HK$'000
At 1 January	**135,167**	128,278
Share of profit of associates	**7,790**	16,156
Dividend received	**(6,265)**	(9,045)
Exchange differences	**(5,206)**	(222)
At 31 December	**131,486**	135,167

Set out below are the associates of the Group as at 31 December 2014, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting ordinary shares and preference shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Nature of investments in associates 2014 and 2013

Name of entity	Particulars of issued shares held	Place of business/ country of incorporation	% of ownership interest
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	20
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	20
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of SGD 1 each	Singapore	20
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	20

The above entities are collectively known as "Ferragamo entities".

Nature of the relationship

These entities are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia, enabling the Group to have exposure to this market through local expertise.

Ferragamo entities are private companies and there is no quoted market price available for their shares.

There are no contingent liabilities relating to the Group's interest in Ferragamo entities.

20 Investments in associates – Group *(Continued)*

Set out below are the summarised financial information for Ferragamo entities.

	Ferragamo (Malaysia) Sdn Bhd As at 31 December		Ferragamo (Thailand) Limited As at 31 December		Ferragamo (Singapore) Pte Ltd As at 31 December		Ferragamo Korea Limited As at 31 December		Total As at 31 December	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Summarised balance sheet										
Current assets	62,153	59,050	50,280	39,110	158,720	107,245	554,631	556,284	825,784	761,689
Non-current assets	26,572	5,127	15,798	10,607	38,780	31,348	187,717	176,695	268,867	223,777
Current liabilities	(35,027)	(9,788)	(42,916)	(23,146)	(128,548)	(66,133)	(215,784)	(202,526)	(422,275)	(301,593)
Non-current liabilities	(2,042)	(45)	(736)	(770)	(8,604)	(2,690)	(3,566)	(4,536)	(14,948)	(8,041)
Net assets	51,656	54,344	22,426	25,801	60,348	69,770	522,998	525,917	657,428	675,832
Summarised statement of comprehensive income										
Revenue	82,909	85,611	35,716	48,795	265,936	250,047	1,038,446	791,025	1,423,007	1,175,478
Depreciation and amortisation	(3,489)	(4,027)	(3,447)	(3,466)	(12,430)	(10,673)	(17,632)	(18,856)	(36,998)	(37,022)
Interest income	1,525	805	228	351	1,093	1,712	99	338	2,945	3,206
Interest expense	(1,732)	(21)	(1,529)	(741)	(3,665)	(431)	–	–	(6,926)	(1,193)
Profit/(loss) before tax from continuing operations	2,672	12,526	(3,394)	5,766	(8,342)	12,773	62,033	73,308	52,969	104,373
Income tax (expense)/credit	(2,091)	(3,259)	32	(1,329)	1,484	(3,012)	(13,445)	(15,992)	(14,020)	(23,592)
Net profit/(loss) from continuing operations	581	9,267	(3,362)	4,437	(6,858)	9,761	48,588	57,316	38,949	80,781
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	581	9,267	(3,362)	4,437	(6,858)	9,761	48,588	57,316	38,949	80,781
Dividends received from associates	–	–	–	–	–	–	6,265	9,045	6,265	9,045

The information above reflects the amounts presented in the financial statements of the Ferragamo entities (and not Trinity Limited's share of those amounts) adjusted for differences in accounting policies between the Group and the Ferragamo entities.

20 Investments in associates – Group *(Continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associates.

Summarised financial information	Ferragamo (Malaysia) Sdn Bhd 2014 HK$'000	2013 HK$'000	Ferragamo (Thailand) Limited 2014 HK$'000	2013 HK$'000	Ferragamo (Singapore) Pte Ltd 2014 HK$'000	2013 HK$'000	Ferragamo Korea Limited 2014 HK$'000	2013 HK$'000	Total 2014 HK$'000	2013 HK$'000
Opening net assets	54,344	48,854	25,801	23,228	69,770	62,330	525,917	506,977	675,832	641,389
Profit/(loss) for the year	581	9,267	(3,362)	4,437	(6,858)	9,761	48,588	57,316	38,949	80,781
Dividend received	–	–	–	–	–	–	(31,325)	(45,225)	(31,325)	(45,225)
Exchange differences	(3,269)	(3,777)	(13)	(1,864)	(2,564)	(2,321)	(20,182)	6,849	(26,028)	(1,113)
Closing net assets	51,656	54,344	22,426	25,801	60,348	69,770	522,998	525,917	657,428	675,832
Interest in associates (20%)	10,331	10,869	4,485	5,160	12,070	13,954	104,600	105,184	131,486	135,167
Carrying value	10,331	10,869	4,485	5,160	12,070	13,954	104,600	105,184	131,486	135,167

21 Loan receivable – Group

	2014 HK$'000	2013 HK$'000
Non-current assets		
Loan receivable	71,930	71,647
Less: provision for impairment of loan receivable	–	–
Loan receivable – net	71,930	71,647

21 Loan receivable – Group *(Continued)*

(a) On 21 August 2013, the Group entered into a convertible promissory note transaction with BHB, a licensee of Kent & Curwen in Europe, North America, Central America, South America, Russia and the Middle East. Under the terms of the agreement, the Group would contribute a maximum aggregate amount of USD15.0 million in four tranches over two years with the first and second tranches of USD6.75 million and USD3.25 million already paid as at 31 December 2013. Subsequent to the balance sheet date, the Group has further contributed USD2.5 million. For the remaining USD2.5 million, the Group is required to pay to BHB, subject to the satisfaction of the relevant benchmarks as prescribed under the agreement. The convertible promissory note carries interest at 5% per annum maturing on 31 December 2027 with a right of conversion up to 23.94% equity interest of BHB during the period commencing on the earlier of either (i) the date on which sum of all payments made by the Group equals the maximum aggregate amount of the convertible promissory note; or (ii) 1 January 2016, and ending on the day occurring 90 days following the date of delivery to the Group of the annual audited financial statements of BHB for the fiscal year 2018.

(b) The convertible promissory note is denominated in US dollars ("USD").

(c) The effective interest rate of the convertible promissory note at the balance sheet date was 5.38% (2013: 5.38%).

(d) As at 31 December 2014 and 2013, the carrying amount of the Group's loan receivable approximated its fair value.

22 Derivative financial instrument – Group

	2014 **HK$'000**	2013 HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note (Note 4.2(b))	**6,023**	6,024

The conversion right embedded in convertible promissory note referred to the Group's investment in an unlisted convertible promissory note issued by BHB mentioned in Note 21.

23 Deposits, prepayments and other receivables – Group

	2014 HK$'000	2013 HK$'000
Non-current assets		
Rental deposits	55,982	55,436
Current assets		
Rental deposits	39,978	37,421
Prepayments and other receivables	70,825	83,372
	110,803	120,793
Total	166,785	176,229

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

	2014 HK$'000	2013 HK$'000
HKD	55,916	60,534
RMB	46,931	57,303
EUR	28,224	35,806
GBP	18,856	12,236
Macao Patacas ("MOP")	10,733	7,815
Singapore dollars ("SGD")	5,088	1,341
TWD	1,037	1,194
	166,785	176,229

As at 31 December 2014 and 2013, the carrying amounts of the Group's deposits, prepayments and other receivables approximated their fair values.

24 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:

	2014 HK$'000	2013 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**72,332**	69,578
– Deferred income tax assets to be recovered within 12 months	**72,319**	81,092
	144,651	150,670
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(309,891)**	(321,211)
– Deferred income tax liabilities to be settled within 12 months	**(1,566)**	(23,948)
	(311,457)	(345,159)

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

	2014 HK$'000	2013 HK$'000
At 1 January	**(194,489)**	(206,575)
(Charged)/credited to consolidated income statement (Note 11)	**(1,062)**	3,268
Utilisation for the year	**23,247**	11,389
Exchange differences	**5,498**	(2,571)
At 31 December	**(166,806)**	(194,489)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$34,052,000 (2013: HK$29,395,000) in respect of losses amounting to HK$116,525,000 (2013: HK$94,735,000) that can be carried forward against future taxable income. The unrecognised tax losses of HK$116,525,000 (2013: HK$93,669,000) can be carried forward indefinitely. The unrecognised tax losses of HK$1,066,000 incurred in 2013 that will expire in 2018 is fully utilised in 2014.

24 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 and associates HK$'000	Others HK$'000	Total HK$'000
At 1 January 2013	268,433	28,652	48,422	15,219	360,726
Charged/(credited) to the consolidated income statement	–	1,714	7,490	(16,403)	(7,199)
Utilisation for the year	–	–	(11,389)	–	(11,389)
Exchange differences	956	(1,437)	1,231	2,271	3,021
At 31 December 2013	269,389	28,929	45,754	1,087	345,159
Charged/(credited) to the consolidated income statement	**–**	**1,458**	**(1,872)**	**(1,075)**	**(1,489)**
Utilisation for the year	**–**	**–**	**(23,247)**	**–**	**(23,247)**
Exchange differences	**(6,797)**	**(884)**	**(1,285)**	**–**	**(8,966)**
At 31 December 2014	**262,592**	**29,503**	**19,350**	**12**	**311,457**

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 2013	3,564	867	9,301	81,256	52,634	6,529	154,151
Credited/(charged) to the consolidated income statement	(391)	1,978	(805)	(1,607)	(3,925)	819	(3,931)
Exchange differences	(388)	–	274	–	376	188	450
At 31 December 2013	2,785	2,845	8,770	79,649	49,085	7,536	150,670
Credited/(charged) to the consolidated income statement	**–**	**1,845**	**1,444**	**(23,507)**	**19,218**	**(1,551)**	**(2,551)**
Exchange differences	**–**	**–**	**(356)**	**–**	**(2,635)**	**(477)**	**(3,468)**
At 31 December 2014	**2,785**	**4,690**	**9,858**	**56,142**	**65,668**	**5,508**	**144,651**

25 Inventories – Group

	2014 HK$'000	2013 HK$'000
Raw materials	**41,313**	41,500
Work-in-progress	**8,261**	16,074
Finished goods	**562,901**	627,136
Total	**612,475**	684,710

The cost of inventories, write off of inventories and (reversal of)/additional provision for impairment of inventories recognised as expense and included in 'cost of sales' amounted to HK$738,095,000 (2013: HK$632,242,000), HK$6,694,000 (2013: HK$2,835,000) and HK$64,090,000 (2013: additional provision for HK$24,718,000) respectively (Note 7).

The reversal of provision for impairment of inventories in current year was due to the change of accounting estimate as detailed in Note 5(c).

26 Trade receivables – Group

	2014 HK$'000	2013 HK$'000
Trade receivables	**181,700**	175,991
Less: provision for impairment of trade receivables	**(1,722)**	(1,907)
Trade receivables – net	**179,978**	174,084

Majority of the Group's revenue are retail sales and licensing income. Retail sales are made in cash or by credit card. Retail 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:

	2014 HK$'000	2013 HK$'000
1-30 days	**110,565**	119,988
31-60 days	**51,367**	42,910
61-90 days	**6,569**	7,190
Over 90 days	**13,199**	5,903
	181,700	175,991

26 Trade receivables – Group *(Continued)*

Trade receivables that do not have signs of financial problems or not long outstanding are not considered impaired. Trade receivables of HK$42,508,000 (2013: HK$33,416,000) as at 31 December 2014 were past due but not impaired. These relate to a number of independent department stores and licensees for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	2014 HK$'000	2013 HK$'000
Past due		
Up to 3 months	**38,142**	32,558
4 to 12 months	**4,105**	543
Over 12 months	**261**	315
	42,508	33,416

Trade receivables of HK$1,722,000 (2013: HK$1,907,000) as at 31 December 2014 were impaired and fully provided for. The individually impaired receivables mainly arise from department stores in the Chinese Mainland and licensees in Europe, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2014 HK$'000	2013 HK$'000
Up to 3 months	**190**	30
4 to 12 months	**504**	1,242
Over 12 months	**1,028**	635
	1,722	1,907

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

	2014 HK$'000	2013 HK$'000
At 1 January	**1,907**	10,149
Additional provision	**1,313**	682
Unused amounts reversed	**(1,391)**	(3,716)
Impairment provision written off	**–**	(5,235)
Exchange differences	**(107)**	27
At 31 December	**1,722**	1,907

26 Trade receivables – Group *(Continued)*

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.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

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.

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

	2014 HK$'000	2013 HK$'000
RMB	99,527	112,168
TWD	33,871	37,564
HKD	13,017	8,321
GBP	11,441	3,313
EUR	11,367	3,323
MOP	9,294	9,226
USD	3,183	1,991
JPY	–	85
	181,700	175,991

27 Cash and cash equivalents

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Cash at bank and in hand	**433,094**	429,863	**9,253**	813
Short-term bank deposits (note (i))	**89,583**	907,588	**–**	–
Cash and cash equivalents (excluding bank overdrafts)	**522,677**	1,337,451	**9,253**	813

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	Group		Company	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Cash and cash equivalents	**522,677**	1,337,451	**9,253**	813
Bank overdrafts (Note 35)	**(56,840)**	(18,109)	**–**	–
Cash and cash equivalents – net	**465,837**	1,319,342	**9,253**	813
Maximum exposure to credit risk	**521,288**	1,335,978	**9,253**	813

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 2014, cash and bank balances amounting to HK$90,596,000 (2013: HK$236,346,000) 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:

	2014	*2013*
Effective interest rate	***3.05%***	*2.79%*
Average maturity days of deposits	***30***	*34*

27 Cash and cash equivalents *(Continued)*

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

	2014 HK$'000	2013 HK$'000
HKD	**370,108**	146,147
RMB	**72,281**	1,105,305
TWD	**47,044**	43,406
USD	**10,711**	14,378
GBP	**8,921**	10,945
MOP	**6,898**	4,824
SGD	**5,181**	1,637
EUR	**1,442**	10,126
Others	**91**	683
	522,677	1,337,451

28 Share capital, share premium and share options

	Number of authorised shares of HK$0.10 each (Thousands)	Number of issued and fully paid shares of HK$0.10 each (Thousands)	Amount		
			Ordinary shares of HK$0.10 each HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2013	4,000,000	1,723,717	172,372	2,335,098	2,507,470
Exercise of share options (note)	–	8,920	892	20,202	21,094
At 31 December 2013	4,000,000	1,732,637	173,264	2,355,300	2,528,564
Exercise of share options (note)	**–**	**13,892**	**1,389**	**21,550**	**22,939**
At 31 December 2014	**4,000,000**	**1,746,529**	**174,653**	**2,376,850**	**2,551,503**

Note:

During the year, 13,870,000 (2013: 950,000) and 22,000 (2013: 7,970,000) 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.

28 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 "Share Option 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 Share Option 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:

	Number of options	Weighted average exercise price HK$
At 1 January 2013	37,842,000	2.84
Exercised	(8,920,000)	2.36
Cancelled/Lapsed	(1,186,000)	4.20
At 31 December 2013	27,736,000	2.94
Lapsed	(1,820,000)	8.03
At 1 January 2014	**25,916,000**	**2.58**
Share options granted on 21 August 2014	**30,000,000**	**2.01**
Share options granted on 4 November 2014	**3,000,000**	**1.84**
Exercised	**(13,892,000)**	**1.65**
Cancelled/Lapsed	**(8,306,000)**	**2.35**
Forfeited	**(468,000)**	**3.90**
At 31 December 2014	**36,250,000**	**2.44**

At the end of the year, there were 36,250,000 (2013: 27,736,000) outstanding share options and out of which, 3,250,000 share options were exercisable (2013: 27,736,000). On 1 January 2014, 1,820,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2013 and therefore the number of outstanding share options on 1 January 2014 was 25,916,000. Having included the 1,820,000 lapsed share options in the 8,774,000 share options lapsed/forfeited during the year, the total number of cancelled/lapsed/forfeited share options was 10,594,000 at 31 December 2014. The Company has no legal or constructive obligation to settle the share options in cash.

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

Share Option Schemes *(Continued)*

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

Exercisable periods	Exercise price	2014	2013
3 November 2010 to 2 November 2014	HK$1.65	–	5,887,000
3 November 2011 to 2 November 2014	HK$1.65	–	9,041,000
26 November 2012 to 25 November 2014	HK$2.45	–	7,558,000
1 January 2012 to 31 December 2013	HK$8.08	–	1,570,000
1 January 2013 to 31 December 2014	HK$8.08	1,510,000	1,570,000
1 January 2012 to 31 December 2013	HK$7.71	–	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	1,490,000	1,610,000
1 April 2015 to 31 December 2016	HK$2.01	10,000,000	–
1 January 2016 to 31 December 2017	HK$2.01	10,000,000	–
1 January 2017 to 31 December 2018	HK$2.01	10,000,000	–
1 April 2015 to 31 December 2016	HK$1.84	1,000,000	–
1 January 2016 to 31 December 2017	HK$1.84	1,000,000	–
1 January 2017 to 31 December 2018	HK$1.84	1,000,000	–
At 31 December		36,250,000	27,736,000

The weighted average share price at the date of exercise of share options exercised during the year was approximately HK$2.16 (2013: HK$3.60).

The share options outstanding at 31 December 2014 had a weighted average remaining contractual life of 2.73 years (2013: 0.8 year).

The fair values of options granted were determined using the Black-Scholes valuation model based on the following assumptions:

	Share options granted on 21 August 2014	Share options granted on 4 November 2014
Average fair value (HK$)	0.44	0.39
Closing share price on date of grant (HK$)	2.01	1.84
Exercise price (HK$)	2.01	1.84
Expected volatility	44.02%	43.84%
Expected option life	1.5 – 3.3 years	1.3 – 3.1 years
Risk free interest rate	0.11% to 0.86%	0.10% to 0.66%
Expected dividend yield	3.5%	3.5%

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

Share Option Schemes *(Continued)*

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

During the year ended 31 December 2014, the Company granted 33,000,000 share options in aggregate of which 11,970,000 options were granted to three Executive Directors (2013: nil).

29 Reserves

Group

	Note	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 2013		1,106,342	(217,064)	(37,623)	5,949	65,717	30,451	953,772
Comprehensive income								
Profit for the year		308,208	–	–	–	–	–	308,208
Other comprehensive income								
Remeasurements of post employment benefit obligations		665	–	–	–	–	–	665
Exchange differences on translation of subsidiaries and associates		–	–	–	–	3,160	–	3,160
Exchange differences realised upon disposal of a subsidiary		–	–	–	–	(263)	–	(263)
Other comprehensive income for the year, net of tax		665	–	–	–	2,897	–	3,562
Total comprehensive income		308,873	–	–	–	2,897	–	311,770
Transactions with owners								
Employee share option schemes – transfer to retained earnings		7,515	–	–	–	–	(7,515)	–
2012 final dividends paid	16(b)	(242,071)	–	–	–	–	–	(242,071)
2012 special final dividends paid	16(b)	(34,581)	–	–	–	–	–	(34,581)
2013 interim dividends paid	16(a)	(77,819)	–	–	–	–	–	(77,819)
Total transactions with owners		(346,956)	–	–	–	–	(7,515)	(354,471)
Balance at 31 December 2013		1,068,259	(217,064)	(37,623)	5,949	68,614	22,936	911,071

29 Reserves *(Continued)*

Group *(Continued)*

	Note	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 2014		1,068,259	(217,064)	(37,623)	5,949	68,614	22,936	911,071
Comprehensive income								
Profit for the year		160,864	–	–	–	–	–	160,864
Other comprehensive expenses								
Remeasurements of post employment benefit obligations		(13,120)	–	–	–	–	–	(13,120)
Exchange differences on translation of subsidiaries and associates		–	–	–	–	(28,842)	–	(28,842)
Exchange differences realised upon liquidation of a subsidiary		–	–	–	–	(124)	–	(124)
Other comprehensive expenses for the year, net of tax		(13,120)	–	–	–	(28,966)	–	(42,086)
Total comprehensive (expenses)/ income		147,744	–	–	–	(28,966)	–	118,778
Transactions with owners								
Employee share option schemes								
– value of employee services		–	–	–	–	–	4,337	4,337
– transfer to retained earnings		18,151	–	–	–	–	(18,151)	–
2013 final dividends paid	16(b)	(147,288)	–	–	–	–	–	(147,288)
2014 interim dividends paid	16(a)	(41,790)	–	–	–	–	–	(41,790)
Total transactions with owners		(170,927)	–	–	–	–	(13,814)	(184,741)
Balance at 31 December 2014		1,045,076	(217,064)	(37,623)	5,949	39,648	9,122	845,108

Notes:

(a) Merger reserves mainly represent 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 resulted from the remaining acquisition of non-controlling interest.

(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 Reserves *(Continued)*

Company

	Retained earnings HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
Balance at 1 January 2013	576,822	30,451	607,273
Profit for the year	350,552	–	350,552
Employee share option schemes			
– transfer to retained earnings	7,515	(7,515)	–
2012 final dividends paid (Note 16(b))	(242,071)	–	(242,071)
2012 special final dividends paid (Note 16(b))	(34,581)	–	(34,581)
2013 interim dividends paid (Note 16(a))	(77,819)	–	(77,819)
Balance at 31 December 2013	580,418	22,936	603,354
Profit for the year	**253,984**	**–**	**253,984**
Employee share option schemes			
– value of employee services	**–**	**4,337**	**4,337**
– transfer to retained earnings	**18,151**	**(18,151)**	**–**
2013 final dividends paid (Note 16(b))	**(147,288)**	**–**	**(147,288)**
2014 interim dividends paid (Note 16(a))	**(41,790)**	**–**	**(41,790)**
Balance at 31 December 2014	**663,475**	**9,122**	**672,597**

30 Provision for long service payments – Group

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

	2014 HK$'000	2013 HK$'000
At 1 January	**8,722**	9,719
Charged/(credited) to the consolidated income statement	**1,655**	(997)
At 31 December	**10,377**	8,722

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

31 Retirement benefit obligations – Group

	2014 HK$'000	2013 HK$'000
Balance sheet obligations for:		
– Pension benefits	**31,221**	22,035

	2014 HK$'000	2013 HK$'000
Income statement charge for:		
– Pension benefits (included in administrative expenses)	**687**	853
Remeasurements for:		
– Pension benefits (included in other comprehensive expenses/(income))	**13,120**	(665)

The Group operates defined benefit pension 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: The latest independent actuarial valuation of the plan was prepared by Mercer (Taiwan) Limited, which is a member of the American Academy of Actuaries, based on the projected unit credit method as at 31 December 2014. (ii) United Kingdom: The latest independent actuarial valuation of the plan was prepared by Barnett Waddingham LLP, which is a member of the Institute and Faculty of Actuaries, based on the projected unit credit method as at 31 December 2014.

All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country. For the Taiwan and UK plans, responsibility for governance of the plans – including investment decisions and contribution schedules – lies mainly on the board of trustees.

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

	2014 HK$'000	2013 HK$'000
Present value of funded obligations	**126,545**	105,675
Fair value of plan assets	**(95,324)**	(83,640)
Liability in the consolidated balance sheet	**31,221**	22,035

31 Retirement benefit obligations – Group *(Continued)*

The movement in the net defined benefit obligation over the year is as follows:

	Present value of obligation HK$'000	Fair value of plan assets HK$'000	Total HK$'000
At 1 January 2013	104,353	(81,666)	22,687
Current service cost	580	–	580
Interest expense/(income)	348	(75)	273
	928	(75)	853
Remeasurements:			
– Return on plan assets, excluding interest income	–	11	11
– Gain from change in financial assumptions	(1,407)	–	(1,407)
– Experience losses	731	–	731
	(676)	11	(665)
Contributions:			
– Employers	–	(406)	(406)
Exchange differences	1,070	(1,504)	(434)
At 31 December 2013	105,675	(83,640)	22,035

31 Retirement benefit obligations – Group *(Continued)*

The movement in the net defined benefit obligation over the year is as follows: *(Continued)*

	Present value of obligation HK$'000	Fair value of plan assets HK$'000	Total HK$'000
At 1 January 2014	**105,675**	**(83,640)**	**22,035**
Current service cost	**286**	**–**	**286**
Interest expense/(income)	**12,861**	**(12,460)**	**401**
	13,147	**(12,460)**	**687**
Remeasurements:			
– Return on plan assets, excluding interest income	**–**	**(10,803)**	**(10,803)**
– Loss from change in financial assumptions	**24,652**	**–**	**24,652**
– Gain from change in demographic assumptions	**(230)**	**–**	**(230)**
– Experience gains	**(499)**	**–**	**(499)**
	23,923	**(10,803)**	**13,120**
Contributions:			
– Employers	**–**	**(2,691)**	**(2,691)**
Payments from plans:			
– Benefit payments	**(8,567)**	**8,567**	**–**
Exchange differences	**(7,633)**	**5,703**	**(1,930)**
At 31 December 2014	**126,545**	**(95,324)**	**31,221**

The defined benefit obligation and plan assets are composed by country as follows:

	2014			2013		
	Taiwan HK$'000	**UK HK$'000**	**Total HK$'000**	Taiwan HK$'000	UK HK$'000	Total HK$'000
Present value of obligation	**22,509**	**104,036**	**126,545**	23,399	82,276	105,675
Fair value of plan assets	**(5,435)**	**(89,889)**	**(95,324)**	(5,252)	(78,388)	(83,640)
Total	**17,074**	**14,147**	**31,221**	18,147	3,888	22,035

31 Retirement benefit obligations – Group *(Continued)*

The significant actuarial assumptions were as follows:

	2014		2013	
	Taiwan	UK	Taiwan	UK
Discount rate	1.90%	3.60%	1.90%	4.60%
Future salary growth rate and/or inflation	2.25%	2.40%	2.25%	2.70%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. For Taiwan plans, pensioners are entitled to receive a lump sum amount upon retiring at age 65 or retiring at an earlier age when certain criteria are met. As such, assumptions translating into an average life expectancy in years for a pensioner retiring at age 65 are not applicable for Taiwan plans. For UK plan, these assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2014		2013	
	Taiwan	UK	Taiwan	UK
Retiring at the end of the year:				
– Male	N/A	22	N/A	22
– Female	N/A	24	N/A	24
Retiring 20 years after the end of year:				
– Male	N/A	23	N/A	23
– Female	N/A	26	N/A	26

The sensitivity of the retirement benefit obligations in Taiwan and UK plans to changes in the weighted principal assumption is:

		Impact on retirement benefit obligations			
	Change in assumption	Increase in assumption 2014	2013	Decrease in assumption 2014	2013
(i) Taiwan plans:					
– Discount rate	0.50%	Decrease by 2.40%	Decrease by 2.40%	Increase by 1.40%	Increase by 1.40%
– Future salary growth rate	0.50%	Increase by 2.75%	Increase by 2.75%	Decrease by 1.75%	Decrease by 1.75%
(ii) UK plan:					
– Discount rate	0.10%	Decrease by 12.80%	Decrease by 26.61%	Increase by 12.80%	Increase by 26.61%
– Inflation	0.10%	Increase by 9.04%	Increase by 22.17%	Decrease by 9.04%	Decrease by 22.17%

31 Retirement benefit obligations – Group *(Continued)*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

Plan assets are comprised as follows:

	2014		2013	
	Un-quoted HK$'000	**%**	Un-quoted HK$'000	%
Equities	**44,045**	**46%**	39,200	47%
Bonds and Gilts	**17,079**	**18%**	36,054	43%
Diversified Growth Fund	**23,371**	**25%**	–	0%
Property	**899**	**1%**	–	0%
Cash	**9,930**	**10%**	8,386	10%
Total	**95,324**	**100%**	83,640	100%

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	It is legally required that the pension funds need to be deposited at the Bank of Taiwan. The plan assets are operated by the Taiwan government with minimum guaranteed return and individual company has no discretion on investment strategy. The UK plan holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
Interest rate risk	The UK plan's liabilities are assessed using market yield on high quality corporate bonds to discount the liabilities. As the plan holds assets such as equities the value of the assets and liabilities may not move in the same way.

Investments are held as cash in Taiwan. Investments are held as equities, bonds and gilts, diversified growth fund, property and cash in UK.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 2% of pensionable salaries in the Taiwan. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly. For UK plan, it closed the defined benefit scheme to new entrants and introduced a defined contribution scheme for all employees joining after May 2001.

31 Retirement benefit obligations – Group *(Continued)*

Expected contributions to post-employment benefit plans for the year ending 31 December 2015 are HK$814,000 (2014: HK$1,064,000).

The weighted average duration of the defined benefit obligation are 13.6 years (2013: 14.6 years) for Taiwan plans and 17.0 years (2013: 17.0 years) for UK plan.

Expected maturity analysis of undiscounted pension benefits for Taiwan plans in the future 10 years:

At 31 December 2014	**Less than a year HK$'000**	**Between 1-2 years HK$'000**	**Between 2-5 years HK$'000**	**Between 5-10 years HK$'000**	**Total HK$'000**
Pension benefits	**124**	**256**	**2,409**	**5,139**	**7,928**

At 31 December 2013	Less than a year HK$'000	Between 1-2 years HK$'000	Between 2-5 years HK$'000	Between 5-10 years HK$'000	Total HK$'000
Pension benefits	98	132	1,790	2,866	4,886

32 Other payables and accruals

Group

	2014 HK$'000	2013 HK$'000
Current		
Royalties payable	**6,780**	7,211
Value-added-tax payable	**44,057**	18,433
Sales deposits received	**37,619**	33,741
Lease incentive	**23,596**	71,887
Other payables and accruals (note (i))	**209,817**	270,521
Total	**321,869**	401,793

Note (i): Other payables and accruals include employee benefits cost amounted to HK$79,258,000 as at 31 December 2014 (2013: HK$106,238,000).

Company

	2014 HK$'000	2013 HK$'000
Other payables and accruals	**5,441**	5,331

As at 31 December 2014 and 2013, the carrying amounts of the Group's and Company's other payables and accruals approximated their fair values.

33 Trade payables – Group

	2014 HK$'000	2013 HK$'000
Trade payables	**43,870**	89,932

As at 31 December 2014 and 2013, 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:

	2014 HK$'000	2013 HK$'000
1 – 30 days	**17,043**	49,720
31 – 60 days	**6,238**	16,630
61 – 90 days	**4,279**	11,226
Over 90 days	**16,310**	12,356
	43,870	89,932

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

	2014 HK$'000	2013 HK$'000
GBP	**17,096**	13,859
RMB	**11,574**	626
EUR	**9,656**	29,884
HKD	**3,809**	25,825
JPY	**1,516**	6,383
USD	**219**	13,355
	43,870	89,932

34 Contingent purchase consideration payable for acquisition

Group and Company

	2014 HK$'000	2013 HK$'000
Total contingent purchase consideration payable for acquisition (note)	**252,475**	319,301
Less: current portion of contingent purchase consideration payable for acquisition	**–**	–
Non-current portion of contingent purchase consideration payable for acquisition	**252,475**	319,301

Note: Balances represent management's best estimation of the fair values of contingent purchase consideration payable for the acquisition as detailed in Note 4.2(b). Final amount of consideration settlement would be determined based on future performance of the acquired business.

35 Borrowings

	2014 HK$'000	2013 HK$'000
Current		
Bank overdrafts (Note 27)	**56,840**	18,109
Bank borrowings, secured	**691,080**	1,410,000
Total borrowings	**747,920**	1,428,109

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

(b) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
HKD	**600,000**	1,410,000
EUR	**54,788**	13,884
GBP	**39,800**	4,225
RMB	**53,332**	–
	747,920	1,428,109

(c) All of the Group's borrowings are subject to floating interest rates and the contractual repricing dates at the balance sheet dates are within 6 months. The effective interest rates at the balance sheet date were as follows:

	2014	2013
HKD	**1.33%**	1.33%
EUR	**1.62%**	1.65%
GBP	**1.56%**	2.00%
RMB	**6.19%**	–

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

(e) All borrowings were secured by guarantees from the Company or a subsidiary of the Company as at 31 December 2014 and were secured by guarantees from the Company as at 31 December 2013.

(f) As at 31 December 2014, the Group has unutilised banking facilities amounted to HK$1,815 million (2013: HK$489 million).

36 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations

	2014 HK$'000	2013 HK$'000
Profit before income tax	184,198	369,449
Adjustments for:		
– Share of profit of associates (Note 20)	(7,790)	(16,156)
– Gain on disposal of investments in joint ventures (Note 6 (b))	–	(3,984)
– Gain on disposal of a subsidiary (Note 8)	–	(479)
– Interest income (Note 10)	(36,629)	(20,102)
– Interest expense (Note 10)	32,980	29,793
– Depreciation of property, plant and equipment (Note 17)	165,014	175,851
– (Reversal of)/provision for impairment of property, plant and equipment (Note 17)	(340)	4,338
– Loss on disposal of property, plant and equipment (Note 7)	6,678	5,199
– Reversal of impairment of trade receivables – net (Note 26)	(78)	(3,034)
– Net contributions to long service payment provision and retirement benefit obligation	(349)	(550)
– Employee share option benefit (Note 29)	4,337	–
– Foreign exchange losses/(gains)	20,892	(23,925)
Changes in working capital:		
– Inventories	68,935	(20,033)
– Trade and other receivables	(2,702)	(3,018)
– Trade and other payables	(194,235)	(168,457)
– Balances with related parties	(5,949)	10,860
Cash generated from operations	234,962	335,752

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

	2014 HK$'000	2013 HK$'000
Net book amount (Note 17)	6,984	5,323
Loss on disposal of property, plant and equipment	(6,678)	(5,199)
Proceeds from disposal of property, plant and equipment	306	124

37 Commitments – Group

(a) Commitments under operating leases – group company as lessee

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The remaining lease terms are between 1 and 25 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. Certain contingent rent payments are determined based on turnover of respective stores.

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

	2014 HK$'000	2013 HK$'000 (Restated)
No later than 1 year	375,151	309,564
Later than 1 year but no later than 5 years	495,951	469,503
Later than 5 years	93,434	74,950
	964,536	854,017

Certain comparative figures for operating lease commitments have been adjusted to conform to current year's presentation and the restatement does not have any impact to either the Group's consolidated income statement or consolidated balance sheet.

(b) Commitments under operating leases – group company as lessor

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

	2014 HK$'000	2013 HK$'000
No later than 1 year	3,298	3,121
Later than 1 year but no later than 5 years	2,401	5,312
	5,699	8,433

37 Commitments – Group *(Continued)*

(c) Other commitments

	2014 HK$'000	2013 HK$'000 (Restated)
Contracted but not provided for:		
Within 1 year	**7,916**	9,669
Later than 1 year but no later than 2 years	**1,559**	5,329
	9,475	14,998

Certain comparative figures for other commitments have been adjusted to conform to current year's presentation and the restatement does not have any impact to either the Group's consolidated income statement or consolidated balance sheet.

38 Contingent liabilities

Save as disclosed elsewhere in this report, the Group and the Company had no significant contingent liabilities as at 31 December 2014 and 2013.

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, a substantial shareholder of the Company (collectively, the "Substantial Shareholder Group").

39 Related party transactions – Group *(Continued)*

(a) Significant related party transactions (Continued)

The Group's connected or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") are disclosed in the Connected Transactions section of the Directors' Report on pages 87 and 88. Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the year were as follows:

	Note	2014 HK$'000	2013 HK$'000
(I) Transactions with the Substantial Shareholder Group			
Purchase of goods		**8,426**	4,554
Commission fee expense	(ii)	**145**	–
Sub-contracting fee expense for production of product parts	(i)	**36,777**	43,464
Management fee income for provision of accounting, information system and human resources services (Note 8)	(ii)	**202**	547
Management fee income for provision of warehouse, logistics and IT services (Note 8)	(ii)	**1,023**	1,738
Service fee expense for provision of corporate compliance services, legal services and other administrative services	(ii)	**5,424**	3,298
Service fee expense for provision of warehouse and logistics services		**13,317**	13,294
Rental and licence fee income (Note 8)	(ii)	**1,826**	1,811
Rental and management fee expense		**4,115**	3,636
Consultancy services fee received (Note 8)	(ii)	**–**	2,800
Reimbursement of administrative expenses on various training activities	(ii)	**–**	2,300
Reimbursement of administrative expenses on recruitment	(ii)	**2,378**	–
(II) Transactions with other related parties			
Rental income received from an associate of a director of a subsidiary of the Company (Note 8)	(ii)	**45**	–
Consultancy and advisory service fee paid to directors of subsidiaries of the Company	(ii)	**1,127**	962
Consultancy and advisory services expense paid to a company controlled by a director of the Company		**2,120**	4,057
Advertising and promotion expense paid to an associate of a director of the Company	(ii)	**807**	979

Notes:

(i) During the year, the Group had incurred expenses in respect of sub-contracting services for production of product parts by associated companies of the Substantial Shareholder Group. And three Non-executive Directors of the Company, namely, Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee, had deemed interests therein.

(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

	2014 HK$'000	2013 HK$'000
Due from		
Substantial Shareholder Group	**77**	652
Due to		
Substantial Shareholder Group	**13,089**	19,874
Other related party	**–**	150
	13,089	20,024

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

(c) The compensation paid or payable to key management personnel of the Group, including amounts paid to certain directors and certain of the highest paid employees as disclosed in Note 15, is as follows:

	2014 HK$'000	2013 HK$'000
Salaries, bonuses and other short-term employee benefits	**41,845**	52,246
Pension costs – defined contribution plans	**519**	549
Employee share option benefit	**2,400**	–
Total	**44,764**	52,795

(d) Save as disclosed above and directors' remuneration and individuals with highest emoluments 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 2014.

41 Details of subsidiaries

As at 31 December 2014, the Company has direct and indirect interest in the following subsidiaries:

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Particulars of issued share capital/paid-in capital	Interest held directly	Interest held indirectly
Trinity International Brands Holdings Limited	8 December 2006	British Virgin Islands	Investment holding	USD1	100%	–
Trinity Brands Limited	12 May 2006	British Virgin Islands	Investment holding	USD1	100%	–
Trinity Services Holdings Limited	8 December 2006	British Virgin Islands	Investment holding	USD1	100%	–
Marvinbond Limited	8 June 1993	British Virgin Islands	Investment holding	USD1	100%	–
Cerruti 1881 SAS	23 March 1967	France	Trading of garments & licensing	EUR11,485,166	–	100%
Cerruti Investment Pte. Ltd.	28 January 2011	Singapore	Holding of trademarks	SGD300,000	–	100%
Champion Distributions Limited	6 August 1997	Hong Kong	Investment holding & licensing	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	Investment holding	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%
Ferrinch (L) Limited	5 August 1996	Federal Territory of Labuan, Malaysia	Provision of marketing consultancy services & investment holding	USD3,001,500	–	100%

41 Details of subsidiaries *(Continued)*

As at 31 December 2014, the Company has direct and indirect interest in the following subsidiaries: *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Particulars of issued share capital/paid-in capital	Interest held directly	Interest held indirectly
Gieves and Hawkes International (BVI) Limited	23 January 2001	British Virgin Islands	Investment holding & holding of trademarks & licensing	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 Limited	18 October 1979	England and Wales	Investment holding	GBP5,111,097	–	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%
LiFung Trinity Management (Singapore) Pte Ltd	21 March 2007	Singapore	Holding of trademarks & provision of business management & consultancy services	SGD300,000	–	100%
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%
Toga Investments France SARL	20 July 2006	France	Investment holding	EUR27,004,728	–	100%

41 Details of subsidiaries *(Continued)*

As at 31 December 2014, the Company has direct and indirect interest in the following subsidiaries: *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Particulars of issued share capital/paid-in capital	Interest held	
					directly	indirectly
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	Inactive	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) (note)	27 October 2006	PRC	Trading of garments	RMB3,000,000	–	100%
Trinity Fashions Limited	21 December 2006	Hong Kong	Investment holding	HK$5,000,000	–	100%
Trinity International Brands Limited	18 May 2006	Hong Kong	Investment holding & trading of garments	HK$5,000,000	–	100%
Trinity (Business Wear) Limited	2 February 1973	Hong Kong	Garment manufacturing	HK$3,900,000	–	100%
Trinity (Management Services) Limited	6 April 2006	Hong Kong	Provision of management services	HK$1	–	100%
Trinity Luxury Brands Holdings 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 & licensing	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:

	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Consolidated results					
Revenue	2,011,380	2,607,281	2,800,671	2,695,935	**2,623,584**
Operating profit	429,640	613,460	583,109	362,984	**172,759**
Profit before income tax	460,885	676,917	637,116	369,449	**184,198**
Income tax expense	(120,036)	(163,887)	(96,997)	(61,241)	**(23,334)**
Profit for the year	340,849	513,030	540,119	308,208	**160,864**
Attributable to:					
Shareholders of the Company	340,849	513,030	540,119	308,208	**160,864**
Assets					
Non-current assets	2,118,509	2,992,803	3,734,549	3,778,328	**3,701,559**
Current assets	1,350,639	1,697,174	1,966,522	2,337,814	**1,441,609**
Total assets	3,469,148	4,689,977	5,701,071	6,116,142	**5,143,168**
Equity and liabilities					
Total equity	2,250,888	3,252,586	3,461,242	3,439,635	**3,396,611**
Liabilities					
Non-current liabilities	370,021	288,043	704,484	695,217	**605,530**
Current liabilities	848,239	1,149,348	1,535,345	1,981,290	**1,141,027**
Total liabilities	1,218,260	1,437,391	2,239,829	2,676,507	**1,746,557**
Total equity and liabilities	3,469,148	4,689,977	5,701,071	6,116,142	**5,143,168**

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