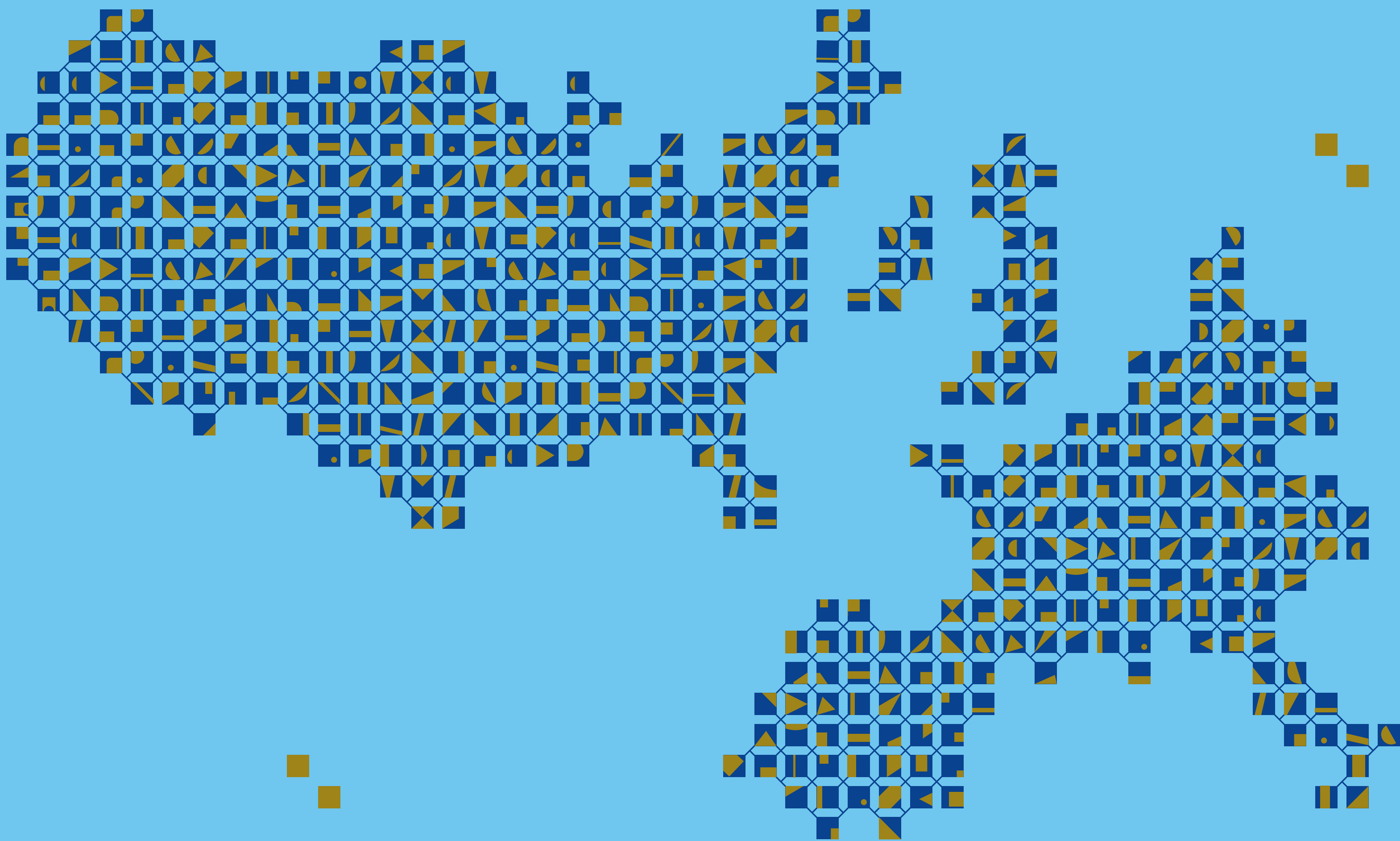
INTERIM REPORT 2014



TRINITY LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 891

A Fung Retailing Company

Trinity Limited
30/F, OCTA Tower, 8 Lam Chak Street,
Kowloon Bay, Kowloon, Hong Kong
T (852) 2342 1151
www.trinitygroup.com

This report is printed on environmentally friendly paper
Design: Format Limited

Contents

Global Offices

CHINESE MAINLAND
BEIJING, CHENGDU, GUANGZHOU, SHANGHAI, WUHAN

FRANCE PARIS

HONG KONG, SAR

SINGAPORE

TAIWAN TAIPEI

UNITED KINGDOM LONDON

corporate information

Executive Directors

Bruno LI Kwok Ho
(Chief Financial Officer)

Danny LAU Sai Wing
(Chief Operating Officer)

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

Sabrina FUNG Wing Yee

WONG Yat Ming

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

Patrick SUN

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

Chief Executive Officer

Richard Samuel COHEN

Group Chief Compliance Officer

Srinivasan PARTHASARATHY

Company Secretary

Christiana YIU Yuen Wah

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

Bank of China (Hong Kong) Limited

Citibank, N.A.

Standard Chartered Bank (Hong Kong) Limited

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Website

www.trinitygroup.com

highlights

Highlights of results for the six months ended 30 June 2014

	2014	2013	% change
Revenue (HK$ million)	1,260	1,338	-5.9%
Gross profit (HK$ million)	998	1,009	-1.0%
Gross margin (%)	79.3%	75.4%	
Operating profit (HK$ million)	94	175	-46.7%
Operating margin (%)	7.4%	13.1%	
Profit attributable to shareholders (HK$ million)	79	150	-47.3%
Profit attributable to shareholders (%)	6.3%	11.2%	
Basic earnings per share (HK cents)	4.6	8.7	
Interim dividend per share (HK cents)	2.4	4.5	

Store numbers as at 30 June 2014

Kent & Curwen
126

104	Chinese Mainland
12	Hong Kong & Macau
10	Taiwan

Cerruti
133

112	Chinese Mainland
8	Hong Kong & Macau
12	Taiwan
1	Europe

Gieves & Hawkes
120

94	Chinese Mainland
8	Hong Kong & Macau
9	Taiwan
9	Europe

D'URBAN
52

35	Chinese Mainland
8	Hong Kong & Macau
9	Taiwan

Intermezzo
2

2	Hong Kong & Macau

Total for the Group
433

345	Chinese Mainland
38	Hong Kong & Macau
40	Taiwan
10	Europe

chairman's statement

Like most retailers of high-end apparel in Greater China, Trinity continued in the first half of 2014 to feel the effects of sluggish sales and rising costs. There were headwinds both from the Chinese Mainland's on-going structural economic shifts and its frugality drive, which curtailed purchases of prestige brands, especially for gift-giving.

These factors form the macro backdrop to the Group's interim results, which are not as good as we would wish.

Longer-term, the future holds considerable promise for Trinity and its iconic menswear brands, Cerruti, Kent & Curwen, Gieves & Hawkes and D'URBAN. This is not just in respect of sales growth in our Greater China core market, but also in Europe and the US, particularly from our Chinese Mainland customers travelling abroad. In the short-term, meanwhile, there is still more we can – and shall – do to improve the Group's performance despite challenging conditions on the Chinese Mainland.

Interim Results Overview

In line with expectations, retail revenue from the Chinese Mainland – which accounts for 52.9% of the Group's total retail revenue – decreased by 6.3% in the first half compared to the same period in 2013. Elsewhere in Greater China, retail revenue from Hong Kong and Macau decreased by 7.5%, and from Taiwan increased by 6.7%.

What these figures cannot reflect is encouraging growth in same-store sales recorded since the start of July as a result of summer sales in retail outlets across Greater China. These have enabled us to monetise stock, reduce inventory days, create room for new collections and reinforce brand awareness, getting us off to a stronger start in the second half of the year.

Gross margin across the Group increased, year-on-year, and profit attributable to shareholders decreased, to HK$79.0 million, compared to the same period in 2013. Aside from revenue decline, a significant contributing factor to the profit decrease was the adverse impact of the RMB's depreciation on Trinity's large holding of the Chinese currency.

New Experience

Trading in a prolonged downturn is still quite a novel experience in Greater China – especially after three decades of high growth on the Chinese Mainland. The same cannot be said of the US, from where the Group's new Chief Executive Officer, British-born Richard Cohen, joined Trinity in May 2014 after a carefully-conducted international search.

Mr Cohen is a veteran in building prestige menswear brands globally, including in adverse market conditions. Already, the Group is incorporating best practices that will help Trinity ride out the downturn on the Chinese Mainland while reinforcing our capacity to reach Chinese consumers travelling overseas.

Greater China Focus

Affluent Chinese, already the world's biggest consumers of established high-end brands, remain Trinity's primary focus. We cater to Chinese travellers by building the overseas profile of the premium Trinity menswear brands they are familiar with at home, and making these more accessible to them through our flagship stores in Europe and our licensee's stores in the US.

We see these outbound Chinese consumers travelling overseas as the growth engine of the Group's business. A priority for the Management's new leadership is thus to bring our wholly-owned Cerruti, Kent & Curwen and Gieves & Hawkes brands closer to the Chinese consumer globally.

Another key area is omni-channel retailing, with its emphasis on providing consumers with an experience that allows them to switch seamlessly between online and offline channels. Increasingly, discerning, sophisticated Chinese consumers require more product information online. Some visit stores to experience products firsthand then find it more convenient to make their purchases online. The Group is investing in online marketing social media, digital and IT platforms to be at the forefront of this important trend.

Sustainability

As a member of the Fung Group, Trinity Limited adheres to the United Nations Global Compact in areas that impact the sustainability of our business and the well-being of the communities where we operate. These include labour, human rights, the environment and anti-corruption efforts. Our goal is to instill within our workforce a keen awareness of environmental principles and a commitment to social service, while striving to be a model employer. This was apparent in the many projects the Group initiated or took part in during the first half of 2014. Managing carbon emissions according to international and local regulations continues to be a particular area of focus.

Outlook

While the going has been undeniably tough in recent times, the Group remains soundly positioned for the future in our segment and our target Chinese consumer market. Prospects bode well for attracting more customers to Trinity's premium menswear brands from China's emerging upper middle-class, when more positive consumer sentiment returns to the Mainland.

We are further enhancing the Group's capabilities in product development, merchandising, and supply chain management, all of which will have positive effects on our full-year business results and beyond.

Meanwhile, at the most fundamental level, the Group's concept of bridging the best of East and West for the next global wave of premium menswear consumption, and of developing the international potential of our authentic menswear brands – especially for our Chinese consumers – remains firmly intact.

In this context, I would like to thank our outgoing Group Managing Director, Mr Wong Yat Ming, who has been promoted to executive director of Fung Retailing Limited, the private holding entity for Trinity and other Fung Group retailing interests. Mr Wong was instrumental in establishing Trinity as a major force in the high-potential Greater China premium menswear market.

I also wish to thank all my colleagues at Trinity for their hard work and commitment. As always, I am proud to work alongside them as we continue Trinity's transformation from a major player in Greater China into a global menswear group with an unrivalled portfolio of brands and with world-class retail operations in Greater China and wherever we do business.

Victor FUNG Kwok King
Chairman
Hong Kong, 20 August 2014

management discussion and analysis

Structural changes in the economy of the Chinese Mainland, coupled with slower growth because of reduced momentum on consumption and investment, continued to hamper Trinity's ability to achieve more satisfying bottom-line results during the six months under review. In recent times the Group – like all involved in Greater China's premium fashion sector – has faced rising pressures on cost, downward pressure on consumer spending, plus the negative impact on sales of the Mainland government's enforcement of frugality.

While this combination of factors is impacting profits in the short and medium term, Trinity continues to retain and enhance our significant long-term competitive advantage. Our wholly-owned brands – Cerruti, Kent & Curwen, and Gieves & Hawkes – have an authentic heritage, loyal customers and a lengthy track record as standard bearers of style in international menswear.

Largely because of the cachet of Trinity's brands in the world's fashion capitals, they are also popular among style-conscious consumers in the Group's core market, the Chinese Mainland. Increasingly, affluent Chinese consumers are travelling internationally and buying high-end branded goods at source, taking advantage of better deals wherever lower taxes and duties apply. In addition to raising Trinity's profile overseas to reach this expanding segment of Chinese travellers, the Group is cultivating fresher, rejuvenated relationships with our traditional customer bases overseas.

To underpin this effort, Management is focusing more on international retail practices that will help Trinity become nimbler, more efficient throughout the value chain and better positioned to capitalise on opportunities as incomes rise on the Chinese Mainland and the global economic environment improves. These measures include enhancing the Group's capabilities in product development and merchandising. Trinity's leadership team is working closely with business units and employees to integrate best practices into all aspects of our operations. For example, a key priority in recent months has been to reduce inventory days by holding sales that make room for new collections.

Summary of Financial Results

Total revenue decreased by 5.9% in the first half of 2014. Revenue from the Greater China market, which contributed 88.7% of the Group's total revenue over the first six months of the year, decreased by 5.7%. This was largely because of the ongoing slowdown of the Chinese Mainland economy, which resulted in softer consumer demand, as well as the government measures that have impacted gift purchases across the premium and luxury sector. We reduced the total number of stores in Greater China by 18 during the first half of 2014. Same-store sales on the Chinese Mainland decreased by 6.0%, were flat in Hong Kong & Macau (-0.3%) and increased by 2.9% in Taiwan.

Gross margin during the first half of the year was 79.3%, up from 75.4% in the first six months of 2013. The increase in the percentage was mainly attributable to changes in accounting estimates on the net realisable value of inventories. The revised estimate was based on the fact that past-season inventories could be sold at a value above the original cost, with the exception of a portion of inventories which are two years or older. The stock provision required was the estimated amount of inventories with a net realisable value below cost. To compare like with like, the gross margin percentage for last year would be 78.0% if current principle was applied against 79.3% for the current year.

Selling and marketing expenses were HK$656.1 million, representing a 4.6% increase year-on-year, of which higher depreciation on store renovations, product development costs in Europe and store staff wages on the Chinese Mainland explained more than 80% of the increase. Selling and marketing expenses as a percentage of revenue increased from 46.9% to 52.1%.

Administrative expenses decreased by 4.2% year-on-year, primarily due to a reduction in the provision for performance-based rewards to staff.

Income from interest increased by HK$8.6 million because of our large holdings of Renminbi ("RMB"). However, the depreciation of the RMB since March 2014 has had an adverse impact on the valuation of the Group's RMB net assets, mainly in short-term deposits and receivables. As a result, an unrealised foreign exchange loss of HK$41.3 million was recognised. In the same period last year, an unrealised foreign exchange gain of HK$24.5 million was booked, resulting in a swing of HK$65.8 million. The share of profit of associates decreased by 61.8%, to HK$4.6 million.

Profit attributable to shareholders was HK$79.0 million, representing a drop of HK$71.0 million or 47.3% over the corresponding period in 2013. The decline in revenue and the swing in unrealised foreign exchange gains/losses accounted for more than 90% of the reduction.

Inventory Management

Inventory days were 495, or 143 days higher than for the same period in 2013. Of this increase, 120 days were attributable to a strategic receipt acceleration of merchandise for the Fall/Winter 2014 season, and to a release of stock provision due to a change in accounting estimates.

Financial Position and Liquidity

In the first half of 2014 the Group generated HK$13.9 million net cash from operating activities, down 84.5% year-on-year from HK$89.6 million. The decrease was primarily due to a reduction in actual profit and an increase in working capital which was largely attributed to an increase in inventory and a reduction in store renovation subsidy and payables. Lower tax payments on reduced profits mitigated part of the drop in cash generated from operating activities.

The net debt position of the Group was HK$290.2 million and the net debt to equity ratio, equal to net debt divided by total equity, was 8.6% as at 30 June 2014.

The Group has secured banking facilities of HK$2,003.3 million. As at 30 June 2014, HK$283.2 million of the available banking facilities was unutilised.

Treasury Management

The Group purchases a substantial part of production materials in foreign currencies. We have a hedging policy to minimise foreign exchange risks.

Following the Group's past treasury management practice of arbitraging the interest rate differential between RMB short-term deposits and HK dollar short-term loans, the RMB short-term deposits remained un-hedged. However, the Group has taken measures to limit any further accumulation of RMB deposits and will review its currency position at the end of the year.

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

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 our European licensing business. The Group has established procedures to evaluate and monitor credit risk in order to minimise exposure.

Trade receivable turnover days improved from 25 days for the year ended 31 December 2013, to 22 days for the period ended 30 June 2014. This reflected improvements in collecting receivables from recent sales.

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

Purchase of Convertible Promissory Note

Our continued commitment to and collaboration with New York City-based British Heritage Brands, Inc. ("BHB") to expand Kent & Curwen into defined licensed territories requires the purchase of convertible promissory notes issued by BHB, of which HK$77.6 million was taken up during 2013. The timetable of the purchase of the outstanding amount of convertible promissory note has been deferred and will be determined at a later stage.

Geographical Analysis for the Retail and Licensing Businesses

Revenue

Hong Kong and Macau experienced a 7.5% decrease in retail revenue, and the Chinese Mainland saw a decline of 6.3% and Taiwan increased by 6.7%. Retail revenue in Europe declined 13.8%.

Gross Margin

In Greater China, the Group recorded a growth of 4.3 percentage points in retail gross margin, mainly as a result of a stock provision reversal of HK$40.2 million. Retail gross margins for Hong Kong & Macau, the Chinese Mainland and Taiwan were 81.4%, 80.2% and 76.7%, respectively. The retail gross margin for Europe was 52.4%.

Segmental earnings before net finance costs and income tax expense ("Segmental Contribution")

A decrease in sales resulted in a reduction of Segmental Contribution by HK$42.5 million, representing a drop of 17.6% year-on-year. On the Chinese Mainland and in Europe, Segmental Contribution decreased by HK$20.1 million and HK$10.3 million, respectively. The share of profit of associates decreased to HK$4.6 million.

Building Brand Equity

Marketing and brand promotion are critical for the Group. The Cerruti, Kent & Curwen, Gieves & Hawkes and D'URBAN brands are already well established on the Chinese Mainland, but to maintain a leading position among Chinese consumers – our core customers – Trinity will direct more resources to developing impactful advertising, promotional and public relations campaigns. These are as important in overseas markets as on the Chinese Mainland, because so many high net-worth Chinese consumers are travelling. It is our intention to increase brand awareness among our Chinese customers wherever they shop internationally.

Trinity is also careful to project the right image for the brands in our unique portfolio. Cerruti, Kent & Curwen, Gieves & Hawkes, and D'URBAN all occupy a space in the premium segment of the men's fashion business. This means that, while sufficiently high end to attract top-tier consumers they are nonetheless priced to be also within reach of the fast-growing upper-middle-class tier of Chinese consumers. This gives Trinity a solid business positioning now and for the future.

Trinity's two biggest brands by sales remain Cerruti and Kent & Curwen. However, Gieves & Hawkes – which has a smaller retail footprint – enjoys an enviable reputation in influential fashion media and among key opinion leaders, and the Group is committed to raising the brand's profile. We have moved the brand's headquarters to London, both to establish it in one of the world's fashion capitals and to associate it more strongly with its storied bespoke roots at No.1 Savile Row. Our appointment last year of Mr Jason Basmajian as Creative Director is also realising significant traction.

During the period under review, the Group launched advertising campaigns for Gieves and Hawkes in London as well as across key markets in Asia. Often, we secure prominent individuals to wear Gieves & Hawkes clothing at promotional events, enhancing the brand's image among the fashionable as well as within the financial community.

Also in New York, Kent & Curwen continues to build equity through BHB. The new Creative Director, Mr Simon Spurr, is developing fresh and contemporary collections that signal a subtle shift to a younger, trendier target segment. We are committed to executing this process gradually to ensure that we can transition our existing customer base to the newer, wider audience over time. New global collections will increasingly be made available and promoted in Asia.

Advertising campaigns for Kent & Curwen continue to be developed and implemented out of the UK. Brand Ambassador Mr Michael Owen, former England star footballer for globally popular club Liverpool, and a horse enthusiast, has appeared for the brand in light-box and advertising campaigns and also represents it at The Kent & Curwen Centenary Sprint Cup racing event in Hong Kong. Also endorsing Kent & Curwen is Hong Kong-born Chinese superstar artist and actor Mr Aaron Kwok, who represents the brand at the local level and in the world of entertainment.

Another important event is the Kent & Curwen Royal Polo Cup in the UK, where the Group is now in the final year of a three-year sponsorship contract. This event has gained substantial traction among target audiences, drawing attention with attendance by members of the Royal Family, including Their Royal Highnesses Prince William and Prince Harry, and generating wide coverage in UK press and international media.

Cerruti enjoys a strong following among its clientele in Greater China. The brand's roots, which stretch from Italy to France, connect Trinity to the most successful creative cultures in the history of world fashion. As one of the highest-selling brands in the Group's portfolio, Cerruti will continue to be a Group priority for development, both in terms of profile and collections.

For D'URBAN, the only part of Trinity's core portfolio not wholly owned by the Group, we are working closely with the owner to streamline the business, place additional emphasis on effective purchasing and to close stores that have underperformed. The brand has a dedicated following, especially among those who appreciate minimalist Japanese design.

Sustainability and Corporate Social Responsibility

Trinity upholds the United Nations Global Compact's 10 universal principles on labour, environment, human rights and anti-corruption and, correspondingly, expects compliance from our suppliers. The Group recently introduced an update of our "Code of Conduct and Supplier Compliance Manual", which it enforces via a specially-appointed team that works with suppliers to help improve environmental and social compliance at their factories. The Group also issued an update of our "Anti-Bribery Policy and Guidelines of Gifts, Entertainments and Hospitality" in the first half of 2014.

Trinity strives to adhere to globally-accepted and practiced principles of sustainability in every aspect of our operations. One of the Group's initiatives in the first half of 2014 was the April launch of a new management system for environmental data, "CRedit360", a platform shared with Li & Fung Limited, another Fung Group company. This electronic platform enables more effective management of environmental data, which is now used for recording impact. It measures carbon emissions and keeps track of the Group's consumption of resources such as water and electricity in Hong Kong. In the future, CRedit360 data management will also be expanded to other regions in Greater China. In addition, the Group has employed a specialist with a strong technical background in sustainability to further support our sustainability commitments.

The Group participated in numerous community-focused activities with our employees during the period under review. These are often held in support of not-for-profit organisations, local community institutions and environmental groups. Trinity also encourages our employees to participate in sustainability events and community programmes. For example, this year marks the sixth consecutive year the Group has participated in tree-planting activities, which are popular among employees and which also help to improve and beautify the communities where the Group operates.

From January through June 2014, a head count of 751 in Hong Kong contributed a total of 1,478 hours to these activities. A head count of more than 570 from the Chinese Mainland, Taiwan and Macau also joined in sustainability activities. Trinity intends to continue involving the company and our employees in a wide range of activities that place social responsibility at the heart of our operations.

Human Resources

Trinity's Human Resources ("HR") department supports the Group's evolution by identifying and investing in talented, motivated individuals. One of the most important HR initiatives is the Trinity Elite Lessons in Leadership programme, held between Hong Kong and Shanghai, where potential future leaders within the Group undergo six months of intensive training in management skills.

Trinity has generally maintained a stable headcount. As at 30 June 2014, the Group had a total workforce of 3,558 employees representing a decrease of 5.6% compared to a year previously, mainly because of a decrease in the number of stores. Our workforce is comprised of 949 employees in Hong Kong and Macau, 2,254 employees on the Chinese Mainland, 176 employees in Taiwan and 179 in other markets.

The Group offers competitive remuneration packages and development opportunities to its employees. The Group's total staffing costs for the six months ended 30 June 2014 amounted to HK$337.2 million, representing an increase of 0.3% compared the same period in 2013, mainly attributable to salary increases on the Chinese Mainland, the rise was partially offset by a reduction in the provision for performance-based rewards.

Overall, the Group continued to cultivate workplace satisfaction and good employee relations through staff events, health talks, community engagement and related activities.

Prospects

We anticipate that difficulties on the Chinese Mainland market will continue. However, Trinity is favourably positioned for when more positive consumer sentiment eventually returns to that market, as premium brands such as Cerruti, Kent & Curwen, Gieves & Hawkes and D'URBAN remain attractive to the expanding Chinese upper middle-class.

Elsewhere in Greater China, we are confident that improvements in same-store sales will be sustained. Our confidence is reinforced by figures recorded in the month of July 2014 and since. We are also cautiously optimistic about Trinity's prospects in the US and Europe, and plan in the medium term to launch operations in Singapore.

The Group's focus for the rest of 2014 will be on inventory management, for which we have actionable plans to improve our cash-flow position, and actionable events to drive same-store sales. In addition, we will further evaluate gross margin expansion opportunities. We shall also make the initial investment in omni-channel, which allows customers to switch seamlessly between online and offline channels, as we believe this is a great stepping stone to the future.

Overall, the Group's brands remain profitable and retain significant equity on the Chinese Mainland. Trinity will continue our transformation from a major player in Greater China, into a global menswear group whose heritage brands have a commanding presence in the premium-to-luxury space around the world and whose retail operations are world-class wherever we do business.

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 2014 are in line with those practices set out in the Company's 2013 Annual Report, and are also consistent with the principles set out in the Corporate Governance Code ("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, two Executive Directors, five 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 Chief Executive Officer ("CEO"), held by Mr Richard COHEN, 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 three meetings to date in 2014 (with an average attendance rate of 100%) to discuss and approve the overall strategy 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 2014 to advise on corporate governance matters covering risk management, internal controls and relevant compliance issues relating to 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 three Committees are chaired by Independent Non-executive Directors.

Nomination Committee

The Nomination Committee was established on 1 January 2009. Majority of the Committee members are Independent Non-executive Directors (with a Non-executive Director, Dr William FUNG Kwok Lun), 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 (including diversity), monitoring of continuous professional development of Directors and senior executives, 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, as well as 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 2014 (with a 100% attendance rate) to review the board composition, appointment of new CEO, the re-appointment of the retiring directors at the Annual General Meeting held in May 2014 and the appointment of an Executive Director as well as the resignation of a Non-executive Director.

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 (with two Non-executive Directors, Mr Jean-Marc LOUBIER and Mr Jose Hosea CHENG Hor Yin):

Mr Patrick SUN (Chairman)
Mr Cassian CHEUNG Ka Sing
Mr Michael LEE Tze Hau
Mrs Eva CHENG LI Kam Fun
Mr Jose Hosea CHENG Hor Yin
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 2014 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditors, the internal audit plan, 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 2014 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 (with a Non-executive Director, Dr Victor FUNG Kwok King), as set out below:

Mr Cassian CHEUNG Ka Sing *(Chairman)*
Dr Victor FUNG Kwok King
Mr Michael LEE Tze Hau
Mrs Eva CHENG 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 twice to date in 2014 (with a 100% attendance rate) to review the remuneration packages of directors, senior management and the new CEO, and the grant of share options.

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 40 to 43 of the Company's 2013 Annual Report. Based on the assessments made by the senior management and the CGD for the six months ended 30 June 2014, 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 possess inside 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 2014. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2014.

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 68 of the Company's 2013 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 2014.

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.trinitygroup.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 Group is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules, including the overriding principle that information which is expected to be inside information should be announced promptly and to prevent selective or inadvertent disclosure of inside information. Therefore, the Company conducts the handling and dissemination of such inside information in accordance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission and adopted a Policy on Inside Information. Members of management are identified and 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 page 32 of the Company's 2013 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 2014.

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 10.

other information

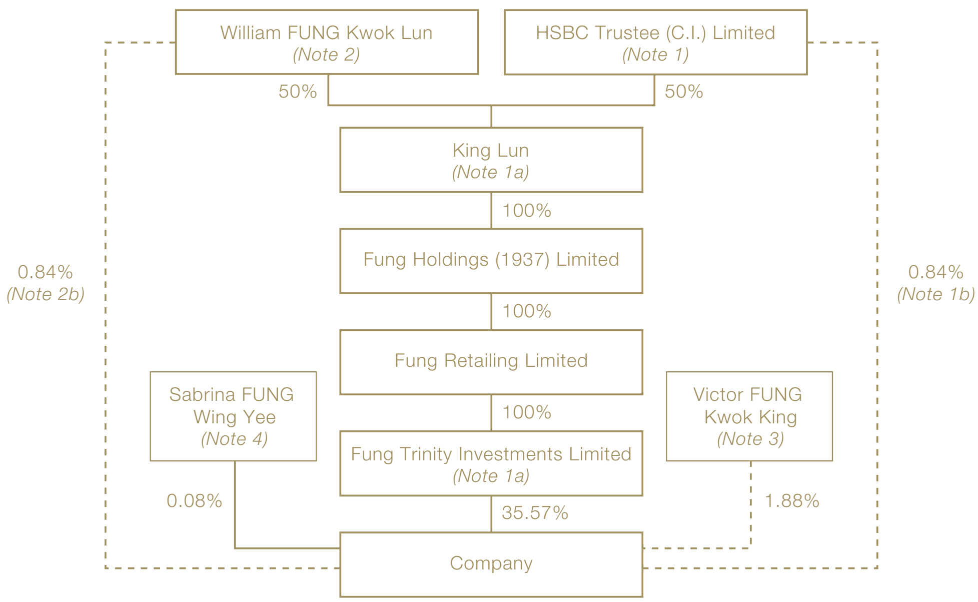
Directors' Interests and Short Positions in Securities

As at 30 June 2014, 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					
Directors	Personal Interest	Family Interest	Corporate/ Trust Interest	Equity Derivatives (share options)	Total	Approximate Percentage of Issued Share Capital (%)
Victor FUNG Kwok King	–	32,613,795 [3]	630,913,760 [1]	–	663,527,555	38.29
William FUNG Kwok Lun	–	–	630,913,760 [2]	–	630,913,760	36.41
Sabrina FUNG Wing Yee	1,400,000 [4]	–	630,913,760 [1]	2,100,000 [6]	634,413,760	36.61
Jose Hosea CHENG Hor Yin	–	–	50,227,590 [5]	–	50,227,590	2.89
WONG Yat Ming	50,976,563	–	–	9,100,000 [6]	60,076,563	3.46
Bruno LI Kwok Ho	5,400,000	–	–	–	5,400,000	0.31
Danny LAU Sai Wing	–	–	–	1,000,000 [6]	1,000,000	0.05

The following simplified chart illustrates the deemed interests of Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee:



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

Notes:

1. *Each of Dr Victor FUNG Kwok King and Ms Sabrina FUNG Wing Yee (daughter of Dr Victor FUNG Kwok King and as his family member) was deemed to have interests in 630,913,760 Shares, which were held in the following manner:*
    a. *616,413,760 Shares were directly held by Fung Trinity Investments Limited, which is indirect wholly owned subsidiary of King Lun Holdings Limited ("King Lun"). King Lun was owned as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust ("Trustee") established for the benefit of the family members of Dr Victor FUNG Kwok King and as to 50% by Dr William FUNG Kwok Lun.*
    b. *14,500,000 Shares were directly held by First Island Developments Limited, a company wholly owned by the Trustee.*

2. *Among 630,913,760 Shares in which Dr William FUNG Kwok Lun had deemed interest:*
    a. *616,413,760 Shares were under the same block of shares indirectly held by King Lun as mentioned in Note 1a above.*
    b. *14,500,000 Shares were directly held by Step Dragon Enterprise Limited, a company beneficially owned by Dr William FUNG Kwok Lun.*

3. *32,613,795 Shares were held by a company owned by the spouse of Dr Victor FUNG Kwok King. Therefore, Dr Victor FUNG Kwok King was deemed to be interested in these Shares. Included the interests mentioned in Note 1 above, Dr Victor FUNG Kwok King was deemed to be interested in an aggregate of 663,527,555 Shares.*

4. *1,400,000 Shares were personally held by Ms Sabrina FUNG Wing Yee. Included the interests mentioned in Note 1 above and the 2,100,000 underlying shares deriving from share options, Ms Sabrina FUNG Wing Yee was deemed to be interested in an aggregate of 634,413,760 Shares.*

5. *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.*

6. *These interests represented the interests in underlying shares in respect of the share options granted by the Company to these Directors as beneficial owners, details of which are set out in the Share Options section.*

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 2014, 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 under review, 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 2014, 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 (%)
Fung Trinity Investments Limited [1]	Beneficial owner	616,413,760 (L)	35.57
Fung Retailing Limited [1]	Interest of controlled corporation	616,413,760 (L)	35.57
Fung Holdings (1937) Limited [1]	Interest of controlled corporation	616,413,760 (L)	35.57
King Lun [1]	Interest of controlled corporation	616,413,760 (L)	35.57
HSBC Trustee (C.I.) Limited [2]	Trustee	630,913,760 (L)	36.41
JPMorgan Chase & Co [3]	Beneficial owner (1,955,000 Shares (L)	121,044,491 (L)	6.99
	and 1,945,000 Shares (S))	1,945,000 (S)	0.11
	Custodian (119,089,491 Shares (P))		
T. Rowe Price Associates, Inc and its affiliates	Beneficial owner	87,128,000 (L)	5.03

(L) represents long position, (S) represents short position and (P) represents shares in lending pool

Notes:

1. *Fung Trinity Investments Limited was an indirect wholly owned subsidiary of King Lun, with Fung Retailing Limited and Fung Holdings (1937) Limited as the intermediate holding companies along the chain of ownership. Therefore, Fung Retailing Limited, Fung Holdings (1937) Limited, and King Lun were all deemed to be interested in the 616,413,760 Shares held by Fung Trinity Investments Limited. Refer to the chart in the section headed "Directors' Interests and Short Positions in Securities".*
2. *HSBC Trustee (C.I.) Limited, the Trustee, owned 50% of the issued share capital of King Lun and was therefore deemed to be interested in the 616,413,760 Shares indirectly held by King Lun. In addition, the Trustee had deemed interest of the 14,500,000 Shares directly held by its wholly owned company, First Island Developments Limited. Refer to the chart in the section headed "Directors' Interests and Short Positions in Securities".*
3. *JPMorgan Chase & Co was interested in these Shares through various companies/entities controlled directly or indirectly by it.*

Save as disclosed above, as at 30 June 2014, 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. No share option was granted during the six months ended 30 June 2014. As at 30 June 2014, there were outstanding options relating to 14,754,000 Shares and 10,896,000 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 01/01/2014 (Note 3)	Granted	Exercised	Cancelled/ Lapsed (Note 3)	Transfer In	Transfer Out	As at 30/06/2014	Exercise Price HK$	Grant Date	Exercisable Period
Directors											
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	26/11/2012 – 25/11/2014
Danny LAU Sai Wing	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	26/11/2012 – 25/11/2014
Continuous Contract Employees	Pre-IPO	867,000	–	18,000	10,000	–	–	839,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	3,871,000	–	126,000	20,000	–	–	3,725,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	4,658,000	–	22,000	40,000	–	700,000	3,896,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	510,000	–	–	–	–	–	510,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
	Post-IPO	250,000	–	–	–	–	–	250,000	7.71	24/03/2011	01/01/2013 – 31/12/2014
	Post-IPO	1,550,000	–	–	30,000	–	–	1,520,000	5.61	25/11/2011	01/01/2013 – 31/12/2014
Other Participants	Pre-IPO	570,000	–	–	–	–	–	570,000	1.65	16/10/2009	03/11/2010 – 02/11/2014
	Pre-IPO	720,000	–	–	–	–	–	720,000	1.65	16/10/2009	03/11/2011 – 02/11/2014
	Post-IPO	600,000	–	–	–	700,000	–	1,300,000	2.45	26/11/2009	26/11/2012 – 25/11/2014
	Post-IPO	60,000	–	–	–	–	–	60,000	8.08	11/01/2011	01/01/2013 – 31/12/2014
	Post-IPO	60,000	–	–	–	–	–	60,000	5.61	25/11/2011	01/01/2013 – 31/12/2014
	Total:	25,916,000	–	166,000	100,000	700,000	700,000	25,650,000			

Notes:

1. *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 approximately HK$2.08.*

2. *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 2013. Other details of share options granted by the Company are set out in Note 15 to the condensed consolidated financial information.*

3. *As at 31 December 2013, there were 27,736,000 share options outstanding. On 1 January 2014, 1,820,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2013. Included the 100,000 share options lapsed during the period, the total number of cancelled/lapsed share options was 1,920,000 at 30 June 2014.*

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 2013 Annual Report and up to 20 August 2014, being the approval date of this interim report, are set out below:

Directors	Changes
Dr Victor FUNG Kwok King	Retired as independent non-executive director of BOC Hong Kong (Holdings) Limited, a company listed in Hong Kong, in June 2014
Dr William FUNG Kwok Lun	Appointed as chairman and non-executive director of Global Brands Group Holding Limited, a company listed in Hong Kong in July 2014
Sabrina FUNG Wing Yee	Being the Co-Chair of Asia Council of St Paul's School in New Hampshire, the US, and previously served on its Board of Trustees
WONG Yat Ming	Re-designated from Group Managing Director to Non-executive Director of the Company in May 2014
Jean-Marc LOUBIER	Resigned as *Gérant* of Toga Investments France SARL and Chairman of Supervisory Board of Cerruti 1881 SAS, both are the Company's subsidiaries in France, in July 2014
Eva CHENG LI Kam Fun	Resigned as independent non-executive director of Amway (Malaysia) Holdings Berhad, a company listed in Malaysia, in May 2014 Resigned as independent non-executive director of Esprit Holdings Limited, a company listed in Hong Kong, in June 2014 Appointed as independent non-executive director of Amcor Limited, a company listed in Australia, in June 2014
Patrick SUN	Being an independent non-executive director of China CNR Corporation Limited (a listed company in Shanghai, PRC) which became listed in Hong Kong in May 2014 Ceased to be independent non-executive director of China Railway Group Limited, a company listed in Hong Kong, in June 2014

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 2014.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend of 2.4 HK cents (2013: 4.5 HK cents) per share for the six months ended 30 June 2014.

Closure of Register of Members

The Register of Members will be closed on 22 September 2014 and no transfer of shares will be registered on that day. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 pm on 19 September 2014. Dividend warrants will be despatched to the shareholders of the Company on 30 September 2014.

information for investors

Listing Information

Listing: **Hong Kong Stock Exchange**

Stock Code: **891**

Key Dates

20 August 2014

Announcement of 2014 Interim Results

22 September 2014

Closure of Register of Members

30 September 2014

Despatch of 2014 Interim Dividend Warrants

Share Information

Board lot size

2,000 shares

Shares outstanding as at 30 June 2014

1,732,802,883

Market capitalisation as at 30 June 2014

HK$2.86 billion

Dividend per share for 2014

Interim **2.4 HK cents**

Share Registrar and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited

26 Burnaby Street *(Note)*

Hamilton HM 11

Bermuda

Hong Kong Branch:

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

Telephone number: (852) 2980 1333

e-mail: is-enquiries@hk.tricorglobal.com

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

Trinity Limited

30/F, OCTA Tower

8 Lam Chak Street

Kowloon Bay, Kowloon

Hong Kong

Website

www.trinitygroup.com

Note: Change of address to "The Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda" with effect from 30 July 2014

condensed consolidated income statement

	Note	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Revenue	5(a)	**1,259,562**	1,338,184
Cost of sales		**(261,067)**	(329,221)
Gross profit		**998,495**	1,008,963
Other income		**29,746**	20,558
Selling and marketing expenses		**(656,136)**	(627,515)
Administrative expenses		**(240,503)**	(251,041)
Other (losses)/gains – net	7	**(38,083)**	20,525
Gain on disposal of investments in joint ventures	5(b)	**–**	3,984
Operating profit	6	**93,519**	175,474
Finance income		**15,658**	7,024
Finance costs			
Notional interest expenses on contingent purchase consideration payable for acquisition		**(6,587)**	(5,990)
Interest expenses on bank borrowings and overdrafts		**(10,019)**	(7,108)
Finance costs – net		**(948)**	(6,074)
Share of profit of associates		**4,558**	11,922
Profit before income tax		**97,129**	181,322
Income tax expense	8	**(18,116)**	(31,332)
Profit for the period attributable to shareholders of the Company		**79,013**	149,990
Basic earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	9(a)	**4.6 cents**	8.7 cents
Diluted earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	9(b)	**4.6 cents**	8.6 cents

The notes on pages 29 to 49 are an integral part of this condensed consolidated financial information. Details of interim dividend of HK$41,587,000 (2013: HK$77,815,000) are set out in Note 10(a).

condensed consolidated statement of comprehensive income

	Unaudited Six months ended 30 June	
	2014 HK$'000	2013 HK$'000
Profit for the period	**79,013**	149,990
Other comprehensive income/(expenses) for the period		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**–**	268
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries and associates	**4,742**	(14,350)
Other comprehensive income/(expenses) for the period, net of tax	**4,742**	(14,082)
Total comprehensive income for the period	**83,755**	135,908
Total comprehensive income attributable to:		
– Shareholders of the Company	**83,755**	135,908

The notes on pages 29 to 49 are an integral part of this condensed consolidated financial information.

condensed consolidated balance sheet

	Note	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	247,244	278,572
Intangible assets	11	3,080,327	3,080,812
Investments in associates		144,250	135,167
Loan receivable	12	71,722	71,647
Derivative financial instrument	13	6,018	6,024
Deposit and prepayments		69,846	55,436
Deferred income tax assets		146,831	150,670
		3,766,238	3,778,328
Current assets			
Inventories		742,919	684,710
Trade receivables	14	127,910	174,084
Deposit and prepayments		108,662	120,793
Amounts due from related parties	21(b)	160	652
Current income tax recoverables		21,056	20,124
Cash and cash equivalents (excluding bank overdrafts)		1,407,224	1,337,451
		2,407,931	2,337,814
Total assets		6,174,169	6,116,142
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	15	173,280	173,264
Share premium		2,355,575	2,355,300
Reserves		847,538	911,071
Total equity		3,376,393	3,439,635

The notes on pages 29 to 49 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**8,523**	8,722
Retirement benefit obligations		**22,117**	22,035
Contingent purchase consideration payable for acquisition	17	**307,885**	319,301
Deferred income tax liabilities		**343,283**	345,159
		681,808	695,217
Current liabilities			
Trade payables	16	**81,740**	89,932
Other payables and accruals		**274,754**	401,793
Amounts due to related parties	21(b)	**18,455**	20,024
Current income tax liabilities		**43,643**	41,432
Borrowings	18	**1,697,376**	1,428,109
		2,115,968	1,981,290
Total liabilities		**2,797,776**	2,676,507
Total equity and liabilities		**6,174,169**	6,116,142
Net current assets		**291,963**	356,524
Total assets less current liabilities		**4,058,201**	4,134,852

The notes on pages 29 to 49 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 2013		172,372	2,335,098	1,106,342	(152,570)	3,461,242
Comprehensive income						
Profit for the period		–	–	149,990	–	149,990
Other comprehensive income/(expenses)						
Remeasurements of post employment benefit obligations		–	–	268	–	268
Exchange differences on translation of subsidiaries and associates		–	–	–	(14,350)	(14,350)
Other comprehensive income/(expenses) for the period, net of tax		–	–	268	(14,350)	(14,082)
Total comprehensive income/(expenses)		–	–	150,258	(14,350)	135,908
Transactions with owners						
Employee share option schemes						
– exercise of share options		549	12,167	–	–	12,716
– transfer to retained earnings		–	–	4,254	(4,254)	–
2012 final dividends paid	10(b)	–	–	(242,071)	–	(242,071)
2012 special final dividends paid	10(b)	–	–	(34,581)	–	(34,581)
Total transactions with owners		549	12,167	(272,398)	(4,254)	(263,936)
Balance at 30 June 2013		172,921	2,347,265	984,202	(171,174)	3,333,214

The notes on pages 29 to 49 are an integral part of this condensed consolidated financial information.

		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 2014		173,264	2,355,300	1,068,259	(157,188)	3,439,635
Comprehensive income						
Profit for the period		–	–	79,013	–	79,013
Other comprehensive income						
Exchange differences on translation of subsidiaries and associates		–	–	–	4,742	4,742
Other comprehensive income for the period, net of tax		–	–	–	4,742	4,742
Total comprehensive income		–	–	79,013	4,742	83,755
Transactions with owners						
Employee share option schemes						
– exercise of share options	15	16	275	–	–	291
– transfer to retained earnings		–	–	3,741	(3,741)	–
2013 final dividends paid	10(b)	–	–	(147,288)	–	(147,288)
Total transactions with owners		16	275	(143,547)	(3,741)	(146,997)
Balance at 30 June 2014		173,280	2,355,575	1,003,725	(156,187)	3,376,393

The notes on pages 29 to 49 are an integral part of this condensed consolidated financial information.

condensed consolidated cash flow statement

	Note	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations		37,703	146,759
Interest paid on bank borrowings and overdrafts		(10,140)	(6,216)
Income tax paid		(13,670)	(50,966)
Net cash generated from operating activities		13,893	89,577
Cash flows from investing activities			
Purchase of property, plant and equipment		(57,102)	(30,411)
Proceeds from disposal of property, plant and equipment		155	–
Interest income received		14,971	7,024
Net cash used in investing activities		(41,976)	(23,387)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		291	12,716
Proceeds from borrowings		436,772	530,012
Repayment of borrowings		(200,000)	(230,000)
Dividends paid	10(b)	(147,288)	(276,652)
Net cash generated from financing activities		89,775	36,076
Net increase in cash and cash equivalents		61,692	102,266
Cash and cash equivalents at beginning of the period		1,319,342	999,097
Effect on foreign exchange rates changes		(24,747)	13,712
Cash and cash equivalents at end of the period		1,356,287	1,115,075
Cash and cash equivalents comprises:			
Bank overdrafts		(50,937)	(3,553)
Cash and cash equivalents (excluding bank overdrafts)		1,407,224	1,118,628
Cash and cash equivalents		1,356,287	1,115,075

The notes on pages 29 to 49 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, Taiwan (the "Greater China") and Europe, as well as licensing its fully owned brands globally. 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 of units of Hong Kong dollars, unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 20 August 2014.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2014 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 2013, 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 2013 with the exception of the change in accounting estimation in respect of the determination of the net realisable value of inventories as described below.

During the six months ended 30 June 2014, management has reviewed the basis on which the net realisable value of inventories is determined after reassessment of the utilisation of the available distribution channels and their expected sales pattern. This change in the estimated net realisable value of inventories has resulted in a decrease in provision for impairment of inventories amounted to HK$52.8 million for the period. Annual impairment provision for obsolete inventories will depend on the actual inventories level and selling experience, and consequently it is not possible to reliably estimate the effect of this change in accounting estimates in the future periods.

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 2013.

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

3 Summary of principal accounting policies *(Continued)*

(a) Adoption of new standards, amendments and interpretation to existing standards effective in 2014

The Group has adopted the following new standards, amendments and interpretation to existing standards which are mandatory for accounting periods beginning on or after 1 January 2014:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

The adoption of such new standards, amendments and interpretation to existing standards does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2014.

(b) New standards and amendments to existing standards that have been issued but are not yet effective

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

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contribution (effective for annual periods beginning on or after 1 July 2014)
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
HKFRS 9	Financial Instruments (effective date not yet determined)
HKFRS 11 (Amendment)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
HKFRS 14	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
HKFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
Annual Improvements Project	Annual Improvements 2010-2012 Reporting Cycle (effective for annual periods beginning on or after 1 July 2014)
Annual Improvements Project	Annual Improvements 2011-2013 Reporting Cycle (effective for annual periods beginning on or after 1 July 2014)

All these new standards and amendments to existing standards are effective in the financial year of 2015 or years after 2015 and these amendments are not expected to have a significant impact on the results and financial position of the Group.

4 Financial risk management and financial instruments

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements except for foreign exchange risk, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department or in any risk management policies since the year end.

Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currencies, primarily with respect to Renminbi ("RMB"), Euro ("EUR"), Pounds Sterling ("GBP"), Japanese Yen ("JPY") and Taiwan Dollars ("TWD"). Foreign exchange risk arises from future commercial transactions or recognised assets or liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

Management has adopted a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. As at 30 June 2014, the Group's outstanding forward contracts were analysed as below:

	30 June 2014	31 December 2013
Outstanding forward contracts		
Buying EUR		
– Notional principal amount	**3,723,000**	1,000,000
– Fixed exchange rate	**10.7701**	10.4125
Buying GBP		
– Notional principal amount	**964,000**	–
– Fixed exchange rate	**13.000**	–
Buying JPY		
– Notional principal amount	**–**	31,000,000
– Fixed exchange rate	**–**	0.077025

The Group assumes that its foreign exchange risk mainly comes from RMB denominated receivables, bank balances and payables. At 30 June 2014, if HK dollar had weakened or strengthened by 5% against the RMB with all other variables held constant, profit for the period would have been HK$93,581,000 (For the six months ended 30 June 2013: HK$69,558,000) respectively higher or lower, mainly as a result of foreign exchange gains or losses on translation of RMB denominated receivables, bank balances and payables recorded in the books of the Group's entities in Hong Kong.

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair values at 30 June 2014 and 31 December 2013.

30 June 2014

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instrument – conversion right embedded in convertible promissory note (Note 13)	–	–	6,018	6,018
Liabilities				
Derivative financial instruments – forward exchange contracts	–	523	–	523
Contingent purchase consideration payable for acquisition (Note 17)	–	–	307,885	307,885
Total liabilities	–	523	307,885	308,408

4 Financial risk management and financial instruments *(Continued)*

4.2 Fair value estimation *(Continued)*

31 December 2013

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instrument – conversion right embedded in convertible promissory note (Note 13)	–	–	6,024	6,024
Derivative financial instruments – forward exchange contracts	–	186	–	186
Total assets	–	186	6,024	6,210
Liabilities				
Contingent purchase consideration payable for acquisition (Note 17)	–	–	319,301	319,301

There were no other changes in valuation techniques and no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the period (2013: nil).

4.3 Valuation techniques used to derive Level 2 fair values

Level 2 financial instruments comprise forward exchange contracts, which have been determined using forward exchange rates that are quoted in an active market. Since all significant inputs required to estimate the fair values are observable, the instruments are included in Level 2.

4.4 Fair value measurements using significant unobservable inputs (Level 3)

Level 3 financial instruments comprise conversion right embedded in a convertible promissory note and contingent purchase consideration payable for acquisition.

The fair value of conversion right embedded in convertible promissory note is determined using binomial model based on the estimated performance of British Heritage Brands, Inc. ("BHB"). The valuation takes into account of the expected volatility of 30% with reference to the historical returns of comparable listed companies. The fair value measurement is positively correlated to the expected volatility. The Group's profit attributable to shareholders of the Company would increase/decrease and the conversion right would increase/decrease by HK$1,582,000 (For the six months ended 30 June 2013: nil) and HK$1,378,000 (For the six months ended 30 June 2013: nil) respectively if the expected volatility is 3.0% higher/lower at balance sheet date.

The Group had no conversion right embedded in convertible promissory note financial asset at either 1 January 2013 or 30 June 2013 and there were no transactions in conversion right during the six months ended 30 June 2013. Therefore comparative information is not applicable.

4 Financial risk management and financial instruments *(Continued)*

4.4 Fair value measurements using significant unobservable inputs (Level 3) (Continued)

The valuation technique used to determine contingent purchase consideration payable for acquisition is discounted cash flow analysis. The Group's acquisition of Gieves & Hawkes group involved post-acquisition performance-based contingent purchase consideration which was recognised at fair value at the acquisition date as part of the total consideration for the acquired business. The fair value measurement requires, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgement in relation to the time value of money. All outstanding contingent purchase consideration will be re-measured at fair value reflecting the impact of any events or factors which occur after the acquisition date, with any resulting gain or loss recognised in the condensed consolidated income statement. The determination of outstanding contingent purchase consideration payable involves significant judgement and estimation of the future performance of the acquired business. The Group's profit attributable to shareholders of the Company would decrease/increase and the contingent purchase consideration payable would increase/decrease by HK$46,194,000 (For the six months ended 30 June 2013: HK$43,898,000) and HK$41,850,000 (For the six months ended 30 June 2013: HK$39,868,000) respectively if future revenue growth is 1% higher/lower than the estimation made by management at balance sheet date.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Conversion right embedded in convertible promissory note (Note 13) HK$'000	Contingent purchase consideration payable for acquisition (Note 17) HK$'000
Opening net book amount at 1 January 2014	6,024	(319,301)
Remeasurement gains recognised in profit or loss	–	18,003
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(6,587)
Exchange differences	(6)	–
Closing net book amount at 30 June 2014	6,018	(307,885)
Total net (losses)/gains for the period included in profit or loss	(6)	11,416
Change in unrealised gains for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Other income'	–	18,003
Change in unrealised losses for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Finance costs – net'	–	(6,587)

4 Financial risk management and financial instruments *(Continued)*

4.4 Fair value measurements using significant unobservable inputs (Level 3) *(Continued)*

	Contingent purchase consideration payable for acquisition HK$'000
Opening net book amount at 1 January 2013	(319,629)
Remeasurement gains recognised in profit or loss	4,999
Notional interest expenses on contingent purchase consideration payable for acquisition	(5,990)
Closing net book amount at 30 June 2013	(320,620)
Total net losses for the period included in profit or loss	(991)
Change in unrealised gains for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Other income'	4,999
Change in unrealised losses for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Finance costs – net'	(5,990)

Of the total net gains (For the six months ended 30 June 2013: net losses) recognised in profit or loss in these periods, all amounts are attributable to the change in unrealised net gains (For the six months ended 30 June 2013: net losses) relating to those assets or liabilities held at the end of the reporting period.

For conversion right embedded in convertible promissory note HK$6,000 was included in 'Other (losses)/gains – net' in the interim condensed consolidated income statement. There were no such losses arising in 2013.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

4 Financial risk management and financial instruments *(Continued)*

4.5 Group's valuation processes

The Group's Finance Department performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values based on policies approved by the Board of Directors. The Group's Finance Department reports directly to the Chief Financial Officer.

The main Level 3 inputs used by the Group include:

- The discount rate for conversion right embedded in convertible promissory note and estimated future performance of the BHB business. The discount rate is referenced to weighted average cost of capital of comparable listed companies. The estimated future performance of BHB business was determined with reference to senior management's best estimate.

- The discount rate for contingent purchase consideration payable for acquisition and estimated post acquisition performance of the acquired business. The discount rate is estimated based on the expected cost of borrowings with similar maturity. The estimated post acquisition performance of the acquired business was determined with reference to senior management's best estimate.

4.6 Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's financial assets (loan receivable, trade receivables, deposit and prepayments and amounts due from related parties) and financial liabilities (trade payables, other payables and accruals, amounts due to related parties and borrowings) approximate their fair values except for forward exchange contracts disclosed in Note 4.2 which have been grouped under other payables and accruals as at 30 June 2014 and deposit and prepayments as at 31 December 2013 and they were included in Level 2.

5 Segment information

The Group is principally engaged in the retailing and wholesale of high-end to luxury menswear in Greater China and Europe, as well as licensing its fully owned brands globally. The associates are retailers of luxury fashion and accessories in South Korea and various countries in 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, Hong Kong & 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 segmental earnings before finance costs – net and income tax expense ("Segmental contribution") for the period. Corporate employee benefit expenses and overhead, finance income/(costs), other income, gain on disposal of investments in joint ventures and other (losses)/gains – net are not allocated to segments. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

Segment asset consists only of inventories.

5 Segment information *(Continued)*

(a) Segment results

The segment results for the six months ended 30 June 2014 are as follows:

	Unaudited							
	HK & Macau		Chinese Mainland	Taiwan	Europe		Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Retail HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	385,913	408,860	633,720	94,861	125,741	78,518	–	1,727,613
Inter-segment revenue	–	(405,639)	–	–	(41,468)	(20,944)	–	(468,051)
Segment revenue and revenue from external customers	385,913	3,221	633,720	94,861	84,273	57,574	–	1,259,562
Gross profit	314,269	1,426	508,302	72,800	44,124	57,574	–	998,495
Segmental contribution	77,408	1,426	132,109	28,211	(57,285)	12,592	4,558	199,019
Segmental contribution includes:								
Depreciation	(10,395)	–	(59,212)	(1,701)	(6,761)	(1,370)	–	(79,439)
Reversal of impairment of property, plant and equipment	–	–	–	–	339	–	–	339
Share of profit of associates	–	–	–	–	–	–	4,558	4,558
Segment asset as at 30 June 2014	279,365	–	355,259	59,935	48,360	–	–	742,919

5 Segment information *(Continued)*

(a) Segment results *(Continued)*

The segment results for the six months ended 30 June 2013 are as follows:

	Unaudited							
	HK & Macau		Chinese Mainland	Taiwan	Europe		Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Retail HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	417,329	321,179	676,239	88,899	102,785	66,002	–	1,672,433
Inter-segment revenue	–	(318,496)	–	–	(4,967)	(10,786)	–	(334,249)
Segment revenue and revenue from external customers	417,329	2,683	676,239	88,899	97,818	55,216	–	1,338,184
Gross profit	327,814	568	509,212	62,076	54,077	55,216	–	1,008,963
Segmental contribution	92,044	568	152,245	19,052	(47,755)	13,398	11,922	241,474
Segmental contribution includes:								
Depreciation	(8,282)	–	(68,159)	(1,207)	(5,240)	(1,059)	–	(83,947)
Reversal of impairment of property, plant and equipment	–	–	–	–	17	–	–	17
Share of profit of associates	–	–	–	–	–	–	11,922	11,922
Segment asset as at 31 December 2013	241,061	–	338,771	57,543	47,335	–	–	684,710

5 Segment information *(Continued)*

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

	Unaudited Six months ended 30 June	
	2014 HK$'000	2013 HK$'000
Segmental contribution for reportable segments	199,019	241,474
Add:		
Other income	29,746	20,558
Other (losses)/gains – net	(38,083)	20,525
Gain on disposal of investments in joint ventures (note)	–	3,984
Less:		
Finance costs – net	(948)	(6,074)
Employee benefit expenses	(62,338)	(66,205)
Rental expenses	(11,096)	(10,187)
Depreciation	(5,229)	(5,996)
Other unallocated expenses	(13,942)	(16,757)
Total Group's profit before income tax	97,129	181,322

Note: Gain on disposal of investments in joint ventures represents the gain arising from the final adjustment of the value of the 30% equity interest in the Ferragamo entities disposed in December 2012.

6 Operating profit

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

	Unaudited Six months ended 30 June	
	2014 HK$'000	2013 HK$'000 (Restated)
(Reversal of)/additional provision for impairment of inventories	(40,355)	12,767
Depreciation of property, plant and equipment (Note 11)	84,668	89,943
Reversal of provision for impairment of property, plant and equipment (Note 11)	(339)	(17)
Loss on disposal of property, plant and equipment	2,442	2,950
Additional/(reversal of) provision for impairment of trade receivables	171	(859)
Employee benefit expenses	337,243	336,275
Advertising and promotion expenses (note)	76,815	74,792
Royalty expenses	3,447	3,797

Note: Advertising and promotion expenses included employee benefit expenses of HK$5,250,000 (For the six months ended 30 June 2013: HK$7,176,000).

7 Other (losses)/gains – net

	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Fair value losses on forward foreign exchange contracts	(709)	(450)
Net foreign exchange (losses)/gains	(37,374)	20,975
Other (losses)/gains – net	(38,083)	20,525

8 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the six months ended 30 June 2014. 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 2014 HK$'000	2013 HK$'000
Current income tax		
– Hong Kong profits tax	10,039	17,435
– Overseas taxation	8,768	22,777
Deferred income tax	4,319	(1,423)
Over provision in prior years	(5,010)	(7,457)
	18,116	31,332

9 Earnings per share

(a) Basic

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

	Unaudited Six months ended 30 June	
	2014	2013
Weighted average number of ordinary shares in issue	**1,732,747,000**	1,727,232,000
Profit attributable to shareholders of the Company (HK$'000)	**79,013**	149,990
Basic earnings per share (HK cents per share)	**4.6 cents**	8.7 cents

(b) Diluted

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

	Unaudited Six months ended 30 June	
	2014	2013
Weighted average number of ordinary shares for diluted earnings per share	**1,735,741,000**	1,741,144,000
Profit attributable to shareholders of the Company (HK$'000)	**79,013**	149,990
Diluted earnings per share (HK cents per share)	**4.6 cents**	8.6 cents

10 Dividends

(a) Dividends attributable to the period are as follows:

	Unaudited Six months ended 30 June	
	2014 HK$'000	2013 HK$'000
Interim dividend declared after the balance sheet date of 2.4 HK cents (2013: 4.5 HK cents) per ordinary share	**41,587**	77,815

The above interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

10 Dividends *(Continued)*

(b) Dividends attributable to the previous year, approved and paid during the period are as follows:

	Unaudited Six months ended 30 June	
	2014 HK$'000	2013 HK$'000
Final dividend approved and paid (2014: 8.5 HK cents per ordinary share; 2013: 14.0 HK cents per ordinary share)	**147,288**	242,071
Special final dividend approved and paid (2014: nil; 2013: 2.0 HK cents per ordinary share)	**–**	34,581
	147,288	276,652

11 Property, plant and equipment and intangible assets

	Property, plant and equipment HK$'000	Intangible assets HK$'000
Opening net book amount at 1 January 2014	**278,572**	**3,080,812**
Exchange differences	**(2,853)**	**(485)**
Additions	**58,451**	**–**
Disposals	**(2,597)**	**–**
Reversal of impairment provision (Note 6)	**339**	**–**
Depreciation (Note 6)	**(84,668)**	**–**
Closing net book amount at 30 June 2014 (unaudited)	**247,244**	**3,080,327**
Opening net book amount at 1 January 2013	328,810	3,077,327
Exchange differences	2,059	(6,317)
Additions	40,195	–
Disposals	(2,950)	–
Reversal of impairment provision (Note 6)	17	–
Depreciation (Note 6)	(89,943)	–
Closing net book amount at 30 June 2013 (unaudited)	278,188	3,071,010

12 Loan receivable

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Non-current assets		
Loan receivable	71,722	71,647
Less: provision for impairment of loan receivable	–	–
Loan receivable – net	71,722	71,647

(a) On 21 August 2013, the Group entered into a convertible promissory note transaction with BHB, a licensee of Kent & Curwen in Europe, North America, Central America, South America, Russia and the Middle East. Under the terms of the agreement, the Group would contribute a maximum aggregate amount of USD15.0 million in four tranches over two years with the first and second tranches of USD6.75 million and USD3.25 million already paid as at 31 December 2013. For the remaining USD5.0 million (approximately HK$38.8 million), the Group is required to pay to BHB subject to the satisfaction of the relevant benchmarks as prescribed under the agreement. The convertible promissory note carries interest at 5% per annum maturing on 31 December 2027 with a right of conversion up to 23.94% equity interest of BHB during the period commencing on the earlier of either (i) the date on which sum of all payments made by the Group equals the maximum aggregate amount of the convertible promissory note; or (ii) 1 January 2016, and ending on the day occurring 90 days following the date of delivery to the Group of the annual audited financial statements of BHB for the fiscal year 2018.

(b) The convertible promissory note is denominated in US dollars.

(c) The effective interest rate of the convertible promissory note at the balance sheet date was 5.38% (31 December 2013: 5.38%).

(d) As at 31 December 2013 and 30 June 2014, the carrying amount of the Group's loan receivable approximated its fair value.

13 Derivative financial instrument

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note (Note 4.2)	6,018	6,024

The conversion right embedded in convertible promissory note referred to the Group's investment in an unlisted convertible promissory note issued by BHB mentioned in Note 12.

14 Trade receivables

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

At 30 June 2014, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
1 – 30 days	79,166	119,988
31 – 60 days	37,066	42,910
61 – 90 days	6,085	7,190
Over 90 days	7,647	5,903
	129,964	175,991
Less: provision for impairment of trade receivables	(2,054)	(1,907)
	127,910	174,084

As at 30 June 2014, the fair values of the Group's trade receivables are approximately the same as their carrying amounts.

15 Share capital and options

Ordinary shares of HK$0.10 each	Number of shares (in thousand)	Share capital HK$'000
Authorised:		
At 1 January 2014 and 30 June 2014	4,000,000	400,000
Issued and fully paid:		
At 1 January 2014	1,732,637	173,264
Exercise of share options (note)	166	16
At 30 June 2014	1,732,803	173,280

Details of share option schemes adopted by the Group since 16 October 2009 are set out in the annual report for the year ended 31 December 2013.

Note: *During the six months ended 30 June 2014, 166,000 ordinary shares were issued at an average exercise price of HK$1.76 to the share option holders pursuant to the share option schemes.*

15 Share capital and options *(Continued)*

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 2014	**25,916,000**	**2.94**
Exercised	**(166,000)**	**1.76**
Cancelled/Lapsed	**(100,000)**	**3.16**
At 30 June 2014	**25,650,000**	**2.58**

At the end of the period, there were 25,650,000 (31 December 2013: 27,736,000) outstanding share options, all share options were exercisable. On 1 January 2014, 1,820,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2013. Included the 100,000 share options lapsed during the period, the total number of cancelled/lapsed share options was 1,920,000 at 30 June 2014. The Company has no legal or constructive obligation to settle the share options in cash.

The weighted average closing share price at the date of exercise of share options during the period was approximately HK$2.08.

The share options outstanding at 30 June 2014 had a weighted average remaining contractual life of 0.39 year (31 December 2013: 0.8 year).

16 Trade payables

At 30 June 2014, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
1 – 30 days	**60,827**	49,720
31 – 60 days	**5,615**	16,630
61 – 90 days	**11,224**	11,226
Over 90 days	**4,074**	12,356
	81,740	89,932

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.

17 Contingent purchase consideration payable for acquisition

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Total contingent purchase consideration payable for acquisition (note)	**307,885**	319,301
Less: current portion of contingent purchase consideration payable for acquisition	**–**	–
Non-current portion of contingent purchase consideration payable for acquisition	**307,885**	319,301

Note: Balance represents management's best estimation of the fair value of contingent purchase consideration payable for the acquisition as detailed in Note 4.2 and Note 4.4. Final amount of consideration settlement would be determined based on future performance of the acquired business.

18 Borrowings

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Current		
Bank overdrafts	**50,937**	18,109
Bank borrowings, secured	**1,646,439**	1,410,000
Total borrowings	**1,697,376**	1,428,109

Movements in bank borrowings are analysed as follows:

	HK$'000
Six months ended 30 June 2014	
Opening amount as at 1 January 2014	**1,410,000**
Proceeds from borrowings	**436,439**
Repayments of borrowings	**(200,000)**
Closing amount as at 30 June 2014 (unaudited)	**1,646,439**
Opening amount as at 1 January 2013	870,000
Proceeds from borrowings	530,012
Repayments of borrowings	(230,000)
Closing amount as at 30 June 2013 (unaudited)	1,170,012

(a) All the bank borrowings were either secured by guarantees from the Company or a subsidiary of the Company.

(b) As at 30 June 2014, the Group had unutilised banking facilities amounted to HK$283 million (31 December 2013: HK$489 million).

19 Contingent Liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 30 June 2014.

20 Commitments

(a) Commitments under operating leases – group company as lessee

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 11 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. Certain contingent rent payments are determined based on turnover of respective stores.

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

	Unaudited 30 June 2014 HK$'000	Restated 31 December 2013 HK$'000
No later than 1 year	**354,700**	309,308
Later than 1 year but no later than 5 years	**522,291**	477,394
Later than 5 years	**62,817**	57,632
	939,808	844,334

Certain comparative figures for operating lease commitments have been adjusted to conform to current period's presentation and the restatement does not have any impact to either the Group's condensed consolidated income statement or condensed consolidated balance sheet.

(b) Commitments under operating leases – group company as lessor

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

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
No later than 1 year	**3,377**	3,121
Later than 1 year but no later than 5 years	**3,997**	5,312
	7,374	8,433

20 Commitments *(Continued)*

(c) Other commitments

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Contracted but not provided for:		
Within 1 year	4,450	8,283
Later than 1 year but no later than 2 years	2,062	3,197
	6,512	11,480

21 Related party transactions

(a) Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Transactions with related parties were determined on basis agreed by both parties and were conducted in the normal course of business.

Majority of the Group's related parties are companies associated with or controlled by Fung Holdings (1937) Limited, a substantial shareholder of the Company (collectively, the "Substantial Shareholder Group").

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	
	2014 HK$'000	2013 HK$'000
(I) Transactions with the Substantial Shareholder Group		
Purchase of goods	4,654	2,837
Sub-contracting fee expense for production of product parts	15,410	11,425
Management fee income for provision of accounting, information system and human resources services (note)	30	439
Management fee income for provision of warehouse, logistics and IT services (note)	558	1,024
Service fee expense for provision of corporate compliance services, legal services and other administrative services (note)	2,876	1,129
Service fee expense for provision of warehouse and logistics services	6,087	6,287
Rental and licence fee income (note)	938	991
Rental and management fee expense (note)	2,069	1,832

21 Related party transactions *(Continued)*

(a) Significant related party transactions *(Continued)*

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

	Unaudited Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
(II) Transactions with other related parties		
Rental income received from an associate of a director of a subsidiary of the Company (note)	**20**	–
Consultancy and advisory service fee paid to directors of subsidiaries of the Company (note)	**563**	381
Consultancy and advisory services expense paid to a company controlled by a director of the Company	**2,120**	2,019
Advertising and promotion expense paid to an associate of a director of the Company (note)	**539**	529

Note: Included in these transactions, certain amounts are exempt from the reporting and disclosure requirements under the Listing Rules.

(b) Balances with related parties

	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Due from		
Substantial Shareholder Group	**160**	652
Due to		
Substantial Shareholder Group	**18,455**	19,874
Other related party	**–**	150
	18,455	20,024

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

(c) Key management compensation

Key management compensation amounted to HK$16,700,000 for the six months ended 30 June 2014 (2013 (Restated): HK$15,135,000).

22 Events after the balance sheet date

Save as disclosed elsewhere in this report, there was no other significant subsequent event that took place subsequent to 30 June 2014.

additional information

1 Same-store Retail Sales Growth – Greater China

	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Chinese Mainland	-6.0%	-10.2%
Hong Kong & Macau	-0.3%	4.0%
Chinese Mainland and Hong Kong & Macau	*-4.0%*	*-5.9%*
Taiwan	2.9%	-6.3%
Greater China	-3.4%	-6.0%

2 Gross Margin

	For the six months ended 30 June 2014	For the six months ended 30 June 2013
Gross margin before provision for impairment of inventories	76.1%	76.4%
Effect of (reversal of)/provision for impairment of inventories	3.2%	-1.0%*
Gross margin after provision for impairment of inventories	79.3%	75.4%*

* *1.6% and 78.0% respectively assuming the change of accounting estimates on net realisable value of inventories for the six months ended 30 June 2013.*

3 Retail Store Footage

	30 June 2014 Footage sq. m.	31 December 2013 Footage sq. m.	Footage 30 June 2014 vs 31 December 2013
Chinese Mainland	45,077	46,774	-3.6%
Hong Kong & Macau	2,966	3,239	-8.4%
Taiwan	2,892	2,962	-2.4%
Greater China	50,935	52,975	-3.9%
United Kingdom	1,720	1,672	2.9%
France	614	614	–
Group total	53,269	55,261	-3.6%