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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 2011**

Highlights	2011	2010	%
			change
Revenue (<i>HK\$ million</i>)	<u>2,607</u>	<u>2,011</u>	29.6%
Gross profit (<i>HK\$ million</i>)	<u>2,104</u>	1,552	35.6%
Gross profit (%)	<u>80.7%</u>	<u>77.2%</u>	
Operating profit (<i>HK\$ million</i>)	<u>614</u>	430	42.8%
Operating profit (%)	<u>23.5%</u>	<u>21.4%</u>	
Profit attributable to shareholders (<i>HK\$ million</i>)	<u>513</u>	341	50.5%
Profit attributable to shareholders (%)	<u>19.7%</u>	<u>16.9%</u>	
Current ratio ¹	<u>1.5</u>	1.6	
Trade payable turnover days ²	<u>80</u>	60	
Trade receivable turnover days ³	<u>31</u>	35	
Inventory turnover days ⁴	<u>372</u>	320	
Return on equity (%) ⁵	<u>18.6%</u>	16.0%	
Net debt to equity ratio (%) ⁶	<u>N/A</u>	2.9%	
Basic earnings per share (<i>HK cents</i>) ⁷	<u>30.3</u>	<u>21.6</u>	
Dividend per share (<i>HK cents</i>)			
- Final	<u>15.0</u>	10.0	
- Full Year	<u>23.0</u>	15.0	

Key ratios:

1. *Current ratio = Current assets / current liabilities*
2. *Trade payable turnover days = Average of opening and closing balances on trade payables / cost of sales for the year x number of days for the year*
3. *Trade receivable turnover days = Average of opening and closing balances on trade receivables / revenue for the year x number of days for the year*
4. *Inventory turnover days = Average of opening and closing balances on inventory / cost of sales for the year x number of days for the year*
5. *Return on equity = Profit attributable to shareholders / average shareholders' equity x 100%*
6. *Net debt to equity ratio = Net debt / total equity x 100% whereas net debt = interest bearing bank borrowings less cash and cash equivalents; N/A means the Group was at net cash position*
7. *Basic earnings per share = Profit attributable to shareholders / weighted average number of ordinary shares*

The board of directors (the “Board”) of Trinity Limited (the “Company”) is pleased to announce the audited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2011 and the audited consolidated balance sheet of the Group as at 31 December 2011 together with the comparative figures in 2010. 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 2011

	Note	2011 HK\$'000	2010 HK\$'000
Revenue	2	2,607,281	2,011,380
Cost of sales		(503,754)	(459,585)
Gross profit		2,103,527	1,551,795
Other income	4	59,766	57,957
Selling and marketing expenses		(1,093,660)	(823,722)
Administrative expenses		(460,509)	(377,925)
Other gains – net	5	4,396	21,535
Operating profit	3	613,520	429,640
Finance income		5,218	1,201
Finance costs		(4,036)	(5,927)
Finance income / (costs) – net	6	1,182	(4,726)
Share of profit of jointly controlled entities		62,275	35,971
Profit before income tax		676,977	460,885
Income tax expenses	7	(163,887)	(120,036)
Profit for the year attributable to shareholders of the Company		513,090	340,849
Basic earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	8	30.3 cents	21.6 cents
Diluted earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	8	29.5 cents	21.0 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 HK\$'000	2010 HK\$'000
Profit for the year	513,090	340,849
Other comprehensive income		
Currency translation differences	<u>5,732</u>	<u>25,556</u>
Total comprehensive income for the year	<u>518,822</u>	<u>366,405</u>
Total comprehensive income attributable to:		
- Shareholders of the Company	<u>518,822</u>	<u>366,405</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	2011 HK\$'000	2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		311,806	181,628
Intangible assets		2,312,248	1,629,072
Investments in jointly controlled entities		229,045	210,982
Deposit and prepayments		45,695	36,724
Deferred income tax assets		94,009	60,103
		<u>2,992,803</u>	<u>2,118,509</u>
Current assets			
Inventories		605,036	420,800
Trade receivables	10	233,326	214,929
Deposit and prepayments		63,554	199,038
Amounts due from related parties		1,153	1,073
Cash and cash equivalents		790,370	514,799
		<u>1,693,439</u>	<u>1,350,639</u>
Total assets		<u><u>4,686,242</u></u>	<u><u>3,469,148</u></u>
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		170,839	158,889
Share premium		2,302,656	1,540,961
Reserves		782,000	551,038
Total equity		<u><u>3,255,495</u></u>	<u><u>2,250,888</u></u>
LIABILITIES			
Non-current liabilities			
Provision for long service payments		9,378	6,082
Retirement benefit obligations		13,415	13,663
Other payables and accruals		31,648	37,048
Deferred income tax liabilities		230,693	93,228
Borrowings		-	220,000
		<u>285,134</u>	<u>370,021</u>
Current liabilities			
Trade payables	11	123,759	95,928
Other payables and accruals		529,615	334,798
Amounts due to related parties		13,674	7,580
Current income tax liabilities		98,565	49,933
Borrowings		380,000	360,000
		<u>1,145,613</u>	<u>848,239</u>
Total liabilities		<u><u>1,430,747</u></u>	<u><u>1,218,260</u></u>
Total equity and liabilities		<u><u>4,686,242</u></u>	<u><u>3,469,148</u></u>
Net current assets		<u><u>547,826</u></u>	<u><u>502,400</u></u>
Total assets less current liabilities		<u><u>3,540,629</u></u>	<u><u>2,620,909</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	<u>Attributable to shareholders of the Company</u>				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Other reserves HK\$'000	
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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	340,849	25,556	366,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	1,464	25,960	(180,366)	21,381	(131,561)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2010	158,889	1,540,961	731,262	(180,224)	2,250,888
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Balance at 1 January 2011	158,889	1,540,961	731,262	(180,224)	2,250,888
Comprehensive income					
Exchange differences	-	-	-	5,732	5,732
Profit for the year	-	-	513,090	-	513,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	-	513,090	5,732	518,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners					
Issue of shares pursuant to a placement	10,000	726,554	-	-	736,554
Employee share option schemes					
- value of employee services	-	-	-	17,587	17,587
- exercise of share options	1,950	35,141	-	-	37,091
- transfer to retained earnings	-	-	11,583	(11,583)	-
Dividends paid	-	-	(305,447)	-	(305,447)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total transactions with owners	11,950	761,695	(293,864)	6,004	485,785
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2011	170,839	2,302,656	950,488	(168,488)	3,255,495
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Notes:

1. Basis of preparation and accounting policies

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

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

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

(a) Adoption of new/revised standards, amendments and interpretations to existing standards effective in 2011

The Group has adopted the following new/revised standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2011 and relevant to the Group:

HKAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
Annual Improvements Project	Improvements to HKFRSs 2010

The adoption of such new/revised standards, amendments and interpretations 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, amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

The following new standards, amendments and interpretations to existing standards are mandatory for accounting periods beginning on or after 1 January 2011 but currently not relevant to the Group:

HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

1. Basis of preparation and accounting policies (Continued)

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

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

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
HKAS 19 (2011)	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
HKAS 27 (2011)	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKAS 28 (2011)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011)
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2013)
HKFRS 10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 12	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
HKFRS 13	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
HK(IFRIC) – Int 20	Stripping costs in the Production Phase of a Surface Mine

In addition, HKICPA has also issued a number of amendments to existing standards under its annual improvement project in May 2011. All these amendments are effective in the financial year of 2011 or years after 2011 and these amendments are not expected to have a significant impact on the results and financial position of the Group.

2. Segment information

The Group is principally engaged in the retail and wholesale of menswear under self-owned brands and licensed brands in the Greater China Region, retailing and licensing businesses in Europe, 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 both geographic and business lines perspectives. Geographically, management considers the performance of the retail businesses in the Chinese Mainland, Hong Kong and Macau ("HK & Macau"), Taiwan, Europe and Others. Management also assesses the performance of the individual business line, namely retail, wholesale and licensing. Management assesses the performance of operating segments based on a measure of segment profit before tax. Corporate employee benefit expenses and overhead, finance income/(costs) and other gains-net are not allocated to segments.

Segment asset consists only of inventories.

(a) Segment results

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

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

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

	HK & Macau		Chinese	Taiwan	Europe	Others	Total
	Retail	Wholesale	Mainland Retail	Retail	Retail	Retail	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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/(loss) before income tax	242,997	1,815	374,121	44,029	(3,963)	35,971	694,970
Segment profit/(loss) before income tax includes:							
Depreciation	(15,352)	(485)	(72,203)	(2,482)	(3,088)	-	(93,610)
Share of profit of jointly controlled entities	-	-	-	-	-	35,971	35,971
Segment asset	146,284	-	231,243	41,904	1,369	-	420,800

2. Segment information (Continued)

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

	2011	2010
	HK\$'000	HK\$'000
Segment profit before income tax for reportable segments	1,003,187	694,970
Add:		
Other income	59,766	57,957
Other gains – net	4,396	21,535
Finance income – net	1,182	-
Less:		
Finance costs – net	-	(4,726)
Employee benefit expenses	(248,301)	(227,085)
Rental expenses	(44,784)	(21,655)
Depreciation and amortisation	(28,892)	(7,694)
Corporate and other unallocated expenses	(69,577)	(52,417)
Total Group's profit before income tax	676,977	460,885

3. Operating profit

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

	2011	2010
	HK\$'000	HK\$'000
Cost of inventories recognised as expenses included in cost of sales	521,040	455,818
(Reversal of)/additional provision for impairment of inventories	(17,286)	3,767
Depreciation of property, plant and equipment	135,132	93,183
Reversal of provision for impairment of property, plant and equipment	(10,128)	(3,391)
Amortisation of intangible assets	6,068	8,121
Loss on disposal of property, plant and equipment	4,784	6,626
Operating lease rental expense – minimum lease payment	216,575	191,831
Operating lease rental expense – contingent rents	327,706	233,973
Additional provision for impairment of trade receivables, net	367	1,869
Employee benefit expenses	565,918	455,317
Advertising and promotion expenses	138,908	67,956
Royalty expenses	23,636	28,064
Auditor's remuneration	5,149	6,870

4. Other income

	2011 HK\$'000	2010 HK\$'000
Subsidy income	13,911	17,710
Rental and license fee income	2,255	2,870
Management fee income	25,444	27,438
Claims received	3,344	3,169
Sales commission	2,268	1,713
Others	12,544	5,057
	<u>59,766</u>	<u>57,957</u>

5. Other gains – net

	2011 HK\$'000	2010 HK\$'000
Fair value loss on forward foreign exchange contracts	(7,128)	-
Net foreign exchange gains	11,524	21,535
	<u>4,396</u>	<u>21,535</u>

6. Finance income / (costs) – net

	2011 HK\$'000	2010 HK\$'000
Finance costs – Interest expenses on bank borrowings wholly repayable within five years	(4,036)	(5,927)
Finance income – Interest income on short-term bank deposits	5,218	1,201
	<u>1,182</u>	<u>(4,726)</u>

7. Income tax expenses

Hong Kong profits tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

	2011 HK\$'000	2010 HK\$'000
Current income tax		
- Hong Kong profits tax	54,660	24,307
- Overseas taxation	97,528	72,100
Deferred income tax	11,699	23,629
	<u>163,887</u>	<u>120,036</u>

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.

	2011	2010
Weighted average number of ordinary shares in issue	<u>1,695,093,000</u>	<u>1,576,316,000</u>
Profit attributable to shareholders of the Company (HK\$'000)	513,090	340,849
Basic earnings per share (HK cents per share)	<u>30.3 cents</u>	<u>21.6 cents</u>

(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.

	2011	2010
Weighted average number of ordinary shares in issue	1,695,093,000	1,576,316,000
Adjustment for share options	<u>45,280,000</u>	<u>48,642,000</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>1,740,373,000</u>	<u>1,624,958,000</u>
Profit attributable to shareholders of the Company (HK\$'000)	513,090	340,849
Diluted earnings per share (HK cents per share)	<u>29.5 cents</u>	<u>21.0 cents</u>

9. Dividends

	2011 HK\$'000	2010 HK\$'000
Interim dividend declared and paid of 8.0 HK cents (2010: 5.0 HK cents) per ordinary share	135,840	78,713
Final dividend proposed of 15.0 HK cents (2010: 10.0 HK cents) per ordinary share based on issued share capital as at the balance sheet date	<u>256,259</u>	<u>158,889</u>
	<u>392,099</u>	<u>237,602</u>

9. Dividends (Continued)

At a meeting held on 13 March 2012, the Directors recommended a final dividend of 15.0 HK cents per share. The proposed dividend is not reflected as dividend payable in these consolidated financial statements as at 31 December 2011, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2012. Dividends paid by the Company to its shareholders during the year of HK\$305,447,000 (2010: HK\$188,911,000) related to the final dividend for prior year of HK\$169,607,000 (2010: HK\$110,198,000) and the interim dividend for 2011 financial year of HK\$135,840,000 (2010: HK\$78,713,000).

10. Trade receivables

	2011 HK\$'000	2010 HK\$'000
Trade receivables	242,271	217,321
Less: provision for impairment of receivables	(8,945)	(2,392)
Trade receivables – net	<u>233,326</u>	<u>214,929</u>

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

	2011 HK\$'000	2010 HK\$'000
1 - 30 days	180,790	181,406
31 - 60 days	46,505	32,825
61 - 90 days	1,122	1,152
Over 90 days	13,854	1,938
	<u>242,271</u>	<u>217,321</u>

11. Trade payables

	2011 HK\$'000	2010 HK\$'000
Trade payables	<u>123,759</u>	<u>95,928</u>

As at 31 December 2010 and 2011, the carrying amounts of the Group's trade payables approximated their fair values.

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

	2011 HK\$'000	2010 HK\$'000
1 - 30 days	75,017	39,945
31 - 60 days	14,102	20,405
61 - 90 days	12,677	12,579
Over 90 days	21,963	22,999
	<u>123,759</u>	<u>95,928</u>

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

In 2011, the Group continued to see strong revenue growth fuelled by an increasing number of affluent Chinese consumers. Same-store sales grew strongly and were a key success driver for the year. Also contributing to the year's revenue increase was licensing income, generated by the Cerruti Group which was acquired by the Group in March 2011.

Despite the Chinese Mainland's slower economic growth rate in the fourth quarter, the Group's second-half growth rate came close to that of the first half. The Group's overall growth rate was sustainable. For 2011, profit attributable to shareholders increased from HK\$340.8 million to HK\$513.1 million.

Revenue

Revenue increased by 29.6% to HK\$2,607.3 million, primarily due to strong retail sales growth of 24.8% in Greater China. Increase in retail sales in Greater China was driven mainly by same-store sales growth of 19.5%. The licensing income from Cerruti Group accounted for 3.1% of the Group's revenue.

Gross Profit

Gross profit margin increased by 3.5 percentage points to 80.7%, driven by effective brand building and merchandising.

Selling and Marketing Expenses

Selling and marketing expenses, expressed as a percentage of revenue, increased slightly from 41.0% to 41.9% year on year. The increase was mainly attributable to advertising and promotion expenses, which grew from 3.4% of revenue in 2010 to 5.3% in 2011.

Administrative Expenses

Administrative expenses expressed as a percentage of revenue declined from 18.8% to 17.7% year on year, mainly due to operating leverage.

Operating Profit

The full-year operating margin increased from 21.4% to 23.5% year on year mainly due to the improvement in gross profit margin.

Share of Profit of Jointly Controlled Entities

The Group's share of profit of jointly controlled entities increased by 73.1% to HK\$62.3 million. This was largely driven by strong sales performance, primarily in South Korea and Singapore, which accounted for 90.3% of the increase.

Effective Tax Rate

The effective tax rate of the Group decreased from 26.0% in 2010 to 24.2% in 2011. The improvement was mainly attributable to a shift in geographical mix to a lower tax rate jurisdiction.

Profit Attributable to Shareholders

Profit attributable to shareholders increased by 50.5% to HK\$513.1 million and as a percentage to revenue increased to 19.7% in 2011 compared with 16.9% achieved in 2010. Basic earnings per share of the Group improved to 30.3 HK cents in 2011 from 21.6 HK cents in 2010.

Working Capital Management

The working capital of the Group rose as a result of an increase in inventory level. Inventory turnover days grew from 320 days in 2010 to 372 days in 2011 due to the build-up of inventories for the 2011 fall/winter and 2012 spring/summer seasons because of an earlier-than-usual Chinese New Year in comparison with the year before.

The Group's trade payable turnover days increased from 60 days in 2010 to 80 days in 2011 mainly due to an extension of credit term.

Financial Position and Liquidity

The Group generated net cash from operating activities of HK\$452.1 million. After net repayment of HK\$200.0 million bank loans during the year ended 31 December 2011, the net debt position was turned to net cash of HK\$410.4 million.

Credit Risk Management

While trade receivables from department stores continue to pose a credit risk, the Group is now exposed to risks arising from receivables owed by licensees following the acquisition of Cerruti Group during the year. The Group established procedures to evaluate and monitor the credit risk of department stores and licensees in order to control its exposure in this area. The Group's trade receivable turnover days improved from 35 days in 2010 to 31 days in 2011. At the end of December 2011, the Group's debtors ageing analysis showed that the percentage of debtors over three months old was 5.7% of total trade receivables. The Group's cash and cash equivalents were deposited with major international banks.

Foreign Exchange Management

The Group purchases a substantial part of its production 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 in 2011.

Banking Facilities

The Group has secured adequate bank lines of approximately HK\$1,044.9 million for operational contingencies. A total of HK\$380.0 million revolving loans were obtained, and HK\$35.0 million was utilised for trade financing at year end. The undrawn facilities at year end amounted to HK\$629.9 million.

Use of Proceeds from Initial Public Offering

As at 31 December 2011, a balance of HK\$31.5 million in Initial Public Offering proceeds for retail network expansion remained unutilised.

Geographical Analysis for Retail and Licensing Businesses

Greater China retail contributed 95.8% of the Group's total revenue in 2011, with growth in Hong Kong & Macau, the Chinese Mainland, and Taiwan at 21.6%, 28.0%, and 16.3% respectively. Same-store sales growth continued to be the key driver to growth in the region. In Europe, retail and licensing income contributed 4.0% of the Group's revenue as a result of the acquisition of the Cerruti Group in March.

Gross Profit Margin

Greater China retail recorded increases in gross margin in 2011 with the Chinese Mainland margin improved to 80.7%, Hong Kong & Macau to 81.0%, and Taiwan to 75.3%. The improvement in margin reflected strong demand for the Group's products in these markets. In Europe, where the business comprises retail and licensing operations, the margin was 90.6% as the majority of its revenue are contributed from its licensing operation.

Share Placement

In January 2011, the Company raised net proceeds of approximately HK\$736.6 million through a placement of 100,000,000 shares at a price of HK\$7.50 per share. The Group intends to use the net proceeds from the placement as general working capital and for funding future business development and acquisitions from time to time.

Operations Review

Business remained on track for the year. Same-store sales growth, increased gross margins, and cost efficiency were the key drivers to the Group's success in 2011. The resilience of the high-end to luxury sectors in the Chinese Mainland market meant that the Group saw sustainable growth, reflecting the strengths of the Group's strategy, management and brands.

The Group's strong brands, distribution network and efficient supply chain continued to be the force behind the Group's expansion in the Chinese Mainland, which remains a very attractive market. The continuous influx of shopping malls, department stores, and international brands into the Chinese Mainland underscores that market's on-going development and the soundness of the Group's long-term strategy.

The Group derives 56.2% of its revenue in Renminbi and continued to benefit from favourable exchange rates as the Renminbi appreciated against the Hong Kong dollar.

Store Network Expansion

The Group opened 101 new stores in 2011 and closed 51, a 12.2% net increase. In the Chinese Mainland, the Group opened a total of 92 new stores. While the Group continued to open stores in first-tier cities, the focus in 2011 continued to be on expanding further into lower-tier cities as it believes these offer much more growth potential in terms of opening stores and return on investment.

The Group continued to build brand equity through upgrading and expanding existing stores and rolling out new store concepts across Greater China. In the Chinese Mainland, the Group continued its strategy of expansion into lower-tier cities, with a focus on acquiring the best retail locations, establishing each brand across the country, and increasing market share. As at 31 December 2011, the Group operated a total of 460 stores, of which 374 were located in the Chinese Mainland, 41 in Hong Kong & Macau, 43 in Taiwan, 1 in the United Kingdom and 1 in France. The Group also operated a total of 43 stores in South Korea and Southeast Asia under joint ventures with Salvatore Ferragamo.

New Store Designs

The Group continued its rollout of a new store concept for Kent & Curwen since its first launch in 2010. To date, the new concept has been integrated in more than half of all Kent & Curwen stores with very positive results, including increased sales, higher traffic, and longer customer visits.

In September 2011, the Group launched a new store concept for Gieves & Hawkes at its IFC location in Hong Kong. The concept, based on the brand's flagship store at Number 1 Savile Row, London, is based on "salons", which are spaces dedicated to formal wear, casual wear, and accessories. Each salon features iconic British wallpaper, fixtures, and décor. This well-received concept will continue to be rolled-out to all Gieves & Hawkes stores during 2012.

In addition, the Group launched successful new store designs for Intermezzo and D'URBAN during 2011, and began testing a new retail concept for Cerruti that will be rolled out in the second half of 2012.

Marketing and Promotion

The Group increased its advertising and promotion budget to nearly 5.3% of its overall revenue in 2011 and the Group's overall marketing strategy continues to be centred on brand building. Notably, 2011 saw further strengthening and development of teams dedicated to each of the Group's four biggest brands: Kent & Curwen, Cerruti, Gieves & Hawkes and D'URBAN. With the direction of each brand's management team, major improvements were made in the creation of advertising, media relations, public relations and communications, visual merchandising, and customer-relationship management. The Group began to analyse its website and implement best practices to improve it, with a target to re-launch a new company website in mid-2012.

As a result of these concentrated efforts, each brand significantly increased its local promotional activities in the Chinese Mainland, both through customer-centric events and by developing beneficial relationships with key retail landlords. The Group also focused on five major regions in the Chinese Mainland to increase brand awareness, as well as build traffic, product interest, improving the selling ceremony, and competitive benchmarks.

The Group further raised the profile of its brands by sponsoring major events throughout the year. For example, Kent & Curwen not only installed its first pop-up store at Hong Kong's premier shopping centre, The Landmark, but also continued its relationship with brand ambassador Mr Aaron Kwok by sponsoring his Ferrari Challenge as well as the singer's "De Showy Masquerade World Tour". The brand also held its annual "Kent & Curwen Centenary Sprint Cup", at the Shatin racecourse in Hong Kong. Gieves & Hawkes launched and rolled out its new store concept and had the honour of dressing Prince William, Duke of Cambridge, for his wedding to Ms Catherine Middleton, Duchess of Cambridge. The brand also hosted two-time Academy Award winner Mr Kevin Spacey as the guest of honour for two customer and press events in Hong Kong and Beijing.

The brands within the Group invested in media relations with successful Press Open House gatherings and media events held throughout the year. To facilitate even more media relations and editorial coverage, the Group established showrooms with seasonal press samples in three bases: Hong Kong, the Chinese Mainland and Taiwan.

Acquisition

In March 2011, the Group completed the acquisition of Cerruti Group. In keeping with the Group's eye to global expansion, Mrs Catherine Vautrin, an experienced veteran of Europe's luxury fashion business, was appointed as CEO of Cerruti Group. Cerruti Group achieved its initial financial objective of breakeven since it became part of Trinity.

Customer Relations

The Group has always put customer service at the forefront of its business model. The Group used data generated from point-of-sales systems, as well as surveys and market studies to gather information to build detailed customer profiles. In 2011, the Group markedly increased its Customer Service Management (CSM) activities, particularly those in digital format, such as SMS and electronic Direct Mailer (eDM) platforms. Further, the Customer Record System (CRS) introduced a centralised database for storing all regional data, with a user-friendly interface for frontline staff.

To optimise the Group's efforts in data collection and management, the Group continued its extensive training programme for its retail staff. The Group's store employees are trained to anticipate customers' needs, provide excellent customer service, and to gather as much detailed information as possible. The combination of CSM efforts in both the backend and at the retail level led to a significant increase in sales and data collected. For example, Kent & Curwen saw sales to its VIPs increase by 56.1% with approximately 4,000 new customer profiles, and Cerruti saw VIP sales increase 110.3% with approximately 4,000 new customer profiles. The Group also used mystery shoppers to measure customer service and retail staff training.

Sourcing

During the year, the Group further strengthened its supply chain management and the Group's sourcing business moved toward a more formal arrangement with clear leadership for the entire sourcing team and new support services. While maintaining vertical integration for each brand, the sourcing team was encouraged to apply up-to-date market practices and to emphasise cooperation across the board. Furthermore, new accountability measures were put into place to strengthen quality assurance and compliance; offshore quality control checks were established in Europe as the sourcing business continued to add vendors and product categories. To cope with the growth of the brands, the Group also saw increased efficiency at the assembly lines level and maintained high standards of quality while meeting delivery schedules during the year.

Human Resources

As of 31 December 2011, the Group had a total workforce of 3,687, of whom 973 were based in Hong Kong & Macau, 2,487 in the Chinese Mainland and 180 in Taiwan, and 47 in other countries. The Group's total staff costs for 2011 were HK\$565.9 million, compared with HK\$455.3 million for 2010.

The Group maintains a firm belief that its continued success depends on a contribution from 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.

In 2011, the Group continued to institute comprehensive staff training and development activities, such as four on-going staff-development programmes to help foster personal, leadership, and management development, which took place in Hong Kong and Shanghai.

The Group continued with its Total Service Management (TSM) training programmes comprising customer service, selling skills, product training (seasonal and regular), and people management and development training programmes. Train the Trainers was also continued to ensure that the programmes are rolled out to all store employees in all markets. An evaluation mechanism was also formalised to ensure effectiveness.

Corporate Social Responsibility and Sustainability Initiatives

The Group takes its role as corporate citizen very seriously and has organised sustainability efforts through community outreach, events supporting the environment, and training and development programmes for employees. Environmental protection and awareness measures consist of evaluating the Group's carbon footprint, analysing energy efficiencies, and promoting the recycling, re-usage, and conservation of water, paper, and other materials. For example, to ensure that carbon emissions are reduced, energy-efficient lighting has been used throughout the Group's new headquarters.

The Group's sustainability journey evolved from being Hong Kong-centric to include the Chinese Mainland and Taiwan in 2011. The Group continued many of its past activities as well as initiating new events and introducing programmes to staff in the Chinese Mainland, who enthusiastically took the initiative to organise their own events. Events included tree planting with Friends of the Earth, No Air-Con Night with Green Sense, and turning off non-essential lights during Earth Hour in Hong Kong & Macau (with 92% of staff across the region participating at home).

Charitable efforts and community outreach included contributions for the victims of the earthquakes in Japan and Turkey, as well as the Thailand flood; a donation to Red Cross disaster-relief efforts in Japan from a percentage of D'URBAN and Intermezzo sales; a donation to Chengdu SOS children's village; sponsoring children in Inner Mongolia; donating gifts to needy children at the Hong Kong Society for Protection of Children; restoration work on a Tai O Stilt House in Hong Kong; and participation in Pink Day to raise awareness of breast cancer. Most charitable contributions are matched, dollar for dollar, by the Li & Fung (1906) Foundation.

Chosen from 638 companies appraised, the Group is proud to be 1 of 68 constituent members of the Hang Seng Corporate Sustainability Benchmark Index that rates workplace practice, social impact, environmental impact, and corporate governance. The Group also became a member of the United Nation Global Compact (UNGC) through Li & Fung Group. Other notable achievements include the Red Award for Annual Big Donors of Red Cross humanitarian work, pledging and formally implementing a "No Shark Fin" policy in conjunction with WWF, and Second Runner-Up in Hong Kong for the highest number of participants in World Vision's Skip-A-Meal programme.

Looking Ahead

The Group's strategy of brand building and retail-network expansion proved successful in the past and continues to be the core priority for the future. The Group will continue to enter new cities and will expand its reach in existing cities at a maintainable pace. New retail store concepts will be tested and implemented, and the Group will continue to develop new products across all brands. Investment in marketing and promotions will continue with the objective of raising the international profile of the brands.

By employing best practices, the Group will continue to improve efficiency throughout its supply chain, with an eye to continual merchandising updates for its stores and production improvements in its assembly lines. At a macro level, by bringing on board experienced veterans of the global luxury retail industry, the Group will also look to expand the reach of its brands to markets outside of Greater China.

Overall, the Group's outlook remains cautiously optimistic, as its strategies have proven successful. While a slowdown in growth was noticed in the Greater China markets, the Group believes this will be short-term and that these markets will remain very attractive in the long term.

As announced in December 2011, the Group's exclusive distribution agreements with Salvatore Ferragamo for the sale of Ferragamo products in South Korea, Singapore, Malaysia, Thailand, and Indonesia will expire in December 2012. The sale of Ferragamo products in the above territories is managed by the Group's jointly controlled entities. The Group and Salvatore Ferragamo group are currently examining ways to continue their long-standing and mutually beneficial partnership.

Whether through full acquisition, licensing, or joint-venture agreements, the Group will also continue to look for new brands to add to the Trinity portfolio, with its focus remaining on high-end to luxury brands.

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) 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 Remuneration Committee (previously known as Compensation Committee). To further reinforce independence, all the committees comprise a majority of Independent Non-executive Directors.

Full details on the Company’s corporate governance practices are set out in the Company’s 2011 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 2011 (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 2011, 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 2011.

INTERNAL CONTROL AND RISK MANAGEMENT

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

Based on the assessments made by the management, CGD and also taking into the account the results of the work conducted by the external auditor for the purpose of their audit for 2011, 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 2011. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2011.

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 2011.

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

Except for the share placement as announced by the Company on 11 January 2011, 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 15.0 HK cents (2010: 10.0 HK cents) per share for the year ended 31 December 2011. Together with the interim dividend of 8.0 HK cents (2010: 5.0 HK cents) per share, the total dividends for the year ended 31 December 2011 amount to 23.0 HK cents (2010: 15.0 HK cents) per share.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company (“AGM”) will be held on 11 May 2012. Notice of the AGM will be sent to the shareholders of the Company in due course.

RECORD DATE AND BOOK CLOSURE

– For determining members' right to attend and vote at AGM

Record Date:	10 May 2012
Latest time to lodge transfer documents with Share Registrar ^(Note 1) :	4:30 pm, 10 May 2012

– For determining members' entitlement to the proposed final dividend

Book Closure Dates ^(Note 2) :	17 and 18 May 2012
Latest time to lodge transfer documents with Share Registrar ^(Note 1) :	4:30 pm, 16 May 2012
Expected despatch date of dividend warrants:	24 May 2012

Notes: 1. The Company's Hong Kong branch share registrar is Tricor Investor Services Limited, whose address is 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

2. No transfer of shares will be registered during the book closure dates

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.trinity-limited.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2011 Annual Report and the Notice of AGM will be despatched to the shareholders of the Company and available on the same websites on or about 3 April 2012.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 13 March 2012

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

* For identification purposes only