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 2010

Highlights

	2010	2009	% change
Continuing Operations:			
Revenue *(HK$ million)*	**2,011**	1,645	22.3%
Gross profit *(HK$ million)*	**1,552**	1,211	28.2%
Gross profit (%)	**77.2%**	73.6%	
Operating profit *(HK$ million)*	**430**	262	63.7%
Operating profit (%)	**21.4%**	15.9%	
Profit attributable to shareholders from Continuing Operations *(HK$ million)*	**341**	188	81.4%
Profit attributable to shareholders from Continuing Operations (%)	**16.9%**	11.4%	
Current ratio [1]	**1.6**	3.0	
Trade payable turnover days [2]	**60**	45	
Trade receivable turnover days [3]	**35**	39	
Inventory turnover days [4]	**320**	388	
Return on equity (%) [5]	**16.0%**	11.1%	
Net debt to equity ratio (%) [6]	**2.9%**	9.7%	
Discontinued Operations:			
Loss attributable to shareholders from Discontinued Operations *(HK$ million)*	-	(8)	
Profit attributable to shareholders *(HK$ million)*	**341**	180	89.7%
Basic earnings per share *(HK cents)* [7]	**21.6**	14.2	
Dividend per share *(HK cents)*			
- Final	**10.0**	7.0	
- Full Year	**15.0**	7.0	

<u>Key ratios:</u>

<u>Ratios 1 to 6 relate to the Continuing Operations while ratio 7 relates to the Group (comprising Continuing and Discontinued Operations)</u>:

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 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*

Definition of Continuing and Discontinued Operations:

Continuing Operations are defined as the management of international menswear brands - Kent & Curwen, Cerruti 1881, Gieves & Hawkes, D'URBAN, Intermezzo and 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 in 2009.

The board of directors (the "Board") of Trinity Limited (the "Company") is pleased to announce the audited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 and the audited consolidated balance sheet of the Group as at 31 December 2010 together with the comparative figures in 2009. 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 2010

	Note	**2010 HK$'000**	2009 HK$'000
Continuing Operations			
Revenue	2	**2,011,380**	1,645,178
Cost of sales		**(459,585)**	(434,632)
Gross profit		**1,551,795**	1,210,546
Other income	4	**57,957**	38,800
Selling and marketing expenses		**(823,722)**	(694,285)
Administrative expenses		**(377,925)**	(296,603)
Other gains – net	5	**21,535**	3,918
Operating profit	3	**429,640**	262,376
Finance income		**1,201**	362
Finance costs		**(5,927)**	(27,325)
Finance costs – net	6	**(4,726)**	(26,963)
Share of profit of jointly controlled entities		**35,971**	28,163
Profit before income tax		**460,885**	263,576
Income tax expenses	7	**(120,036)**	(75,655)
Profit for the year from Continuing Operations		**340,849**	187,921
Discontinued Operations			
Loss for the year from Discontinued Operations		**-**	(8,258)
		340,849	179,663
Attributable to:			
Shareholders of the Company		**340,849**	179,663
Basic earnings/(losses) per share attributable to shareholders of the Company during the year	8		
(expressed in HK cents per share)			
- from Continuing Operations		**21.6 cents**	14.9 cents
- from Discontinued Operations		**-**	(0.7) cent
		21.6 cents	14.2 cents
Diluted earnings/(losses) per share attributable to shareholders of the Company during the year	8		
(expressed in HK cents per share)			
- from Continuing Operations		**21.0 cents**	14.8 cents
- from Discontinued Operations		**-**	(0.6) cent
		21.0 cents	14.2 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**340,849**	179,663
Other comprehensive income		
Currency translation differences	**25,556**	19,940
Share of cash flow hedging reserve of jointly controlled entities: Fair value losses	**-**	(6,433)
Total comprehensive income for the year	**366,405**	193,170
Total comprehensive income attributable to:		
- Shareholders of the Company	**366,405**	193,170

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	**2010**	2009
		HK$'000	HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**181,628**	121,157
Intangible assets		**1,629,072**	1,627,460
Investments in jointly controlled entities		**210,982**	190,097
Deposit and prepayments		**36,724**	31,511
Deferred income tax assets		**60,103**	51,949
		2,118,509	2,022,174
Current assets			
Inventories		**420,800**	385,283
Trade receivables	10	**214,929**	172,814
Deposit and prepayments		**199,038**	34,406
Amounts due from related parties		**1,073**	3,456
Cash and cash equivalents		**514,799**	518,240
		1,350,639	1,114,199
Total assets		**3,469,148**	3,136,373
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**158,889**	157,425
Share premium		**1,540,961**	1,515,001
Reserves		**551,038**	343,618
Total equity		**2,250,888**	2,016,044
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**6,082**	5,071
Retirement benefit obligations		**13,663**	12,229
Other payables and accruals		**37,048**	42,450
Deferred income tax liabilities		**93,228**	61,445
Borrowings		**220,000**	623,000
		370,021	744,195
Current liabilities			
Trade payables	11	**95,928**	55,735
Other payables and accruals		**334,798**	216,805
Amounts due to related parties		**7,580**	2,141
Current income tax liabilities		**49,933**	9,654
Borrowings		**360,000**	91,799
		848,239	376,134
Total liabilities		**1,218,260**	1,120,329
Total equity and liabilities		**3,469,148**	3,136,373
Net current assets		**502,400**	738,065
Total assets less current liabilities		**2,620,909**	2,760,239

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to shareholders of the Company				
	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2009	120,517	1,041,310	435,137	(253,108)	1,343,856
Comprehensive income					
Exchange differences	-	-	-	19,940	19,940
Profit for the year	-	-	179,663	-	179,663
Share of cash flow hedging reserve of jointly controlled entities:					
Fair value losses for the year	-	-	-	(6,433)	(6,433)
Total comprehensive income	-	-	179,663	13,507	193,170
Transactions with owners					
Employee share option schemes					
- value of employee services	-	-	-	7,370	7,370
Dividends paid	-	-	(57,848)	-	(57,848)
Deemed contributions from intermediate holding company	-	-	-	21,686	21,686
Transfer of reserve upon disposal of Discontinued Operations	-	-	13,827	(13,827)	-
Acquisition of a subsidiary	-	-	-	(2,789)	(2,789)
Issue of ordinary shares	36,908	473,691	-	-	510,599
Total transactions with owners	36,908	473,691	(44,021)	12,440	479,018
Balance at 31 December 2009	157,425	1,515,001	570,779	(227,161)	2,016,044
Balance at 1 January 2010	157,425	1,515,001	570,779	(227,161)	2,016,044
Comprehensive income					
Exchange differences	-	-	-	25,556	25,556
Profit for the year	-	-	340,849	-	340,849
Total comprehensive income	-	-	340,849	25,556	366,405
Transactions with owners					
Employee share option schemes					
- value of employee services	-	-	-	29,926	29,926
- exercise of share options	1,464	25,960	-	-	27,424
- transfer to retained earnings	-	-	8,545	(8,545)	-
Dividends paid	-	-	(188,911)	-	(188,911)
Total transactions with owners	1,464	25,960	(180,366)	21,381	(131,561)
Balance at 31 December 2010	158,889	1,540,961	731,262	(180,224)	2,250,888

Notes:

1. Basis of preparation and accounting policies

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

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

(a) The Group has adopted the following new/revised standards and amendment/interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2010 and relevant to the Group:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Annual Improvements Project	Improvements to HKFRSs 2009

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

(b) New/revised standards and amendment/interpretation to existing standards mandatory for accounting periods beginning on or after 1 January 2010 but not currently relevant to the Group:

HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC)-Int 9 and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 17	Distribution of Non-Cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

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

(c) New/revised standards and amendment/interpretation to existing standards have been issued but are not effective for the financial year beginning 1 January 2010 and the Group has not early adopted them:

HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures[3]
HKFRS 9	Financial Instruments[4]
HKAS 32 (Amendment)	Classification of Rights Issues[1]
HK(IFRIC)-Int 14	Prepayments of Minimum Funding Requirements[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]
Annual Improvements Project	Improvements to HKFRSs 2010

Notes:
1 *Effective for annual periods beginning on or after 1 February 2010*
2 *Effective for annual periods beginning on or after 1 July 2010*
3 *Effective for annual periods beginning on or after 1 January 2011*
4 *Effective for annual periods beginning on or after 1 January 2013*

(d) In May 2010, the HKICPA published certain other improvements to the HKFRS which will be effective for periods beginning on or after 1 January 2011 and have not been early adopted by the Group. Amendments have been made to the following standards according to the improvements:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 1 (Amendment)	First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 3 (Amendment)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HK(IFRIC)-Int 13 (Amendment)	Customer Loyalty Programmes

The Group is currently assessing the impact of the adoption of these new/revised standards, amendments to standards and interpretations above that are applicable to the Group in future periods.

2. Segmental information

The Group is principally engaged in the retail and wholesale distribution of menswear under self-owned brands and licensed brands in the Greater China Region and its jointly controlled entities are retailers of luxury fashion and accessories in South Korea and Southeast Asia.

Management has determined the operating segments based on reports reviewed by the senior executive management of the Group that are used to make strategic decisions. Management considers the business from geographic perspectives. Geographically, management considers the performance of the retail businesses in the Chinese Mainland, 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. Management assesses the performance of operating segments based on a measure of segment profit before income tax. Corporate employee benefit expenses, finance costs and overheads are not allocated to segments.

Segment assets consist primarily of property, plant and equipment, licences, goodwill, trademarks, inventories, trade receivables, deposit and prepayments and operating cash. Corporate assets, including cash and bank balances, property, plant and equipment, deposit and prepayments, and deferred income tax assets are not allocated to segments.

(a) Segment results

The segment results for the year ended 31 December 2010 are as follows:

	HK & Macau Retail HK$'000	HK & Macau Wholesale HK$'000	Chinese Mainland Retail HK$'000	Taiwan Retail HK$'000	Overseas Retail HK$'000	Total HK$'000
Segment revenue and revenue from external customers	681,384	8,415	1,143,812	176,433	1,336	2,011,380
Gross profit	535,897	573	892,444	122,102	779	1,551,795
Segment profit before income tax	242,997	1,815	374,121	44,029	32,008	694,970
Segment profit before income tax includes:						
Depreciation and amortisation	(15,352)	(485)	(72,203)	(2,482)	(3,088)	(93,610)
Interest (expenses)/income	(286)	-	738	33	-	485
(Additional)/reversal of impairment provision for property, plant and equipment	1,898	-	2,114	843	(1,464)	3,391
Share of profit from jointly controlled entities	-	-	-	-	35,971	35,971
Segment assets	960,414	1,490	1,488,712	205,789	219,402	2,875,807

2. Segmental information (Continued)

(a) Segment results (Continued)

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

	HK & Macau Retail HK$'000	Wholesale HK$'000	Chinese Mainland Retail HK$'000	Taiwan Retail HK$'000	Overseas Retail HK$'000	Total HK$'000
Segment revenue and 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 before income tax	151,136	1,989	280,217	21,560	28,163	483,065
Segment profit before income tax includes:						
Depreciation and amortisation	(14,912)	(389)	(45,255)	(4,799)	-	(65,355)
Interest (expenses)/income	(1,450)	-	(1,353)	16	-	(2,787)
(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	729,219	2,143	1,268,228	176,271	192,089	2,367,950

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

	2010 HK$'000	2009 HK$'000
Segment profit before income tax for reportable segments	**694,970**	483,065
Add:		
Management fee income	**27,438**	14,148
Other gains – net	**11,321**	3,160
Less:		
Interest expenses	**(5,211)**	(24,176)
Employee benefit expenses	**(209,962)**	(156,808)
Rental expenses	**(21,979)**	(20,365)
Depreciation and amortisation	**(7,694)**	(6,582)
Corporate and other unallocated expenses	**(27,998)**	(28,866)
Total Group's profit before income tax	**460,885**	263,576

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

	2010 HK$'000	2009 HK$'000
Segment assets for reportable segments	**2,875,807**	2,367,950
Add:		
Property, plant and equipment	**9,542**	14,505
Intangible assets	**307,239**	297,506
Corporate bank deposits	**210,866**	398,487
Deferred income tax assets	**60,103**	51,949
Deposit and prepayments	**4,518**	2,520
Amounts due from related parties	**1,073**	3,456
Total assets per consolidated balance sheet	**3,469,148**	3,136,373

3. Operating profit

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

	2010	2009
	HK$'000	HK$'000
Cost of inventories recognised as expenses included in cost of sales	**455,818**	414,420
Impairment of inventories	**3,767**	20,212
Depreciation of property, plant and equipment	**93,183**	63,659
Reversal of provision for impairment of property, plant and equipment	**(3,391)**	(1,314)
Amortisation of intangible assets	**8,121**	8,278
Loss on disposal of property, plant and equipment	**6,626**	9,102
Operating lease rental expense – minimum lease payment	**191,831**	166,876
Operating lease rental expense – contingent rents	**233,973**	195,269
Additional/(reversal of) provision for impairment of trade receivables	**1,869**	(3,717)
Employee benefit expenses	**455,317**	370,124
Advertising and promotion expenses	**67,956**	41,705
Royalty expenses	**28,064**	24,663
Auditor's remuneration	**6,870**	2,626

4. Other income

	2010	2009
	HK$'000	HK$'000
Subsidy income	**17,710**	12,731
Rental and license fee income from related parties	**2,870**	3,327
Management fee income from related parties	**27,438**	14,148
Claims received	**3,169**	1,159
Sales commission	**1,713**	1,764
Other income	**5,057**	5,671
	57,957	38,800

5. Other gains – net

	2010	2009
	HK$'000	HK$'000
Net foreign exchange gains	**21,535**	3,918

6. Finance costs – net

	2010	2009
	HK$'000	HK$'000
Finance costs – Interest expenses on bank borrowings wholly repayable within five years	**(5,927)**	(27,325)
Finance income – Interest income on short-term bank deposits	**1,201**	362
Finance costs – net	**(4,726)**	(26,963)

7. Income tax expenses

Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the years ended 31 December 2009 and 31 December 2010. 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.

	2010	2009
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**24,307**	13,681
- Overseas taxation	**72,100**	40,157
Deferred income tax	**23,629**	21,817
	120,036	75,655

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.

	2010	2009
Weighted average number of ordinary shares in issue	**1,576,316,000**	1,263,161,000
Profit from Continuing Operations attributable to shareholders of the Company (HK$'000)	**340,849**	187,921
Basic earnings per share from Continuing Operations (HK cents per share)	**21.6 cents**	14.9 cents
Loss from Discontinued Operations attributable to shareholders of the Company (HK$'000)	**-**	(8,258)
Basic losses per share from Discontinued Operations (HK cents per share)	**-**	(0.7) cent

8. **Earnings per share (Continued)**

(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.

	2010	2009
Weighted average number of ordinary shares in issue	**1,576,316,000**	1,263,161,000
Adjustment for share options	**48,642,000**	2,945,000
Weighted average number of ordinary shares for diluted earnings per share	**1,624,958,000**	1,266,106,000
Profit from Continuing Operations attributable to shareholders of the Company (HK$'000)	**340,849**	187,921
Diluted earnings per share from Continuing Operations (HK cents per share)	**21.0 cents**	14.8 cents
Loss from Discontinued Operations attributable to shareholders of the Company (HK$'000)	**-**	(8,258)
Diluted losses per share from Discontinued Operations (HK cents per share)	**-**	(0.6) cent

9. **Dividends**

	2010 **HK$'000**	2009 HK$'000
Interim dividend declared and paid of 5.0 HK cents (2009: nil) per ordinary share	**78,713**	-
Final dividend proposed of 10.0 HK cents (2009: 7.0 HK cents) per ordinary share based on issued share capital as at the balance sheet date	**158,889**	110,198
	237,602	110,198

At a meeting held on 23 March 2011, the Directors proposed a final dividend of 10.0 HK cents (2009: 7.0 HK cents) per share. The proposed dividend is not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2011. Dividends paid by the Company to its shareholders during the year of HK$188,911,000 (2009: HK$57,848,000) related to the final dividend for prior year of HK$110,198,000 (2009: HK$57,848,000) and the interim dividend for current year of HK$78,713,000 (2009: nil).

10. Trade receivables

	2010 **HK$'000**	2009 HK$'000
Trade receivables	**217,321**	173,337
Less: provision for impairment of receivables	**(2,392)**	(523)
Trade receivables – net	**214,929**	172,814

The Group's sales through department stores are generally collectible within 30 days from the invoice date while the sales to corporate customers are generally in credit terms ranging from 30 to 90 days. The ageing analysis by invoice date of trade receivables of the Group is as follows:

	2010 **HK$'000**	2009 HK$'000
1 - 30 days	**181,406**	123,010
31 - 60 days	**32,825**	41,581
61 - 90 days	**1,152**	6,936
Over 90 days	**1,938**	1,810
	217,321	173,337

11. Trade payables

	2010 **HK$'000**	2009 HK$'000
Trade payables	**95,928**	55,735

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

	2010 **HK$'000**	2009 HK$'000
1 - 30 days	**39,945**	37,094
31 - 60 days	**20,405**	12,795
61 - 90 days	**12,579**	1,125
Over 90 days	**22,999**	4,721
	95,928	55,735

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

One year after listing, the Group continued to see strong revenue growth. Continued improvement in the overall economy, further strengthening of its brands, and expansion of its retail network contributed to increased revenue for 2010, but strong same-store sales was the key driver for the year.

Although there were predictions that the Group's sales growth rate may slow down in the second half as the comparison base for the second half of 2009 was higher following market turnaround, such was not the case. Instead, overall second half growth was close to the first half at 23.9%.

For 2010 the profit attributable to shareholders increased from HK$179.7 million to HK$340.8 million.

Revenue

Revenue increased by 22.3% to HK$2,011.4 million, and same-store sales growth was 21.0% (for stores that opened prior to 1 January 2009). The increase in same-store sales was the key driver to revenue growth for the year and same-store sales growth continued the same momentum for the second half of the year with help from continual improvements in the economy and the strength of the Group's brands.

Gross Profit

Gross profit margin improved from 73.6% in 2009 to 77.2% in 2010. Improving mark-ups, stable product costs and shorter sale periods all contribute to a higher gross margin.

Selling and Marketing Expenses

While selling and marketing expenses included advertising and promotion expenses, the major components were related to store operational expenses. Advertising and promotion expenses as a percentage of revenue increased from 2.5% to 3.4% year on year. Excluding advertising and promotion expenses, selling and marketing expenses as a percentage of revenue decreased from 39.7% to 37.6% year on year as a result of higher store productivity.

Administrative Expenses

Administrative expenses as a percentage of revenue increased from 18.0% to 18.8% year on year. As the Company was listed in November 2009, the share options expense had a full-year impact in 2010. Excluding share options expense, administrative expenses as a percentage of revenue decreased from 17.6% in 2009 to 17.3% in 2010.

Operating Profit

The full-year operating profit increased by 63.7% to HK$429.6 million and the operating margin improved from 15.9% to 21.4%. The improvements reflected the increase in gross profit margin, the full-year impact of management service income from related parties, foreign exchange gains, higher store productivity, as well as operating leverage from certain fixed costs.

Finance Costs

The reduction in bank borrowings and drop in interest rates accounted for the 78.3% decrease in interest expenses to HK$5.9 million in 2010.

Share of Profit of Jointly Controlled Entities

The Group's share of profit increased by 27.7% to HK$36.0 million. This was primarily driven by revenue growth in South Korea as well as the appreciation of the Korean Won.

Effective Tax Rate

The effective tax rate of the Group reduced to 26.0% in 2010 compared with 28.7% in 2009. The improvement was partly attributable to a shift in profit mix to lower tax rate jurisdictions.

Profit Attributable to Shareholders

Profit attributable to shareholders increased by 89.7% to HK$340.8 million and as a percentage to revenue increased to 16.9% in 2010 compared with 10.9% achieved in 2009. Basic earnings per share of the Group improved to 21.6 HK cents in 2010 from 14.2 HK cents in 2009.

Working Capital Management

Further improvements in inventory management resulted in a significant reduction of inventory turnover days by 68 days to 320 days.

Trade receivable and payable turnover days were improved to 35 days and 60 days respectively.

Financial Position and Liquidity

The Group generated cash inflow from operating activities of HK$512.9 million, driven by improvement in profit, stable capital expenditure and lower inventory turnover days. The net debt fell to HK$65.2 million after repayment of bank loans. The net debt to equity ratio was thus reduced from 9.7 % to 2.9% year on year.

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 exposure in this area. Average settlement terms in respect to receivables from department stores were 33 days. At the end of December 2010, the Group's debtors ageing analysis showed that the percentage of debtors over three months old was 0.9% of total trade receivables. The Group's cash and cash equivalents were deposited with major international banks.

Foreign Exchange Management

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

Interest Rate Management

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

Banking Facilities

The Group has secured adequate bank lines of approximately HK$1,153.4 million for operational contingencies. A total of HK$580.0 million term and revolving loans were obtained, of which HK$220.0 million were long-term loans, and HK$33.2 million was utilised for trade financing at year end. The undrawn facilities at the end of the year amounted to HK$540.2 million.

Use of IPO Proceeds

The Company raised HK$510.6 million net proceeds from its 2009 initial public offering ("IPO"). As at 31 December 2010, a balance of HK$101.3 million was unutilised. HK$236.1 million was utilised in 2010, out of which HK$155.1 million was paid as deposit for the acquisition of Toga Investment SARL and certain of its subsidiaries ("Cerruti Group"). A further HK$49.1 million was utilised as part of the balance payment for such acquisition in March 2011.

Geographical Analysis for Retail Business

Revenue

The growth for HK & Macau, the Chinese Mainland, and Taiwan was 25.4%, 22.1%, and 15.0% respectively. Same-stores sales growth in HK & Macau continued to be primarily driven by increased sales to tourists from the Chinese Mainland. Improving market sentiment in the Greater China Region also bolstered consumer spending on luxury goods.

Gross Profit Margin

The Group recorded an improvement in its gross profit margin to 77.4%. The gross profit margin for HK & Macau, the Chinese Mainland and Taiwan was 78.6%, 78.0% and 69.2% respectively. These figures showed a satisfactory increase compared with 2009.

Fund Raising Event

In January 2011, a substantial shareholder of the Company placed 100 million shares of the Company at a price of HK$7.50 per share and subscribed for the same number of shares at the same price from the Company. Net proceeds from the placement will be used for general working capital and funding future business development and acquisitions.

Operations Review

Same-store sales growth and new store openings were the key drivers to the Group's success in 2010, and business remained on track for the year. As regional economies recovered from the financial crisis of late 2008 and the first half of 2009, the Group continued its strategy of retail network expansion and brand building, capitalising on the growing market for luxury goods in the Greater China region.

The Group's ability to meet its projections and stay on course for further growth proved that the rise in luxury goods consumption is real and sustainable; the Group is able to benefit from the macro-trend that sees rising wealth across the Chinese Mainland and a shift of affluence to smaller cities. Furthermore, rising interest rates and a clampdown on property prices have so far not affected the Group's business. Consumption has proved to be sustainable, and rather than seeing a slowdown in growth over the second half of the year, the Group saw a continued and sustainable growth rate.

The Group derives approximately 56.9% of its revenue in Renminbi; thus it has been able to benefit from the favourable exchange movement as the Renminbi appreciates against the Hong Kong dollar.

Store Network Expansion

The Group opened 105 new stores in 2010 and closed 49, a 15.8% net increase. In the Chinese Mainland, the Group opened a total of 97 new stores. While the Group continued to open stores in first-tier cities, the focus in 2010 continued to be on expanding further into second- and third-tier cities as it believes that these offer much more growth potential in terms of opening stores and return on profit.

The Group also opened five new stores in HK & Macau. As at 31 December 2010, the Group operated a total of 410 stores, of which 329 were located in the Chinese Mainland, 41 in HK & Macau, 39 in Taiwan, and 1 in the United Kingdom. The Group also operated a total of 41 stores in Southeast Asia and South Korea under joint venture agreements with Salvatore Ferragamo.

To bolster its expanding retail network, the Group made substantial moves in 2010, significantly increasing marketing and promotional activities and strengthening key management positions. Together with sustained efforts in brand building, which have seen the image of its brands rising steadily, the Group also focused on its customers – drawing new customers, increasing the purchases of existing customers, and striving to provide excellent customer services.

In 2010, the Group also worked to increase the size of its collections, adding new product lines and extending existing ranges, particularly in casual wear, which is a fast-growing category around the globe. With more products in its stores, the Group is able to offer a much wider choice to its customers.

New Store Designs

Across all six of the Group's brands: Kent & Curwen, Cerruti 1881, Gieves & Hawkes, D'URBAN, Altea and Intermezzo, the Group is gradually increasing the size of stores, which mostly range from 100-150 square metres. In the past year, expansion of retail space outpaced the rate of new store openings.

In 2010, Kent & Curwen launched a completely new store concept, which has already proved to be very successful and is being rolled out to all of existing Kent & Curwen stores. The new concept will be the hallmark of all new Kent & Curwen stores.

In addition, the Group commits to look at new retail concepts and updated looks for all of its brands.

Marketing and Promotion

In 2009, the Group spent approximately 2.5% of its overall revenue on marketing and promotion. For 2010, that figure increased to 3.4%. The Group spread its advertising and marketing budget and efforts across all six brands under the Trinity umbrella.

The Group's leading brands were also each promoted through two major events or campaigns during the year. Kent & Curwen introduced its new brand ambassador, international artist Aaron Kwok, and also continued its sponsorship of the Centenary Sprint Cup, which was held during the 2010 horseracing season in Hong Kong. Cerruti 1881 celebrated the opening of its 100th store in Greater China with a personal appearance by the fashion house founder, Nino Cerruti, in Shanghai. The brand also collaborated with Sotheby's for the autumn auction of "Modern Masters" artworks.

Other highlights of the 2010 marketing calendar: Gieves & Hawkes launched its new light-box advertising campaign and also participated in the Sotheby's auction of James Bond's 1964 Aston Martin DB5; D'URBAN welcomed its brand ambassador, actor Yutaka Takenouchi, to its Harbour City store, drawing hundreds of fans and members of the press.

Acquisition

This year, the Group announced its first post-IPO acquisition – the purchase of Cerruti Group for a total cash consideration of no more than Euro 53 million (or HK$539 million). Cerruti Group owns various Cerruti trademarks and operates mainly in Europe and Japan through various licensing and distribution arrangements globally. The brand also has a flagship store in France at 3, Place de la Madeleine, Paris. The acquisition was completed in March 2011.

This makes Cerruti 1881, after Kent & Curwen, the second self-owned brand under the Trinity umbrella. The Group marked the opening of the 100th Cerruti 1881 store during the year and operated 103 Cerruti 1881 stores in Greater China as at 31 December 2010.

Customer Relations

Through its point-of-sale system, surveys and studies, the Group continues to track customer behaviour, preferences and thinking to better understand how its brands and stores can serve their needs. In 2010, the Group increased its direct marketing campaigns and held numerous promotional events to which its key customers were invited.

The Group also continued its extensive and continuous training programme for its retail staff. Taking a two-pronged approach, the Group trains its store employees to enable them to anticipate customers' needs and provide excellence customer services. Hand in hand with this, the Group also offers continuous product training, so that its staff can differentiate between fabrics, take measurements, and effectively sell and explain new products to customers. In a fast-growing industry, such efforts are necessary and are ultimately rewarded with customer satisfaction and increased sales.

Sourcing

While the Group's sourcing system remains an effective, centralised process, the Group anticipates that it will further improve with the addition of Mr Danny Lau Sai Wing to the management team. As announced in December 2010, Mr Lau joined the Company as its Executive Director and the Group's Chief Operating Officer on 1 January 2011. In his new role, Mr Lau is responsible for the supply chain management of the Group and the operations of the Kent & Curwen brand. Previously, Mr Lau was an executive director of Li & Fung (Trading) Limited, and he brings his expertise in sourcing and business stream management to the Group.

Human Resources

As at 31 December 2010, the Group had a total workforce of 3,170, of whom 864 were based in HK & Macau, 2,292 in the Chinese Mainland and Taiwan, and 14 in other countries. The Group's total staff costs for 2010 were HK$455.3 million, compared with HK$370.1 million for 2009.

The Group maintains a firm belief that its continued success depends on the contribution of each and every individual in the organisation. It therefore offers its staff competitive remuneration schemes and a safe and comfortable workplace. Performance- and results-based bonuses and share options are granted as a means to reward and retain a high-calibre team.

The Group instituted comprehensive staff training and development opportunities at every level of its operations. In the first half of 2010, two staff development programmes were launched to foster on-going personal, leadership and management development. The Group also further developed its framework for retail training across Greater China, with a learning and development process for all staff, and a Train the Trainers programme in the Chinese Mainland.

The Group also participated in two learning and development programmes organised by the Li & Fung group - The Building Skills for Growth Design Support Programme and the Programme for Management Development.

In addition, a number of senior executives participated in the Li & Fung Leadership Programme which was jointly organised by the Massachusetts Institute of Technology, The University of Hong Kong and the Li & Fung group. The tailor-made programme focuses on creating a customer-centric culture across the Group, achieving synergies across all businesses, and recognising potential growth.

Corporate Social Responsibility and Sustainability Initiatives

The Group takes its role as corporate citizen very seriously and has institutionalised sustainability efforts through community outreach, events supporting the environment, and personal-improvement activities for employees. Environmental protection and awareness measures consist of evaluating and reducing the Group's carbon footprint, analysing energy efficiencies, and promoting the recycling, re-usage and conservation of water, paper and other materials.

Events in 2010 included tree planting with Friends of the Earth, Hong Kong No Air-Con Night with Green Sense, and a cleanup of Mai Po with WWF. Charitable efforts and community outreach included contributions for the victims of the Haiti and Qinghai earthquakes, participation in Pink Day to raise awareness of breast cancer, and blood donations to the Red Cross. Charitable contributions are matched, dollar for dollar, by the Li & Fung (1906) Foundation.

Looking Ahead

Brand building is the core of the Group's business and this remains a high priority in the near and long term. This will be achieved by further improving collections and their quality, enhancing brand awareness, and educating customers.

At the retail level, the Group will continue to excel in customer service, to find good store locations, and to expand to more cities in the Chinese Mainland to make product more readily available. The Group believes this market is growing because Chinese men are upgrading to finer menswear, both as a necessity of life and as a reward for success. To that end, it is important the Group continues to work toward adding new customers and securing its existing customers through excellent products and service.

The Group is already in 50 cities in the Chinese Mainland, making it a nation-wide company, and will add more locations as warranted in high-end department stores and shopping malls. The Group will continue to focus on menswear, the Chinese Mainland market, and European or foreign imported labels. This strategy is unchanged.

The Group is always on the lookout for new brands to add to the Trinity family, specifically high-end menswear brands with a good China application. The Group will continue to look for appropriate brands to add either as a full acquisition, through licensing, or other long-term agreements. The Group intends to fund any acquisition in the coming year with proceeds from the Company's placement of shares in January 2011 and the Group's internal resources.

CORPORATE GOVERNANCE

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

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

The Board has established the following committees (all chaired by Independent Non-executive Director or Non-executive Director) on 1 January 2009 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 comprised a majority of Independent Non-executive Directors during the year.

Full details on the Company's corporate governance practices are set out in the Company's 2010 Annual Report.

AUDIT COMMITTEE

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

The Audit Committee met four times in 2010 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD") and external auditor the Group's significant internal controls, risk management, and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The CGD, under the supervision of the Group Chief Compliance Officer, is responsible for performing the internal audits of the Group. In 2010, 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 reviewed the annual results for the year ended 31 December 2010.

INTERNAL CONTROL AND RISK MANAGEMENT

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

Based on the assessments made by the management, CGD and the external auditor for 2010, the Audit Committee is satisfied that:

− the internal controls and accounting systems of the Group are in place and functioning effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation, and the financial statements are not materially misstated and are reliable for publication;

− there are ongoing processes in place for identifying, evaluating, and managing the significant risks faced by the Group; and

− the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting function are adequate.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to be in possession of unpublished 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 2010. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2010.

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 2010.

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

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

FINAL DIVIDEND

The Board recommended to pay to the shareholders of the Company a final dividend of 10.0 HK cents (2009: 7.0 HK cents) per share for the year ended 31 December 2010. Together with the interim dividend of 5.0 HK cents (2009: nil) per share, the total dividends for the year ended 31 December 2010 amount to 15.0 HK cents (2009: 7.0 HK cents) per share.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 30 May 2011 to 1 June 2011 (both days inclusive). 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 27 May 2011. Dividend warrants are expected to be despatched to the shareholders of the Company on 2 June 2011.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 1 June 2011. 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 2010 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 2011.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 23 March 2011

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

** For identification purposes only*