



## Contents

Corporate Information	1
Highlights	3
Chairman's Statement	4
Management Discussion and Analysis	6
Corporate Governance Report	12
Other Information	16
Information for Investors	20
Condensed Consolidated Financial Information	21

## Global Offices

**CHINESE MAINLAND**  
**BEIJING, CHENGDU,**  
**GUANGZHOU, SHANGHAI**  
**FRANCE PARIS**  
**HONG KONG, SAR**  
**SINGAPORE**  
**SOUTH KOREA SEOUL**  
**TAIWAN TAIPEI**  
**UNITED KINGDOM LONDON**



A Fung Retailing Company

### Trinity Limited

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Kowloon Bay, Kowloon, Hong Kong

T (852) 2342 1151

[www.trinity-limited.com](http://www.trinity-limited.com)



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GLOBAL  
BRANDS.

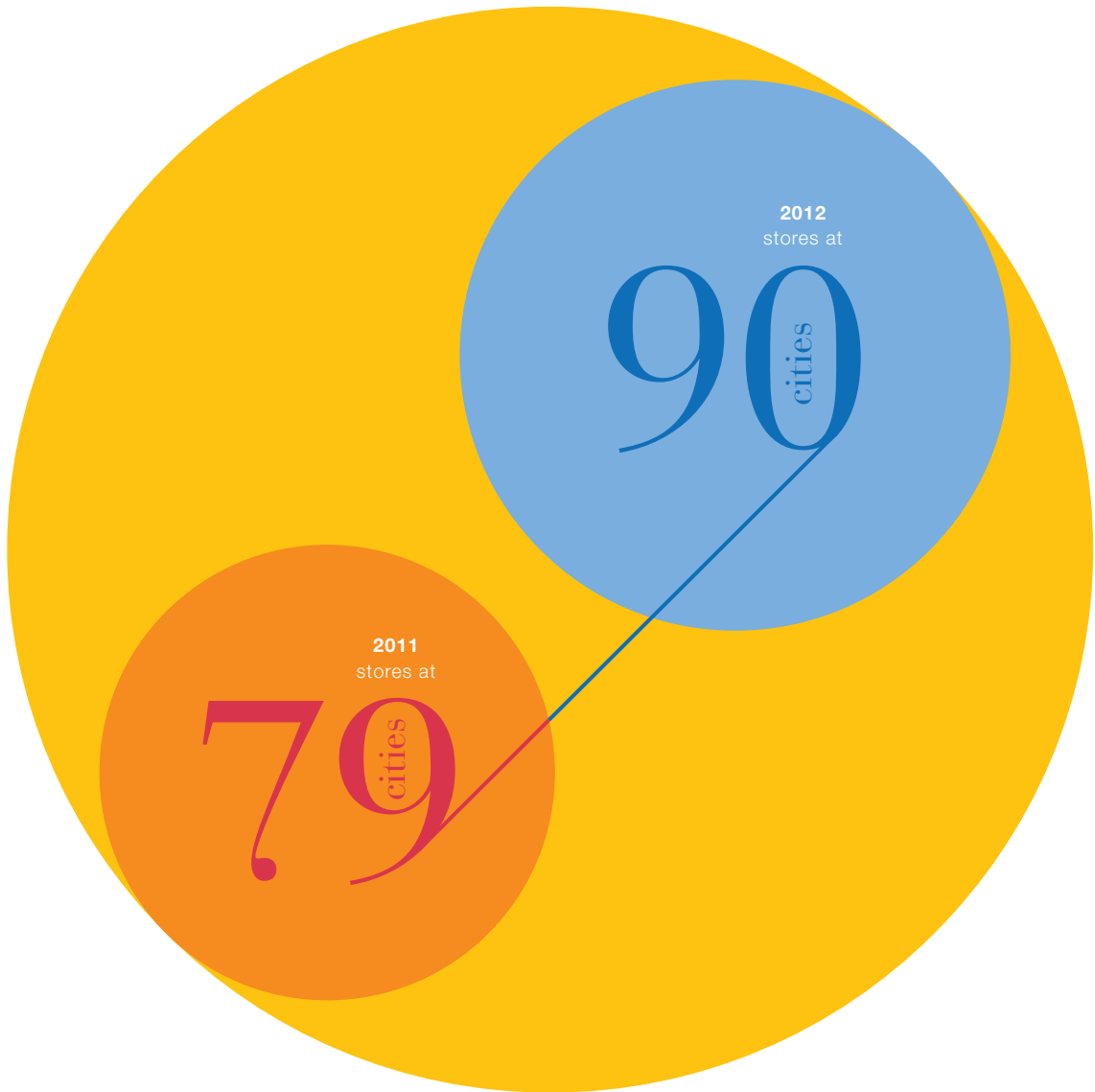
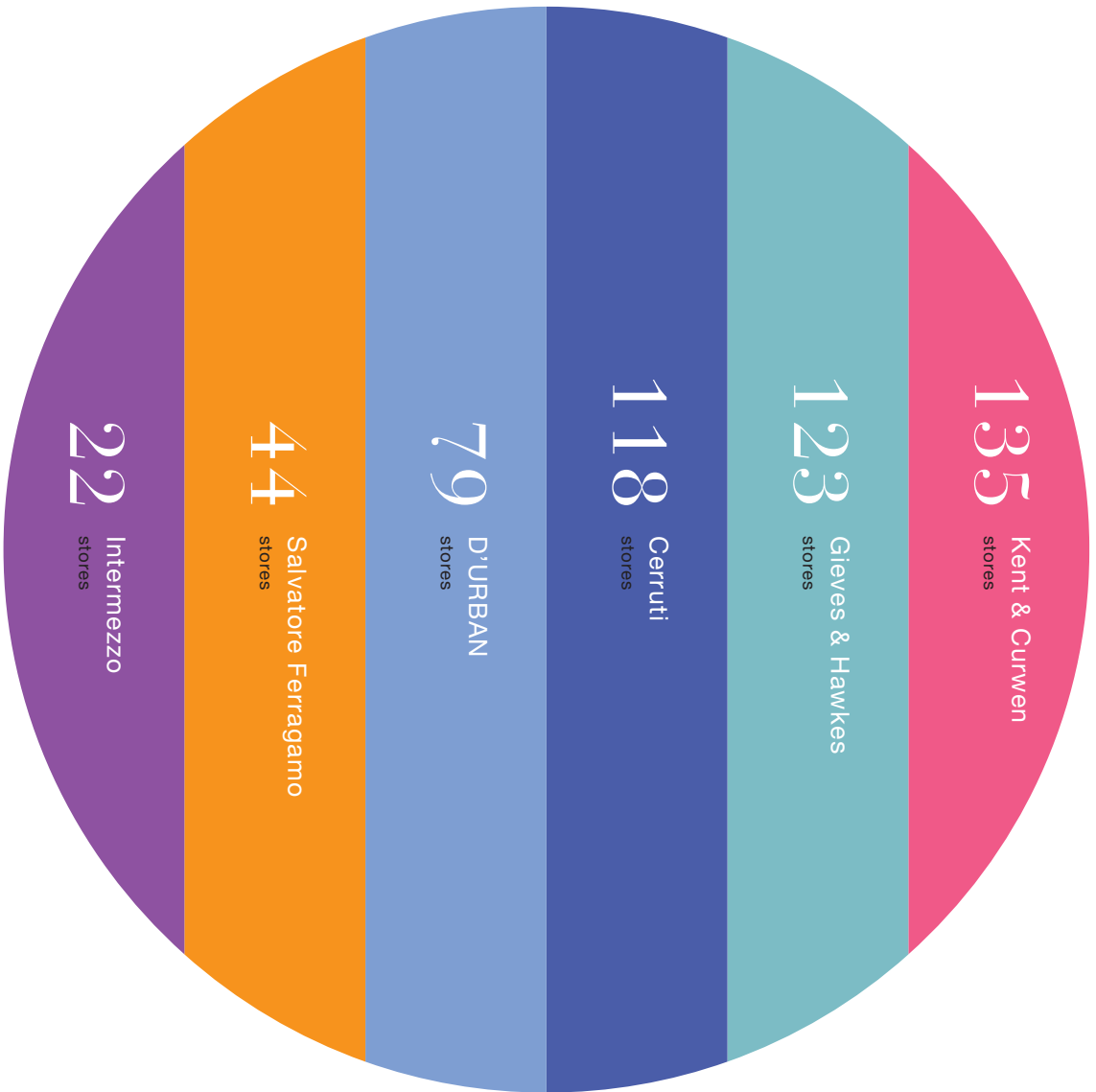
GLOBAL  
NETWORKS.



Our retail formula of format, size, adjacencies, and product mix enables us to distribute and promote our brands and stores with maximum efficiency and effectiveness.



With the strength of an established supply chain platform, the Group continues to expand its global network.



# corporate information



## **Executive Directors**

WONG Yat Ming  
*Group Managing Director*

Bruno LI Kwok Ho  
*Chief Financial Officer*

Danny LAU Sai Wing  
*Chief Operating Officer*

Sabrina FUNG Wing Yee

## **Non-executive Directors**

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

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

Jose Hosea CHENG Hor Yin

Jean-Marc LOUBIER

## **Independent Non-executive Directors**

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

Eva LI Kam Fun

Patrick SUN

## **Group Chief Compliance Officer**

Srinivasan PARTHASARATHY

## **Company Secretary**

Christiana YIU Yuen Wah

## **Registered Office**

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## **Head Office and Principal Place of Business**

30/F, OCTA Tower

8 Lam Chak Street

Kowloon Bay, Kowloon

Hong Kong

## **Website**

[www.trinity-limited.com](http://www.trinity-limited.com)

## **Principal Bankers**

The Hongkong and Shanghai Banking Corporation Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

Standard Chartered Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

Citibank, N.A.

## **Legal Adviser**

Mayer Brown JSM

## **Auditor**

PricewaterhouseCoopers

Certified Public Accountants

Revenue  
↑ 13.4%

---

Gross profit  
79.2%

---

Profit attributable to shareholders  
↑ 10.5%

---

Dividend per share  
8.0  
HK cents



# highlights



## Highlights of Results for the six months ended 30 June 2012

	2012	2011	% change
Revenue (HK\$ million)	1,367	1,206	13.4%
Gross profit (HK\$ million)	1,083	974	11.2%
Gross profit (%)	79.2%	80.8%	
Operating profit (HK\$ million)	304	298	1.8%
Operating profit (%)	22.2%	24.7%	
Profit attributable to shareholders (HK\$ million)	265	240	10.5%
Profit attributable to shareholders (%)	19.4%	19.9%	
Basic earnings per share (HK cents)	15.5	14.2	
Interim dividend per share (HK cents)	8.0	8.0	

## Store numbers as at 30 June 2012

### Kent & Curwen

135

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

### Gieves & Hawkes

123

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

### Cerruti

118

97 Chinese Mainland  
9 Hong Kong & Macau  
11 Taiwan  
1 Europe

### D'URBAN

79

62 Chinese Mainland  
7 Hong Kong & Macau  
10 Taiwan

### Intermezzo

22

18 Chinese Mainland  
2 Hong Kong  
2 Taiwan

### Altea

1

Hong Kong

### Salvatore Ferragamo joint ventures

44

South Korea & SE Asia

## Total for the Group

478

379 Chinese Mainland  
40 Hong Kong & Macau  
43 Taiwan  
16 Europe

## Total – the Group & joint ventures

522

379 Chinese Mainland  
40 Hong Kong & Macau  
43 Taiwan  
16 Europe  
44 South Korea & SE Asia



# chairman's statement



Against the background of a challenging macroeconomic environment and a soft luxury retail sector in 2012, I am pleased to report that Trinity Limited and its subsidiaries (the “Group”) performed well for the first six months of the year and the company is on track to meet its development goals in the medium and long term.

The Group has successfully evolved from a licensee to global luxury brand owner, a transformation that has been in the making for the past six years. The acquisition of Gieves & Hawkes in May 2012 gives the Group another fully-owned major luxury brand in its portfolio alongside Cerruti and Kent & Curwen, and the Group’s strategy to develop these as global brands will enhance its reputation and competitiveness in the international markets where it operates. The Group’s increasingly global portfolio, combined with its extensive store network covering major markets in Greater China and expansion plan in key European markets, gives it a strong platform for growth in the coming years.

Over the second half of this year, the Group will continue to face a difficult economic climate. However, one of the advantages of luxury goods is that they are typically more resilient to market downturn than some other retail sectors. We expect the Group to continue performing reasonably well in the face of these challenges.

## Business Overview

During the period under review, the Group saw increased revenue and profit in the face of a slowdown in the Chinese Mainland’s retail and luxury markets.

Revenue from the Chinese Mainland increased by 9.3%, accounting for 59.8% of the Group’s total revenue in Greater

China. Revenue from Hong Kong & Macau increased by 10.1%, while revenue in Taiwan decreased by 4.8%.

In the first six months of the year, gross margin across the Group marginally decreased, and profit attributable to shareholders increased by 10.5% to HK\$265 million compared to the same period in 2011.

## Review of the Retail Market in Greater China

There is no doubt that the Chinese Mainland economy has slowed, registering six straight quarters of weaker growth. Forecasts anticipate a relatively modest 7.5% expansion for 2012. This is partly due to the lingering effects of the slow global economy and the uncertainty resulting from the sovereign debt crisis in the Eurozone. Nevertheless, the retail market continued to report growth, driven by a burgeoning Chinese middle class with increasing disposable income as well as a rapid rate of urbanisation.

Looking ahead, while Chinese consumers may be less willing to spend at a time of economic uncertainty, spending by wealthy and aspiring executives who favour more exclusive brands is likely to continue. There are still opportunities for growth in the Chinese Mainland beyond the first-tier cities, where new wealth is being generated. In addition, the number of China’s wealthy continues to rise, underscored by the fact that the Group is well placed in the high-end to luxury menswear market to take advantage of Asia’s rising standards of lifestyle and living.

## Sustainability

As a member of the Fung Group, we are a proud participant in the United Nations Global Compact ("UNGC"), an invaluable platform for business, government and civil society to work together and find solutions for critical development issues in an increasingly complex world. The Group is committed to upholding the UNGC's key principles of human rights, labour, the environment and anti-corruption. The Group also participates in programmes and activities designed by the Fung Group's Sustainability Task Force.

As a result of these commitments, the Group has embarked upon a number of programmes and initiatives over the years to reduce its environmental footprint, build awareness among its staff of the importance of conservation, and incorporate the principles of sustainability throughout its business practices. The environment and UNGC guidelines will continue to be pillars of the Group's business operations, in all the communities around the world where it operates, and a key factor in its strategic development.

## Outlook

The Group anticipated a slowdown in its key markets and planned for a more steady performance overall for 2012. This has proven to be the case, and it is likely to last into the second half of the year as on-going uncertainty in the Eurozone and a tepid consumer market in the United States will continue to impact the economy, consumer sentiment and retail sales in Greater China.

Consumer confidence has been more restrained, impacting sales and causing higher inventories. On the other hand, companies recognise the potential of the Asian market, which is reflected in rising rents and keener competition

for prime retail sites. Improving product development process and response time to market and optimising underperforming stores are two of the initiatives being undertaken to continue driving business results in this somewhat slower economy.

The softer market will last perhaps until the end of the year, at which point it may be poised for a rebound. The Group has been preparing for this moment by continuing its store network expansion into cities of Chinese Mainland beyond the first-tier. This will be critical for leveraging the growing affluence of the Mainland Chinese consumers and the Group's further penetration into these untapped markets. In addition, the Group will be investing substantially in the marketing of its brands to convey international standards, and to build all-important brand equity that will help fuel further growth in Greater China and beyond. The acquisitions of Cerruti, Kent & Curwen and Gieves & Hawkes point to a new global direction for the Group, and our management is very excited about the Group's future prospects.

On behalf of the Board, I would like to thank once again our management and staff for their performance in delivering satisfactory results amid very difficult conditions and, more importantly, having the company positioned so well for future success. My hat goes off to all who contributed to our success, and I look forward to working together in the coming months and years.

**Victor FUNG Kwok King**

*Chairman*

Hong Kong, 22 August 2012

# management discussion and analysis



During the period under review, the Group performed satisfactorily under adverse conditions. The Group posted results that were relatively in line with its expectations given the challenges in the market, and it made significant progress in continuing to lay the foundation for future growth – both for the Group and for its portfolio of brands.

Difficult conditions are likely to remain for the second half of the year. While there are positive indications in the medium to long term for the Chinese Mainland luxury sector, softening same-store sales, rising staff costs and increased inventory led to more modest results for the first half of 2012.

The Chinese Mainland economy has shown resilience in the face of the global downturn despite a slower pace of growth. Its luxury sector, including menswear, is not always immune to economic challenges, but its long-term potential is strong given that disposable income – and hence spending power – will continue to rise. In the short term, we will remain vigilant on costs while continuing to invest in order to build a solid foundation for future growth when opportunities arising from a global economic turnaround present themselves. The Group is confident that it has the correct long-term business strategy and prospects to succeed.

## Summary of Financial Results

Revenue increased in the first half of 2012 by 13.4%, driven by moderated same-store sales growth and continued store expansion in Greater China as well as licensing income and retail revenue from Europe. Same-store sales for Hong Kong & Macau and the Chinese Mainland increased by 13.6% and 5.9% respectively, but Taiwan recorded a negative growth of 12.7%. Revenue from the Chinese Mainland contributed 59.8% of the Group's total revenue from Greater China. Revenue from Greater China grew by 8.4%, compared to the same period in 2011. After acquiring 100% interests in Gieves & Hawkes Group in May 2012, the Group now owns three global brands, Cerruti, Kent & Curwen and Gieves & Hawkes, which accounted for approximately 91.0% of the Group's revenue.

The Group acquired Gieves & Hawkes Group at an estimated aggregate consideration amounted to approximately HK\$719.9 million, including a paid initial consideration of GBP32.5 million (approximately HK\$402.3 million), and a contingent consideration of HK\$317.6 million payable over 18 years which is subject to a cap of HK\$ equivalent of GBP60.0 million (approximately HK\$753.3 million).

The Group's gross margin decreased by 1.6 percentage points in the first half of 2012 to 79.2%, compared to 80.8% in the first half of 2011. The decrease in margin reflected a cyclical slowdown in the market.

Selling and marketing expenses, expressed as a percentage of revenue, increased from 41.3% to 44.5% year on year. The increase was attributable to higher investment in brand building, advertising and promotion expenses which increased from 4.8% of revenue in the first half of 2011 to 6.1% in the first half of 2012. Higher store operating expenses, especially shop staff wage adjustment in the Chinese Mainland, were also a contributory factor.

Administrative expenses decreased from 17.8% to 15.3% of revenue year on year. This was mainly due to adjustment on staff related compensation. Operating profit increased slightly from HK\$298.3 million to HK\$303.6 million as a result of an increase in revenue, but this was partially offset by the impact of lower gross profit margin and an increase in operating expenses.

Share of profit contributed by jointly controlled entities increased by 5.8% to HK\$31.4 million as a result of a steady revenue growth.

Profit attributable to shareholders rose from HK\$240.1 million to HK\$265.3 million, an increase of 10.5%. The increase was primarily caused by a decrease in effective tax rate as a result of a higher profit mix in lower tax jurisdictions. The Group's earnings per share rose from 14.2 HK cents in the first half of 2011 to 15.5 HK cents in the first half of 2012.

### **Inventory Management**

The Group's inventory turnover days increased to 407 days, reflecting the impact of the market slowdown since last quarter of 2011 and more inventory to support continuous retail network expansion. Total inventory amounted to HK\$667.1 million, 87.0% of which represented prevailing two seasons and the remaining balance was mostly related to previous two seasons.

### **Financial Position and Liquidity**

During the first half of 2012, the Group generated net cash from operating activities of HK\$96.2 million. This was HK\$108.3 million lower compared to the same period in 2011 which was mainly due to an increase in working capital. The major movement of funds for the Group included the initial consideration of HK\$402.3 million paid for the acquisition of the Gieves & Hawkes Group, which together with a higher payment of taxes and dividend resulted in a net debt position of HK\$103.3 million as at 30 June 2012. Net debt to equity ratio was 3.2%, equal to net debt divided by total equity as at 30 June 2012.

The Group has secured banking facilities of HK\$1,368.5 million. As at 30 June 2012, HK\$645.8 million of the available banking facilities were unutilised.

### **Credit Risk Management**

While trade receivables from department stores continue to pose a credit risk, the Group is also exposed to risks arising from receivables owed by licensees from its European licensing business. The Group has established procedures to evaluate and monitor its credit risk in order to minimise its exposure.

Trade receivables turnover days improved from 31 days for the year ended 31 December 2011 to 25 days for the period ended 30 June 2012 as a result of tightened collection process and also the lower trade receivables balance as at 30 June 2012 compared to that as at 31 December 2011. The much higher trade receivables balance as at 31 December 2011 was attributable to the impact of sales seasonality and early Chinese New Year. Outstanding trade receivables over three months old marginally increased by HK\$1.9 million, and it was 10.4% of total trade receivables as at 30 June 2012 compared to 5.7% as at 31 December 2011.

All cash and cash equivalents were deposited with major international banks.

### **Treasury Management**

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

Interest rate risks are also evaluated on a regular basis to determine the need to hedge against adverse movements in the interest rate. Since volatility of interest rate was expected to be limited, no hedging activities were taken during the reporting period.

### **Use of Proceeds from Initial Public Offering**

As at 30 June 2012, a balance of HK\$23.4 million in Initial Public Offering proceeds for retail network expansion remained unutilised.

## **Geographical Analysis for the Retail and Licensing Businesses**

### **Revenue**

Retail revenue growth in the Chinese Mainland and Hong Kong & Macau were 9.3% and 9.6% respectively, while the retail market in Taiwan recorded negative growth of 4.8%. Cerruti's worldwide licensing businesses and retail operations in Paris contributed approximately HK\$64.9 million of revenue in the first half of 2012, compared to HK\$39.0 million in the second quarter of 2011 since its acquisition in April 2011. Revenue from Gieves & Hawkes Group in the United Kingdom in the first half of 2012 was approximately HK\$37.6 million since its acquisition in May 2012.

### **Gross Margin**

The Group recorded a slight decline in its retail gross margin in Greater China to 79.3% due to the weakened market environment. The retail gross margin for Hong Kong & Macau, the Chinese Mainland and Taiwan was 80.2%, 79.4% and 74.5% respectively. The retail and licensing gross margin for Europe were 58.4% and 100.0% respectively.

### **Building Brand Equity**

As the Group continues to develop its global portfolio of high-end to luxury menswear, creating brand equity is more important than ever in an increasingly competitive retail environment. The Group spent 6.1% of its revenue in the first half of 2012 on advertising and promotion, compared to 4.8% in the corresponding period of 2011.

One area where the Group has been active is digital marketing. The Group's new website was recently launched to provide an even more effective platform for its brands. The launch of the new website has portrayed a modern, dynamic and innovative Group, and the response has been unanimously positive.

The Group markets its key brands in a way that remains authentic to their heritages. However, it also ensures that they are differentiated effectively in the minds and hearts of consumers. For example, Kent & Curwen is positioned as a British heritage brand; Cerruti is the brand for those who appreciate contemporary Parisian elegance; and Gieves & Hawkes is the epitome of bespoke and formal Savile Row attire.

The sporting aspect of Kent & Curwen's legacy was emphasised in the 'Champions' advertising campaign for Spring/Summer. The brand sponsored and dressed the Hong Kong Olympic team, supporting it with an advertising campaign and exhibit at the luxury Pacific Place shopping mall, a premium destination in Hong Kong. Kent & Curwen was also the title sponsor for the 'Kent & Curwen Flannels for Heroes' charity cricket match for British war veterans, held at Burton Hall in the historic district of Chelsea, London. 'The Kent & Curwen Royal Charity Polo Cup', a prestigious charity polo competition, was held in July and was graced by London Society and HRH Prince Harry.

The appointment of Cerruti's new Artistic Director, Mr Aldo Maria Camillo, has created much anticipation and excitement in the international men's fashion arena. At the same time as Mr Camillo is working on his debut collection, which is scheduled for launch in January 2013 during Paris Men's Fashion Week, the Group is putting considerable marketing support behind this first collection.

The full acquisition of the famed Gieves & Hawkes of Savile Row in May 2012 expands the Group's presence in global high-end to luxury menswear brands. Part of the marketing efforts to promote Gieves & Hawkes involves the recent retainer of a public relations agency in London, whose remit is to focus on publicising the brand's legacy and quality to businessmen worldwide.

### Supply Chain Management

Over the past 18 months the Group has substantially strengthened its management capabilities in the critical areas of supply chain management and sourcing, with the primary aim of developing a faster response system, shortening lead time to market and displaying fresher products in stores. Currently retailers are overstocked, which is driving brands to hold sales earlier in the year than usual. The Group believes that a streamlined supply chain and improved lead time will help it counter the softer market of recent months.

### Corporate Social Responsibility

The Group and other members of the Fung Group participate in the United Nations Global Compact, which offers a framework for companies to commit to, and align their business operations with, 10 universal principles on labour, environment, human rights and anti-corruption. The Group is committed to upholding these principles and is serious about managing and reducing its environmental footprint, which led to the gradual establishment of a Group-wide environmental management system. This system is designed to raise awareness of – and drive participation in – environmental management activities, and it included the setting up of a carbon footprint reduction programme spanning the Group's various operations.

Principles of sustainability are embedded across the Group's operations as well. Most of the Group's stores participated in 'Earth Hour 2012', during which time they shut off all non-essential lighting in an effort to raise awareness of energy conservation. Also, the Group undertook extensive environmental planning and execution for its offices relocation in Hong Kong in June 2011, and its efforts were later rewarded with Leadership in Energy and Environmental Design ("LEED") certification in March 2012.

The Group supports the communities where it operates, and it encourages its staff to participate through volunteer activities. Over the first six months of 2012, our staff have contributed 500 hours of volunteer service to a number of activities. These include restoring a stilt house in Tai O in Hong Kong for Habitat for Humanity; joining Friends of the Earth for tree-planting efforts in Hong Kong, which was augmented by colleagues who volunteered from Guangzhou, Chengdu and Shanghai in the Chinese Mainland; participating in a clean-up day at the Mai Po Nature Reserve in Hong Kong; and supporting for the third time the 'Skip-A-Meal' programme organised by World Vision with participation from over 600 employees.

### Human Resources

Retention of talent is a cornerstone of our success, and the Group continued its leadership programmes in the first half of 2012 to help further develop the skills and careers of its people. One highlight was the on-going Leadership Programme, held in partnership between Fung Group and the Stanford University Centre for Professional Development, and in collaboration with the University of Hong Kong. The programme aims to provide training in critical leadership capabilities and best practices, strategic thinking, structuring for the networked economy, and managing change. To counter the competitive retail labour market in the Chinese Mainland, the Group constantly reviews its employee incentive plan and structure.

Staff health and safety is another key area of focus. During the period under review the Group introduced a new occupational health and safety ("OH&S") policy, which was rolled out to the Group's offices. Under this policy, a management committee and an employee committee work together to ensure that proper OH&S guidelines and procedures are implemented on the ground in the key markets where the Group operates.

### Prospects

Consumer confidence in the Chinese Mainland is beginning to recover in the wake of decreasing inflation and brighter income prospects, and both of these factors bode well for the future success of the sector and the Group in the long term.

The Group is also embarking upon a very exciting chapter in its development. In May 2012, the Group acquired the famed 'No. 1 Savile Row' brand Gieves & Hawkes, a sartorial company with about 240 years of history and three prestigious Royal Warrants. This will enable the Group to build on the success of this iconic brand with great heritage in the Chinese Mainland and expand its business globally. Following the acquisition, the brand's United Kingdom losses were reduced and the design and sourcing functions are integrated into the Group's existing organisation to achieve synergy. Besides, there is a plan to consolidate its retail network and upgrade its shop image.

Just as importantly, the acquisition points to the Group's new 'Global Brands, Global Networks' strategy. The Group will continue to search for opportunities abroad to acquire or partner with high-end to luxury menswear brands with high potential in Greater China, and European brands in particular will continue to be an area for investment.

The Group will also seek opportunities to further globalise its self-owned brands. The Group recently signed a licensing agreement for Kent & Curwen with British Heritage Brands, LLC, a joint venture between Li & Fung Limited and Mr Tommy Hilfiger and his associates. Under this agreement, the Group will be able to leverage Li & Fung Limited's in-depth understanding of the United States and European markets along with Mr Tommy Hilfiger's expertise as a creative consultant to grow the Kent & Curwen brand in key markets around the world.



Macroeconomic impacts will continue to affect retail sales in the near term, and the Group is realistic about the pace of recovery. In response, the Group will roll out a number of mitigating measures. These call for the optimisation of current stores in existence and a review of store expansion. The Group opened 101 stores and closed 51 in 2011, while it is targeting a possible net increase of 30 this year. Store closures will depend on a review of their viability based on productivity.

Costs will continue to be managed, in particular by controlling and reducing inventory. The Group is also exercising prudence in its hiring freeze of new office staff and compensation increases.

There is no doubt that the current environment is a very difficult one, which makes the Group's results and accomplishments during the period all the more heartening. The Group continues to enjoy a leading position in Greater China, and it is confident that its growing stable of global brands, together with its long-term business approach, represent a bright future in high-end to luxury menswear in Greater China.

# corporate governance report



The Board of Directors and management are committed to principles of good corporate governance consistent with prudent enhancement and management of shareholder value.

These principles emphasise transparency, accountability and independence. Corporate governance practices adopted by the Company during the six months ended 30 June 2012 are in line with those practices set out in the Company's 2011 Annual Report, and are also consistent with the principles set out in the former Code on Corporate Governance Practices and the revised Corporate Governance Code which came into effect on 1 April 2012 (hereinafter collectively referred to as the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

## The Board

The Board is composed of the Non-executive Chairman, four Executive Directors, three Non-executive Directors and four Independent Non-executive Directors. The role of the Chairman, held by Dr Victor FUNG Kwok King, is separate from that of the Group Managing Director, held by Mr WONG Yat Ming, in order to reinforce their respective independence, accountability, and responsibility, and to enhance the corporate governance of the Board. Their respective responsibilities are clearly established and defined by the Board in writing. The Board held four meetings to date in 2012 (with an average attendance rate of 95.8%) to discuss the overall strategy and acquisition matters as well as the operations and financial performance of the Group, and to consider and approve recommendations from the Board Committees. The Group

Chief Compliance Officer, as appointed by the Board, attended all Board and Board Committee meetings to date in 2012 to advise on corporate governance matters covering risk management, internal controls and relevant compliance issues relating to mergers and acquisitions and financial reporting. The Board has established the following committees on 1 January 2009 with defined terms of reference, which are of no less exacting terms than those set out in the CG Code of the Listing Rules:

- Nomination Committee
- Audit Committee
- Remuneration Committee

The Committees comprise a majority of Independent Non-executive Directors and to further reinforce independence, all the three Committees are chaired by Independent Non-executive Directors.

### **Nomination Committee**

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

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

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

The Committee met once to date in 2012 (with a 75% attendance rate) to review and recommend the adoption of the revised terms of reference of Nomination Committee and the re-appointment of the retiring Directors at the Annual General Meeting held in May 2012.

### **Audit Committee**

The Audit Committee was established on 1 January 2009 to review the Group's financial reporting, internal controls and corporate governance issues, to consider issues relating to the external auditor, and to provide advice and make relevant recommendations to the Board. The majority of the Committee members are Independent Non-executive Directors (except Mr Jean-Marc LOUBIER and Mr Jose

Hosea CHENG Hor Yin who are Non-executive Directors), as set out below:

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

All Committee members possess appropriate professional qualifications – accounting or related financial management expertise – as required under the Listing Rules or industry expertise to advise on all the above matters.

The Audit Committee met three times to date in 2012 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditors, the Group's significant internal controls, risk management and financial reporting 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. The Committee's review covers the audit plans and findings of the CGD and external auditors, the external auditor's independence, the Group's accounting principles and practices, goodwill assessment, listing rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the interim financial information for the six months ended 30 June 2012 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.

### **Remuneration Committee**

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

Mr Cassian CHEUNG Ka Sing (*Chairman*)

Dr Victor FUNG Kwok King

Mr Michael LEE Tze Hau

Ms Eva LI Kam Fun

The Committee's responsibilities as set out in its written terms of reference include the review of the Group's remuneration policy and approval of the remuneration policy for all Directors and senior management, the determination (with delegated responsibility) of the remuneration packages of individual executive directors and senior management, and the granting and allocation of share options under the Company's share option scheme. The Committee met once to date in 2012 (with a 75% attendance rate) to review and recommend the adoption of its revised terms of reference.

### **Internal Control and Risk Management**

The Board is responsible for ensuring that the Group maintains a sound and effective system of internal controls, and for reviewing the adequacy and effectiveness of such system through the Audit Committee. Such system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and that it aims to provide reasonable but not absolute assurance against material misstatement, loss or fraud. Qualified personnel throughout the Group maintain and monitor this system of controls on an ongoing basis. The Board and management fully appreciate their respective roles and are supportive of the development of a sound and effective control environment. The Group operates within an established control environment, which is consistent with the principles outlined in "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified

Public Accountants. The scope of internal controls of the Group relates to primarily three major areas:

(i) effectiveness and efficiency of operations; (ii) reliability of financial reporting; and (iii) compliance with group guidelines and policies (including the Group's sustainability initiatives), and applicable laws and regulations. Details of the Group's internal control and risk management processes are set out in the Corporate Governance Report on pages 32 to 34 of the Company's 2011 Annual Report. Based on the assessments made by the management and the CGD for the six months ended 30 June 2012, the Audit Committee is satisfied that:

- the internal controls and accounting systems of the Group are in place and functioning effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the interim financial information is reliable for publication; and
- there are ongoing processes in place for identifying, evaluating and managing the significant risks faced by the Group.

### **Code of Conduct and Business Ethics**

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

### **Directors' Securities Transactions**

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 the six months ended 30 June 2012. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2012.

#### **Directors’ Interests**

Details of Directors’ interests in the securities of the Company are set out in the Other Information section on pages 16 and 17.

#### **Directors’ Responsibility for Financial Statements**

The Directors’ responsibility for preparing the financial statements is set out on page 60 of the Company’s 2011 Annual Report.

#### **Directors’ Training and Ongoing Development**

All new Directors shall receive an induction briefing on the Group’s structure, businesses and governance practices to enhance their knowledge and understanding on the Group’s operations.

Directors’ training is an ongoing process. During the period, Directors received regular updates on changes and developments to the Group’s business. A training course was organised for all directors.

#### **Compliance with the CG Code**

The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2012.

#### **Investor Relations and Communication**

The Company has pursued a policy of promoting investor relations and communication by maintaining and holding regular dialogues and meetings with institutional investors, fund managers and analysts. The Company participated in investor conferences and arranged analysts’ briefing after results announcements. The Company maintains a website ([www.trinity-limited.com](http://www.trinity-limited.com)) to disseminate announcements, shareholder information, and other relevant financial and non-financial information electronically on a timely basis. Webcasts of results presentations are also made available on the website. The Company is aware of the overriding principle of disclosing price sensitive information promptly and has been following its Policy on Price Sensitive Information in handling and disseminating such information. Only selected members of management are authorised to act as spokespersons and respond to related external enquiries.

#### **Shareholders’ Rights**

As disclosed in the Company’s prospectus dated 21 October 2009, the Company has adopted additional corporate governance measures to further strengthen the protection of independent shareholders’ interests from any potential competition from the fashion retail business of the brands owned by the then controlling shareholder of the Company. Details of these measures are set out in the Corporate Governance Report on pages 36 to 38 of the Company’s 2011 Annual Report. The Board has reviewed the Company’s compliance with these additional corporate governance measures and confirmed that there was no non-compliance during the six months ended 30 June 2012.

#### **Sustainability Initiatives**

Being a socially responsible corporation, the Group is progressively integrating sustainability initiatives throughout its business while incorporating broader social and environmental matters into its day-to-day decision-making. Details of the Group’s corporate social responsibility and sustainability initiatives are set out in the Management Discussion and Analysis section on pages 9 and 10.

# other information



## Directors' Interests and Short Positions in Securities

As at 30 June 2012, the Directors and chief executive of the Company and their associates had the following interests in the shares, underlying shares, and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

### Long Position in Shares and Underlying Shares of the Company

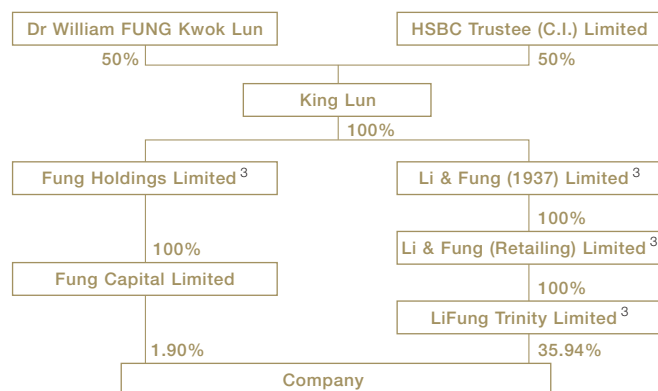
Directors	Number of Shares			Equity Derivatives (share options)	Total	Approximate Percentage of Issued Share Capital (%)
	Personal Interest	Family Interest	Corporate/ Trust Interest			
Victor FUNG Kwok King	–	–	649,027,555 <sup>1</sup>	–	649,027,555	37.84
William FUNG Kwok Lun	–	–	649,027,555 <sup>1</sup>	–	649,027,555	37.84
Sabrina FUNG Wing Yee	–	–	649,027,555 <sup>1</sup>	3,500,000	652,527,555	38.05
Jose Hosea CHENG Hor Yin	–	–	50,227,590 <sup>2</sup>	–	50,227,590	2.92
WONG Yat Ming	47,776,563	–	–	12,300,000	60,076,563	3.50
Bruno LI Kwok Ho	4,600,000	–	–	800,000	5,400,000	0.31
Danny LAU Sai Wing	–	–	–	2,000,000	2,000,000	0.11

#### Notes:

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

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

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



2. The 50,227,590 Shares were held by SperoTrinity Limited, a company wholly owned by Mr Jose Hosea CHENG Hor Yin. Therefore, Mr Jose Hosea CHENG Hor Yin was deemed to be interested in these Shares.
3. In July 2012, LiFung Trinity Limited, Li & Fung (Retailing) Limited and Li & Fung (1937) Limited changed their names to "Fung Trinity Investments Limited", "Fung Retailing Limited" and "Fung Holdings (1937) Limited" respectively. In August 2012, Fung Holdings Limited changed its name to "Fung Investments Limited".

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

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

Save as disclosed above, as at 30 June 2012, none of the Directors and chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

### Substantial Shareholders' Interests and Short Positions in Securities

As at 30 June 2012, other than the Directors and chief executive of the Company, the following persons had interests or short positions in the Shares as recorded in the register required to be kept under Section 336 of the SFO:

Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital (%)
LiFung Trinity Limited	Beneficial owner <sup>1</sup>	616,413,760	35.94
Li & Fung (Retailing) Limited	Interest of controlled corporation <sup>1</sup>	616,413,760	35.94
Li & Fung (1937) Limited	Interest of controlled corporation <sup>1</sup>	616,413,760	35.94
King Lun	Interest of controlled corporation <sup>1</sup>	649,027,555	37.84
HSBC Trustee (C.I.) Limited	Trustee <sup>2</sup>	649,027,555	37.84
JPMorgan Chase & Co	Investment manager (17,238,000) Custodian (Lending pool: 68,647,935)	85,885,935	5.00

*Notes:*

1. LiFung Trinity Limited was an indirect wholly owned subsidiary of King Lun, with Li & Fung (Retailing) Limited and Li & Fung (1937) Limited as the intermediate holding companies along the chain of ownership. Therefore, Li & Fung (Retailing) Limited, Li & Fung (1937) Limited, and King Lun were all deemed to be interested in the 616,413,760 Shares held by LiFung Trinity Limited. King Lun was also deemed to be interested in 32,613,795 Shares held by its indirect wholly owned subsidiary, Fung Capital Limited. Therefore, King Lun was deemed to be interested in 649,027,555 Shares in aggregate.

In July 2012, LiFung Trinity Limited, Li & Fung (Retailing) Limited and Li & Fung (1937) Limited changed their names to "Fung Trinity Investments Limited", "Fung Retailing Limited" and "Fung Holdings (1937) Limited" respectively.

2. HSBC Trustee (C.I.) Limited, the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King, owned 50% of the issued share capital of King Lun.

Save as disclosed above, as at 30 June 2012, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which were recorded or required to be recorded in the register required to be kept by the Company under section 336 of the SFO.



## Share Options

On 16 October 2009, the Company adopted a pre-IPO share option scheme (“Pre-IPO Share Option Scheme”) and a share option scheme (“Post-IPO Share Option Scheme”) (collectively “Share Option Schemes”) to subscribe for shares of the Company. As at 30 June 2012, there were outstanding options relating to 16,884,000 Shares and 29,980,000 Shares granted by the Company pursuant to Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme respectively.

Movements of the share options granted under the Share Option Schemes during the period were as follows:

Category of Participants	Scheme Type	Number of Share Options						As at 30/06/2012	Exercise Price HK\$	Grant Date	Exercisable Period
		As at 01/01/2012	Granted	Exercised	Cancelled/Lapsed	Transfer In	Transfer Out				
<b>Directors</b>											
WONG Yat Ming	Pre-IPO	3,750,000	-	-	-	-	-	3,750,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	3,750,000	-	-	-	-	-	3,750,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	1,600,000	-	-	-	-	-	1,600,000	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	1,600,000	-	-	-	-	-	1,600,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	1,600,000	-	-	-	-	-	1,600,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
Bruno LI Kwok Ho	Post-IPO	800,000	-	-	-	-	-	800,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
Danny LAU Sai Wing	Post-IPO	1,000,000	-	-	-	-	-	1,000,000	8.08	11/01/2011	01/01/2012 – 31/12/2013
	Post-IPO	1,000,000	-	-	-	-	-	1,000,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
Sabrina FUNG Wing Yee	Pre-IPO	700,000	-	-	-	-	-	700,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	700,000	-	-	-	-	-	700,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	700,000	-	-	-	-	-	700,000	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	700,000	-	-	-	-	-	700,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	700,000	-	-	-	-	-	700,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
Continuous Contract Employees	Pre-IPO	1,336,000	-	161,000	1,000	6,000	-	1,180,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	7,018,000	-	2,037,000	13,000	190,000	-	5,158,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	1,638,000	-	232,000	-	-	-	1,406,000	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	7,204,000	-	2,290,000	30,000	100,000	-	4,984,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	8,110,000	-	-	30,000	100,000	500,000	7,680,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	720,000	-	-	-	-	-	720,000	8.08	11/01/2011	01/01/2012 – 31/12/2013
	Post-IPO	720,000	-	-	-	-	-	720,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
	Post-IPO	250,000	-	-	-	-	-	250,000	7.71	24/03/2011	01/01/2012 – 31/12/2013
	Post-IPO	250,000	-	-	-	-	-	250,000	7.71	24/03/2011	01/01/2013 – 31/12/2014
	Post-IPO	1,780,000	-	-	-	30,000	-	1,810,000	5.61	25/11/2011	01/01/2013 – 31/12/2014
Other Participants	Pre-IPO	671,000	-	89,000	-	-	6,000	576,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	2,435,000	-	1,175,000	-	-	190,000	1,070,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	590,000	-	190,000	-	-	-	400,000	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	850,000	-	250,000	-	-	100,000	500,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	1,100,000	-	-	-	500,000	100,000	1,500,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	90,000	-	-	-	-	30,000	60,000	5.61	25/11/2011	01/01/2013 – 31/12/2014

### Notes:

- The weighted average closing market prices per share immediately before the dates on which the share options were exercised by the continuous contract employees and by other participants were HK\$6.11 and HK\$6.17 respectively.
- The above options are recognised as expenses in the consolidated financial statements in accordance with the Company's accounting policy as set out in the annual audited financial statements for the year ended 31 December 2011. Other details of share options granted by the Company are set out in Note 11 to the condensed consolidated financial information.

### Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the Company's 2011 Annual Report are set out below:

Directors	Changes
<b>Dr Victor FUNG Kwok King</b>	<p>Appointed as an independent non-executive director of China Petrochemical Corporation, a state-owned enterprise in the PRC, in April 2012</p> <p>Became a member of the WTO Panel on Defining the Future of Trade in April 2012</p> <p>Became the Honorary Chairman of Li &amp; Fung Limited, a company listed in Hong Kong, in May 2012</p>
<b>Dr William FUNG Kwok Lun</b>	<p>Became the Group Chairman of Li &amp; Fung Limited, a company listed in Hong Kong, in May 2012</p>

### Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

### Interim Dividend

The Board of Directors has resolved to declare an interim dividend of 8.0 HK cents (2011: 8.0 HK cents) per share for the six months ended 30 June 2012.

### Closure of Register of Members

The Register of Members will be closed on 17 and 18 September 2012, during which period no transfer of shares will be registered. In order to qualify for the interim 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 14 September 2012. Dividend warrants are expected to be despatched to shareholders on 24 September 2012.

# information for investors

## Listing Information

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

## Key Dates

### 22 August 2012

Announcement of 2012 Interim Results

### 17 and 18 September 2012

Closure of Register of Members

### 24 September 2012

Despatch of 2012 Interim Dividend Warrants

## Share Information

Board lot size  
**2,000 shares**

Shares outstanding as at 30 June 2012  
**1,714,814,883**

Market capitalisation as at 30 June 2012  
**HK\$8.35 billion**

Dividend per share for 2012  
 Interim **8.0 HK cents**

## Share Registrar and Transfer Offices

### Principal:

**Butterfield Fulcrum Group (Bermuda) Limited**  
 Rosebank Centre  
 11 Bermudiana Road  
 Pembroke HM 08  
 Bermuda

### Hong Kong Branch:

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

## Enquiries Contact

### Mr Bruno LI Kwok Ho

Executive Director/Chief Financial Officer  
 Telephone number: (852) 2342 1151  
 Facsimile number: (852) 2343 4708  
 e-mail: [info@trinitygroup.com](mailto:info@trinitygroup.com)

### Trinity Limited

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

## Website

[www.trinity-limited.com](http://www.trinity-limited.com)

# condensed consolidated income statement

	Note	Unaudited Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
<b>Revenue</b>	4	<b>1,367,102</b>	1,205,966
Cost of sales		(284,146)	(232,121)
<b>Gross profit</b>		<b>1,082,956</b>	973,845
Other income		29,817	28,064
Selling and marketing expenses		(607,808)	(498,044)
Administrative expenses		(209,419)	(214,852)
Other gains – net		8,088	9,290
<b>Operating profit</b>	5	<b>303,634</b>	298,303
Finance income		3,436	3,085
Finance costs		(6,411)	(2,117)
Finance (costs)/income – net		(2,975)	968
Share of profit of jointly controlled entities		31,434	29,710
<b>Profit before income tax</b>		<b>332,093</b>	328,981
Income tax expenses	6	(66,748)	(88,888)
<b>Profit for the period attributable to shareholders of the Company</b>		<b>265,345</b>	240,093
<b>Basic earnings per share attributable to shareholders of the Company</b> (expressed in HK cents per share)	7	<b>15.5 cents</b>	14.2 cents
<b>Diluted earnings per share attributable to shareholders of the Company</b> (expressed in HK cents per share)	7	<b>15.2 cents</b>	13.8 cents

The notes on pages 27 to 40 are an integral part of this condensed consolidated financial information. Details of interim dividend of HK\$137,185,000 (2011: HK\$135,689,000) are set out in Note 8.

# condensed consolidated statement of comprehensive income

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Profit for the period	265,345	240,093
Other comprehensive (expenses)/income for the period		
Currency translation differences	(13,326)	18,963
<b>Total comprehensive income attributable to shareholders of the Company</b>	<b>252,019</b>	<b>259,056</b>

*The notes on pages 27 to 40 are an integral part of this condensed consolidated financial information.*

# condensed consolidated balance sheet

	Note	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	307,528	311,806
Intangible assets	9	3,062,170	2,312,248
Investments in jointly controlled entities		236,606	229,045
Deposit and prepayments		47,517	45,695
Deferred income tax assets		143,321	94,009
		3,797,142	2,992,803
<b>Current assets</b>			
Inventories		667,066	605,036
Trade receivables	10	142,340	233,326
Deposit and prepayments		96,399	63,554
Amounts due from related parties	18(b)	1,403	1,153
Cash and cash equivalents		576,718	790,370
		1,483,926	1,693,439
<b>Total assets</b>		5,281,068	4,686,242
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's shareholders</b>			
Share capital	11	171,481	170,839
Share premium		2,314,983	2,302,656
Reserves		780,159	782,000
<b>Total equity</b>		3,266,623	3,255,495

The notes on pages 27 to 40 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for long service payments		9,652	9,378
Retirement benefit obligations		17,229	13,415
Balance of purchase consideration payable for acquisition to be settled by cash	13	313,706	–
Other payables and accruals		–	31,648
Deferred income tax liabilities		356,269	230,693
		<b>696,856</b>	<b>285,134</b>
<b>Current liabilities</b>			
Trade payables	12	90,511	123,759
Balance of purchase consideration payable for acquisition to be settled by cash	13	5,934	–
Other payables and accruals		426,955	529,615
Amounts due to related parties	18(b)	20,972	13,674
Current income tax liabilities		93,217	98,565
Borrowings	14	680,000	380,000
		<b>1,317,589</b>	<b>1,145,613</b>
<b>Total liabilities</b>		<b>2,014,445</b>	<b>1,430,747</b>
<b>Total equity and liabilities</b>		<b>5,281,068</b>	<b>4,686,242</b>
<b>Net current assets</b>		<b>166,337</b>	<b>547,826</b>
<b>Total assets less current liabilities</b>		<b>3,963,479</b>	<b>3,540,629</b>

The notes on pages 27 to 40 are an integral part of this condensed consolidated financial information.



# condensed consolidated statement of changes in equity

	Unaudited					
	Attributable to shareholders of the Company					
	Note	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Other reserves HK\$'000	Total HK\$'000
<b>Balance at 1 January 2011</b>		158,889	1,540,961	731,262	(180,224)	2,250,888
<b>Comprehensive income</b>						
Exchange differences		–	–	–	18,963	18,963
Profit for the period		–	–	240,093	–	240,093
Total comprehensive income		–	–	240,093	18,963	259,056
<b>Transactions with owners</b>						
Issue of shares pursuant to a placement		10,000	726,554	–	–	736,554
Employee share option schemes						
– value of employee services		–	–	–	9,610	9,610
– exercise of share options		722	13,963	–	–	14,685
– transfer to retained earnings		–	–	4,292	(4,292)	–
Dividends paid	8	–	–	(169,607)	–	(169,607)
Total transactions with owners		10,722	740,517	(165,315)	5,318	591,242
<b>Balance at 30 June 2011</b>		169,611	2,281,478	806,040	(155,943)	3,101,186
<b>Balance at 1 January 2012</b>		170,839	2,302,656	950,488	(168,488)	3,255,495
<b>Comprehensive income</b>						
Exchange differences		–	–	–	(13,326)	(13,326)
Profit for the period		–	–	265,345	–	265,345
Total comprehensive income		–	–	265,345	(13,326)	252,019
<b>Transactions with owners</b>						
Employee share option schemes						
– value of employee services		–	–	–	3,250	3,250
– exercise of share options	11	642	12,327	–	–	12,969
– transfer to retained earnings		–	–	700	(700)	–
Dividends paid	8	–	–	(257,110)	–	(257,110)
Total transactions with owners		642	12,327	(256,410)	2,550	(240,891)
<b>Balance at 30 June 2012</b>		171,481	2,314,983	959,423	(179,264)	3,266,623

The notes on pages 27 to 40 are an integral part of this condensed consolidated financial information.

# condensed consolidated cash flow statement

	Note	Unaudited Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		197,991	273,495
Interest paid		(5,757)	(144)
Income tax paid		(95,996)	(68,830)
Net cash generated from operating activities		96,238	204,521
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(27,383)	(27,929)
Interest received		3,436	3,085
Dividends received from jointly controlled entities		23,858	30,033
Acquisition of subsidiaries, net of cash acquired	15	(365,660)	(389,873)
Net cash used in investing activities		(365,749)	(384,684)
<b>Cash flows from financing activities</b>			
Interest paid		–	(1,356)
Proceeds from issuance of ordinary shares		12,969	764,685
Proceeds from borrowings		390,000	300,000
Repayment of borrowings		(90,000)	(620,000)
Dividends paid	8	(257,110)	(169,607)
Share issuance cost		–	(13,446)
Net cash generated from financing activities		55,859	260,276
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(213,652)</b>	<b>80,113</b>
Cash and cash equivalents at beginning of the period		790,370	514,799
<b>Cash and cash equivalents at end of the period</b>		<b>576,718</b>	<b>594,912</b>

The notes on pages 27 to 40 are an integral part of this condensed consolidated financial information.

# notes to the condensed consolidated financial information

## 1 General information

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

This unaudited condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 22 August 2012.

### *Key event*

On 3 May 2012, the Group acquired 100% interests in Marvinbond Limited and Gieves and Hawkes International (BVI) Limited, together with certain of their subsidiaries (“Gieves & Hawkes Group”) for a total consideration of approximately HK\$719.9 million, details of which are set out in Note 15.

## 2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2011. There have been no changes in the Finance Department since year end or in any risk management policies.

### 3 Summary of principal accounting policies

The accounting policies applied and used in this condensed consolidated financial information are consistent with those used and described in the annual consolidated financial statements for the year ended 31 December 2011.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

#### ***(a) Adoption of new/revised standards, amendments and interpretations to existing standards effective in 2012***

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 2012 and relevant to the Group:

- |                     |  |
|---------------------|--|
| HKAS 12 (Amendment) | Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)                          |
| HKFRS 1 (Amendment) | Severe Hyperinflation of 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)                             |

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

### 3 Summary of principal accounting policies *(Continued)*

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

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

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
HKAS 19 (2011)	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
HKAS 27 (2011)	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKAS 28 (2011)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2015)
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures (effective for annual periods beginning on or after 1 January 2015)
HKFRS 10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 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 (effective for annual periods beginning on or after 1 January 2013)
Annual Improvements Project	Improvements to HKFRSs 2011 (effective for annual periods beginning on or after 1 January 2013)

All these amendments are effective in the financial year of 2012 or years after 2012 and these amendments are not expected to have a significant impact on the results and financial position of the Group.

#### 4 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. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

Management has determined the operating segments based on reports reviewed by the senior executive management of the Group that are used to make strategic decisions. Management considers the business from both geographic and business lines perspectives. Geographically, management considers the performance of the retail businesses in the Chinese Mainland, 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 overheads, 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 six months ended 30 June 2012 are as follows:

	Unaudited							
	HK & Macau		Chinese Mainland Retail HK\$'000	Taiwan Retail HK\$'000	Europe		Others Retail HK\$'000	Total HK\$'000
	Retail HK\$'000	Wholesale HK\$'000			Retail HK\$'000	Licensing HK\$'000		
Segment revenue and revenue from external customers	410,324	4,252	756,232	93,069	49,203	54,022	-	1,367,102
Gross profit	329,017	1,158	600,728	69,314	28,717	54,022	-	1,082,956
<b>Segment profit/(loss) before income tax</b>	<b>138,125</b>	<b>1,158</b>	<b>232,414</b>	<b>22,207</b>	<b>(3,805)</b>	<b>26,362</b>	<b>31,434</b>	<b>447,895</b>
Segment profit/(loss) before income tax includes:								
Depreciation	(4,084)	-	(60,851)	(2,216)	(3,713)	(1,070)	-	(71,934)
Share of profit of jointly controlled entities	-	-	-	-	-	-	31,434	31,434
<b>Segment asset as at 30 June 2012</b>	<b>202,830</b>	<b>-</b>	<b>349,908</b>	<b>62,926</b>	<b>51,402</b>	<b>-</b>	<b>-</b>	<b>667,066</b>

**4 Segment information** (Continued)

**(a) Segment results** (Continued)

The segment results for the six months ended 30 June 2011 are as follows:

	Unaudited							Total HK\$'000
	HK & Macau		Chinese Mainland Retail HK\$'000	Taiwan Retail HK\$'000	Europe		Others Retail HK\$'000	
	Retail HK\$'000	Wholesale HK\$'000			Retail HK\$'000	Licensing HK\$'000		
Segment revenue and revenue from external customers	374,265	2,445	691,922	97,730	13,313	26,291	–	1,205,966
Gross profit	303,480	1,100	561,094	75,206	6,674	26,291	–	973,845
<b>Segment profit/(loss) before income tax</b>	152,348	1,100	241,696	27,451	(4,255)	14,452	29,710	462,502
Segment profit/(loss) before income tax includes:								
Depreciation	(5,396)	–	(45,098)	(998)	(2,254)	(11)	–	(53,757)
Share of profit of jointly controlled entities	–	–	–	–	–	–	29,710	29,710
<b>Segment asset as at 31 December 2011</b>	196,226	–	346,469	55,962	6,379	–	–	605,036

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

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Segment profit before income tax for reportable segments	447,895	462,502
Add:		
Other income	29,817	28,064
Other gains – net	8,088	9,290
Finance income – net	–	968
Less:		
Finance costs – net	(2,975)	–
Employee benefit expenses	(84,951)	(110,478)
Rental expenses	(23,886)	(19,792)
Depreciation and amortisation	(7,963)	(10,935)
Corporate and other unallocated expenses	(33,932)	(30,638)
Total Group's profit before income tax	332,093	328,981



## 5 Operating profit

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

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Reversal of provision for impairment of inventories	(7,156)	(8,525)
Depreciation of property, plant and equipment (Note 9)	78,138	60,688
Amortisation of intangible assets (Note 9)	1,759	4,004
Loss on disposal of property, plant and equipment	3,548	3,168
Reversal of provision for impairment of trade receivables	(30)	(3,165)
Advertising and promotion expenses	83,753	58,185
Royalty expenses	9,998	12,723

## 6 Income tax expenses

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the six months ended 30 June 2012. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries or regions in which the Group operates.

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Current income tax		
– Hong Kong profits tax	26,333	16,863
– Overseas taxation	42,555	52,958
Deferred income tax	(2,140)	19,067
	66,748	88,888

## 7 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 period.

	Unaudited Six months ended 30 June	
	2012	2011
Weighted average number of ordinary shares in issue	1,712,704,000	1,689,778,000
Profit attributable to shareholders of the Company (HK\$'000)	265,345	240,093
Basic earnings per share (HK cents per share)	15.5 cents	14.2 cents

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Unaudited Six months ended 30 June	
	2012	2011
Weighted average number of ordinary shares for diluted earnings per share	1,746,522,000	1,737,455,000
Profit attributable to shareholders of the Company (HK\$'000)	265,345	240,093
Diluted earnings per share (HK cents per share)	15.2 cents	13.8 cents

## 8 Dividends

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interim dividend declared of 8.0 HK cents (2011: 8.0 HK cents) per ordinary share	137,185	135,689

The interim dividend declared by the Board of Directors on 22 August 2012 has not been recognised as a liability at the balance sheet date. A final dividend of HK\$257,110,000 for the year ended 31 December 2011 was paid in June 2012 (2011: a final dividend of HK\$169,607,000 relating to 2010 was paid in June 2011).

## 9 Property, plant and equipment and intangible assets

	Property, plant and equipment HK\$'000	Intangible assets HK\$'000
Opening net book amount at 1 January 2011	181,628	1,629,072
Exchange differences	3,246	6,246
Acquisition of subsidiaries	41,284	706,500
Additions	81,112	–
Disposals	(3,168)	–
Depreciation and amortisation (Note 5)	(60,688)	(4,004)
Closing net book amount at 30 June 2011 (unaudited)	243,414	2,337,814
Opening net book amount at 1 January 2012	311,806	2,312,248
Exchange differences	(2,302)	(5,031)
Acquisition of subsidiaries (Note 15)	17,120	792,000
Additions	62,590	–
Disposals (note)	(3,548)	(35,288)
Depreciation and amortisation (Note 5)	(78,138)	(1,759)
Closing net book amount at 30 June 2012 (unaudited)	307,528	3,062,170

Note: Disposal of intangible assets for the six months ended 30 June 2012 relates to the written-off of licence right for Gieves & Hawkes capitalised in prior years, together with corresponding licence fee payable as included in other payables and accruals, as a result of the completion of business combination as disclosed in Note 15.

## 10 Trade receivables

Majority of the Group's revenue is retail sales and licensing income. Retail sales are made in cash or by credit card, and sales through department stores which are generally collectible within 30 to 60 days from the invoice date. Licensing income is generally collectible within 90 days from the invoice date.

At 30 June 2012, the ageing analysis of trade receivables of the Group by invoice date is as follows:

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
1 – 30 days	93,488	180,790
31 – 60 days	38,674	46,505
61 – 90 days	4,020	1,122
Over 90 days	15,793	13,854
	151,975	242,271
Less: Provision for impairment of trade receivables	(9,635)	(8,945)
	142,340	233,326

As at 30 June 2012, the fair values of the Group's trade receivables are approximately the same as their carrying amounts.

**11 Share capital and options**

Ordinary shares of HK\$0.10 each	Number of shares (in thousand)	Share capital HK\$'000
Authorised:		
At 1 January 2012 and 30 June 2012	4,000,000	400,000
Issued and fully paid:		
At 1 January 2012	1,708,391	170,839
Issue of shares on exercise of share options (note)	6,424	642
At 30 June 2012	1,714,815	171,481

Details of share option schemes adopted by the Group on 16 October 2009 are set out in the annual report for the year ended 31 December 2011.

*Note: During the six months ended 30 June 2012, 6,424,000 ordinary shares were issued at an average exercise price of HK\$2.02 to the share option holders pursuant to the share option schemes.*

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

	Number of options	Weighted average exercise price HK\$
At 1 January 2012	53,362,000	2.67
Exercised	(6,424,000)	2.02
Forfeited	(74,000)	2.30
At 30 June 2012	46,864,000	2.76

The weighted average closing share price at the dates of exercises of share options during the period was HK\$6.13.

## 12 Trade payables

At 30 June 2012, the ageing analysis of the Group's trade payables by invoice date is as follows:

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
1 – 30 days	20,198	75,017
31 – 60 days	9,219	14,102
61 – 90 days	18,102	12,677
Over 90 days	42,992	21,963
	90,511	123,759

The credit period granted by creditors generally ranges from 30 to 90 days. The carrying amounts of the Group's trade payables approximated their fair values.

## 13 Contingent consideration payable for acquisition

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Balance of purchase consideration payable for acquisition to be settled by cash (note)	317,600	–
Interest payable	2,040	–
	319,640	–
Current portion of balance of purchase consideration payable for acquisition to be settled by cash	(5,934)	–
	313,706	–

Note: Balance represents management's best estimation of the fair value of contingent consideration payable for the acquisition as detailed in Note 15. Final amount of consideration settlement would be determined based on future performance of the acquired business.

## 14 Borrowings

Movements in borrowings are analysed as follows:

	HK\$'000
<b>Six months ended 30 June 2011</b>	
Opening amount as at 1 January 2011	580,000
Proceeds from borrowings	300,000
Repayments of borrowings	(620,000)
<b>Closing amount as at 30 June 2011 (unaudited)</b>	<b>260,000</b>
<b>Six months ended 30 June 2012</b>	
Opening amount as at 1 January 2012	380,000
Proceeds from borrowings	390,000
Repayments of borrowings	(90,000)
<b>Closing amount as at 30 June 2012 (unaudited)</b>	<b>680,000</b>

(a) All the bank borrowings were secured by guarantees from the ultimate holding company.

(b) As at 30 June 2012, the Group had unutilised banking facilities amounted to HK\$645.8 million (31 December 2011: HK\$630.0 million).

## 15 Business Combination

On 3 May 2012, the Group acquired 100% equity interest in Gieves & Hawkes Group at an estimated aggregate consideration amounted to approximately HK\$719.9 million, including initial consideration of GBP32.5 million (approximately HK\$402.3 million) paid and contingent consideration of HK\$317.6 million payable in 19 instalments over 18 years subject to a cap of HK\$ equivalent of GBP60.0 million (approximately HK\$753.3 million).

The fair value of the contingent consideration payable was dependent and determined based on management's best estimation of the future performance of the acquired business/subsidiaries taking into account the time value of money.

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

**15 Business Combination** (Continued)

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

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

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

	HK\$'000
Total purchase consideration	719,885
Purchase consideration payable (Note 13)	(317,600)
Cash and cash equivalents in subsidiaries acquired	(36,625)
Net cash outflow on acquisition	365,660

Acquisition-related costs of HK\$6,411,000 were included in administrative expenses in the condensed consolidated income statement for the six months ended 30 June 2012.

*Note: Indefinite life trademark represents right and title in respect of the worldwide Gieves & Hawkes trademarks.*

**(a) Revenue and profit contribution**

Gieves & Hawkes Group contributed revenue of HK\$37,583,000 and net profit after tax of HK\$915,000 to the Group for the period from 4 May 2012 to 30 June 2012.

If the acquisition had occurred on 1 January 2012, Group revenue would have been HK\$1,425,210,000; profit after tax would have been HK\$214,092,000 for the six months ended 30 June 2012.

**(b) Acquired receivables**

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

## 16 Contingent Liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 30 June 2012.

## 17 Commitments

### Commitments under operating leases

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

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
No later than 1 year	215,880	199,350
Later than 1 year but no later than 5 years	168,144	162,433
	384,024	361,783

## 18 Related party transactions

### (a) Significant related party transactions

All the related party transactions were entered into with companies associated with or controlled by Fung Holdings (1937) Limited (formerly known as Li & Fung (1937) Limited), a substantial shareholder of the Company (collectively, the "Substantial Shareholder Group"). All related party transactions were determined on basis agreed by both parties and were conducted in the normal course of business.

Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the period were as follows:

	Unaudited Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Purchase of goods	3,137	4,754
Sub-contracting fee expense for production of product parts	16,466	12,246
Management fee income for provision of accounting, information system and human resources services	2,301	2,379
Service fee expenses for provision of corporate compliance services and other administrative services	3,462	2,133
Service fee expenses for provision of warehouse and logistics services	6,809	6,106
Rental and licence fee income	1,222	1,266
Rental and management fee expense	1,795	1,694
Management services fee income	10,500	10,500
Sub-contracting fee income for production of product parts	144	-



**18 Related party transactions** *(Continued)***(b) Balances with related parties**

	Unaudited 30 June 2012 HK\$'000	Audited 31 December 2011 HK\$'000
Due from		
Substantial Shareholder Group	385	288
Jointly controlled entity	1,018	865
	1,403	1,153
Due to		
Substantial Shareholder Group	20,972	13,674

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

**(c) Corporate guarantee to a related party**

The Company has provided a corporate guarantee in favour of a bank in Thailand to support the banking facilities of Ferragamo (Thailand) Limited. The maximum liability of the Company is the lower of (a) 50% of the borrowed sum; or (b) 50% of Baht 160 million and USD1.4 million (that is Baht 80 million and USD0.7 million). As at 30 June 2012, the sum borrowed by Ferragamo (Thailand) Limited amounted to approximately Baht 77.5 million and USD1.257 million (approximately HK\$28.6 million in aggregate) (31 December 2011: Baht 79.5 million and USD1.555 million (approximately HK\$31.5 million in aggregate)).

**(d) Key management compensation**

Key management compensation amounted to HK\$7,692,000 for the six months ended 30 June 2012 (2011: HK\$7,449,000).

**19 Investments in jointly controlled entities**

The Group's exclusive distribution agreements with Salvatore Ferragamo for the sales of Ferragamo products in South Korea, Singapore, Malaysia, Thailand and Indonesia will expire in December 2012. The Group and Salvatore Ferragamo group are currently examining ways to continue their long-standing and mutually beneficiary partnership.

**20 Event after the balance sheet date**

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