interim report 2011

TRINITY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 891

contents

OFFICES

Chinese Mainland
Shanghai | Beijing | Guangzhou | Chengdu

Hong Kong, SAR

France Paris

Singapore

South Korea Seoul

Taiwan Taipei

United Kingdom London

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Member of the Li & Fung Group

This report is printed on environmentally friendly paper

Design: Format Limited

heritage. luxury. excellence.
These values are the core of the Trinity Group, a leading high-end to luxury menswear retailer serving the Greater China market.

Today, the Trinity Group stewards six international luxury menswear brands: Kent & Curwen, Cerruti, Gieves & Hawkes, D'URBAN, Intermezzo and Altea. Each brand offers unique and complete product ranges consisting of formal and casual wear with attention to local tastes and fit.

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

Patrick SUN

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

Group Chief Compliance Officer

James SIU Kai Lau

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

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

Highlights

Highlights of Results for the six months ended 30 June 2011

	2011	2010	% change
Revenue *(HK$ million)*	**1,206**	925	**30.4%**
Gross profit *(HK$ million)*	**974**	701	**38.9%**
Gross profit (%)	**80.8%**	75.8%	
Operating profit *(HK$ million)*	**298**	180	**65.8%**
Operating profit (%)	**24.7%**	19.5%	
Profit attributable to shareholders *(HK$ million)*	**240**	147	**63.5%**
Profit attributable to shareholders (%)	**19.9%**	15.9%	
Basic earnings per share *(HK cents)*	**14.2**	9.3	
Interim dividend per share *(HK cents)*	**8.0**	5.0	

Store numbers as at 30 June 2011

	Chinese Mainland	Hong Kong & Macau	Taiwan	Europe	South Korea & SE Asia	Total
Kent & Curwen	96	13	8	1	N/A	118
Cerruti	82	9	11	1	N/A	103
Gieves & Hawkes	73	8	9	N/A	N/A	90
D'URBAN	58	7	10	N/A	N/A	75
Intermezzo	18	2	1	N/A	N/A	21
Altea	N/A	2	N/A	N/A	N/A	2
Total for the Group	**327**	**41**	**39**	**2**	**0**	**409**
Salvatore Ferragamo joint ventures	N/A	N/A	N/A	N/A	42	42
Total for the Group and the joint ventures	**327**	**41**	**39**	**2**	**42**	**451**

Revenue

Revenue increased by 30.4%, driven by strong same-store sales growth.

Gross profit

Gross margin grew from 75.8% to 80.8% reflecting the strengths of the Group's brands.

Profit attributable to shareholders

Profit attributable to shareholders increased by 63.5% to HK$240 million.

Dividend

Declared interim dividend of 8.0 HK cents per share.

Chairman's Statement

I am pleased to report that Trinity Limited and its subsidiaries (the "Group") has generated strong revenue growth and increased profitability for the first six months of 2011 as retail spending in Asia continues to rise, despite increases in inflation and interest rates. The Group's revenue increased by 30.4% to HK$1,206.0 million. Profit attributable to shareholders was HK$240.1 million, an increase of 63.5% compared to HK$146.9 million recorded during the same period last year.

Business Overview

With spending on luxury products in the Chinese Mainland continuing to experience high growth, the Group was able to deliver increases in revenue, gross profit and profit attributable to shareholders.

In the first six months of 2011, revenue from the Chinese Mainland increased by 30.4% and accounted for 59.3% of the Group's total revenue in the Greater China region.

Revenue from Hong Kong and Macau ("HK & Macau") climbed by 20.5%, while growth in Taiwan increased revenue by 20.8%. A rise in the number of visitors from the Chinese Mainland who shop in HK & Macau helped sustain growth in these markets.

It is noteworthy that the Group has delivered such a strong performance during the first six months of 2011, notwithstanding the high growth already achieved in 2010 and against the background of rising prices and higher interest rates on the Chinese Mainland.

During the six-month reporting period, gross margins across the Group continued to rise and profit attributable to shareholders thus increased by 63.5% to HK$240.1 million.

Review of the Retail Market in Greater China

Although leading economists have detected a slowdown in overall economic expansion during the first half of the year, and despite rising prices and higher interest rates, the growth of retail spending in Greater China has been strong during the last six months. It is likely that the process of higher inflation, combined with efforts to restrain bank borrowing and contain the boom in housing prices, will have a dampening effect on retail spending over the medium-term. Wage levels are also beginning to rise, which would usually help consumption, but these rising incomes will support consumption at the popular price rather than luxury levels. Overall, in terms of Greater China, people are becoming more cautious with a general anxiety about inflation that may constrain people's desire to consume.

In the long term, the market for luxury retail brands is likely to be strong in Greater China. Research by investment banks and leading researchers suggests that the growth of luxury consumption in second-, third- and even fourth-tier cities will accelerate and help push the Chinese Mainland to the top of the global league table in terms of luxury spending by 2015, if not earlier. The ranks of US$ millionaires on the Chinese Mainland continue to swell and are forecast to exceed one million this year, with the average age of these newly rich consumers being just 43.

The sheer scale of growth amongst second- to fourth-tier cities creates extensive opportunities for luxury retailers and there are now 46 cities on the Chinese Mainland with populations in excess of two million. The Group will take advantage of the growth of retail spending that will be associated with these important demographic developments by opening new stores and supplying luxury menswear products that are rich in heritage and quality.

Sustainability

The Group recognises the risk posed by climate change and the need to be a responsible corporate citizen when it comes to business decisions that have an environmental impact. Sustainability is an important focus for the Group, and it is determined to respond to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and use of environmentally friendly technologies.

Future Outlook

The Group is well positioned to take maximum advantage of short- and medium-term trends and improvements are being implemented to safeguard the long-term prospects of the business. In recent years the Group has been efficient at turning brand equity into profit and more resources will be devoted to building brand equity in the future.

This is a process the Group has already begun. A programme of brand enhancements is being implemented that will position the Group to become the dominant luxury menswear company in Greater China. With the acquisition of 100% interest in Toga Investments SARL and certain of its subsidiaries ("Cerruti Group"), new initiatives will be launched to elevate the Cerruti brand's reputation worldwide. Similarly, the Group's other brands will continue to undertake aggressive marketing and promotion campaigns to reinforce their elegance, style and quality.

Another key element of the Group's strategy to achieve sustainable profit growth is the strengthening of its supply chain management. During the last six months, a key group of supply chain managers from Li & Fung Limited have joined the Group, under the leadership of Mr Danny Lau, who is now the Group's Chief Operating Officer.

These important decisions were taken to prepare the Group for the expected surge of retail spending from third- and fourth-tier cities on the Chinese Mainland and for the increased sophistication of luxury consumers in first- and second-tier cities, a process that is likely to be the most important future development in the Chinese Mainland retail market.

With the positive results achieved in the first half of 2011, coupled with economic and socio-economic changes that are underway on the Chinese Mainland, we remain optimistic about future prospects. Although the Group views with caution the rise in product costs and operating overheads, we remain confident in maintaining margins and sustaining same-store sales growth. We will continue to take every advantage of our competitive position and emerging trends to increase long-term shareholder value.

In conclusion, on behalf of the Board, I would like to express our sincere thanks to the Group's management and staff for their leadership and dedication to excellence.

Victor FUNG Kwok King
Chairman

Hong Kong, 25 August 2011

Management Discussion and Analysis

The Group has continued to capitalise on opportunities on the Chinese Mainland that have been provided by the growth of the middle class and high net worth individuals. With retail spending continuing to be strong, the Group delivered robust increases in revenue, gross profit and profit attributable to shareholders. Although attempts to restrain increases in property prices and rising interest rates may cause overall demand to slow on the Chinese Mainland, the Group currently does not see any signs of a slowdown in demand for its brands and expansion plans will continue to be implemented. The second half of the year will see an increase in the number of new store openings, compared to a stable first half, and with luxury retail spending continuing to climb across the menswear markets, the Group is confident that the growth rate of Trinity is sustainable.

Revenue increased in the first half of 2011 by 30.4%, with all markets producing significant same-store sales growth driven by strong demand and consumers trading-up to buy items in more expensive price brackets. The same-store sales growth for HK & Macau, the Chinese Mainland and Taiwan was 14.4%, 22.4% and 24.7% respectively. Revenue from the Chinese Mainland contributed 59.3% of the Group's total revenue from Greater China, up from 57.4% during the same period in 2010. The acquisition of 100% interests in the Cerruti Group was completed in March 2011. The Group now has control of its two biggest brands, Cerruti and Kent & Curwen, which, since the acquisition of the Cerruti Group, accounted for 72.1% of the revenue.

The Group's gross margin increased 5.0 percentage points in the first half of 2011 to 80.8%, compared to 75.8% in the first half of 2010. The main driving force was the Chinese Mainland, which has a total of 327 stores in 52 cities, where the increase in gross margin was 5.2 percentage points, compared to 4.2 percentage points in HK & Macau and 4.9 percentage points in Taiwan. The improved margin reflected the increasing demand for the Group's brands.

Following the higher gross profit, operating profit increased from HK$179.9 million in the first half of 2010 to HK$298.3 million in the first half of 2011, an increase of 65.8%.

Overall, markets in South Korea and South East Asia remained buoyant during the first half of 2011. The increase in share of profit contributed by jointly controlled entities was mainly attributable to revenue growth in South Korea and Singapore and the strength of South Korean and Singaporean currencies against Hong Kong dollar.

Profit attributable to shareholders rose from HK$146.9 million to HK$240.1 million, an increase of 63.5%. Profit attributable to shareholders as a percentage of the Group's revenue rose by 4.0 percentage points in the first half of 2011, from 15.9% in the same period of 2010 to 19.9%. The Group's earnings per share rose from 9.3 HK cents in the first half of 2010 to 14.2 HK cents in the first half of 2011.

The Group's inventory turnover days increased, to 358, reflecting more shipments of new product lines with the expectation of higher sales in the second half of 2011.

Financial Position and Liquidity

In the last six months, the Group generated net cash from operating activities of HK$204.5 million, primarily driven by an increase in profit. The major movement of funds for the Group included payment of HK$389.9 million as the balance of the cost of the Cerruti Group acquisition, net proceeds of HK$736.6 million via a placement of shares in January and net repayment of bank borrowings amounting to HK$320.0 million. Overall, the Group turned a net debt (calculated as interest bearing borrowings less cash and cash equivalents) position of HK$65.2 million at the end of 2010 into a net cash position of HK$334.9 million at the end of June 2011.

The Group has secured banking facilities of HK$1,216.9 million. As at 30 June 2011, HK$905.0 million of the available banking facilities were unutilised.

Credit Risk Management

The Group's credit risks mostly flow from receivables owed by department stores. The Group has implemented strict procedures to monitor its credit risk in order to minimise its exposure. Average settlement terms in respect of receivables from department stores are about 32 days. As of 30 June 2011, outstanding trade receivable over three months stood at 4.3%, a reduction from 30 June 2010, when the figure was 4.5%. All cash and cash equivalents are deposited in 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 limited volatility was expected in this area, no hedging activities were taken during the reporting period.

Contingent Liabilities

A subsidiary of the Cerruti Group in France acquired by the Group in March 2011 was the subject of various claims from several former employees and third parties amounting to approximately Euro 1.8 million (approximately HK$20.0 million). The claim amounts are fully indemnified by the previous owner of the Cerruti Group. Accordingly, the Group has not recognised any provision in relation to these claims at the balance sheet date as it is not probable that the Group will bear any of these costs.

Use of Proceeds from Initial Public Offering

Of the HK$510.6 million raised from the Initial Public Offering in November 2009, HK$51.4 million earmarked for new store openings remained unutilised at 30 June 2011.

Geographical Analysis for the Retail and Licensing Businesses

Revenue

Strong revenue growth was recorded across all three major retail markets of the Group's operations, with a 30.4% increase from the Chinese Mainland, 22.2% from HK & Macau and 20.8% from Taiwan. Retail and licensing businesses in Europe contributed 3.3% of the Group's revenue, which included contributions from the Cerruti Group mainly in the second quarter of 2011. The licensing income from the Cerruti Group amounted to HK$26.3 million during the period.

Gross Margin

The Group recorded an improvement in its gross margin to 80.8%. The retail gross margin for both HK & Macau and the Chinese Mainland was 81.1%; whilst that for Taiwan and Europe was 77.0% and 50.1% respectively.

Building Brand Equity

Advertising and Promotion spending rose to 4.8% of revenue in the first half of 2011, compared to 3.3% in the first half of 2010. The Group has invested significant resources in marketing, which are devoted to strategic planning, creative advertising and activities that promote the elegance, style and quality of the Group's key brands, especially Kent & Curwen, Cerruti, Gieves & Hawkes and D'URBAN.

The "Kent & Curwen Centenary Sprint Cup" was held in mid-January at the Hong Kong Jockey Club in Shatin. The horse race event highlighted the English roots of the Kent & Curwen brand, associating it with the "Sport of Kings", emphasising the brand's sporting heritage and building its relationship with the Hong Kong Jockey Club's elite membership.

Cerruti's biannual men's défilé in Paris is a platform for creativity for the fashion world and the international fashion press seek out tickets to the event. Cerruti also benefited from the "Heroes" advertising campaign, shot in Paris at the Pont des Arts by Paolo Roversi, whose images support the brand's young and modern aesthetic.

Gieves & Hawkes was in the global spotlight when Prince William, the Duke of Cambridge, and other members of his immediate family chose Gieves & Hawkes for their custom tuxedos at the wedding party. Male family members of Catherine Middleton, the Duchess of Cambridge, attended her wedding to Prince William, dressed in morning suits from the famous tailor, which has its London headquarters at Number 1 Savile Row. Gieves & Hawkes iconic sartorial address on Savile Row was reproduced for the brand's Greater China stores with a photo backdrop and neon signage.

The use of brand ambassadors has paid dividends for the Group and at D'URBAN Japanese film and television star Yutaka Takenouchi continued in this role, appearing in advertising and point-of-sale media. Kent & Curwen benefited from its partnership with brand ambassador and Asian celebrity Aaron Kwok. The association has been deepened when Kent & Curwen ventured into the quintessentially masculine sport of motor racing for the first time, to sponsor Mr Kwok and the inaugural "Ferrari Challenge Trofeo Pirelli Asia Pacific", with races taking place in Zhuhai and Shanghai of the Chinese Mainland and Malaysia between June and October.

With creative control of Cerruti now wholly in the hands of the Group, new initiatives will be launched that will elevate Cerruti's reputation, renew its legacy and enhance its range of products. Just as Kent & Curwen has focused on its essential Englishness, the Group will use the uniquely French *savoir-faire* that is woven within the Cerruti DNA to emphasise that its products are the essence of Parisian elegance and sophistication.

Supply Chain Management

In anticipation of the rising demand of its products, the Group has substantially strengthened its supply chain management capability by the joining of a group of supply chain managers from Li & Fung Limited led by Mr Danny Lau, the Group's Chief Operating Officer. With their global apparel experience, initiatives are underway to improve the Group's supply chain.

Corporate Social Responsibility

Trinity, together with other members of Li & Fung group, participated as a member of the United Nations Global Compact ("UNGC") and reported on steps that it had taken to support the ten UNGC principles, which include the requirement that businesses support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and explore ways to further address the other UNGC principles in human rights, labour and anti-corruption.

The Group has undertaken initiatives to promote greater environmental awareness by educating employees on environmental issues through group briefings, encouraging relevant Trinity stores to participate in Earth Hour 2011, rallying over 90% of the Group's staff to take part in the Earth Hour event and by supporting tree planting initiatives in Hong Kong and the Chinese Mainland. The Group also expanded its carbon footprint measurement, implemented a "No Shark Fin" policy, and formalised environmental guidelines covering reductions in the use of energy, office paper, packaging and office supplies, while encouraging recycling, and other green initiatives.

In addition, the Group continued its participation in the Hong Kong Marathon and raised funds for the victims of the Japan Earthquake, and its employees took initiatives to raise funds for impoverished children in Inner Mongolia and the poor in rural Chengdu.

Human Resources

In line with the Group's strong growth, its workforce continues to expand. The Group's total workforce now stands at 3,321, an increase of 16.6% over 30 June 2010, with 2,200 employees based on the Chinese Mainland, 173 in Taiwan, 895 in HK & Macau and 53 in other countries. Staff costs for the first half of 2011 reached HK$258.9 million, compared to HK$217.3 million for the same period last year.

The Group offers comprehensive staff development opportunities, a safe and comfortable workplace and it has developed a competitive remuneration scheme including an attractive commission system for sales staff. It also provides performance-related bonuses and share options to help motivate and retain its high-calibre team.
As part of the Group's Total Service Management programme, training sessions were conducted that focused on customer service, sales skills and personal development. The Group also continues to develop the Trinity Elite Lessons in Leadership programme that grooms exceptional staff as future leaders and prepares suitable individuals for roles in top management.

Prospects

The Group is on track to deliver a sustainable rate of growth in the second half of the year. In the first half of 2011, the number of stores remained relatively stable but in the second half of this year the pace of new store openings will accelerate as the Group aims to add approximately 50 stores before the end of 2011.

The Group is always on the lookout for acquisition opportunities but retains a clear strategic point of view with regard to targets, which, for the time being, will be high-end menswear brands. The Group expects to deliver strong organic growth from existing brands, underlying that the Group's future growth is organic in nature and flows primarily from the strength of its current brand portfolio combined with steady increases in the number of stores operating on the Chinese Mainland.

Although costs are rising, and in the coming fall winter season a bigger price increase is expected, the Group believes that it will be able to sustain its margin and we are optimistic that same-store sales will continue to deliver double-digit growth. As such, the Group is confident about the future and believes that its growth rate is sustainable.

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 2011 are in line with those practices set out in the Company's 2010 Annual Report which are also consistent with the principles set out in the Code on Corporate Governance Practices 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 three 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 five meetings to date in 2011 (with an average attendance rate of 96.6%) to discuss the overall strategy as well as the operations and financial performance of the Group, and to consider and approve recommendations from the Board Committees and other significant matters including the placing of existing shares and subscription of new shares of the Company which took place in January 2011. The Group Chief Compliance Officer, as appointed by the Board, attended all Board and Board Committee meetings to date in 2011 to advise on corporate governance matters covering risk management, internal controls and relevant compliance issues relating to mergers and acquisitions, fund raising and financial reporting.

The Board has established the following committees 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 Listing Rules:

- Nomination Committee
- Audit Committee
- Compensation Committee

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

Nomination Committee

The Nomination Committee was established on 1 January 2009 and all the Committee members: Mr Patrick SUN and Mr Cassian CHEUNG Ka Sing, including the Nomination Committee Chairman, Mr Michael LEE Tze Hau, are Independent Non-executive Directors. Its 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 twice to date in 2011 (with a 100% attendance rate) to review the retirement of directors and recommend their re-appointment at the Annual General Meeting held in June 2011; to recommend the re-designation of Mr Jean-Marc LOUBIER and changes in the composition of the Compensation Committee members and the Chairmanship of the Committee; and to identify suitable candidate to fill the post of an Independent Non-executive Director as soon as practicable.

Audit Committee

The Audit Committee was established on 1 January 2009 to review the Group's financial reporting, internal controls and corporate governance issues, to consider issues relating to the external auditor, and to provide advice and make relevant recommendations to the Board. All Committee members: Mr Patrick SUN (Chairman of Audit Committee), Mr Michael LEE Tze Hau and Mr Cassian CHEUNG Ka Sing, are Independent Non-executive Directors, except for Mr Jean-Marc LOUBIER who was re-designated as Non-executive Director on 23 March 2011. 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 2011 (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 2011 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.

Compensation Committee

The Compensation Committee was established on 1 January 2009. On 23 March 2011, Dr Victor FUNG Kwok King stepped down as Chairman of the Committee and remains as a member. On the same date, Mr Cassian CHEUNG Ka Sing, an Independent Non-executive Director, was appointed as Chairman of the Committee and Mr Jean-Marc LOUBIER ceased to be a member of the Committee. Mr Michael LEE Tze Hau, an Independent Non-executive Director, is the other member of the Committee. The Committee's responsibilities as set out in its written terms of reference include the review of the Group's remuneration policy and approving the remuneration policy for all 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 2011 (with a 100% attendance rate) to review and approve the remuneration packages of two of the Executive Directors.

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 31 to 34 of the Company's 2010 Annual Report.

Based on the assessments made by the senior management and the CGD for the six months ended 30 June 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 interim financial information is 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.

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 2011. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2011.

Directors' Interests

Details of Directors' interests in the securities of the Company are set out in the Other Information section on pages 15 and 16.

Directors' Responsibility for Financial Statements

The Directors' responsibility for preparing the financial statements is set out on page 60 of the Company's 2010 Annual Report.

Compliance with the Code on Corporate Governance Practices

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 six months ended 30 June 2011.

Investor Relations and Communication

The Company has pursued a policy of promoting investor relations and communication. The Company participated in investor conferences during which it made corporate presentations, arranged company visits, and held regular meetings with institutional investors, fund managers, and analysts. In June 2011, the Company invited analysts to visit its new head office in Kowloon Bay, Hong Kong and gave a preview of the 2011 fall winter collection of one of the brands. The Company also arranged analysts' briefings and road shows after its annual and interim results announcements. The Company maintains a website (*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.

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 37 and 38 of the Company's 2010 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 2011.

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 page 9.

Other Information

Directors' Interests and Short Positions in Securities

As at 30 June 2011, the Directors and chief executive of the Company and their associates had the following interests in the shares, underlying shares, and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Long Position in Shares and Underlying Shares of the Company

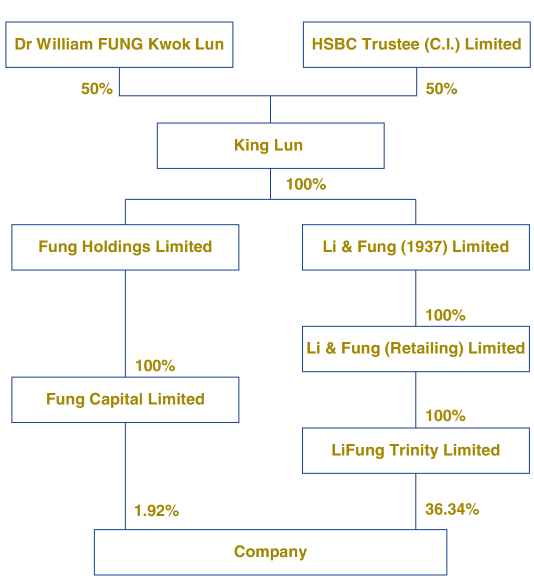
	Number of Shares					
Director	Personal Interest	Family Interest	Corporate/ Trust Interest	Equity Derivatives (share options)	Total	Approximate Percentage of Issued Share Capital (%)
Victor FUNG Kwok King	–	–	649,027,555 [1]	–	649,027,555	38.26
William FUNG Kwok Lun	–	–	649,027,555 [1]	–	649,027,555	38.26
Sabrina FUNG Wing Yee	–	–	649,027,555 [1]	3,500,000	652,527,555	38.47
Jose Hosea CHENG Hor Yin	–	–	65,227,590 [2]	–	65,227,590	3.84
WONG Yat Ming	47,776,563	–	–	12,300,000	60,076,563	3.54
Bruno LI Kwok Ho	2,300,000	–	–	3,100,000	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 65,227,590 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.*

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 2011, 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 2011, 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:

Shareholder	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital (%)
LiFung Trinity Limited	Beneficial owner [1]	616,413,760	36.34
Li & Fung (Retailing) Limited	Interest of controlled corporation [1]	616,413,760	36.34
Li & Fung (1937) Limited	Interest of controlled corporation [1]	616,413,760	36.34
King Lun	Interest of controlled corporation [1]	649,027,555	38.26
HSBC Trustee (C.I.) Limited	Trustee [2]	649,027,555	38.26

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.*

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 2011, 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 2011, there were outstanding options relating to 30,050,000 shares and 35,170,000 shares granted by the Company pursuant to Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme respectively.

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

Category of Participants	Scheme Type	Number of Share Options: As at 01/01/2011	Granted	Exercised	Cancelled/ Lapsed	As at 30/06/2011	Exercise Price HK$	Grant Date	Exercisable Period
Director									
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	Pre-IPO	1,500,000	–	–	–	1,500,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	800,000	–	–	–	800,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	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
Jeremy Paul Egerton HOBBINS [1]	Pre-IPO	1,000,000	–	–	–	1,000,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
Continuous Contract Employees	Pre-IPO	5,299,000	–	3,220,000	6,000	2,073,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	12,391,000	–	–	322,000	12,069,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	5,340,000	–	3,000,000	–	2,340,000	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	8,330,000	–	–	190,000	8,140,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	8,330,000	–	–	190,000	8,140,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	–	1,130,000	–	–	1,130,000	8.08	11/01/2011	01/01/2012 – 31/12/2013
	Post-IPO	–	1,130,000	–	–	1,130,000	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
Other Participants	Pre-IPO	2,063,000	–	558,000	–	1,505,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	3,003,000	–	–	–	3,003,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	1,040,000	–	450,000	–	590,000	2.45	26/11/2009	26/11/2010 – 25/11/2012
	Post-IPO	1,350,000	–	–	–	1,350,000	2.45	26/11/2009	26/11/2011 – 25/11/2013
	Post-IPO	1,350,000	–	–	–	1,350,000	2.45	26/11/2009	26/11/2012 – 25/11/2014

Notes:

1. *Mr Jeremy Paul Egerton HOBBINS retired as a Non-executive Director of the Company on 1 June 2011.*
2. *The weighted average closing market price per share immediately before the dates on which the share options were exercised by the continuous contract employees was HK$7.63.*
3. *The weighted average closing market price per share immediately before the dates on which the share options were exercised by other participants was HK$7.36.*
4. *The above options granted are recognised as expenses in the 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 2010. 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 2010 Annual Report are set out below:

Director	Changes
Dr Victor FUNG Kwok King	Stepped down as Chairman of Compensation Committee of the Company in March 2011, while remaining as a member of this Committee
	Appointed as independent non-executive director of Koç Holding A.Ş., a company listed in Turkey, in April 2011
	Resigned as non-executive director of the formerly listed Integrated Distribution Services Group Limited in April 2011
Dr William FUNG Kwok Lun	Resigned as non-executive director of the formerly listed Integrated Distribution Services Group Limited in April 2011
	Became the executive deputy chairman of Li & Fung Limited, a company listed in Hong Kong, in May 2011
Mr Jean-Marc LOUBIER	Re-designated as Non-executive Director of the Company and ceased to act as a member of its Compensation Committee in March 2011
	HKL Holding, a company wholly owned by Mr Loubier, was engaged by the Group in March 2011 for provision of consultancy services to the Group in Europe
	Appointed as the chief executive officer of RC Holdings SAS in April 2011, which is a company owning and operating the footwear and accessories brand, Robert Clergerie
Mr Cassian CHEUNG Ka Sing	Appointed as Chairman of Compensation Committee of the Company in March 2011
	Ceased to be an advisory board member of the Business School of the Hong Kong University of Science and Technology in April 2011
Mr Patrick SUN	In March 2011, acting as an independent non-executive director of China NT Pharma Group Company Limited, a company listed in Hong Kong in April 2011
Ms Sabrina FUNG Wing Yee	Monthly base salary was revised from HK$153,000 to HK$190,000 since April 2011

Purchase, Sale or Redemption of 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 six months ended 30 June 2011.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend of 8.0 HK cents (2010: 5.0 HK cents) per share for the six months ended 30 June 2011.

Closure of Register of Members

The Register of Members will be closed from 19 September 2011 to 21 September 2011 (both days inclusive) 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 16 September 2011. Dividend warrants are expected to be despatched to the shareholders of the Company on 22 September 2011.

Information for Investors

Listing Information

Listing: **Hong Kong Stock Exchange**

Stock Code: **891**

Key Dates

25 August 2011
Announcement of 2011 Interim Results

19 to 21 September 2011 (both days inclusive)
Closure of Register of Members

22 September 2011
Despatch of 2011 Interim Dividend warrants

Share Information

Board lot size
2,000 shares

Shares outstanding as at 30 June 2011
1,696,114,883 shares

Market capitalisation as at 30 June 2011
HK$13.28 billion

Dividend per share for 2011
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@lftrinity.com

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

Website

www.trinity-limited.com

Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June 2011 HK$'000	2010 HK$'000
Revenue	4	**1,205,966**	924,674
Cost of sales		**(232,121)**	(223,379)
Gross profit		**973,845**	701,295
Other income		**28,064**	26,911
Selling and marketing expenses		**(498,044)**	(380,292)
Administrative expenses		**(214,852)**	(170,044)
Other gains – net		**9,290**	2,061
Operating profit	5	**298,303**	179,931
Finance income		**3,085**	587
Finance costs		**(2,117)**	(3,344)
Finance income/(costs) – net		**968**	(2,757)
Share of profit of jointly controlled entities		**29,710**	20,867
Profit before income tax		**328,981**	198,041
Income tax expenses	6	**(88,888)**	(51,180)
Profit for the period attributable to shareholders of the Company		**240,093**	146,861
Basic earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	7	**14.2 cents**	9.3 cents
Diluted earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	7	**13.8 cents**	9.1 cents

The notes on pages 26 to 40 are an integral part of this condensed consolidated financial information. Details of interim dividend of HK$135,689,000 (2010: HK$78,713,000) are set out in Note 8.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2011 **HK$'000**	2010 HK$'000
Profit for the period	**240,093**	146,861
Other comprehensive income for the period		
Currency translation differences	**18,963**	6,213
Total comprehensive income attributable to shareholders of the Company	**259,056**	153,074

The notes on pages 26 to 40 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Balance Sheet

	Note	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**243,414**	181,628
Intangible assets	9	**2,337,814**	1,629,072
Investments in jointly controlled entities		**213,723**	210,982
Deposit and prepayments		**40,888**	36,724
Deferred income tax assets		**63,503**	60,103
		2,899,342	2,118,509
Current assets			
Inventories		**497,585**	420,800
Trade receivables	10	**166,603**	214,929
Deposit and prepayments		**50,600**	199,038
Amounts due from related parties	17(b)	**1,411**	1,073
Cash and cash equivalents		**594,912**	514,799
		1,311,111	1,350,639
Total assets		**4,210,453**	3,469,148
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	11	**169,611**	158,889
Share premium		**2,281,478**	1,540,961
Reserves		**650,097**	551,038
Total equity		**3,101,186**	2,250,888

The notes on pages 26 to 40 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Balance Sheet *(Continued)*

	Note	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**6,355**	6,082
Retirement benefit obligations		**13,897**	13,663
Other payables and accruals		**34,409**	37,048
Deferred income tax liabilities		**210,986**	93,228
Borrowings	13	**180,000**	220,000
		445,647	370,021
Current liabilities			
Trade payables	12	**113,712**	95,928
Other payables and accruals		**380,558**	334,798
Amounts due to related parties	17(b)	**9,445**	7,580
Current income tax liabilities		**79,905**	49,933
Borrowings	13	**80,000**	360,000
		663,620	848,239
Total liabilities		**1,109,267**	1,218,260
Total equity and liabilities		**4,210,453**	3,469,148
Net current assets		**647,491**	502,400
Total assets less current liabilities		**3,546,833**	2,620,909

The notes on pages 26 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
Balance at 1 January 2010		157,425	1,515,001	570,779	(227,161)	2,016,044
Comprehensive income						
Exchange differences		–	–	–	6,213	6,213
Profit for the period		–	–	146,861	–	146,861
Total comprehensive income		–	–	146,861	6,213	153,074
Transactions with owners						
Employee share option schemes						
– value of employee services		–	–	–	17,000	17,000
Dividends paid	8	–	–	(110,500)	–	(110,500)
Total transactions with owners		–	–	(110,500)	17,000	(93,500)
Balance at 30 June 2010		157,425	1,515,001	607,140	(203,948)	2,075,618
Balance at 1 January 2011		**158,889**	**1,540,961**	**731,262**	**(180,224)**	**2,250,888**
Comprehensive income						
Exchange differences		**–**	**–**	**–**	**18,963**	**18,963**
Profit for the period		**–**	**–**	**240,093**	**–**	**240,093**
Total comprehensive income		**–**	**–**	**240,093**	**18,963**	**259,056**
Transactions with owners						
Issue of shares pursuant to a placement	11	**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**
Balance at 30 June 2011		**169,611**	**2,281,478**	**806,040**	**(155,943)**	**3,101,186**

The notes on pages 26 to 40 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Note	Unaudited Six months ended 30 June 2011 HK$'000	 2010 HK$'000
Cash flows from operating activities			
Cash generated from operations		**273,495**	260,364
Interest paid		**(144)**	(728)
Income tax paid		**(68,830)**	(34,816)
Net cash generated from operating activities		**204,521**	224,820
Cash flows from investing activities			
Purchase of property, plant and equipment		**(27,929)**	(12,591)
Interest received		**3,085**	587
Dividend received from jointly controlled entities		**30,033**	–
Acquisition of a subsidiary, net of cash acquired	14	**(389,873)**	–
Net cash used in investing activities		**(384,684)**	(12,004)
Cash flows from financing activities			
Interest paid		**(1,356)**	(2,616)
Proceeds from issuance of ordinary shares		**764,685**	–
Proceeds from borrowings		**300,000**	60,000
Repayment of borrowings		**(620,000)**	(314,812)
Dividends paid	8	**(169,607)**	(110,500)
Share issuance cost		**(13,446)**	(16,303)
Net cash generated from/(used in) financing activities		**260,276**	(384,231)
Net increase/(decrease) in cash and cash equivalents		**80,113**	(171,415)
Cash and cash equivalents at beginning of the period		**514,799**	518,240
Cash and cash equivalents at end of the period		**594,912**	346,825

The notes on pages 26 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") and jointly controlled entities are principally engaged in the retailing of high-end to luxury menswear in Chinese Mainland, Hong Kong, Macau and Taiwan (the "Greater China Region"), retailing and licensing businesses in France and a retailer of luxury fashion and accessories in South Korea and various countries in Southeast Asia respectively. 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 thousand units of Hong Kong dollars, unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 25 August 2011.

Key events

On 21 January 2011, the Company issued 100 million ordinary shares at a price of HK$7.50 per share pursuant to a placement and raised net proceeds of approximately HK$736.6 million, details of which are set out in Note 11(a).

On 15 March 2011, the Group acquired 100% interests in the Cerruti Group at a consideration of Euro 52.6 million (approximately HK$556.7 million), details of which are set out in Note 14.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2011 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 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 Summary of principal accounting policies

The principal 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 2010.

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 2011

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

HKAS 24 (Revised)	Related Party Disclosures (effective for annual periods beginning on or after 1 January 2011)
HKAS 34 (Amendment)	Interim Financial Reporting (effective for annual periods beginning on or after 1 January 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 information and does not result in substantial changes to the Group's accounting policies.

(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 effective for the financial year beginning 1 January 2011 and have not been early adopted by 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)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters (effective for annual periods beginning on or after 1 July 2011)

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** (Continued)*:

HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)
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)

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.

4 Segment information

The Group is principally engaged in the retail and wholesale distribution of menswear under self-owned brands and licensed brands in the Greater China Region. The performance of the Group's retail stores is subject to seasonal fluctuations. Revenue is generally higher during the holiday seasons such as Christmas, Labour Day and National Day and during fall/winter fashion season. Therefore, the Group's revenue is generally higher during the second half of the year.

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 Chinese Mainland, HK & Macau, Taiwan, Europe and Others. Management also assesses the performance of the individual business line, namely retail, wholesale and licensing. During the period, certain amendments and reclassifications were made to the management report presented to the senior executive management in order to better reflect the composition and performance of each segment. Prior period comparatives have been restated accordingly.

Segment asset consists only of inventories.

4 Segment information *(Continued)*

(a) Segment results

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

	Unaudited							
	HK & Macau Retail	HK & Macau Wholesale	Chinese Mainland Retail	Taiwan Retail	Europe Retail	Europe Licence	Others Retail	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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**
Segment profit/(loss) before income tax	**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**
Segment asset as at 30 June 2011	**181,003**	**–**	**265,421**	**43,985**	**7,176**	**–**	**–**	**497,585**

4 Segment information *(Continued)*

(a) Segment results *(Continued)*

The segment results for the six months ended 30 June 2010 are as follows:

	Unaudited						
	HK & Macau Retail HK$'000	HK & Macau Wholesale HK$'000	Chinese Mainland Retail HK$'000	Taiwan Retail HK$'000	Europe Retail HK$'000	Others Retail HK$'000	Total HK$'000
Segment revenue and revenue from external customers	306,378	6,135	530,812	80,927	422	–	924,674
Gross profit	239,304	244	403,143	58,341	263	–	701,295
Segment profit/(loss) before income tax	112,660	244	158,529	17,693	(2,399)	20,867	307,594
Segment profit/(loss) before income tax includes:							
Depreciation	(5,919)	–	(29,608)	(1,021)	(456)	–	(37,004)
Share of profit of jointly controlled entities	–	–	–	–	–	20,867	20,867
Segment asset as at 31 December 2010	146,284	–	231,243	41,904	1,369	–	420,800

(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	
	2011 HK$'000	2010 HK$'000
Segment profit before income tax for reportable segments	**462,502**	307,594
Add:		
Other income	**28,064**	26,911
Other gains – net	**9,290**	2,061
Finance income – net	**968**	–
Less:		
Finance costs – net	**–**	(2,757)
Employee benefit expenses	**(110,478)**	(98,524)
Rental expenses	**(19,792)**	(10,989)
Depreciation and amortisation	**(10,935)**	(7,036)
Corporate and other unallocated expenses	**(30,638)**	(19,219)
Total Group's profit before income tax	**328,981**	198,041

5 Operating profit

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

	Unaudited Six months ended 30 June	
	2011 **HK$'000**	2010 HK$'000
(Reversal of)/additional provision for impairment of inventories	**(8,525)**	6,198
Depreciation of property, plant and equipment (Note 9)	**60,688**	39,951
Amortisation of intangible assets (Note 9)	**4,004**	4,089
Loss on disposal of property, plant and equipment (Note 9)	**3,168**	2,614
(Reversal of)/additional provision for impairment of trade receivables	**(3,165)**	265
Advertising and promotion expenses	**58,185**	30,111

6 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 for the six months ended 30 June 2011. 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	
	2011 **HK$'000**	2010 HK$'000
Current income tax		
– Hong Kong profits tax	**16,863**	10,697
– Overseas taxation	**52,958**	26,647
Deferred income tax	**19,067**	13,836
	88,888	51,180

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	
	2011	2010
Weighted average number of ordinary shares in issue	**1,689,778,000**	1,574,255,000
Profit attributable to shareholders of the Company (HK$'000)	**240,093**	146,861
Basic earnings per share (HK cents per share)	**14.2 cents**	9.3 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	
	2011	2010
Weighted average number of ordinary shares for diluted earnings per share	**1,737,455,000**	1,616,435,000
Profit attributable to shareholders of the Company (HK$'000)	**240,093**	146,861
Diluted earnings per share (HK cents per share)	**13.8 cents**	9.1 cents

8 Dividends

	Unaudited Six months ended 30 June	
	2011 HK$'000	2010 HK$'000
Interim dividend declared of 8.0 HK cents (2010: 5.0 HK cents) per ordinary share	**135,689**	78,713

The interim dividend declared by the Board of Directors on 25 August 2011 has not been recognised as a liability at the balance sheet date. A final dividend of HK$169,607,000 for the year ended 31 December 2010 was paid in June 2011 (2010: a final dividend of HK$110,500,000 relating to 2009 was paid in June 2010).

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 2010	121,157	1,627,460
Exchange differences	90	–
Additions	46,410	–
Disposals (Note 5)	(2,614)	–
Depreciation and amortisation (Note 5)	(39,951)	(4,089)
Closing net book amount at 30 June 2010 (unaudited)	125,092	1,623,371
Opening net book amount at 1 January 2011	**181,628**	**1,629,072**
Exchange differences	**3,246**	**6,246**
Acquisition of a subsidiary (Note 14)	**41,284**	**706,500**
Additions	**81,112**	**–**
Disposals (Note 5)	**(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**

10 Trade receivables

Majority of the Group's revenue are 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 2011, the ageing analysis of trade receivables of the Group by invoice date is as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
1 – 30 days	**129,800**	181,406
31 – 60 days	**31,974**	32,825
61 – 90 days	**3,279**	1,152
Over 90 days	**7,495**	1,938
	172,548	217,321
Less: Provision for impairment of receivables	**(5,945)**	(2,392)
	166,603	214,929

As at 30 June 2011, the fair values of the Group's trade receivables are approximately the same as their carrying amounts.

11 Share capital and options

	Number of shares (in thousand)	Share capital HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2011 and 30 June 2011	**4,000,000**	**400,000**
Issued and fully paid:		
At 1 January 2011	**1,588,887**	**158,889**
Placement of shares (note (a))	**100,000**	**10,000**
Issue of shares on exercise of share options (note (b))	**7,228**	**722**
At 30 June 2011	**1,696,115**	**169,611**

Details of share option schemes adopted by the Group since 16 October 2009 are set out in the annual consolidated financial statements for the year ended 31 December 2010.

Notes:

(a) Placement of shares
Pursuant to a placing agreement dated 10 January 2011, LiFung Trinity Limited, a controlling shareholder of the Company, placed 100,000,000 existing shares of the Company to not less than six independent professional, institutional and/or individual investors at a price of HK$7.50 per share and to subscribe from the Company for the same number of shares at the same price. The placing price represented a discount of about 5.66% to the closing price of HK$7.95 per share on 10 January 2011. The net proceeds of the subscription amounted to approximately HK$736.6 million, after taking into account the placing commission and other related expenses.

(b) During the six months ended 30 June 2011, 7,228,000 ordinary shares were issued at an average exercise price of HK$2.03 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 2011	**68,396,000**	**2.05**
Granted	**4,760,000**	**8.04**
Exercised	**(7,228,000)**	**2.03**
Forfeited	**(708,000)**	**2.08**
At 30 June 2011	**65,220,000**	**2.49**

11 Share capital and options *(Continued)*

During the six months ended 30 June 2011, the Company granted 4,260,000 share options on 11 January 2011 and 500,000 share options on 24 March 2011, of which 2,000,000 options were granted to a Director.

The weighted average closing share price at the dates of exercises of share options during the period was HK$7.59.

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

	Share options granted on 11 January 2011	Share options granted on 24 March 2011
Average fair value	**1.93**	**2.15**
Closing average share price on date of grant	**7.55**	**7.71**
Exercise price	**8.08**	**7.71**
Expected volatility	**49.83%**	**49.83%**
Expected option life	**3 – 4 years**	**3 – 4 years**
Risk free rate	**0.49% to 0.94%**	**0.64% to 1.13%**
Expected dividend yield	**2.10%**	**2.07%**

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

12 Trade payables

At 30 June 2011, the ageing analysis of the Group's trade payables by invoice date is as follows:

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
1 – 30 days	**65,638**	39,945
31 – 60 days	**9,753**	20,405
61 – 90 days	**19,246**	12,579
Over 90 days	**19,075**	22,999
	113,712	95,928

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

13 Borrowings

Movements in borrowings are analysed as follows:

	HK$'000
Six months ended 30 June 2010	
Opening amount as at 1 January 2010	714,799
Proceeds from borrowings	60,000
Repayments of borrowings	(314,799)
Closing amount as at 30 June 2010 (unaudited)	460,000
Six months ended 30 June 2011	
Opening amount as at 1 January 2011	**580,000**
Proceeds from borrowings	**300,000**
Repayments of borrowings	**(620,000)**
Closing amount as at 30 June 2011 (unaudited)	**260,000**

(a) All the bank borrowings were secured by cross guarantees amongst group companies.

(b) As at 30 June 2011, the Group had unutilised banking facilities amounted to HK$905.0 million (31 December 2010: HK$540.2 million).

14 Business Combination

On 15 March 2011, the Group acquired 100% interests in the Cerruti Group at a consideration of Euro 52.6 million (approximately HK$556.7 million). Cerruti Group is principally engaged in the management of the Cerruti trademark 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.

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

	Fair value HK$'000
Property, plant and equipment	**41,284**
Intangible assets – Trademark (with indefinite useful lives) (note)	**700,477**
– Others	**6,023**
Deposits and prepayments	**7,289**
Inventories	**14,065**
Trade receivables	**27,370**
Other current assets	**16,756**
Cash and cash equivalents	**11,685**
Trade payables	**(42,303)**
Other payables	**(96,028)**
Current income tax liabilities	**(21,181)**
Deferred tax liabilities	**(108,754)**
Net assets	**556,683**

	HK$'000
Purchase consideration – cash paid	**556,683**
Deposit already paid as at 31 December 2010	**(155,125)**
Cash and cash equivalents in a subsidiary acquired	**(11,685)**
Cash outflow on acquisition	**389,873**

	HK$'000
Acquisition-related costs (included in administrative expenses in the condensed consolidated income statement for the six months ended 30 June 2011) (for the year ended 31 December 2010: approximately HK$10 million)	**471**

Note: Indefinite life trademark represents right and title in respect of the worldwide Cerruti trademark.

(a) Revenue and profit contribution

Cerruti Group contributed revenue of HK$38,951,000 and net loss of HK$757,000 to the Group for the period from 15 March 2011 to 30 June 2011.

If the acquisition had occurred on 1 January 2011, Group revenue would have been HK$1,245,503,000; profit after tax would have been HK$160,170,000 for the six months ended 30 June 2011.

(b) Acquired receivables

Fair value of the trade receivables acquired was HK$27,370,000, for which the gross contractual amount was HK$34,088,000.

15 Contingent Liabilities

A subsidiary of the Cerruti Group in France acquired by the Group in March 2011 was the subject of various claims from several former employees and third parties amounting to approximately Euro 1.8 million (approximately HK$20.0 million). The claim amounts are fully indemnified by the previous owner of the Cerruti Group. Accordingly, the Group has not recognised any provision in relation to these claims at the balance sheet date as it is not probable that the Group will bear any of these costs.

16 Commitments

(a) Commitments under operating leases

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

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
No later than 1 year	**193,936**	180,046
Later than 1 year and no later than 5 years	**163,577**	162,627
	357,513	342,673

(b) Other commitments

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Contracted sponsorship fees		
– No later than 1 year	**2,400**	3,150

17 Related party transactions

(a) Significant related party transactions

All the related party transactions were entered with companies associated with or controlled by 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	
	2011 **HK$'000**	2010 HK$'000
Purchase of goods	**4,754**	4,843
Sub-contracting fee for production of product parts	**12,246**	8,335
Service fee received for provision of accounting, information system and human resources services	**2,379**	3,534
Service fee paid for provision of corporate compliance services and other administrative services	**2,133**	1,760
Service fee paid for provision of warehouse and logistics services	**6,106**	4,477
Rental and licence fee received	**1,266**	1,575
Rental and management fee paid	**1,694**	1,915
Management services fee received	**10,500**	10,500

(b) Balances with related parties

	Unaudited 30 June 2011 HK$'000	Audited 31 December 2010 HK$'000
Due from		
Substantial Shareholder Group	**442**	122
Jointly controlled entity	**969**	951
	1,411	1,073
Due to		
Substantial Shareholder Group	**9,445**	7,580

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

17 Related party transactions *(Continued)*

(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 2011, the sum borrowed by Ferragamo (Thailand) Limited amounted to approximately Baht 70.5 million and USD1.14 million (approximately HK$26.7 million in aggregate) (31 December 2010: Baht 69.5 million and USD1.065 million (approximately HK$26.0 million in aggregate)).

(d) Key management compensation

Key management compensation amounted to HK$7,449,000 for the six months ended 30 June 2011 (2010: HK$4,787,000).

18 Events after the balance sheet date

Save as disclosed elsewhere in this report, there was no other significant subsequent events that took place subsequent to 30 June 2011.