TRINITY LIMITED

利邦控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 891)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

Highlights

	2009	2008	% change
Continuing Operations:			
Revenue *(HK$ million)*	**1,645**	1,528	7.6%
Gross profit *(HK$ million)*	**1,211**	1,110	9.1%
Gross profit (%)	**73.6%**	72.6%	
Operating profit *(HK$ million)*	**262**	194	35.0%
Operating profit (%)	**15.9%**	12.7%	
Profit attributable to shareholders from Continuing Operations *(HK$ million)*	**188**	116	62.3%
Profit attributable to shareholders from Continuing Operations (%)	**11.4%**	7.6%	
Current ratio [1]	**3.0**	1.8	
Trade payable turnover days [2]	**45**	48	
Trade receivable turnover days [3]	**39**	39	
Inventory turnover days [4]	**388**	417	
Return on equity (%) [5]	**11.1%**	9.6%	
Net debt to equity ratio (%) [6]	**9.7%**	79.8%	
Discontinued Operations:			
Loss attributable to shareholders from Discontinued Operations *(HK$ million)*	**(8)**	(18)	
Profit attributable to shareholders *(HK$ million)*	**180**	98	83.3%
Basic earnings per share *(HK cents)* [7]	**14.2**	8.2	
Payout ratio (%) [8]	**61%**	59%	
Dividend per share *(HK cents) - final and full year*	**7.0**	4.8	

Key ratios

Ratios 1 to 6 relate to Continuing Operations while ratios 7 and 8 relate to the Group (comprising Continuing and Discontinued Operations):

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 no. of days for the year*
3. *Trade receivable turnover days = Average of opening and closing balances on trade receivables / revenue for the year x no. of days for the year*
4. *Inventory turnover days = Average of opening and closing balances on inventory / cost of sales for the year x no. 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 less cash and cash equivalents*
7. *Basic earnings per share = Profit attributable to shareholders / weighted average number of ordinary shares*
8. *Payout ratio = Dividend / profit attributable to shareholders*

Definition of Continuing and Discontinued Operations:

Continuing Operations are defined as the management of international menswear brands Kent & Curwen, Gieves & Hawkes, Cerruti 1881, D'URBAN, Intermezzo, Altea as well as the Group's joint ventures with Salvatore Ferragamo. Discontinued Operations represent the private label business which the Group acquired and subsequently disposed of during the year.

The board of directors (the "Board") of Trinity Limited (the "Company") is pleased to announce the audited consolidated income statement of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 and the audited consolidated balance sheet of the Group as at 31 December 2009 together with the comparative figures for the previous year. The annual results have been reviewed by the Company's audit committee and the Company's external auditor.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009 HK$'000**	2008 HK$'000 (restated)
Continuing Operations			
Revenue	2	**1,645,178**	1,528,352
Cost of sales		**(434,632)**	(418,586)
Gross profit		**1,210,546**	1,109,766
Other income	4	**38,800**	32,754
Selling and marketing expenses		**(694,285)**	(644,146)
Administrative expenses		**(296,603)**	(323,083)
Other gains - net	5	**3,918**	19,003
Operating profit		**262,376**	194,294
Finance income		**362**	3,363
Finance costs		**(27,325)**	(50,895)
Finance costs - net	6	**(26,963)**	(47,532)
Share of profit of jointly controlled entities		**28,163**	42,318
Profit before income tax		**263,576**	189,080
Income tax expenses	7	**(75,655)**	(67,514)
Profit for the year from Continuing Operations		**187,921**	121,566
Discontinued Operations			
Loss for the year from Discontinued Operations		**(8,258)**	(17,765)
		179,663	103,801
Attributable to:			
Shareholders of the Company		**179,663**	98,035
Minority interests		**-**	5,766
		179,663	103,801
Basic earnings/(losses) per share attributable to shareholders of the Company during the year			
(expressed in HK cents per share)	8		
- from Continuing Operations		**14.9 cents**	9.6 cents
- from Discontinued Operations		**(0.7) cents**	(1.4) cents
		14.2 cents	8.2 cents
Diluted earnings/(losses) per share attributable to shareholders of the Company during the year			
(expressed in HK cents per share)	8		
- from Continuing Operations		**14.8 cents**	9.6 cents
- from Discontinued Operations		**(0.6) cents**	(1.4) cents
		14.2 cents	8.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	HK$'000	HK$'000
Profit for the year	**179,663**	103,801
Other comprehensive income		
Currency translation differences	**19,940**	(24,852)
Share of cash flow hedging reserve of jointly controlled entities: Fair value (losses)/gains	**(6,433)**	6,433
Total comprehensive income for the year	**193,170**	85,382
Total comprehensive income attributable to:		
- shareholders of the Company	**193,170**	79,120
- minority interests	-	6,262
	193,170	85,382

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	**2009** **HK$'000**	2008 HK$'000 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**121,157**	144,478
Intangible assets		**1,627,460**	1,637,238
Investments in jointly controlled entities		**190,097**	145,583
Deposit and prepayments		**31,511**	43,863
Deferred income tax assets		**51,949**	68,953
		2,022,174	2,040,115
Current assets			
Inventories		**385,283**	633,483
Trade receivables	10	**172,814**	223,252
Deposit and prepayments		**34,406**	91,435
Amounts due from related parties		**3,456**	15,360
Cash and cash equivalents		**518,240**	145,177
		1,114,199	1,108,707
Total assets		**3,136,373**	3,148,822
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**157,425**	120,517
Share premium		**1,515,001**	1,041,310
Reserves		**343,618**	182,029
Total equity		**2,016,044**	1,343,856
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**5,071**	6,986
Retirement benefit obligations		**12,229**	7,700
Other payables and accrued expenses		**42,450**	48,028
Deferred income tax liabilities		**61,445**	48,873
Borrowings		**623,000**	939,071
		744,195	1,050,658
Current liabilities			
Trade payables	11	**55,735**	68,067
Other payables and accrued expenses		**216,805**	209,640
Amounts due to related parties		**2,141**	105,177
Current income tax liabilities		**9,654**	20,238
Borrowings		**91,799**	351,186
		376,134	754,308
Total liabilities		**1,120,329**	1,804,966
Total equity and liabilities		**3,136,373**	3,148,822
Net current assets		**738,065**	354,399
Total assets less current liabilities		**2,760,239**	2,394,514

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to shareholders of the Company						
	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Balance at 1 January 2008 (restated)	114,920	859,277	340,458	(199,926)	1,114,729	70,702	1,185,431
Comprehensive income							
Exchange differences	-	-	-	(25,348)	(25,348)	496	(24,852)
Profit for the year	-	-	98,035	-	98,035	5,766	103,801
Share of cash flow hedging reserve of jointly controlled entities: Fair value gain for the year	-	-	-	6,433	6,433	-	6,433
Transfer to reserve	-	-	(3,356)	3,356	-	-	-
Total comprehensive income	-	-	94,679	(15,559)	79,120	6,262	85,382
Transaction with owners							
Dividends paid to minority shareholders	-	-	-	-	-	(18,620)	(18,620)
Acquisition of minority interests	-	-	-	(37,623)	(37,623)	(58,344)	(95,967)
Issue of ordinary shares	5,597	182,033	-	-	187,630	-	187,630
Total transaction with owners	5,597	182,033	-	(37,623)	150,007	(76,964)	73,043
Balance at 31 December 2008	120,517	1,041,310	435,137	(253,108)	1,343,856	-	1,343,856
Balance at 1 January 2009 (restated)	120,517	1,041,310	435,137	(253,108)	1,343,856	-	1,343,856
Comprehensive income							
Exchange differences	-	-	-	19,940	19,940	-	19,940
Profit for the year	-	-	179,663	-	179,663	-	179,663
Share of cash flow hedging reserve of jointly controlled entities: Fair value losses for the year	-	-	-	(6,433)	(6,433)	-	(6,433)
Total comprehensive income	-	-	179,663	13,507	193,170	-	193,170
Transaction with owners							
Employee share option benefit	-	-	-	7,370	7,370	-	7,370
Dividends paid	-	-	(57,848)	-	(57,848)	-	(57,848)
Deemed contributions from intermediate holding company	-	-	-	21,686	21,686	-	21,686
Transfer of reserve upon disposal of Discontinued Operations	-	-	13,827	(13,827)	-	-	-
Acquisition of a subsidiary	-	-	-	(2,789)	(2,789)	-	(2,789)
Issue of ordinary shares	36,908	473,691	-	-	510,599	-	510,599
Total transaction with owners	36,908	473,691	(44,021)	12,440	479,018	-	479,018
Balance at 31 December 2009	157,425	1,515,001	570,779	(227,161)	2,016,044	-	2,016,044

Notes:

1. Basis of preparation and accounting policies

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

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

On 1 June 2009, the Company acquired BLS (Private Labels) Holdings Limited ("BLS Private Label"), which is engaged in the retailing of menswear of owned brands, such as Leo, Gibo and Uffizi (the "Discontinued Operations") from BLS Holdings Limited ("BLS Holdings"). As BLS Private Label and the Company were under common control before and after the date of acquisition, the acquisition of BLS Private Label have been accounted for using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA as if the Discontinued Operations had always been with the Group. As a result, the comparative figures in the consolidated financial statements have been restated to reflect the effect of the merger accounting.

Subsequently on 25 August 2009, the entire equity interests in BLS Private Label was reverted back from the Company to BLS Holdings. Accordingly, the results of Discontinued Operations for the period from 1 January to 25 August 2009 and for the year ended 31 December 2008 have been presented as Discontinued Operations under HKFRS 5 "Non-current Assets Held for Sales and Discontinued Operations".

(a) The Group has adopted the following new and amended HKFRSs and interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2009 and relevant to the Group:

HKAS 1 (Revised)	Presentation of Financial Statements
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendment	Vesting Conditions and Cancellations
HKFRS 7 Amendment	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 13	Customer Loyalty Programmes
Annual Improvements Project	Improvements to HKFRSs

The adoption of such new and amended HKFRSs and interpretation does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies except certain changes on the presentation of the consolidated financial statements.

(b) The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods but the Group has not early adopted them:

HKAS 39 (amendment)	Financial instruments: Recognition and measurement[1]
HKFRS 1 (amendment)	Amendments to HKFRS 1 First-time Adoption of HKFRSs[2]
HKFRS 2 (amendment)	Amendments to HKFRS 2 Share-based Payment – Group cash-settled share-based payment transaction[2]
HKAS 27 (revised)	Consolidated and separate financial statements[1]
HKFRS 3 (revised)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC)-Int 18	Transfers of assets from customers[1]
Annual Improvements Project	Improvements to HKFRSs 2009[2]

Notes:
1 Effective for financial periods beginning on or after 1 July 2009
2 Effective for financial periods beginning on or after 1 January 2010

The Group has not early adopted the following new and amended standards and interpretations of HKFRSs that have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2011. The adoption of such new and amended standards and interpretations will have no material impact on the consolidated financial statements and will not result in substantial changes to the Group's accounting policies.

HKAS 24 (Revised)	Related party disclosures
HKAS 32 Amendment	Classification of Rights Issues
HKFRS 9	Financial Instruments
HK(IFRIC)-Int 14 Amendment	Prepayment of Minimum Funding Requirements
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

2. Segment information

The Group is principally engaged in the retail and wholesale distribution of menswear under self-owned brand and licensed brands in the Greater China region and a retailer of luxury fashion and accessories in South Korea and various countries in Southeast Asia.

Management has determined the operating segments based on reports reviewed by senior executive management of the Group that are used to make strategic decisions. Management considers the business from both geographic and products perspective. Geographically, Management considers the performance of retail business in the Mainland of China, Hong Kong and Macau ("HK & Macau") and Taiwan. HK & Macau is further segregated into retail and wholesale as all of the wholesale business is located in Hong Kong.

Segment assets consist primarily of property, plant and equipment, licences, goodwill, trademark, inventories, trade receivables, deposits, prepayments and operating cash.

(a) Segment results

The segment results for the year ended 31 December 2009 are as follows:

	HK & Macau Retail HK$'000	HK & Macau Wholesale HK$'000	The Mainland of China Retail HK$'000	Taiwan Retail HK$'000	Overseas Retail HK$'000	Total HK$'000
Total segment revenue	821,511	276,723	937,074	153,410	-	2,188,718
Inter-segment revenue	(277,958)	(265,582)	-	-	-	(543,540)
Revenue from external customers	543,553	11,141	937,074	153,410	-	1,645,178
Gross profit	405,950	111	703,141	101,344	-	1,210,546
Segment profit/(loss) before income tax	151,136	(4,075)	280,217	21,560	28,163	477,001
Segment profit/(loss) before income tax includes:						
Depreciation and amortisation	(14,912)	(389)	(45,255)	(4,799)	-	(65,355)
Interest (expenses)/income	(1,450)	(363)	(1,353)	16	-	(3,150)
Additional/ (reversal of) impairment provision for property, plant and equipment	3,436	-	(1,920)	(202)	-	1,314
Share of profit from jointly controlled entities	-	-	-	-	28,163	28,163
Segment assets	1,118,130	24,649	1,138,633	192,374	192,053	2,665,839

The segment results for the year ended 31 December 2008 are as follows:

	HK & Macau Retail HK$'000	HK & Macau Wholesale HK$'000	The Mainland of China Retail HK$'000	Taiwan Retail HK$'000	Overseas Retail HK$'000	Total HK$'000
Total segment revenue	908,635	472,928	835,896	166,929	2,581	2,386,969
Inter-segment revenue	(427,439)	(431,178)	-	-	-	(858,617)
Revenue from external customers	481,196	41,750	835,896	166,929	2,581	1,528,352
Gross profit	373,436	3,075	617,055	116,302	(102)	1,109,766
Segment profit/(loss) before income tax	136,101	(20,265)	297,361	24,554	38,983	476,734
Segment profit/(loss) before income tax includes:						
Depreciation and amortisation	(13,842)	(518)	(41,110)	(5,109)	-	(60,579)
Interest income/(expense)	(197)	(880)	(846)	49	32	(1,842)
Impairment of property, plant and equipment	(5,454)	-	(10,004)	(1,094)	-	(16,552)
Share of profit from jointly controlled entities	-	-	-	-	42,318	42,318
Segment assets	1,166,766	62,661	1,218,411	199,869	146,587	2,794,294

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

	2009 HK$'000	2008 HK$'000
Segment profit before income tax for reportable segments	**477,001**	476,734
Add:		
Management fee income	**14,794**	5,482
Less:		
Interest expenses	**(23,813)**	(45,690)
Employee benefit expenses	**(145,548)**	(156,874)
Rental expenses	**(20,365)**	(20,558)
Depreciation and amortisation	**(6,582)**	(7,325)
Corporate and other unallocated expenses	**(31,911)**	(62,689)
Total Group's profit before income tax	**263,576**	189,080

(c) Reportable segment assets are reconciled to total assets as follows:

	2009 HK$'000	2008 HK$'000
Segment assets for reportable segments	**2,665,839**	2,794,294
Add:		
Property, plant and equipment	**13,558**	16,517
Corporate bank deposits	**399,437**	10,439
Deferred tax assets	**51,949**	61,228
Deposit and prepayments	**2,134**	34,493
Amounts due from related parties	**3,456**	15,360
Assets of Discontinued Operations	**-**	216,491
Total assets per consolidated balance sheet	**3,136,373**	3,148,822

3. Expenses by nature

	2009 HK$'000	2008 HK$'000
Cost of inventories recognised as expenses included in cost of sales	**414,420**	392,410
Impairment of inventories	**20,212**	26,176
Depreciation of property, plant and equipment	**63,659**	58,931
(Reversal of)/additional provision for impairment of property, plant and equipment	**(1,314)**	16,552
Amortisation of intangible assets	**8,278**	8,973
Loss on disposal of property, plant and equipment	**9,102**	7,419
Operating lease rental expense-minimum lease payment	**166,876**	143,277
Operating lease rental expense-contingent rents	**195,269**	190,199
(Reversal of)/additional provision for impairment of trade receivables	**(3,717)**	3,771
Employee benefit expenses	**370,124**	355,890
Auditor's remuneration	**2,626**	2,921
Promotion and advertising expenses	**41,705**	33,921
Royalty expenses	**24,663**	24,821

4. Other income

	2009 HK$'000	2008 HK$'000
Subsidy income	**12,731**	15,369
Rental and license fee income	**3,327**	2,901
Management fee income from related parties	**14,148**	5,482
Claims received	**1,159**	3,985
Sales commission	**1,764**	1,909
Other income	**5,671**	3,108
	38,800	32,754

5. Other gains – net

	2009 HK$'000	2008 HK$'000
Net foreign exchange gains	**3,918**	19,003

6. Finance costs – net

	2009 HK$'000	2008 HK$'000
Finance costs - Interest expenses on bank borrowings wholly repayable within five years	**(27,325)**	(50,895)
Finance income - Interest income on short-term bank deposits	**362**	3,363
Finance costs – net	**(26,963)**	(47,532)

7. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 December 2008 and 31 December 2009. 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.

	2009 HK$'000	2008 HK$'000
Current income tax		
- Hong Kong profits tax	**13,681**	20,298
- Overseas taxation	**40,157**	57,033
Deferred income tax	**21,817**	(9,817)
	75,655	67,514

8. Earnings per share

(a) Basic

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

	2009	2008
Weighted average number of ordinary shares in issue	**1,263,161,000**	1,201,340,000
Profit from Continuing Operations attributable to shareholders of the Company (HK$'000)	**187,921**	115,800
Basic earnings per share from Continuing Operations (HK cents per share)	**14.9 cents**	9.6 cents
Loss from Discontinued Operations attributable to shareholders of the Company (HK$'000)	**(8,258)**	(17,765)
Basic losses per share from Discontinued Operations (HK cents per share)	**(0.7) cents**	(1.4) cents

(b) Diluted

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

	2009	2008
Weighted average number of ordinary shares in issue	**1,263,161,000**	1,201,340,000
Adjustment for share options	**2,945,000**	-
Weighted average number of ordinary shares for diluted earnings per share	**1,266,106,000**	1,201,340,000
Profit from Continuing Operations attributable to shareholders of the Company (HK$'000)	**187,921**	115,800
Diluted earnings per share from Continuing Operations (HK cents per share)	**14.8 cents**	9.6 cents
Loss from Discontinued Operations attributable to shareholders of the Company (HK$'000)	**(8,258)**	(17,765)
Diluted losses per share from Discontinued Operations (HK cents per share)	**(0.6) cents**	(1.4) cents

9. Dividends

	2009 HK$'000	2008 HK$'000
Interim dividend paid: Nil (2008: Nil) per ordinary share	-	-
Final dividend proposed of HK 7.0 cents (2008: HK 4.8 cents) per ordinary share	**110,198**	57,848

At a meeting held on 31 March 2010, the Directors proposed a final dividend of HK 7.0 cents per share. The proposed dividends are not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

10. Trade receivables

	2009 HK$'000	2008 HK$'000
Trade receivables	**173,337**	227,492
Less: provision for impairment of receivables	**(523)**	(4,240)
Trade receivables - net	**172,814**	223,252

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

The ageing analysis of trade receivables is as follows:

	2009 HK$'000	2008 HK$'000
1 - 30 days	**123,010**	163,904
31 - 60 days	**41,581**	48,948
61 - 90 days	**6,936**	6,572
Over 90 days	**1,810**	8,068
	173,337	227,492

11. Trade payables

Ageing analysis by invoice date of trade payables is as follows:

	2009 HK$'000	2008 HK$'000
1 - 30 days	**37,094**	44,600
31 - 60 days	**12,795**	13,278
61 - 90 days	**1,125**	4,315
Over 90 days	**4,721**	5,874
	55,735	68,067

MANAGEMENT DISCUSSION & ANALYSIS

The successful listing of Trinity on 3 November 2009 marked a significant milestone in the development of the Group. We are thrilled with the strong response and keen interest from our investors who made Trinity one of the best performing stocks in the market.

It is with great pleasure that we announce the first annual results after the listing, which show a strong growth in profit attributable to shareholders from HK$98.0 million in 2008 to HK$179.7 million in 2009. Compared with the profit forecast of HK$125.9 million, as indicated in our prospectus, we are 42.7 % above our forecast.

Revenue

Revenue increased by 7.6% to HK$1,645.2 million, of which 3.1% was from same store sales growth (stores that were opened prior to 1 January 2008) and the rest was from stores that were opened in 2008 and 2009. The increase in same store sales growth was entirely from the second half of 2009 where an 11.1% improvement was achieved against a 4.8% negative growth recorded in the first half of the year.

Gross Profit

The overall gross profit margin improved to 73.6% in 2009. The retail gross profit margin suffered a substantial drop towards the end of 2008 as the global financial turmoil dampened consumer sentiment. This resulted in the need to offer more incentives to promote sales. The gross profit margin in 2009 recovered gradually as the economy improved.

Operating Profit

The full-year operating profit increased by 35.0% to HK$262.4 million and the operating margin improved from 12.7% to 15.9%. The financial turmoil in 2008 produced a negative impact in the second half of 2008, which lasted until the second quarter of 2009 and business began to pick up again from the third quarter.

The underlying reasons for the increase in operating profit were primarily from an increase in revenue and reduction of costs relating to rationalisation of operations and business risks. The net increase was partly mitigated by a reduction in foreign exchange gain arisen from the appreciation of Renminbi.

Finance Costs

The drop in interest rates accounted for the majority of the 46.3% decrease in interest expenses to HK$27.3 million in 2009.

Share of Profit of Jointly Controlled Entities

The Group’s share of profit decreased by 33.4% to HK$28.2 million. The primary reason for the decrease was that the negative exchange rate movement of Korean Won resulted in an adverse impact in translating the Korean joint venture results into Hong Kong dollars for Group reporting.

Effective Tax Rate

The effective tax rate of the Group reduced from 35.7% in 2008 to 28.7% in 2009. The improvement in the effective tax rate is mainly attributable to a reduction of withholding tax provided for distributable profits from subsidiaries in the Mainland of China and joint venture entity in South Korea for the year.

Discontinued Operations

The loss from Discontinued Operations is the net result of private label business which the Group acquired and subsequently disposed of during the year. The results for 2008 and 2009 are not directly comparable as the 2009 results covered an eight-month period, while 2008 was a full-year operation reported under merger accounting requirements.

Profit Attributable to Shareholders

Profit attributable to shareholders from Continuing Operations increased by 62.3 % to HK$187.9 million and as a percentage to revenue increased from 7.6% achieved in 2008 to 11.4% in 2009. Basic earnings per share of the Group improved from 8.2 HK cents in 2008 to 14.2 HK cents in 2009.

Working Capital Management

Improved revenue, together with improvement in inventory control, resulted in a reduction of inventory turnover days of the Continuing Operations by 29 days to 388 days.

Trade receivables and payables turnover days of the Continuing Operations were maintained at 39 days and 45 days respectively.

Financial Position and Liquidity

In contrast to the outflow of HK$24.8 million in 2008, the Group generated a cash inflow from operating activities of HK$495.3 million. Higher profit and reduction of working capital through rationalisation of inventory levels largely attributed to the substantial improvement in the Group's cash flow in 2009. Meanwhile, the Continuing Operation's net debt were reduced by 81.9% to HK$196.6 million as a result of strong cash flow generated from operations and from additional funds raised through the initial public offering. Net debt is calculated as interest bearing borrowings less cash and cash equivalents. Net debt to equity ratio of the Continuing Operations has been dramatically reduced from 79.8% in 2008 to 9.7% in 2009.

Credit Risk Management

Credit risks comprised mainly trade receivables from department stores. The Group has established procedures to evaluate and monitor the credit risk of department stores in order to control its credit risk exposure in this area. Average settlement terms in respect to receivables from department stores are 39 days. At the end of December 2009, the Group's debtors ageing analysis showed that the percentage of debtors over three months old was 1.0% of total trade debt. The Group's cash and cash equivalents are deposited in major international banks.

Foreign Exchange Management

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

Interest Rate Management

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

Banking Facilities

The Group has secured adequate bank lines for operational contingencies. A total of HK$1,450.5 million term and revolving loans have been obtained, of which HK$623.0 million are long-term loans. At the end of the year, the undrawn facilities amounted to HK$710.0 million.

Use of Proceeds from IPO

The Company raised HK$510.6 million net of expenses from the IPO. At the end of December 2009, HK$153.2 million of the proceeds have been utilised to repay bank borrowings while HK$20.0 million were spent on opening new stores. At the end of the year, unutilised IPO funds were deposited with international banks for future use.

Geographical Analysis for Retail Business

Revenue

The growth for Hong Kong & Macau, the Mainland of China and Taiwan was 13.0%, 12.1% and -8.1% respectively. Same store sales growth in Hong Kong & Macau recovered from a negative 7.3% in the first half of 2009 to a positive 18.2% in the second half of the year. Similar trend were reported in the Mainland of China and Taiwan, where the first-half rate was 2.2% and -21.9% respectively, and 7.5% and 3.6% for the second half.

Gross Profit Margin

The drop in gross profit margin in the first half of the year was compensated by a recovery in the margin in the second half of 2009. Hong Kong & Macau and the Mainland of China achieved an increase in the gross profit margin for the full year, while Taiwan was able to maintain a gross profit margin close to the 2008 level.

Store Network Expansion

The Group opened 51 new stores in 2009, of which 46 are in the Mainland of China, 4 in Hong Kong & Macau and 1 in Taiwan. The net increase in store numbers was 10 – as 41 stores were closed during the year. As of 31 December 2009, the Group has a total of 272 stores in 42 cities in the Mainland of China, 38 stores in Hong Kong & Macau, and 44 stores in Taiwan. The Group also has 38 stores in South East Asia and South Korea under the Salvatore Ferragamo joint ventures.

In the second half of the year, the Group resumed its retail network expansion plan in the Mainland of China, with particular emphasis on the second- to fourth-tier cities such as Fuzhou, Yiwu, Shangyu, Huzhou, Tangshan and Yantai. This market penetration strategy has proven to be effective, delivering improved margins with lower operating costs.

The combined effect of re-structuring the retail network and the opening of better-performing new stores in new markets enabled the Group to operate more productively and profitably at the end of the year.

The new stores opened by the Group in 2009 include 7 outlet stores, 5 of which are in the Mainland of China and 2 are in Hong Kong. The opening of these outlet stores achieved the dual objectives of disposing of aged merchandise and reducing the inventory level for the Group.

New Store Opening and New Store Design Introduction

In September 2009 Gieves & Hawkes opened a 3,600 sq.ft. flagship triplex store at the Hangzhou Hubin International Boutique Compound, which is one of the most luxurious shopping arcades in the city. In order to strengthen the Group's presence in the Mainland of China's first-tier cities, the Group has also opened duplex stores for Cerruti 1881 and Gieves & Hawkes in Shanghai and a Gieves & Hawkes duplex store in Guangzhou.

Another of the Group's key initiatives in 2009 was the upgrade of store design across the various brands in order to further elevate the luxury image and enhance customer interface. New stores that completely incorporate new design formats were opened while the renovation of existing stores rejuvenated both the interiors and store frontages to reflect updated brand image.

Marketing and Promotions

The Group's overall marketing strategy is to devote resources building brand equity of each label. This involves targeting a specific segment of the market for each label according to its products, brand history, retail environment and customer base. Distinctive and differentiated market positioning has been developed for each brand, supported by its own customised marketing programme, promotion calendar and VIP programmes.

The Group firmly believes that all of its mono-brand stores serve as advertising billboards for the brand because of their premium locations and their role as the key areas for customer interface. Therefore, the Group has been making consistent and substantial investments in upgrading the stores with new design formats, lighting design and impactful visual merchandising.

The Group's relationship with the press was well managed in 2009 with the organisation of a series of media functions. These included the Press Open House held each season, in the form of a media lunch to which journalists were invited to view the new collection. The media were also provided with detailed information about the press sample collection to ensure editorial coverage.

Rafael Nadal, was honoured at the YongFoo Elite Club in Shanghai during the ATP 1000 Master Shanghai Open. One of the world's top-ranked tennis stars, Nadal has been appointed as the global ambassador for Cerruti 1881.

The milestone event in the Group's 2009 marketing calendar was the sponsorship of the "Kent & Curwen Centenary Sprint Cup". The sponsorship brought the brand widespread exposure through the Hong Kong Jockey Club's Off Track Back outlets and racetracks as well as via merchandising in the Club's membership stores and Club Houses.

Successful brand promotions, which generated incremental sales during the year, included the Kent & Curwen premium promotion featuring three gold lions in 24 karat gold (the well-recognised icon for the brand); and the "Father Knows Best" promotion featuring matching father and son polo shirts in celebration of Father's Day.

Sponsorship of the Centenary Sprint Cup by Kent & Curwen

In commemoration of the 100th Anniversary of the Hong Kong Jockey Club, the Centenary Sprint Club was launched to celebrate horse-racing's rich heritage and sportsmanship. During the 2009 racing season, Kent & Curwen and the Hong Kong Jockey Club formed a prestigious alliance under which Kent & Curwen took up a sponsorship of the Centenary Sprint Cup.

On 10 November 2009, Kent & Curwen staged a Paddock Fashion Show at the Happy Valley Racecourse to launch a new collection designed exclusively for the Kent & Curwen Centenary Sprint Cup Race Day, which was held on 31 January 2010 in Shatin, Hong Kong.

Customer Relationship Management

The Group has established a centralised VIP database covering the Mainland of China, Hong Kong and Macau. This database enables the Group to gain a better understanding of the profiles and shopping behaviour of customers. It also enables the sales and marketing teams to contact the customers directly for personal sales, or to approach them with digital media to generate sales opportunities.

After establishing the initial VIP customer database, the Group intends to devote more resources and support to this valuable platform for Customer Relationship Management in 2010. One of the key initiatives is to integrate the Taiwan VIP data with the existing central database.

Sourcing

The Group's sourcing needs are split between components and finished goods. Within the sourcing division, a specific development team has been appointed to be solely responsible for researching, contacting and introducing new suppliers and vendors to the brands for all product categories.

A new, centralised process was introduced, not only to bring in new suppliers, but also to ensure the brands are well supported by the centralised sourcing function. The objective of these initiatives is to ensure that the Group is able to source the best products for customers through a global network of suppliers.

Management Information System

The Warehouse Management System implemented in mid 2008 was in full operation in 2009. Implementation of an upgraded Supply Chain Management System further enhanced the information flow, which in turn facilitated the management of sourcing, garment ordering, production planning, inventory management, warehousing and distribution to stores.

Completion and implementation of the Enterprise Resources Planning models enabled the product development and product merchandising teams to manage product information and costing with better transparency. The team was able to support buying decisions and optimise margin opportunity more effectively.

Human Resources

As of 31 December 2009, the Group had a total workforce of 2,807, of whom 816 were based in Hong Kong and Macau, 1,980 in the Mainland of China and Taiwan, and 11 in other countries. The Group offers its staff competitive remuneration schemes, a safe and comfortable workplace, and training and development opportunities. In addition, bonuses and share options are also granted to eligible staff based on individual and Group performance as a means to reward and retain a high-calibre team.

The Group's total staff costs for the year 2009 were HK$370.1 million, compared with HK$355.9 million for the year ended 2008.

The Group believes that its continued success depends on the contribution of each and every individual in the organisation and it is committed to developing its human capital. The Group remains focused on people development, including sales and service training, and also management training.

Staff Development & Personal Growth

The Group is fully committed to investing in the growth and development of its people by implementing and sponsoring job-related training and self-improvement programmes. Management development programs are also in place for senior employees. The Group is also committed to the health and well-being of its staff, providing seminars and workshops on stress management, health and related topics.

In 2009, the Group successfully launched two staff development programs, namely, Executive Coaching and the Trinity Elite Lessons in Leadership (TELL).

Executive Coaching, provided to our senior management staff aimed to deliver a comprehensive and tailored exercise adapted to the individual's learning pace and style. The Coaching sessions focused on long-term personal, leadership and management development, with the goal of achieving real and sustainable results.

The Group also launched TELL as a part of staff development and training plans. This is to ensure not only that management staff will have the necessary knowledge, skills and competencies today, but also that these are continuously developed for performance excellence in their current and future jobs.

Corporate Social Responsibility and Sustainability Initiatives

As a responsible corporate citizen, the Group is committed to engaging in charitable projects through two channels. The first supports community activities led by the Li & Fung (1906) Foundation, a Hong Kong registered charity whose purpose is to support the staff of the Li & Fung group of companies around the world and to contribute to the communities in which they work and live. The second is by direct staff involvement in activities organised by leading local charities.

Led by the Li & Fung (1906) Foundation, the Group participated in a fundraising campaign for the Taiwan typhoon disaster in August 2009. Donation from staff was matched by the Foundation, raising a total of HK$3,117,790; the donation went to the Red Cross to support recovery works and long-term rehabilitation projects in Taiwan. The Group also participated in the Hike for Hospice, a fundraising event organised by the Society for the Promotion of Hospice Care.

Other charity projects with direct staff involvement include blood donations to the Hong Kong Red Cross, a Charity Walk organised by Hong Kong's Chinese General Chamber of Commerce to raise funds for the Community Chest, and the Job Shadowing Program for secondary school students in partnership with Junior Achievement Hong Kong.

The Group was nominated for the "Caring Company" award 2008/2009 by the Hong Kong Council of Social Service in recognition of its consistent efforts to contribute to the community as a responsible corporate citizen.

The Group strives to be environmentally responsible by adopting good environmental practices in office and store premises, and also in its use of equipment and consumption of resources. The Group has enrolled in the Wastewise Label Scheme and the Energywise Label Scheme under the Hong Kong Awards for Environmental Excellence, organised by the Environmental Campaign Committee. By joining these schemes, the Group encourages its Hong Kong operations to adopt constructive measures to reduce the amount of waste generated and to reduce energy consumption.

Future Prospects

In 2010, the Group will continue its store network expansion in the Mainland of China targeting a 20% net growth in the number of new stores with particular emphasis in the third and fourth-tier cities. It will continue to build its existing brand equity targeting a double digit increase in same store sales. The Group regularly evaluates opportunities to acquire new brands and will introduce such acquisitions into the portfolio if they fit the Group's business model and the target market segment.

The Group remains cautious on the prospects of the joint venture entities, which will continue to operate in a challenging environment.

CORPORATE GOVERNANCE

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.

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

The Board has established the following committees (all chaired by Independent Non-executive Director or Non-executive Director) on 1 January 2009, even prior to the Company becoming a listed company, with defined terms of reference (available to shareholders upon request), which are of no less exacting terms than those set out in the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"): the Nomination Committee, the Audit Committee and the Compensation Committee. To further reinforce independence, all the committees have been structured to include a majority of Independent Non-executive Directors since their establishment.

Full details on the Company's corporate governance practices are set out in the Company's 2009 Annual Report.

AUDIT COMMITTEE

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

The Audit Committee met four times in 2009 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD") and external auditor, the Group's significant internal controls, risk management and financial matters as set out in the Audit Committee's written terms of reference. The CGD, under the supervision of the Group Chief Compliance Officer, is responsible for performing the internal audits of the Group. The Committee's review covers the audit plans and findings of the CGD and external auditor, external auditor's independence, the Group's accounting principles and practices, goodwill assessment, listing rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the annual and interim financial statements before recommending them to the Board's approval) and the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed the annual results for the year ended 31 December 2009.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for ensuring that the Group maintains a sound and effective system of internal controls, and for reviewing its adequacy and effectiveness through the Audit Committee.

Based on the assessments made by the senior management, CGD and the external auditor for 2009, the Audit Committee considered that:

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

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules since the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited on 3 November 2009. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific confirmation has been obtained from each Director and relevant employee to confirm compliance with the Model Code for 2009. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009.

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

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

FINAL DIVIDEND

The Board of Directors recommended to pay to the shareholders of the Company a final dividend of 7.0 HK cents (2008: 4.8 HK cents) per share for the year ended 31 December 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 25 May 2010 to 1 June 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on 24 May 2010. Dividend warrants are expected to be despatched to the shareholders of the Company on 2 June 2010.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Pheasant-Jasmine Room, 1/F, Mandarin Oriental, 5 Connaught Road Central, Hong Kong on 1 June 2010 at 12:00 noon and the Notice of the Annual General Meeting will be sent to the shareholders of the Company in due course.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company at *www.trinity-limited.com* and on the website of Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2009 Annual Report and the Notice of Annual General Meeting will be despatched to the shareholders of the Company and available on the same websites on or about 20 April 2010.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 31 March 2010

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

* *For identification purposes only*