TRINITY

Trinity Limited

Incorporated in Bermuda with limited liability

Stock Code: 891

2016 INTERIM REPORT

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C007445

馮氏
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

DESIGN: FORMAT LIMITED www.format.com.hk

Global Offices

Chinese Mainland
Beijing, Chengdu,
Guangzhou, Shanghai |
France Paris |
Hong Kong, SAR |
Singapore |
Taiwan Taipei |
United Kingdom
London

Contents

Corporate Information

Executive Directors

Jeremy Paul Egerton HOBBINS
(Chief Executive Officer)

Srinivasan PARTHASARATHY
(Chief Financial Officer)

Non-executive Directors

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

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

Sabrina FUNG Wing Yee

Jean-Marc LOUBIER

WONG Yat Ming

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

Patrick SUN

Group Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Company Secretary

Christiana YIU Yuen Wah

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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

Website

www.trinitygroup.com

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

Highlights

Highlights of results for the six months ended 30 June 2016

	2016	2015
Revenue *(HK$ million)*	890.8	1,006.4
Gross profit *(HK$ million)*	606.8	711.4
Gross margin *(%)*	68.1%	70.7%
Core operating profit/(loss)* *(HK$ million)*	(169.9)	(118.0)
Core operating margin *(%)*	–19.1%	–11.7%
Loss attributable to shareholders *(HK$ million)*	(200.4)	(47.4)
Loss attributable to shareholders *(%)*	–22.5%	–4.7%
Basic loss per share *(HK cents)*	(11.5)	(2.7)

- Revenue decreased by 11.5%, due to the dampened consumer sentiment in Greater China.
- Core operating loss increased by 44.0%, mainly due to a reduction in gross profit of HK$104.6 million, which was partially offset by a HK$52.7 million reduction in expenses.
- Loss attributable to shareholders increased by HK$153.0 million, mainly due to:
  — a HK$51.9 million increase in core operating loss,
  — reorganisation costs of HK$22.8 million and reduction in income tax credit of HK$22.6 million in the first half of 2016, and
  — the HK$50.0 million gain in the first half of 2015 from the re-measurement of the contingent purchase consideration payable for an acquisition, did not recur this year.

* *Core operating profit/(loss) includes profit/(loss) of the retail, wholesale and licensing businesses before net finance costs, income tax, material gains or losses which are of capital nature or non-operational related and share of results of associated companies.*

Store numbers as at 30 June 2016

	Kent & Curwen	Gieves & Hawkes	Cerruti 1881	D'URBAN	Hardy Amies	Multi-brand	Total stores for the Group
Total	100	85	108	34	4	2	333
Chinese Mainland	76	59	87	18		2	242
Hong Kong & Macau	11	9	8	8			36
Taiwan	11	9	11	8			39
Singapore	2	1	1				4
Europe		7	1		4		12

Chairman's Statement

Moving forward, Trinity's key priorities under the direction of the new management team appointed in June 2016, include further consolidating our operations, creating a more efficient and effective organisation, and ensuring our portfolio of heritage brands continues to meet the demands of our core customers.

Challenges continue

The pressures and challenges that have impacted Trinity Limited ("the Company") have persisted in the first half of the year and are unlikely to ease in the short term. However our determination to succeed in this difficult environment has not diminished.

In the first half of 2016, Trinity Limited and its subsidiaries (together "the Group"), along with the wider retail sector, were impacted by the subdued spending environment in Greater China, a decline in Chinese visitors to Hong Kong and Macau, and the continuing impact of the Chinese government's austerity measures.

The Group remains focused on responding to these external challenges and notable progress has been made in the past six months. This includes streamlining our business in order to optimise our store network and supply chain. A substantial internal restructuring program has also been carried out which has resulted in some reorganisation costs.

Moving forward, Trinity's key priorities under the direction of the new management team appointed in June 2016, include further consolidating our operations, creating a more efficient and effective organisation, and ensuring our portfolio of heritage brands continues to meet the demands of our core customers.

However we must acknowledge that our financial performance will continue to be affected by the macroeconomic environment in the short to medium term, and it will take time for the new management team to establish itself and implement the necessary changes.

Ultimately we are confident the overall financial position of the Group will remain sound and that the benefits of our actions will be felt in 2017 and beyond.

Focusing on Chinese consumers

Greater China will remain our key market and presents significant opportunities for growth, especially given that policy reforms outlined in the Chinese government's 15th Five Year Plan will strengthen the ongoing shift to a consumer-driven economy. Total retail sales of consumer goods in the Chinese Mainland increased by 10.6% to reach RMB30 trillion in 2015 and are expected to grow beyond RMB50 trillion in the next five years[1], while the growing middle class of affluent Chinese consumers continue to demand premium products offering both quality and value.

We are also seeing a growing preference in the Chinese Mainland for smaller-format retailers, like Trinity, because they are closer to their consumers. Trinity's core strategy to 'Target Globally, Think Locally' means the Group is well placed to respond to this new environment and ensure we continue to appeal to the growing number of Chinese consumers both at home and abroad.

Solid foundations

There is no doubt that it will take time before the premium menswear sector returns to previous levels of demand, however I am confident the Group's existing attributes, along with the initiatives already underway, will enable us to improve our performance and take advantage of opportunities in the sector.

The intrinsic value of the Group's brands, coupled with our comprehensive retail store network across Greater China, provides a solid foundation on which to further build our business. For example, Kent & Curwen's relationship with global fashion icon Mr David Beckham, as well as the new licensing arrangement with Hardy Amies, offer opportunities for the Group to reach out to new customers in Greater China.

New leadership

I would like to take this opportunity to thank the Group's outgoing Chief Executive Officer, Mr Richard Cohen, for his service to the Group over the past two years and wish him all the best in the future.

In June, I was pleased to welcome Mr Jeremy Hobbins back to Trinity as the new Chief Executive Officer. Mr Hobbins has a strong track record in restructuring consumer businesses and a deep understanding of Trinity, having previously been a Director of the Company.

The management team under his leadership already has a clear view of what is required to ensure the Group is well placed for the future. I am sure they will make significant progress toward our goals in the second half of this year.

We will continue to face challenges, however I am confident we have the right team in place to ensure the long-term success of the business, and I wish to thank our dedicated staff for their ongoing efforts to build a better future for the Group.

Victor FUNG Kwok King
Chairman

Hong Kong, 9 August 2016

[1] *Figures from the National Bureau of Statistics of the PRC. Source, National Academy of Economic Strategy of the Chinese Academy of Social Sciences, Blue Book of China's Commercial Sector, 2016-17.*

Chief Executive Officer's Overview

Our priorities for the remaining of the year are clear. We will continue to improve our manufacturing, inventory management and supply chain execution, thereby decreasing our current inventory and building our cash position. We will also ensure our cost base is under control.

Challenging Environment

My first priority, since taking up the role as Chief Executive Officer in the last month of the period under review, has been to work with the management team of the Group to review all aspects of the business and identify priority areas for the coming months.

We have identified three immediate objectives designed to improve the Group's performance. Firstly, we will continue to optimise our supply chain in order to ensure the best possible merchandise is in our stores. Secondly, we have restructured our management team to ensure clear accountability. Thirdly, we are embarking on a major cost reduction programme. The overriding goal is to simplify our business so we can better meet the needs of our core Chinese Mainland customers.

Financial Performance

The Group issued a profit warning in June 2016 and has reported an operating loss for the first half-year. This was due to dampened consumer spending in our priority markets, as well as tough macroeconomic conditions and restructuring costs.

The Trinity management team is focused on improving the performance of the Group as quickly as possible. However, we recognise the wider retail environment is likely to remain challenging in the short to medium term and do not expect to see a significant improvement in financial performance in the second half of this year, unless market conditions improve dramatically.

Proactive efficiency measures

We continue to drive efficiencies and in the first half of the year, we further consolidated our store locations down to 333 from 349 as at 31 December 2015, enabling us to better focus on the stores in our network that remain profitable.

As a result of the ongoing restructuring, including the changes at the Hong Kong manufacturing plant, the total workforce for the Group is currently 2,665, down from 2,738 at 31 December 2015. In addition, the Group has significantly reduced the headcount of senior executives and consultants, reducing expenses and creating clearer responsibilities and lines of reporting.

Investing in our future

We also continue to invest in our excellent portfolio of heritage brands to better position the Group amongst our key target customers, both at home and abroad.

Testimony to the strength of our brands, the Gieves & Hawkes' flagship store remains profitable and the current collection for Cerruti 1881 has been very well received. At Kent & Curwen, our partnership with global fashion icon Mr David Beckham is making good progress and we are working to ensure an effective launch of an impactful collection.

Furthermore, our new worldwide licensing arrangement with the established British fashion house Hardy Amies, strengthens our portfolio and offers the opportunity to appeal to consumers at a lower price point.

The first half of the year has also seen further developments in our new omni-channel and e-commerce offering, including the appointment of a dedicated senior vice president to lead this activity. In an increasingly digital age, providing greater opportunities to our consumers to engage with our brands wherever and whenever they choose will be important to our long term success.

Focusing on priorities

Our priorities for the remaining of the year are clear. We will continue to improve our manufacturing, inventory management and supply chain execution, thereby decreasing our current inventory and building our cash position. We will also ensure our cost base is under control.

Going forward, we will also do more to empower the brands to ensure we have the right products in store to meet the evolving demands of our core target Chinese Mainland consumers.

Facing the challenge head on

The management team recognises that the second half of the year will continue to present significant challenges. The underlying business remains sound and the next reporting period will see further measures to ensure the Group can limit the impact of ongoing external challenges. By focusing on securing our core business in the short term, we will position ourselves appropriately to engage with our key Chinese Mainland customers at home and when they travel internationally.

In closing, I would like to thank all our dedicated staff members for their efforts and for the warm welcome they have given me. I very much look forward to working with this team as we move the Group forward together.

Jeremy Paul Egerton HOBBINS
Chief Executive Officer

Hong Kong, 9 August 2016

Discussion and Analysis

Revenue

Revenue for the first half of 2016 was HK$890.8 million, which was 11.5% lower than the same period last year. Excluding the effect of exchange rate differences, revenue decreased by 8.7%. The Group's same-stores sales decreased by 14.2%. The Group's performance has been adversely affected by the ongoing depressed state of the Hong Kong and Macau retail markets due to declining Chinese tourism and subdued local spending. This was compounded by dampened consumer sentiment in the Chinese Mainland.

Revenue by geographical location

Hong Kong & Macau

As a result of a decrease in visitors from the Chinese Mainland, retail sales in Hong Kong & Macau were HK$258.1 million, 13.0% lower compared to the same period last year, and same-store sales reflected a similar trend, with a drop of 11.9%.

Chinese Mainland

Retail sales in the Chinese Mainland were HK$378.0 million, representing a decrease of 23.1% as compared to the same period last year. The decrease was 19.5% after excluding the effect of exchange rate differences. In light of the dampened spending environment, we continued our efforts to consolidate our store network by closing unprofitable locations, delivering a net closure of 50 stores in the Chinese Mainland in 2015 and a further 19 stores within the first half 2016. Same-store sales excluding stores closed in the period fell by 16.3%.

Wholesale revenue in the Chinese Mainland increased from HK$3.4 million to HK$54.9 million.

Taiwan

Retail sentiment also remained weak in Taiwan resulting in retail sales of HK$64.8 million, representing a 17.8% decrease as compared to the same period last year. The decline in same-store sales was 18.1%.

Europe

In Europe, revenue for the first half of 2016 was HK$129.8 million, representing with a decrease of 1.3% as compared to the same period last year. We expanded the wholesale business with a new customer in Europe during the period, but this was offset by the reduction of retail revenue mainly due to the closure of an outlet and a decrease in licensing revenue.

Gross profit

The gross profit for the first half of the year was HK$606.8 million, representing a decline of 14.7% as compared to the same period last year.

The retail gross profit margin for the Chinese Mainland in 2016 improved year-on-year from 70.1% to 71.8%. The improvement was mainly a result of lower average discounts and better mark up.

The retail gross profit margins for Hong Kong & Macau and Taiwan in 2016 remained stable year-on-year, and were 72.2% and 65.2% respectively for the first half of year 2016. This is compared to 74.5% for Hong Kong & Macau and 67.5% for Taiwan in the same period in 2015.

The decrease in retail gross profit margins were partly contributed by the inventory provision. Excluding the change of inventory provisions, the retail gross profit margins for the Chinese Mainland and Hong Kong & Macau in 2016 would be 72.1% and 74.4% respectively.

In Europe, the retail gross profit margin increased from 52.9% to 57.6%.

The Asia and Europe wholesale gross margins were 35.6% and 33.0% respectively.

The gross profit margin for the reporting period was 68.1%, a 2.6 percentage points decrease. This was mainly due to the dilution effect of the rising revenue contributions from our wholesale business.

The segmental contributions

The segmental contributions for the Group were affected by market conditions. For the six months ended 30 June 2016 contributions decreased to HK$19.8 million, a 62.1% drop as compared to the same period last year. The segmental contributions of Asia and Europe were HK$8.6 million and HK$11.2 million respectively.

Other income

Other income was HK$5.7 million in the first half of 2016, which was the same in the same period last year.

Selling, marketing and distribution expenses

As a result of management's continued efforts to improve cost efficiency and streamline the store network, selling, marketing and distribution expenses decreased by 11.6% to HK$522.2 million. The total number of stores was reduced to 333 as of 30 June 2016, down from 386 stores and 349 stores as of 30 June 2015 and 31 December 2015 respectively. The selling, marketing and distribution expenses, as a percentage of revenue, were stable compared with same period last year.

We are embarking on a major cost reduction programme. The overriding goal is to simplify our business so we can better meet the needs of our core Chinese Mainland customers.

General and administrative expenses

General and administrative expenses amounted to HK$260.1 million, an increase of 6.4% from the same period of last year. This was largely a result of an increase in staff costs arising from the exit of some senior management and the opening of new sourcing office in April 2015. The Group has initiated structural measures to reduce the overhead and general costs of the business. We expect these measures to have a positive impact on our cost base going forward.

Core operating profit/(loss)

The Group's core operating loss was HK$169.9 million, representing a 44.0% increase as compared to the same period last year.

Other losses – net

Other losses amounted to HK$0.5 million in the period.

Gain on remeasurement of contingent purchase consideration payable for acquisition

In the first half of 2015, the Group had a write back of HK$50.0 million due to the contingent purchase consideration payable relating to the acquisition of Gieves & Hawkes in 2012, which did not recur in 2016.

Reorganisation costs

Reorganisation costs of HK$22.8 million were incurred due to the closure of our casual wear production line at the Hong Kong factory.

Net finance costs

Net finance costs were HK$7.8 million in the first half of 2016, whereas net finance costs of HK$6.9 million were reported in the same period of 2015. The increase was primarily due to higher borrowing costs.

Share of Loss of Associates

The share of loss of associates was HK$0.3 million, representing loss sharing from our 20% interest in the Ferragamo businesses in South Korea and other countries in Southeast Asia.

Income Tax

Income tax credit was HK$0.8 million, whereas income tax credit of HK$23.4 million was reported in the same period of 2015. The decrease reflects lower recognition of income tax credits in the first half of 2016.

Loss attributable to Shareholders

The Group incurred a loss of HK$200.4 million, which translates into a loss of 11.5 HK cents per share.

Working Capital Management

Inventory control continued to be a key element in working capital management. Our continuous focus on inventory management drove the stock level down from HK$591.9 million in December 2015 to HK$523.8 million in June 2016. The inventory value was HK$510.1 million in June 2015. Inventory turnover days for the first half of 2016 were 357 days, compared with 344 days in June 2015 mainly due to decline in revenue and 416 days as at December 2015.

The Group's trade receivables as of June 2016 were HK$83.1 million, compared to HK$81.9 million and HK$90.2 million in June 2015 and December 2015 respectively. The Group's trade receivable turnover days were 18 days in 2016, compared with 26 days as at December 2015 and 24 days in the same period of 2015.

The Group's trade payables as at June 2016 were HK$52.0 million, compared to HK$63.0 million and HK$70.3 million in June 2015 and December 2015 respectively. The Group's trade payable turnover days were 39 days for the period ended 30 June 2016, which is on par with the year ended 31 December 2015 and compared with 33 days in June 2015.

Financial Position and Liquidity

Net cash outflow for the Group's operating activities was HK$138.8 million due to the decline in operating profit.

As at the end of June 2016, cash and cash equivalents were HK$567.2 million and interest bearing bank borrowings and bank overdrafts were HK$1,245.7 million. This resulted in net debt of the Group of HK$678.5 million and an 18.5% gearing ratio, equal to net debt divided by total capital. Net debt is calculated as interest bearing bank borrowings and bank overdrafts less cash and cash equivalents. Total capital is calculated as total equity, as shown in the condensed consolidated statement of financial position, plus net debt. The comparable position for June 2015 and December 2015 was 9.1% and 13.3% respectively.

Banking Facilities

The Group has secured bank lines of approximately HK$2,842.4 million for operational requirements and has utilised 45.3% of the available facility as at 30 June 2016.

A total of HK$1,191.7 million in revolving loans and fixed rate term loan (HK$1,051.7 million repayable within one year and HK$140.0 million repayable between one and five years) was utilised, and HK$94.8 million was deployed for trade financing and bank overdrafts at period end. The undrawn facilities at period end amount to HK$1,555.9 million.

Credit Risk Management

The major credit risk of the business includes trade receivables from department stores and receivables from wholesale customers and licensees. The Group has established procedures to evaluate and monitor the credit risk of department stores, wholesale customers and licensees in order to control its exposure in this area. Appropriate actions have been taken to collect the overdue receivables.

The Group's cash and cash equivalents have been deposited with major international banks.

Foreign Exchange and Interest Rate Management

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

The Group evaluates interest-rate risks periodically to determine the need to hedge against adverse interest-rate movements. As the Group's interest rate exposure was expected to be limited, no hedging activities were undertaken during the reporting period.

Human Resources and Training

As at 30 June 2016, the total workforce for the Group was 2,665 employees, compared with 2,951 a year earlier, a 9.7% decrease. This headcount reduction was largely due to the closure of non-performing stores and of our casual wear production line at the Hong Kong factory.

Our workforce comprises 682 employees in Hong Kong and Macau; 1,560 in the Chinese Mainland; 174 in Taiwan; and 249 in other countries. Total staff costs were HK$321.8 million for the first half of 2016, compared to HK$323.1 million for the same period of last year. The staff cost decrease was mainly due to the reduction in staff headcount and sales commission, which was offset by the staff severance cost associated with the Hong Kong factory casual wear production line closure.

The Group offers competitive remuneration packages, share options and development opportunities to its employees. Performance- and results-based bonuses and share options are granted as a means to reward and retain a high-calibre team.

The Group continues to invest in human resources through training and development programmes for managers and staff at all levels, including for employees reassigned as a result of our ongoing internal re-organisation. In addition, we conducted product and customer service training programmes for frontline staff across all brands in Greater China.

Corporate Social Responsibility and Sustainability Initiatives

Trinity recognises the importance of being a responsible corporate citizen and embraces sustainability as one of its core corporate values. The Group focuses its sustainability efforts in three main areas – Environment, Community and Employees. During the first six months of the year, our colleagues participated 1,300 times in 15 different sustainability-related activities involving social, environmental and employee wellness programs, and in so doing, contributed 1,400 hours towards good causes.

Environment: The Group will look for pragmatic opportunities to reduce our impact to the environment and set reduction targets as appropriate. We continue to raise awareness through our participation in Earth Hour, reducing consumption of paper, electricity and other resources. In support of the Hong Kong Government's fight against climate change, the Group will continue to donate all money collected from charging for plastic bags to the Plastic Shopping Bag Collaborative Platform.

Community: Gieves & Hawkes continues with its Pennies in support of the Queen Elizabeth Scholarship Trust and Walking with the Wounded in the UK, enabling customers to donate 75 pence to these charities for each in-store transaction paid electronically. The Group is committed to improving our vendor compliance scheme and endeavours to work with suppliers with similar values. We also ask our suppliers to sign our Code of Conduct and will immediately terminate contracts with suppliers found breaching zero-tolerance issues during our audit processes (e.g. employment of underage staff).

Employees: Physical and mental wellness of our staff is important to us. To this end we have continued with our health awareness enhancement workshops. In addition, our Employee Assistance Program, Smart Connect, which was implemented two years ago, will run for a third year.

Corporate Governance Report

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

Corporate governance practices adopted by the Company during the six months ended 30 June 2016 are in line with those practices set out in the Company's 2015 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, four Non-executive Directors and four Independent Non-executive Directors. Details of the composition of the Board are set out in the Corporate Information section on page 2. 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 Jeremy Paul Egerton HOBBINS, in order to reinforce their respective independence, accountability, and responsibility, and to enhance the corporate governance of the Board. Their respective responsibilities are clearly established and defined by the Board in writing.

The Board held five meetings to date in 2016 (with an average attendance rate of about 91%) to discuss and approve the overall strategy as well as the operations and financial performance of the Group, material connected transactions, and to consider and approve recommendations from the Board Committees.

The Group Chief Compliance & Risk Management Officer ("GCCRMO") is invited to attend all Board and Board Committee meetings to advise on corporate governance matters covering risk management, internal controls and relevant compliance issues.

Board Committees

The Board has established the following committees with defined terms of reference (available on the websites of the Company and The Stock Exchange of Hong Kong Limited), which are of no less exacting terms than those set out in the CG Code of the Listing Rules:

- Audit Committee
- Nomination 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.

Audit Committee

The Audit Committee was established to review the Group's financial information, risk management, internal controls and financial reporting system, corporate governance matters, the Group's relationship with external auditor, and to provide advice and make relevant recommendations to the Board. All members are Independent Non-executive Directors, except Mr Jean-Marc LOUBIER who is a Non-executive Director:

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

All Committee members possess appropriate professional qualifications, accounting or related financial management expertise or industry expertise to advise on all the above matters.

The Audit Committee met three times to date in 2016 (with an average attendance rate of about 87%) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditor, the internal audit plan, the Group's significant internal controls, risk management, and financial matters as well as policies relating to corporate governance 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 GCCRMO, is responsible for performing the internal audits according to the audit plan approved by the Audit Committee. The Committee's review covers the audit plans and observations presented by both CGD and external auditor, the external auditor's independence, the Group's accounting principles and practices, internal controls, risk management, financial reporting matters (including the interim financial information for the six months ended 30 June 2016 before recommending them to the Board for approval), listing rules and statutory compliance requirements, connected transactions, and the adequacy of resources, qualification, and experience of staff of the Group's internal audit and financial reporting functions, and their training programmes and budget.

Nomination Committee

All members are Independent Non-executive Directors, except Dr William FUNG Kwok Lun who is a Non-executive Director:

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), assessment of the independence of independent non-executive directors, monitoring of continuous professional development of Directors and senior management, 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 three times to date in 2016 (with an average attendance rate of about 83%) to review the board composition, training and continuous professional development needs, independence of independent non-executive directors, re-appointment of the retiring directors and nomination of a new Executive Director at the Annual General Meeting held in May 2016, the changes of Executive Directors and CEO as well as appointments of Deputy Chairman and a Non-executive Director.

Remuneration Committee

All of the Committee members are Independent Non-executive Directors, except Dr Victor FUNG Kwok King who is a Non-executive Director:

Mr Cassian CHEUNG Ka Sing *(Chairman)*
Mrs Eva CHENG LI Kam Fun
Dr Victor FUNG Kwok King
Mr Michael LEE Tze Hau

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, review and recommendation on proposals relating to the grant and allocation of share options under the Company's share option scheme. The Committee met three times to date in 2016 (with an average attendance rate of about 83%) to review the remuneration packages including bonus payments of Executive Directors and to discuss stock incentive plans.

Risk Management and Internal Control

The Board recognises the importance of internal controls to safeguard shareholders' interests and investments and the Group's assets, as well as to manage business risks. The Board is responsible for ensuring that the Group maintains a sound and effective system of risk management and 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 aims to provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has delegated to Management the design, implementation, and ongoing monitoring of such system of risk management and internal controls covering financial, operational and compliance requirements. 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. Details of the Group's internal control and risk management processes are set out in the Corporate Governance Report on pages 47 to 49 of the Company's 2015 Annual Report.

The Corporate Compliance Group (comprising CGD and Corporate Secretarial Division), under the supervision of the GCCRMO, in conjunction with our external advisors reviews the adherence to relevant laws and regulations, compliance with the Listing Rules, public disclosure requirements and our standards of compliance practices.

The CGD independently reviews the risk management and internal controls and evaluates their adequacy, effectiveness and compliance. The scope of works mainly covers material financial, operational and compliance controls, risk management policies and procedures, as well as sustainability practices. GCCRMO reports major findings and recommendations to the Audit Committee on a regular basis. Implementation of all agreed recommendations is being followed up on a three-month basis and reported to the Audit Committee at each committee meeting.

Based on the respective assessments made by the senior management and the CGD, the Audit Committee considered that for the six months ended 30 June 2016:

- the risk management, internal controls and accounting systems as well as the independence of the CGD function of the Group are in place and functioning effectively. They 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. 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 comply with the code, ethical standards and policy at all times.

Directors' and Relevant Employees' 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 2016. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2016.

The Company has adopted the Policy on Inside Information, and handles and disseminates inside information in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules.

Directors' Responsibility for Financial Statements

The Directors' responsibility for preparing the financial statements is set out on page 72 of the Company's 2015 Annual Report.

Compliance with the CG Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code throughout the six months ended 30 June 2016.

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 also arranged analysts' briefing after results announcements.

As a channel to further promote effective communication, 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.

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 the corporate governance measures are set out in the Corporate Governance Report on page 41 of the Company's 2015 Annual Report and the Board has reviewed the Company's compliance with these measures and confirmed that there was no non-compliance during the six months ended 30 June 2016.

Other Information

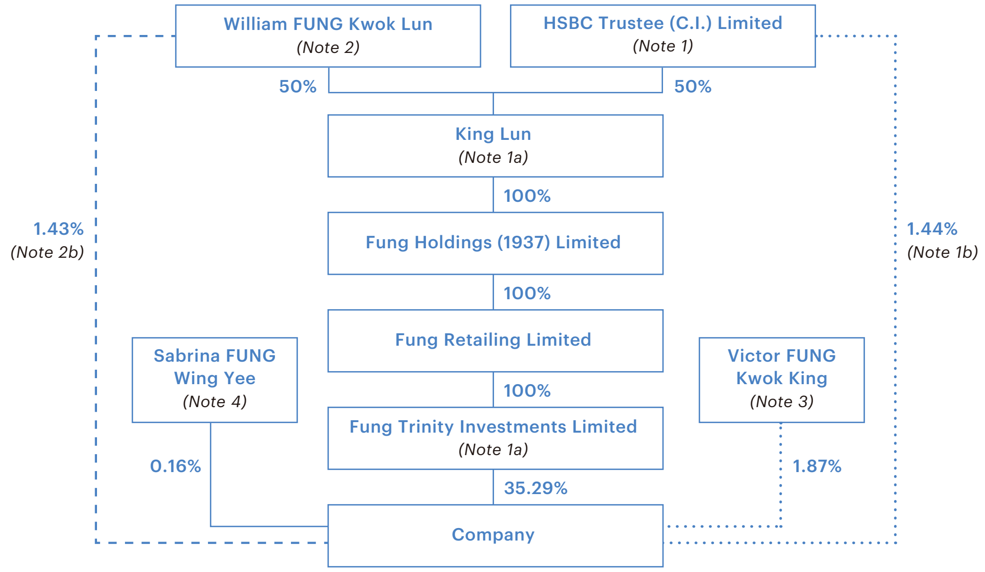
Directors' Interests and Short Positions in Securities

As at 30 June 2016, 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]	641,657,760 [1]	–	674,271,555 [3]	38.60
William FUNG Kwok Lun	10,428,000 [2]	–	630,913,760	–	641,341,760 [2]	36.72
Sabrina FUNG Wing Yee	2,800,000 [4]	–	641,657,760 [1]	–	644,457,760 [4]	36.89
Jeremy Paul Egerton HOBBINS	–	–	5,934,500 [5]	–	5,934,500	0.34
Srinivasan PARTHASARATHY	70,000	–	–	2,250,000 [6]	2,320,000	0.13
WONG Yat Ming	50,976,563	–	–	–	50,976,563	2.91

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 641,657,760 Shares, which were held in the following manner:*
   a. *616,413,760 Shares were directly held by Fung Trinity Investments Limited, an 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; and*
   b. *25,244,000 Shares were directly held by First Island Developments Limited, a company wholly owned by the Trustee.*
2. *Among a total of 641,341,760 Shares interested by Dr William FUNG Kwok Lun:*
   a. *616,413,760 Shares were under the same block of shares indirectly held by King Lun as mentioned in Note 1a above; and*
   b. *14,500,000 Shares were directly held by Step Dragon Enterprise Limited, a company beneficially owned by Dr William FUNG Kwok Lun; and 10,428,000 Shares were personally held by him.*
3. *32,613,795 Shares were directly 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. By adding up the interests mentioned in Note 1 above, Dr Victor FUNG Kwok King was deemed to be interested in an aggregate of 674,271,555 Shares.*
4. *2,800,000 Shares were personally held by Ms Sabrina FUNG Wing Yee. By adding up the interests mentioned in Note 1 above, Ms Sabrina FUNG Wing Yee was deemed to be interested in an aggregate of 644,457,760 Shares.*
5. *Among the 5,934,500 Shares interested by Mr Jeremy Paul Egerton HOBBINS, 1,700,000 Shares were held by Private Investors Limited, a company ultimately owned by him and 4,234,500 Shares were held by a trust of which he is a beneficiary.*
6. *These interests represented the interests in underlying shares in respect of the share options granted by the Company to the Director as beneficial owner, details of which are set out in the Share Options section.*

The interests of the Director 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 2016, 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 2016, 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	35.29
Fung Retailing Limited [1]	Interest of controlled corporation	616,413,760	35.29
Fung Holdings (1937) Limited [1]	Interest of controlled corporation	616,413,760	35.29
King Lun [1]	Interest of controlled corporation	616,413,760	35.29
HSBC Trustee (C.I.) Limited [2]	Trustee	641,657,760	36.73
Schroders Plc [3]	Investment manager	122,267,491	7.00

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 25,244,000 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. *Schroders Plc was interested in these Shares through a chain of its controlled corporations.*

Save as disclosed above, as at 30 June 2016, 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

The Company has in place a share option scheme adopted on 16 October 2009 ("Share Option Scheme" or "Post-IPO Share Option Scheme") to subscribe for its shares ("Shares"). No share option has been granted under the Share Option Scheme during the six months ended 30 June 2016. As at 30 June 2016, there were outstanding share options relating to 30,300,000 Shares granted by the Company pursuant to the Share Option Scheme.

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

	Number of Share Options							
Category of Participants	As at 01/01/2016	Granted	Exercised	Cancelled/ Lapsed	As at 30/06/2016	Exercise Price HK$	Grant Date	Exercisable Period
Director								
Srinivasan PARTHASARATHY	750,000	–	–	–	750,000	2.01	21/08/2014	01/04/2015 – 31/12/2016
	750,000	–	–	–	750,000	2.01	21/08/2014	01/01/2016 – 31/12/2017
	750,000	–	–	–	750,000	2.01	21/08/2014	01/01/2017 – 31/12/2018
Continuous Contract Employees	5,700,000	–	–	340,000	5,360,000	2.01	21/08/2014	01/04/2015 – 31/12/2016
	5,700,000	–	–	340,000	5,360,000	2.01	21/08/2014	01/01/2016 – 31/12/2017
	5,700,000	–	–	340,000	5,360,000	2.01	21/08/2014	01/01/2017 – 31/12/2018
	1,000,000	–	–	–	1,000,000	1.84	04/11/2014	01/04/2015 – 31/12/2016
	1,000,000	–	–	–	1,000,000	1.84	04/11/2014	01/01/2016 – 31/12/2017
	1,000,000	–	–	–	1,000,000	1.84	04/11/2014	01/01/2017 – 31/12/2018
Other Participants	3,210,000	–	–	220,000	2,990,000	2.01	21/08/2014	01/04/2015 – 31/12/2016
	3,210,000	–	–	220,000	2,990,000	2.01	21/08/2014	01/01/2016 – 31/12/2017
	3,210,000	–	–	220,000	2,990,000	2.01	21/08/2014	01/01/2017 – 31/12/2018
Total	31,980,000	–	–	1,680,000	30,300,000			

Note:

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 2015. Other details of share options granted by the Company are set out in Note 15 to the condensed consolidated financial information.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the Company's 2015 Annual Report and up to 9 August 2016, being the approval date of this interim report, are set out below:

Directors	Changes
Victor FUNG Kwok King	Appointed advisor of the Infrastructure Financing Facilitation Office of The Hong Kong Monetary Authority in July 2016
Sabrina FUNG Wing Yee	Promoted to the Group Managing Director of Fung Retailing Limited, a substantial shareholder of the Company, in April 2016
Cassian CHEUNG Ka Sing	Ceased to act as the Interim Group Chairman of Next Digital Limited in June 2016, while continues as its executive director and Group Chief Executive Officer

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 2016.

Interim Dividend

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: nil).

Information for Investors

Listing Information

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

Financial Calendar

9 August 2016
Announcement of 2016 Interim Results

Share Registrar and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
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

Share Information

Board lot size
2,000 shares

Shares outstanding as at 30 June 2016
1,746,528,883

Market capitalisation as at 30 June 2016
HK$960.6 million

Enquiries Contact

Srinivasan PARTHASARATHY
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

Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
	Note	2016 HK$'000	2015 HK$'000
Revenue	5(a)	**890,820**	1,006,409
Cost of sales		**(284,020)**	(295,011)
Gross profit		**606,800**	711,398
Other income		**5,658**	5,690
Selling, marketing and distribution expenses		**(522,248)**	(590,646)
General and administrative expenses		**(260,129)**	(244,423)
Core operating profit/(loss)		**(169,919)**	(117,981)
Other (losses)/gains – net	7	**(454)**	2,365
Gain on remeasurement of contingent purchase consideration payable for acquisition		**–**	49,995
Reorganisation costs		**(22,780)**	–
Operating loss	6	**(193,153)**	(65,621)
Net finance costs		**(7,753)**	(6,908)
Share of (loss)/profit of associates		**(310)**	1,740
Loss before income tax		**(201,216)**	(70,789)
Income tax	8	**826**	23,377
Loss for the period attributable to shareholders of the Company		**(200,390)**	(47,412)
Basic loss per share attributable to shareholders of the Company (expressed in HK cents per share)	9(a)	**(11.5) cents**	(2.7) cents
Diluted loss per share attributable to shareholders of the Company (expressed in HK cents per share)	9(b)	**(11.5) cents**	(2.7) cents

The notes on pages 31 to 53 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2016 HK$'000	2015 HK$'000
Loss for the period	**(200,390)**	(47,412)
Other comprehensive expense for the period		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**230**	–
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries and associates	**(1,289)**	(9,359)
Other comprehensive expense for the period, net of tax	**(1,059)**	(9,359)
Total comprehensive expense for the period	**(201,449)**	(56,771)
Total comprehensive expense attributable to:		
– Shareholders of the Company	**(201,449)**	(56,771)

The notes on pages 31 to 53 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**146,734**	172,175
Intangible assets	11	**3,290,215**	3,263,364
Investments in associates		**127,938**	125,727
Loan receivables	12	**132,197**	101,447
Derivative financial instrument	13	**6,024**	6,018
Deposits, prepayments and other receivables		**44,371**	49,897
Deferred income tax assets		**191,138**	193,091
		3,938,617	3,911,719
Current assets			
Inventories		**523,777**	591,891
Trade receivables	14	**83,061**	90,211
Deposits, prepayments and other receivables		**164,178**	190,640
Amounts due from related parties	21(b)	**1,115**	949
Current income tax recoverables		**6,919**	12,212
Cash and cash equivalents (excluding bank overdrafts)		**567,223**	235,239
		1,346,273	1,121,142
Total assets		**5,284,890**	5,032,861
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	15	**174,653**	174,653
Share premium		**2,376,850**	2,376,850
Reserves		**438,789**	639,095
Total equity		**2,990,292**	3,190,598

The notes on pages 31 to 53 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowing	18	**140,000**	160,000
Provision for long service payments		**6,427**	7,151
Retirement benefit obligations		**27,722**	29,524
Other payables and accruals		**201,934**	203,260
Contingent purchase consideration payable for acquisition	17	**178,825**	175,892
Deferred income tax liabilities		**308,555**	306,233
		863,463	882,060
Current liabilities			
Trade payables	16	**52,031**	70,264
Other payables and accruals		**248,065**	277,942
Amounts due to related parties	21(b)	**21,582**	38,256
Current income tax liabilities		**3,759**	7,453
Borrowings	18	**1,105,698**	566,288
		1,431,135	960,203
Total liabilities		**2,294,598**	1,842,263
Total equity and liabilities		**5,284,890**	5,032,861

The notes on pages 31 to 53 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

	Unaudited				
	Attributable to shareholders of the Company				
	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2016	**174,653**	**2,376,850**	**887,043**	**(247,948)**	**3,190,598**
Comprehensive expense					
Loss for the period	–	–	(200,390)	–	(200,390)
Other comprehensive expense					
Remeasurements of post employment benefit obligations	–	–	230	–	230
Exchange differences on translation of subsidiaries and associates	–	–	–	(1,289)	(1,289)
Other comprehensive expense for the period, net of tax	–	–	230	(1,289)	(1,059)
Total comprehensive expense	–	–	(200,160)	(1,289)	(201,449)
Transactions with owners					
Employee share option scheme					
– value of employee services	–	–	–	1,143	1,143
– transfer to retained earnings	–	–	595	(595)	–
Total transactions with owners	–	–	595	548	1,143
Balance at 30 June 2016	**174,653**	**2,376,850**	**687,478**	**(248,689)**	**2,990,292**

The notes on pages 31 to 53 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 2015		174,653	2,376,850	1,045,076	(199,968)	3,396,611
Comprehensive expense						
Loss for the period		–	–	(47,412)	–	(47,412)
Other comprehensive expense						
Exchange differences on translation of subsidiaries and associates		–	–	–	(9,359)	(9,359)
Other comprehensive expense for the period, net of tax		–	–	–	(9,359)	(9,359)
Total comprehensive expense		–	–	(47,412)	(9,359)	(56,771)
Transactions with owners						
Employee share option scheme						
– value of employee services		–	–	–	4,647	4,647
– transfer to retained earnings		–	–	4,943	(4,943)	–
2014 final dividends paid	10(b)	–	–	(75,101)	–	(75,101)
Total transactions with owners		–	–	(70,158)	(296)	(70,454)
Balance at 30 June 2015		174,653	2,376,850	927,506	(209,623)	3,269,386

The notes on pages 31 to 53 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Note	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations		**(131,482)**	38,941
Interest paid on bank borrowings and overdrafts		**(8,288)**	(6,314)
Income tax refund/(paid)		**1,017**	(12,453)
Net cash (used in)/generated from operating activities		**(138,753)**	20,174
Cash flows from investing activities			
Purchase of property, plant and equipment		**(28,201)**	(37,883)
Payments for intangible assets		**(1,956)**	–
Increase in loan receivables		**(21,827)**	(19,390)
Proceeds from disposal of property, plant and equipment		**53**	416
Interest income received		**712**	4,387
Net cash used in investing activities		**(51,219)**	(52,470)
Cash flows from financing activities			
Proceeds from borrowings		**590,000**	587,531
Repayment of borrowings		**(50,000)**	(723,332)
Dividends paid	10(b)	**–**	(75,101)
Net cash generated from/(used in) financing activities		**540,000**	(210,902)
Net increase/(decrease) in cash and cash equivalents		**350,028**	(243,198)
Cash and cash equivalents at beginning of the period		**159,771**	465,837
Effect on foreign exchange rates changes		**3,471**	1,626
Cash and cash equivalents at end of the period		**513,270**	224,265
Cash and cash equivalents comprises:			
Bank overdrafts		**(53,953)**	(66,041)
Cash and cash equivalents (excluding bank overdrafts)		**567,223**	290,306
Cash and cash equivalents		**513,270**	224,265

The notes on pages 31 to 53 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 and wholesale of premium menswear in the Chinese Mainland, Hong Kong, Macau, Taiwan (the "Greater China"), Singapore 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 ("HK$" or "HKD"), unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 9 August 2016.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2016 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 2015, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations).

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 2015.

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 2015.

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

The Group's management assesses the performance of the operating businesses based on a measure of operating profit/(loss), referred to as core operating profit/(loss). This measurement basis includes profit/(loss) of the retail, wholesale and licensing businesses before net finance costs, income tax, material gains or losses which are of capital nature or non-operational related and share of results of associated companies.

3 Summary of principal accounting policies *(Continued)*

To conform with such management's assessment, the classification of certain items on the condensed consolidated income statement for the six months ended 30 June 2016 has been changed. Management considers the change in classification can provide more relevant financial information to the users to assess the business performance through the core operating results of the Group. Core operating result is the result generated from the Group's operating businesses excluding corporate exchange gain or loss, gain on remeasurement of contingent purchase consideration payable for acquisition and reorganisation costs which are of capital nature or non-operating related. The reclassification is applied retrospectively, and hence the effect of the reclassification in the certain comparative figures in the condensed consolidated income statement for the six months ended 30 June 2015 were comprised of a decrease in other income by HK$49,995,000 which is reclassified to gain on remeasurement of contingent purchase consideration payable for acquisition.

(a) Adoption of amendments to existing standards effective in 2016

The Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2016 and relevant to the Group:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
Annual Improvements Project	Annual Improvements 2012-2014 Reporting Cycle

The adoption of such amendments to existing standards and minor amendments to HKAS/HKFRS under the annual improvements projects of HKICPA does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2016.

(b) New standard and amendments to existing standards effective in 2016 but not relevant to the Group

The following new standard and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2016 but currently not relevant to the Group:

HKAS 16 and HKAS 41 (Amendments)	Bearer Plants
HKFRS 11 (Amendment)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

3 Summary of principal accounting policies *(Continued)*

(c) 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 7 (Amendment)	Statement of Cash Flows: Disclosure initiative (effective for annual periods beginning on or after 1 January 2017)
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017)
HKFRS 9 (2014)	Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be determined)
HKFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
HKFRS 16	Leases (effective for annual periods beginning on or after 1 January 2019)

All these new standards and amendments to existing standards are effective in the financial year of 2017 or years after 2017. The Group is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application.

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 2015.

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"), Pound 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.

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

4.1 Financial risk factors *(Continued)*

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 2016, the Group had two outstanding forward contracts with notional principal amounts of EUR6,958,000 (buying EUR at fixed exchange rate of 8.807 HKD) and JPY156,000,000 (buying JPY at fixed exchange rate of 0.072144 HKD). As at 31 December 2015, the Group had no outstanding forward contracts.

The Group's foreign exchange risk mainly comes from RMB denominated payables (as at 30 June 2015: RMB denominated receivables), bank balances and trade payables recorded in the books of the Group's entities in Hong Kong and HKD denominated payables recorded in the books of the Group's entities in PRC. At 30 June 2016, if HK dollar had weakened or strengthened by 5% against the RMB with all other variables held constant, loss for the period would have been HK$3,064,000 lower or higher and the loss for the six months ended 30 June 2015 would have been HK$36,708,000 higher or lower respectively, mainly as a result of foreign exchange gains or losses on translation of RMB denominated receivables, payables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong and HKD denominated payables recorded in the books of the Group's entities in PRC.

4.2 Fair value estimation

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of the inputs to valuation techniques used to measure fair value. 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).

30 June 2016	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
Liabilities				
Derivative financial instruments – forward exchange contracts	–	702	–	702
Contingent purchase consideration payable for acquisition (Note 17)	–	–	178,825	178,825
Total liabilities	–	702	178,825	179,527

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

4.2 Fair value estimation *(Continued)*

31 December 2015	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				
Contingent purchase consideration payable for acquisition (Note 17)	–	–	175,892	175,892

There were no changes in valuation techniques and no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the period (2015: nil).

(a) 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.

(b) 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 loss attributable to shareholders of the Company would decrease/increase and the conversion right would increase/decrease by HK$1,322,000 (For the six months ended 30 June 2015: HK$1,431,000) and HK$1,248,000 (For the six months ended 30 June 2015: HK$1,354,000) respectively if the expected volatility is 3.0% higher/lower at the end of the reporting period (2015: 3.0%).

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

4.2 Fair value estimation *(Continued)*

(b) 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 loss attributable to shareholders of the Company would increase/decrease and the contingent purchase consideration payable would increase/decrease by HK$25,724,000 (For the six months ended 30 June 2015: HK$27,265,000) and HK$23,311,000 (For the six months ended 30 June 2015: HK$25,048,000) respectively if future revenue growth is 1.0 percentage point higher/lower than the estimation made by management at the end of the reporting period.

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 2016	**6,018**	**(175,892)**
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(2,933)
Exchange differences	6	–
Closing net book amount at 30 June 2016	**6,024**	**(178,825)**
Total net gains/(losses) for the period included in profit or loss	6	(2,933)
Change in unrealised losses for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Net finance costs'	–	(2,933)

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

4.2 Fair value estimation *(Continued)*

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

	Conversion right embedded in convertible promissory note HK$'000	Contingent purchase consideration payable for acquisition HK$'000
Opening net book amount at 1 January 2015	6,023	(252,475)
Remeasurement gains recognised in profit or loss	–	49,995
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(4,210)
Exchange differences	(4)	–
Closing net book amount at 30 June 2015	6,019	(206,690)
Total net (losses)/gains for the period included in profit or loss	(4)	45,785
Change in unrealised gains for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Gain on remeasurement of contingent purchase consideration payable for acquisition'	–	49,995
Change in unrealised losses for the period included in profit or loss for liabilities held at the end of the reporting period, under 'Net finance costs'	–	(4,210)

Of the total net gains recognised in profit or loss in these periods, all amounts are attributable to the change in unrealised net gains relating to those assets or liabilities held at the end of the reporting period.

For exchange gain on conversion right embedded in convertible promissory note HK$6,000 (For the six months ended 30 June 2015: loss of HK$4,000) was included in 'Other (losses)/gains – net' in the interim condensed consolidated income statement.

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)*

4.2 Fair value estimation *(Continued)*

(c) 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.

(d) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's financial assets (loan receivables, trade receivables, deposits, prepayments and other receivables 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 had been grouped under 'other payables and accruals' as at 30 June 2016 and they were included in Level 2. There was no forward exchange contract outstanding as at 31 December 2015.

5 Segment information

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China, Singapore 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 net finance costs and income tax ("Segmental contributions") for the period. Corporate employee benefit expenses and overhead, net finance costs, other income, other (losses)/gains – net, gain on remeasurement of contingent purchase consideration payable for acquisition and reorganisation costs are not allocated to segments. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders. During the period, certain amendments and reclassifications (allocation of certain expenses from individual segment to corporate management overheads) were made to the management reports presented to the senior executive management in order to better reflect the composition and performance of each segment. Prior period comparatives have been restated accordingly.

Segment asset consists only of inventories.

5 Segment information *(Continued)*

(a) Segment results

The segment results for the six months ended 30 June 2016 are as follows:

	Unaudited									
	Asia						Europe			
	HK & Macau		Chinese Mainland		Taiwan	Others				
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue	258,081	52,689	377,987	54,929	64,807	3,201	67,950	25,098	51,683	956,425
Inter-segment revenue	–	(50,695)	–	–	–	–	–	–	(14,910)	(65,605)
Segment revenue and revenue from external customers	258,081	1,994	377,987	54,929	64,807	3,201	67,950	25,098	36,773	890,820
Gross profit	186,298	685	271,444	19,598	42,225	2,342	39,153	8,282	36,773	606,800
Segmental contributions	(2,295)	685	(7,456)	19,511	4,404	(6,308)	(16,384)	(5,035)	32,645	19,767
Segmental contributions includes:										
Depreciation	(10,698)	–	(22,437)	(88)	(1,859)	(718)	(4,070)	(271)	(45)	(40,186)
Share of loss of associates	–	–	–	–	–	(310)	–	–	–	(310)
Segment asset as at 30 June 2016	159,172	–	264,339	–	44,885	5,722	49,659	–	–	523,777

5 Segment information *(Continued)*

(a) Segment results (Continued)

The segment results for the six months ended 30 June 2015 are as follows:

	Unaudited									
	Asia						Europe			
	HK & Macau		Chinese Mainland		Taiwan	Others				
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue	296,585	184,984	491,506	3,372	78,807	1,668	79,303	29,755	66,210	1,232,190
Inter-segment revenue	–	(182,097)	–	–	–	–	–	(24,093)	(19,591)	(225,781)
Segment revenue and revenue from external customers	296,585	2,887	491,506	3,372	78,807	1,668	79,303	5,662	46,619	1,006,409
Gross profit	220,920	896	344,584	(59)	53,193	1,292	41,968	1,985	46,619	711,398
Segmental contributions	25,980	896	(4,811)	(1,191)	9,746	(3,871)	(13,606)	(3,429)	42,499	52,213
Segmental contributions includes:										
Depreciation	(11,673)	–	(41,319)	(1,132)	(2,420)	(278)	(5,774)	(306)	(46)	(62,948)
Share of profit of associates	–	–	–	–	–	1,740	–	–	–	1,740
Segment asset as at 31 December 2015	171,020	–	323,178	–	46,826	5,111	45,756	–	–	591,891

5 Segment information *(Continued)*

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

	Unaudited Six months ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Segmental contributions for reportable segments	**19,767**	52,213
Add:		
Other income	**5,658**	5,690
Gain on remeasurement of contingent purchase consideration payable for acquisition	**–**	49,995
Other (losses)/gains – net	**(454)**	2,365
Less:		
Net finance costs	**(7,753)**	(6,908)
Employee benefit expenses	**(105,182)**	(99,362)
Rental and other operating expenses	**(17,189)**	(17,516)
Depreciation and amortisation	**(6,500)**	(6,199)
Legal and professional fees	**(17,174)**	(18,900)
Product design, sourcing and related management expenses	**(27,388)**	(13,039)
Reorganisation costs	**(22,780)**	–
Other unallocated expenses	**(22,221)**	(19,128)
Total Group's loss before income tax	**(201,216)**	(70,789)

(c) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, deposits, prepayments and other receivables and investments in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered or the licensing services were provided.

The geographical analysis of revenue from external customers is as follows:

	Unaudited Six months ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Hong Kong & Macau	**258,195**	296,585
Chinese Mainland	**434,365**	494,878
Taiwan	**64,807**	78,807
United Kingdom	**65,385**	76,576
Other countries	**68,068**	59,563
Total	**890,820**	1,006,409

Revenues from the individual countries included in Other countries are not material.

5 Segment information *(Continued)*

(c) Geographic information (Continued)

The geographical location of specified non-current assets is as follows:

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Hong Kong & Macau	794,893	807,984
Chinese Mainland	789,783	799,985
Taiwan	80,332	82,046
United Kingdom	839,978	824,979
France	673,218	664,950
Singapore	310,428	313,873
South Korea	108,345	105,154
Malaysia	9,180	8,728
Thailand	3,101	3,464
Total	3,609,258	3,611,163

6 Operating loss

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

	Unaudited Six months ended 30 June	
	2016 HK$'000	2015 HK$'000
Write off of inventories	1,540	4,181
Additional/(reversal of) provision for impairment of inventories (note (a))	6,001	(10,338)
Depreciation of property, plant and equipment (Note 11)	45,511	69,147
Amortisation of intangible assets (Note 11)	1,175	–
Loss on disposal of property, plant and equipment	5,445	4,926
Additional provision for impairment of trade receivables	837	631
Employee benefit expenses	321,822	323,050
Advertising and promotion expenses (note (b))	56,936	60,647
Royalty expenses	2,042	2,724

Notes:

(a) In 2015, the reversal of provision for impairment of inventories arose due to an increase in the estimated net realisable value of inventories after reassessment of the utilisation of available distribution channels and expected sales pattern.

(b) Advertising and promotion expenses included employee benefit expenses of HK$6,881,000 (For the six months ended 30 June 2015: HK$6,401,000) and operating lease rental expenses of HK$1,574,000 (For the six months ended 30 June 2015: HK$1,196,000).

7 Other (losses)/gains – net

	Unaudited Six months ended 30 June	
	2016 **HK$'000**	2015 HK$'000
Fair value losses on forward foreign exchange contracts	**(702)**	(485)
Net foreign exchange gains	**248**	2,850
Other (losses)/gains – net	**(454)**	2,365

8 Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the six months ended 30 June 2016. 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	
	2016 **HK$'000**	2015 HK$'000
Current income tax		
– Hong Kong profits tax	**906**	2,475
– Overseas taxation	**2,293**	3,524
– Over provision in prior years	**(2,570)**	(2,852)
Deferred income tax	**(1,455)**	(26,524)
	(826)	(23,377)

9 Loss per share

(a) Basic

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

	Unaudited Six months ended 30 June	
	2016	2015
Weighted average number of ordinary shares in issue	**1,746,529,000**	1,746,529,000
Loss attributable to shareholders of the Company (HK$'000)	**(200,390)**	(47,412)
Basic loss per share (HK cents per share)	**(11.5) cents**	(2.7) cents

(b) Diluted

The calculation of the diluted loss per share is based on the loss attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment had been made to the basic loss per share for the six months ended 30 June 2016 and 2015 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share.

10 Dividends

(a) The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2016 (2015: nil).

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

	Unaudited Six months ended 30 June	
	2016 HK$'000	2015 HK$'000
No final dividend (2015: 4.3 HK cents per ordinary share)	**–**	75,101

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 2016	**172,175**	**3,263,364**
Exchange differences	**(3,795)**	**7,085**
Additions (note (a) and note (b))	**29,361**	**20,941**
Disposals	**(5,496)**	**–**
Depreciation and amortisation (Note 6)	**(45,511)**	**(1,175)**
Closing net book amount at 30 June 2016 (unaudited)	**146,734**	**3,290,215**
Opening net book amount at 1 January 2015	236,985	3,054,502
Exchange differences	(481)	(15,046)
Additions	43,618	–
Disposals	(5,342)	–
Depreciation (Note 6)	(69,147)	–
Closing net book amount at 30 June 2015 (unaudited)	205,633	3,039,456

Notes:

(a) Additions of property, plant and equipment for the six months ended 30 June 2016 included certain assets of GBP830,000 (equivalent to HK$9,236,000) (Note 21(a)(I)) acquired from Hardy Amies London Limited ("HALL") which is a company associated with the Company's controlling shareholder, Fung Holdings (1937) Limited, according to the Business Acquisition Agreement entered into between the Group, HALL and No. 14 Savile Row Management Limited on 21 March 2016.

(b) Additions of intangible asset for the six months ended 30 June 2016 represents the capitalisation of Hardy Amies trademark for the right to advertise, promote, design, manufacture, distribution menswear products under "HARDY AMIES" brand for the period from 1 April 2016 to 31 December 2021.

The recoverable amount of the property, plant and equipment is its value in use, which amounted to HK$146,734,000 (As at 31 December 2015: HK$172,175,000).

12 Loan receivables

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Non-current assets		
Loan receivables	**132,197**	101,447
Less: provision for impairment of loan receivables	**–**	–
Loan receivables – net	**132,197**	101,447

12 Loan receivables *(Continued)*

(a) On 21 March 2016, the Group entered into an amended and restated convertible promissory note purchase agreement and a new loan agreement with BHB. The convertible promissory note (denominated in US dollars) carries interest at 5% per annum maturing on 31 December 2027 with a principal amount of US$15.0 million. Under the amended and restated convertible promissory note purchase agreement, the Group could have an equity interest in BHB up to 75% after exercising the conversion right exercisable from 1 April 2018 to 31 March 2019 or upon the occurrence of certain events under the provisions of the restated convertible promissory note purchase agreement.

The Group has agreed to lend to BHB a new loan up to US$9.0 million from 21 March 2016 to 31 December 2018 according to the new loan agreement. The new loan (denominated in US dollars) carries interest at 5% per annum maturing on 31 December 2018. The Group has contributed US$2.8 million to BHB for the new loan as at 30 June 2016.

On the same day, the Group entered into a put/call agreement with Heritage Global Partners, LLC ("Heritage"), the sole shareholder of BHB, which allow Heritage to put its remaining 25% interest in BHB to the Group at fair value. The put option would be exercisable between 1 April 2019 and 31 March 2024 by Heritage after the Group has become the owner of 75% of the equity interest in BHB. Heritage would grant a call option to the Group to acquire Heritage's interest in BHB at fair value. The call option would be exercisable by the Group at any time from 1 April 2024 onwards after the Group has become the owner of 75% of the equity interest in BHB.

(b) The effective interest rate of the convertible promissory note at the end of the reporting period was 5.45% (31 December 2015: 5.38%).

(c) As at 30 June 2016 and 31 December 2015, the carrying amounts of the Group's loan receivables approximated their fair values.

13 Derivative financial instrument

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note (Note 4.2(b))	**6,024**	6,018

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, wholesale 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. Wholesale sales are generally collectible within 30 days to 90 days from the invoice date. Licensing income is generally collectible within 120 days from the invoice date.

At 30 June 2016, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
1–30 days	21,402	22,190
31–60 days	12,562	24,053
61–90 days	8,108	13,958
Over 90 days	42,667	30,847
	84,739	91,048
Less: provision for impairment of trade receivables	(1,678)	(837)
	83,061	90,211

As at 30 June 2016, the fair values of the Group's trade receivables were approximately the same as their carrying amounts.

15 Share capital, share premium and options

			Amount		
	Number of authorised shares of HK$0.10 each (Thousands)	Number of issued and fully paid shares of HK$0.10 each (Thousands)	Ordinary shares of HK$0.10 each HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2015, 31 December 2015 and 30 June 2016	4,000,000	1,746,529	174,653	2,376,850	2,551,503

15 Share capital, share premium 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 2016	31,980,000	1.99
Forfeited	(1,680,000)	2.01
At 30 June 2016	30,300,000	1.99

At the end of the period, there were 30,300,000 (31 December 2015: 31,980,000) outstanding share options and out of which, 20,200,000 share options were exercisable (31 December 2015: 10,660,000). The Company has no legal or constructive obligation to settle the share options in cash.

The outstanding share options as at 30 June 2016 were granted under the Post-IPO Share Option Scheme. Details of Post-IPO Share Option Scheme adopted by the Group are set out in the annual report for the year ended 31 December 2015.

The share options outstanding at 30 June 2016 had a weighted average remaining contractual life of 1.51 years (31 December 2015: 2.01 years).

16 Trade payables

At 30 June 2016, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
1–30 days	31,639	18,721
31–60 days	397	14,473
61–90 days	4,833	10,063
Over 90 days	15,162	27,007
	52,031	70,264

The credit period granted by creditors generally ranges from 30 days 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 2016 HK$'000	Audited 31 December 2015 HK$'000
Total contingent purchase consideration payable for acquisition (note)	**178,825**	175,892
Less: current portion of contingent purchase consideration payable for acquisition	**–**	–
Non-current portion of contingent purchase consideration payable for acquisition	**178,825**	175,892

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(b). Final amount of consideration settlement would be determined based on future performance of the acquired business.

18 Borrowings

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Non-current		
Bank borrowing	**140,000**	160,000
Current		
Bank overdrafts	**53,953**	75,468
Bank borrowings	**1,051,745**	490,820
	1,105,698	566,288
Total borrowings	**1,245,698**	726,288

Movements in bank borrowings are analysed as follows:

	HK$'000
Opening amount as at 1 January 2016	**650,820**
Proceeds from borrowings	**590,925**
Repayments of borrowings	**(50,000)**
Closing amount as at 30 June 2016 (unaudited)	**1,191,745**
Opening amount as at 1 January 2015	691,080
Proceeds from borrowings	587,352
Repayments of borrowings	(726,375)
Closing amount as at 30 June 2015 (unaudited)	552,057

18 Borrowings *(Continued)*

(a) The bank borrowings as at 30 June 2016 and 31 December 2015 are repayable as follows:

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Within 1 year	**1,051,745**	490,820
Between 1 and 2 years	**140,000**	40,000
Between 2 and 5 years	**–**	120,000
	1,191,745	650,820

(b) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
HKD	**1,140,000**	600,000
EUR	**61,684**	75,380
GBP	**44,014**	50,908
	1,245,698	726,288

(c) The carrying amounts of the Group's borrowings approximated their fair values.

(d) As at 30 June 2016, the Group had unutilised banking facilities amounted to HK$1,556 million (31 December 2015: HK$2,385 million).

(e) As at 30 June 2016, there were no material changes in the interest rate structure of the borrowings of the Group, nor the currency in which the cash and cash equivalents of the Group were held, as compared to that as at 31 December 2015.

19 Contingent Liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 30 June 2016.

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 remaining lease terms are between 1 and 24 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 2016 HK$'000	Audited 31 December 2015 HK$'000
No later than 1 year	309,676	320,141
Later than 1 year but no later than 5 years	353,933	308,114
Later than 5 years	49,874	55,226
	713,483	683,481

(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 2016 HK$'000	Audited 31 December 2015 HK$'000
No later than 1 year	3,033	3,107
Later than 1 year but no later than 5 years	3,791	5,437
	6,824	8,544

(c) Capital commitment

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Contracted but not provided for:		
Within 1 year	1,522	4,462
Later than 1 year but no later than 2 years	–	132
	1,522	4,594

20 Commitments *(Continued)*

(d) Other commitments

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Contracted but not provided for:		
Within 1 year	**327**	2,222
Later than 1 year but no later than 2 years	**–**	2,790
	327	5,012

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") as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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	
	Note	2016 HK$'000	2015 HK$'000
(I) Transactions with the Substantial Shareholder Group			
Sub-contracting fee expense for production of product parts	(i)	**9,475**	3,777
Purchase of goods	(ii)	**2,892**	9,590
Sales of garments and fashion accessories		**51,576**	–
Service fee expense for provision of corporate compliance services, legal services and other administrative expenses	(ii)	**2,945**	2,813
Service charges for provision of logistics related services		**5,189**	5,401
Reimbursement of operating cost for provision of sourcing services	(ii)	**10,226**	1,862
Rentals for property leasing and/or licensing		**3,467**	1,976
Acquisition of assets	(iii)	**9,236**	–

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)*

	Note	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'000
(II) Transactions with other related parties			
Consultancy and advisory service fee paid to directors of subsidiaries of the Company	(ii)	557	522
Advertising and promotion expense paid to an associate of a director of the Company	(ii)	–	419

Notes:

(i) During the period, the Group had incurred expenses in respect of sub-contracting services for production of product parts by associated companies of the Substantial Shareholder Group. And three Non-executive Directors of the Company, namely, Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee, had deemed interests therein.

(ii) Included certain transactions which are exempt from the reporting and disclosure requirements under the Listing Rules.

(iii) For details, refer to Note 11(a).

(b) Balances with related parties

	Unaudited 30 June 2016 HK$'000	Audited 31 December 2015 HK$'000
Due from		
Substantial Shareholder Group	1,115	949
Due to		
Substantial Shareholder Group	21,536	38,209
Other related party	46	47
	21,582	38,256

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

(c) Key management compensation

Key management compensation amounted to HK$19,966,000 for the six months ended 30 June 2016 (2015: HK$19,277,000).

Additional Information

Sales Analysis

For the six months ended 30 June 2016

	Change in Total Sales		Change in Same Store Sales	
	HK$	Local Currency	HK$	Local Currency
Retail				
Chinese Mainland	-23.1%	-19.5%	-16.3%	-12.4%
Hong Kong & Macau	-13.0%	-13.0%	-11.9%	-11.9%
Taiwan	-17.8%	-14.2%	-18.1%	-14.5%
Rest of the World	-12.1%	-7.5%	-8.3%	-3.1%
Retail Subtotal	-18.7%	-16.0%	-14.2%	-11.6%
Wholesale and Licensing	102.9%	109.3%		
Group Total	-11.5%	-8.7%		