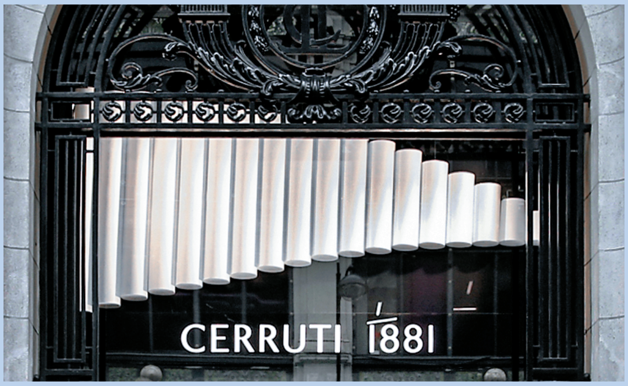
TRINITY

INTERIM REPORT 2017

Trinity Limited

Incorporated in Bermuda
with limited liability

Stock Code: 891



Global Offices

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

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A Fung Retailing Company

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www.trinitygroup.com

DESIGN: FORMAT LIMITED www.format.com.hk

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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)

Sabrina FUNG Wing Yee
(Deputy Chairman)

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

Terence FUNG Yue Ming

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 *(Note)*
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

Note: Change of address to "8/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong" on 28 August 2017

Highlights

Highlights of results for the six months ended 30 June 2017

	2017	2016
Revenue *(HK$ million)*	862.4	890.8
Gross profit *(HK$ million)*	594.3	606.8
Gross margin *(%)*	68.9%	68.1%
Core operating profit/(loss) [1] *(HK$ million)*	(184.2)	(170.4)
Loss attributable to shareholders *(HK$ million)*	(257.0)	(200.4)
Basic loss per share [2] *(HK cents)*	(14.7)	(11.5)

Notes:

1. *Core operating profit / (loss) includes profit / (loss) of the retail, wholesale and licensing businesses before net finance costs, income tax, gain on remeasurement of contingent purchase consideration payable for acquisition and material gains or losses which are of capital nature or non-operational related and share of results of associated companies*
2. *Basic loss per share = Loss attributable to shareholders / weighted average number of ordinary shares in issue*

Store numbers as at 30 June 2017

	Kent & Curwen	Gieves & Hawkes	Cerruti 1881	D'URBAN	Hardy Amies	Total stores for the Group
Total	101	75	100	29	1	306
Chinese Mainland	75	49	73	14		211
Hong Kong & Macau	11	9	10	7		37
Taiwan	13	9	11	8		41
Singapore	2	1	1			4
Europe		7	5		1	13

Chairman's Statement

At the heart of Trinity, and what make us different from other menswear companies, is our superb collection of heritage brands.

Signs of growth

In the first six months of 2017 there were signs that the economic headwinds of the past few years are stabilising; while Trinity Limited (the "Company" or "Trinity") and its subsidiaries (together "the Group") continued to face challenges, we believe we are seeing indications of the beginnings of a turnaround.

The previously depressed retail environment in the Chinese Mainland, our most important market, shows some signs of growth in 2017, but we are not seeing the same in other markets such as Hong Kong, Macau and Taiwan. Retail sales growth in Hong Kong fell to a 17-year-low in 2016 and this trend has continued into the first half of 2017 with the value of total retail sales decreasing by 0.6% compared with the same period in 2016[1]. The intense competition in the premium menswear industry along with changes in the preferences of Chinese tourists towards a more casual look have also impacted our sales in these markets.

The Board continues to work closely with the leadership team, to ensure the right steps are being taken to deliver an improved performance. Collectively the Board and the executive leadership understand that this takes time. However, the Group is moving in the right direction with the implementation of a number of key initiatives designed to improve our financial position.

[1] *http://www.info.gov.hk/gia/general/201708/02/P2017080200374.htm*

Building brands for today's world

I am particularly supportive of the strengthening of the brand management structure in Asia. This is a key strategic development. At the heart of Trinity, and what makes us different from other menswear companies, is our superb collection of heritage brands. Individually Cerruti 1881, Gieves & Hawkes and Kent & Curwen have such distinct DNA and collectively the brands combine to offer our customers the clothes and accessories they desire, whatever the occasion.

Today's consumer is very different from the customer we dressed and appealed to even five years ago. All our brands, to different degrees, are responding to the increasingly casual way men are dressing around the world and this development will be crucial to our return to profitability.

Gieves & Hawkes, founded in 1771, will always be known as one of United Kingdom's most prestigious tailors, is gradually widening its focus from formal wear to a more rounded portfolio. Cerruti 1881 is another jewel in Trinity's crown and as we celebrate the brand's 50th anniversary, Cerruti is embracing contemporary trends to become a quintessential lifestyle brand. Kent & Curwen's ongoing and fruitful partnership with sportsman and fashion icon Mr David Beckham has attracted a fresh new audience to our historic sporting brand. Yet while all three brands are looking forward, they are not forgetting their past. We are not ignoring our traditional and loyal clientele but instead refreshing the brands to make them relevant to all.

Building a supply chain for tomorrow

Market leader Li & Fung, which is also part of the Fung Group, is now responsible for our supply chain. While Trinity benefits from lower costs, Li & Fung's well-known operational excellence will result in swifter responds to trends with customers receiving quality products in the shorter timeframe that they are increasingly demanding. Speed and efficiency are the new currency to produce what is needed, when it is needed and in the amount it is needed.

Making positive changes

The Group is focused on managing costs and has closed a number of non-performing stores in the period under review. At the same time, the Group is opening stores selectively in key prime and high traffic shopping malls.

The importance of e-Commerce to our business means that building on our relationships with key online partners around the world is an absolute priority. I am pleased to report that in the first half our e-Commerce sales doubled from the same period in 2016, albeit from a small base. China's e-Commerce market is forecast to be worth US$1.7 trillion by 2020[2] and with the addition of 200 million online shoppers between now and then, it is vitally important that we can service them online and offline. Together with our core retail network, this means we are wherever our consumers want us to be.

Reviving our business is taking time and there is no doubt that we will continue to face challenges ahead. However the Board is in total agreement that the initiatives being delivered by the leadership team are the right course of action. We remain confident in the long-term growth prospects of the premium menswear market and we believe that the rise of China's middle class will lead to increased demand.

Collectively we are all working hard to position the Company for future growth and on behalf of the Board, I would therefore like to extend my sincere thanks to our colleagues around the world who conduct themselves with such professionalism and dedication.

Victor FUNG Kwok King
Chairman

Hong Kong, 23 August 2017

[2] *http://www.goldmansachs.com/our-thinking/pages/ronald-keung-china-next-leg-of-growth.html?cid=scl%2Dnp%2Dfacebook%2Devergreen%2Dpost%2D20171&sf97393041=1*

Chief Executive Officer's Overview

We have one aim: to position our business to thrive in today's and tomorrow's new retailing era.

Driving the business through brands

I have now been Chief Executive Officer at Trinity for over a year after re-joining the company at a difficult point in its history. During this period I have focused on addressing how our business can once again thrive in the global premium menswear market, one which is a very different proposition from a decade ago.

Flat economic growth in many of the territories we operate in, depreciation of the renminbi, and a highly promotional market has adversely affected our performance. Our product mix is also changing towards lower priced, more casual units. While the economy in the Chinese Mainland, our most important market, is improving, sales in other markets including Hong Kong, Macau and Taiwan remain subdued. Despite this the most immediate and promising signs are that in the first half we recorded double-digit growth in the number of units sold across our three wholly-owned international menswear brands, Cerruti 1881, Gieves & Hawkes and Kent & Curwen, as well as our licensed brand D'URBAN. If we exclude the effect of exchange rate differences, our same store sales in the Chinese Mainland grew by 8.1%. However, overall revenue continues to be flat and in line with performance in 2016. It is disappointing that the Group is reporting an operating loss for the first half of this year.

As outlined in our previous reports, we are implementing a number of initiatives which we began in 2016 that will better position the Group in the future. We continue to focus on the ethos of 'Back to Basics', concentrating on our heritage brands and ensuring that they look to the future while remaining true to their unique spirit.

Brand leadership in Europe and Asia

In 2016 we clarified and focused the direction of our heritage brands. The brand heads in Europe are focusing on building brand equity, driving global licensing business and enhancing brand visibility by being in key retail locations.

In the first half of 2017, we implemented the brand management structure in Asia to accelerate the decision-making process across the territories where we operate. Our four brand heads in Asia have profit and loss responsibility and oversee all key functions in Asia including marketing, buying and retail execution. The teams in Europe and Asia work closely together.

Changes to our supply chain

Another key development which holds great promise is a fundamental change to our supply chain. Supply chain market leader Li & Fung, which is the associate of Fung Group, is now responsible for our sourcing. This partnership, which began in June, lowers our headcount and will reduce our costs while Li & Fung's well-known operational excellence ensures that our brands will have the quality products in-store and online at the right time.

Cost reduction actions

Cost saving measures include the ongoing rationalisation of non-performing stores within our network. We have closed loss making stores across all our brands and now believe that the network in all our markets is in good shape and an asset to the business. Reviews of Trinity's management structure have continued and as appropriate the decision making process has been streamlined. The Group's headquarters is also relocating in late August to a lower cost location. As reported previously, the full closure of the Hong Kong manufacturing operation was completed in the first half of 2017.

Driving the brands forward

Our brands each have a unique positioning in the market. Cerruti 1881 embodies Italian panache, Kent & Curwen is the essence of British sporting life, Gieves & Hawkes remains Great Britain's most prestigious tailor and D'URBAN is the number one suit brand in Japan. Within these identities each are responding to the growing demand for casual wear in ways consistent with their DNA.

Cerruti 1881

This year Cerruti celebrates its 50th anniversary. This important milestone is being marked with the release of an exclusive collection. The priority for the brand is strengthening the Chinese Mainland market and improving our retail network. I am pleased to report that Cerruti's performance in the Chinese Mainland in the first half has been positive with growth against the same period in 2016.

As the premium menswear market becomes more reliant on casual wear, the brand's designers are launching a wider product range to tap into this opportunity. A new store concept is also being rolled out across Greater China with an updated, more contemporary colour palate to appeal to younger consumers. The brand's pop-up flagship in Paris has served Cerruti well with its highly visible location providing an excellent opportunity to build the brand. We continue to place great value on our licensing relationships which contribute significant revenue. Cerruti is making good headway in fulfilling its potential as a global lifestyle brand.

Kent & Curwen

Our heritage brand's partnership with football and fashion icon David Beckham continues to attract positive attention; following the encouraging response to the 2016 capsule collection, the full collection is now being launched in all our markets.

We are positioning Kent & Curwen so that it can become a truly global player as a men's lifestyle brand by targeting both our traditional customer and younger customers that are being bought into our stores by the association with Mr Beckham. This year we have launched pop-up stores in cities in the Chinese Mainland as well as in Taiwan. Kent & Curwen will also open a flagship store this September in London's Covent Garden to capitalise on the brand's authentic British heritage. These initiatives are all part of our strategy to bring the brand to a wider audience.

The partnership with Mr Beckham has incurred significant costs, including design and development, in advance of any product being available in stores. While these costs have had an impact on profitability in the reporting period, we are confident that our association with him will reap rewards in the future.

Gieves & Hawkes

Gieves & Hawkes was founded in 1771 and is considered a bastion of aspirational British style and elegance. We are proud to say we have been Royal Warrants holders since 1809. By subtly updating its timeless sophistication the iconic brand is attracting a new generation of clients with two main initiatives. As demand for more relaxed attire grows, Gieves & Hawkes is gradually adding a more relaxed English 'country gentleman' range of casual wear to its product mix. We have also noted that the Chinese Mainland market is seeking greater personalisation so we have renewed our focus on tailoring with our private tailoring service being rolled out in tier 1 and tier 2 cities. This service has proved very popular with our most important customers.

We are also seeking to expand Gieves & Hawkes' licensing business into complementary categories such as eyewear, luggage and fragrances to drive revenue and build awareness. As the market in the Chinese Mainland improves, we remain confident that the future of this historic brand is positive.

D'URBAN

Founded in 1970, Trinity's licensed brand D'URBAN unites European tailoring traditions and Japanese craftsmanship. D'URBAN has established itself as a leading menswear brand in the region. In response to our customers' preference for a more casual lifestyle we will work with our partners to extend the brand's sportswear range to meet this need. We are also expanding the Personal Order Service to all regions in Greater China. This year marks the 20th anniversary of the D'URBAN "Monsoon" collection, which was developed for hot and humid climates. To mark the anniversary, the collection will be offered all year round.

e-Commerce sees positive growth

We are encouraged with the performance of our e-Commerce platform in the first half of this year with revenue doubling against the same period in 2016. We continue to invest in our platforms and are very optimistic about the opportunities that this business model offers. The enabling power of e-Commerce in the Chinese Mainland, where the sector is the world's largest and equivalent to the combined size of the next six biggest markets, is an area of significant focus.

We are laying the foundations for a truly omnichannel experience across all our brands. e-fulfilment is a priority and we are focusing on reducing delivery times. We are also using WeChat and other social media channels to build relationships with customers and offer a more personalised experience. Our relationships with pioneering e-Commerce platforms Tmall, Farfetch and Mr Porter continue to develop.

The path to success

The initiatives I have outlined have one aim: to position our business to thrive in today's and tomorrow's new retailing era. Since re-joining the company I have witnessed daily the hard work of our teams who are totally committed. I am convinced that the future for Trinity is positive and I am proud of our team's efforts to put our company on the right path. The next six months will undoubtedly have its share of challenges and uncertainty; however, I know I speak for everyone at Trinity when I say we remain as determined as ever to deliver the results we all desire.

Jeremy HOBBINS
Chief Executive Officer

Hong Kong, 23 August 2017

Discussion and Analysis

Revenue

Revenue for the first half of 2017 was HK$862.4 million, which was 3.2% lower than the same period last year. Excluding the effect of exchange rate differences, revenue increased by 0.9%. The Group's same-stores sales decreased by 4.6%.

The decline was primarily caused by the ongoing depressed state of the Hong Kong and Macau markets due to keen price competition and changing consumer preference towards casual wear products at lower price points, which was partially offset by some improvement in consumer sentiment in the Chinese Mainland.

Revenue by geographical location

Retail Sales

Hong Kong & Macau

Retail sales in Hong Kong & Macau were HK$245.4 million, 4.9% lower than the same period last year. Same-store sales decreased by 8.6%. This was due to change in preferences of Chinese Mainland tourists towards casual wear products.

Chinese Mainland

Retail sales in the Chinese Mainland was HK$367.4 million, representing a decrease of 2.8% compared to the same period last year. The reduction was mainly caused by the depreciation of the Renminbi. If the effects of exchange rate differences were excluded, retail sales grew by 3.5%. We continued to streamline our store network by closing unprofitable locations and opening new stores in prime locations resulting in a net decrease of 19 stores in the first half of 2017. Same-store sales increased by 1.6%.

Taiwan

Retail sentiment remained weak in Taiwan mainly due to decrease in Chinese Mainland tourists resulting in a 7.0% decrease in retail sales to HK$60.3 million compared to same period last year. The decline in same-store sales was 9.4%.

Europe

In Europe, retail sales for the first half of 2017 were HK$60.4 million, a decrease of 11.1% compared to 2016. Excluding the effect of the depreciation of the Euro and the Sterling, revenue increased by 1.3% compared to same period last year.

Wholesale and licensing

Greater China

Wholesale revenue in Greater China increased from HK$56.9 million in the first half of 2016 to HK$66.5 million in the first half of 2017.

Europe

Licensing revenue increased from HK$36.8 million in the first half of 2016 to HK$38.3 million while wholesale revenue decreased from HK$25.1 million to HK$20.6 million compared to same period last year, reflecting the strategic shift from wholesale to licensing.

Gross profit

The gross profit for the first half of the year was HK$594.3 million, a decline of 2.1% from the same period last year. The gross profit margin for the reporting period increased from 68.1% to 68.9% as a result of the improved wholesale margin and rising licensing income.

The retail gross profit margins for Greater China in the first half of 2017 decreased from 71.3% to 70.0% compared to same period last year as a result of sales discounts offered and product mix change.

Segmental contribution

For the six months ended 30 June 2017, the segmental contribution for the Group increased from HK$77.9 million in the same period last year to HK$85.0 million. In particular, the segmental contribution of the Chinese Mainland improved from HK$34.8 million to HK$59.8 million as a result of the closure of loss-making stores and increased wholesale revenue. The improvement was partially offset by the decline in contribution from Hong Kong, Macau, Taiwan and rest of the world.

Other income

Other income was HK$7.4 million in the first half of 2017, compared to HK$5.7 million in the same period last year. This was mainly due to an increase in tax subsidies received in the Chinese Mainland.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses amounted to HK$547.0 million against HK$522.2 million for the same period last year. The increase was mainly due to additional costs relating to our arrangement with Seven Global LLP/David Beckham and e-Commerce initiatives.

General and administrative expenses

General and administrative expenses amounted to HK$239.0 million, a decrease of 8.3% from the same period last year. This was largely benefited from the staff costs reduction arising from the restructuring of management team. The Group is continuing to implement structural measures to reduce the overheads of the business.

Core operating profit/(loss)

The Group's core operating loss was HK$184.2 million, representing an 8.1% increase as compared to the same period last year.

Restructuring costs

Restructuring costs of HK$60.1 million were incurred due to the closure of our business wear production line in Hong Kong and the associated restructuring of sourcing functions. Restructuring costs in 2016 of HK$22.8 million were incurred due to the closure of our casual wear production line in Hong Kong.

Net finance costs

Net finance costs were HK$13.3 million in the first half of 2017, whereas net finance costs of HK$7.8 million were reported in the same period of 2016. The increase was due to an increase in borrowings and higher interest rates.

Share of Loss of Associates

In the first half of 2016, 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. It did not recur in 2017 as the Group disposed of the remaining 20% interest in December 2016.

Income Tax

Income tax credit was HK$0.6 million, whereas income tax credit of HK$0.8 million was reported in the same period of 2016.

Loss attributable to Shareholders

The Group incurred a loss of HK$257.0 million, which translates into a loss of 14.7 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 stock levels down from HK$504.9 million in December 2016 to HK$494.5 million in June 2017. The inventory value was HK$523.8 million in June 2016. Inventory turnover days for the first half of 2017 were 337 days, compared with 356 days in December 2016 and 357 days in June 2016.

The Group's trade receivables in June 2017 were HK$67.4 million, compared to HK$83.1 million and HK$80.7 million in June 2016 and December 2016 respectively. The Group's trade receivable turnover days were 16 days in 2017, compared with 18 days as at December 2016 and 18 days in the same period of 2016.

The Group's trade payables as at June 2017 were HK$95.0 million, compared to HK$52.0 million and HK$62.5 million in June 2016 and December 2016 respectively. The Group's trade payable turnover days were 53 days for the period ended 30 June 2017, compared with 43 days in December 2016 and compared with 39 days in June 2016.

Financial Position and Liquidity

Net cash outflow for the Group's operating activities was HK$139.8 million mainly due to the operating losses.

As at the end of June 2017, cash and cash equivalents were HK$547.6 million and interest bearing bank borrowings and bank overdrafts were HK$1,438.7 million. This resulted in net debt of the Group of HK$891.1 million and an 26.4% 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 2016 and December 2016 was 18.5% and 21.1% respectively.

Banking Facilities

The Group continued to streamline its banking requirements with its core relationship banks during the reporting period. As at 30 June 2017, the Group had bank lines of HK$2,367.0 million. Of which HK$590.0 million was in committed facilities while the remaining HK$1,777.0 million was uncommitted. The Group had drawn down HK$590.0 million of the committed facilities, HK$805.7 million revolving loans as well as HK$102.3 million trade financing and bank overdrafts, which represented the total facilities utilisation of 63.3% at the end of the period. The undrawn facilities at period end amounted to HK$869.0 million.

Out of the loans drawn down, HK$945.7 million is repayable within one year and HK$450.0 million is repayable between one and five years.

Credit Risk Management

The major credit risk of the business includes trade receivables from department stores, 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.

Our heritage brands look to the future while remaining true to their unique spirit.

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 2017, the total workforce for the Group was 2,345 employees, compared with 2,665 a year earlier, a 12.0% decrease. This headcount reduction was largely due to the closure of non-performing stores and of our business wear production line at the Hong Kong factory.

Our workforce comprises 477 employees in Hong Kong and Macau; 1,453 in the Chinese Mainland; 176 in Taiwan and 239 in other countries. Total staff costs were HK$306.8 million for the first half of 2017, compared to HK$321.8 million for the same period last year. The staff cost decrease was mainly due to the reduction in staff headcount associated with the Hong Kong business wear production line closure and the restructuring of management team in 2017.

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.

Cultivating our highly skilled workforce and supporting employees' long-term career goals is integral to sustaining and strengthening our economic performance. The Group offers a wide array of professional development programmes including leadership training. Our Study Sponsorship Policy is one of our keystone development programmes. This policy encourages staff to build upon their existing skill sets by sponsoring external job-related training and studies.

Sustainability

Operating with integrity and being a socially responsible corporate citizen are important to Trinity. Sustainability is one of our core values, and it is also an important business strategy covering employee, community and the environment.

Our employees are our most valuable asset and they form the backbone for all of our sustainability practices. During the first six months of 2017, our colleagues participated in 14 different sustainability related activities involving social, environmental and employee wellness programs, and in so doing, they contributed a total of 1,325 hours for good causes.

Trinity has issued its first Environmental, Social and Governance Report in 2017. We take a responsible stance with regard to the environment and are committed to mitigating its impact to the environment by integrating responsible environmental practices focused on reuse, recycle and reduce objectives.

On tracking of environmental data such as the use of resources and green house gas emissions, we implemented an online platform for data capturing. We will extend our data collection to more business operational regions when situation allows. Trinity will explore opportunities to measuring its own waste and find ways to reduce waste in addition to our recycling initiatives.

Corporate Governance Report

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 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 2017 are in line with those practices set out in the Company's 2016 Annual Report, and are also consistent with the principles set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Board

The Board is composed of the Non-executive Chairman, two Executive Directors, five Non-executive Directors and four Independent Non-executive Directors. Details of the composition of the Board are set out in the Corporate Information section on page 2 of this Interim Report. 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 four meetings to date in 2017 (with an average attendance rate of about 96%) 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 and 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, relevant compliance issues relating to business operations, accounting and financial reporting, and on regulatory compliance matters.

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 the 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. Majority of the Committee members are Independent Non-executive Directors, except Mr Jean-Marc LOUBIER and Mr Terence FUNG Yue Ming, who are Non-executive Directors:

Mr Patrick SUN *(Chairman)*
Mrs Eva CHENG LI Kam Fun
Mr Cassian CHEUNG Ka Sing
Mr Terence FUNG Yue Ming
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 2017 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditor, the Three-Year Internal Audit Plan (2017-2019), the Group's significant risk management, internal controls, 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 audit according to the audit plan approved by the Audit Committee. The Committee's review covered the audit plans and reports from 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 2017 before recommending them to the Board for approval), listing rules and regulatory compliance, material 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 Nomination Committee met once to date in 2017 (with a 100% attendance rate) to review the Board's composition (including diversity), assess the independence of Independent Non-executive Directors, review the retirement of Directors and recommend their re-appointments at the Annual General Meeting held in June 2017, and review the continuous professional development and training of the Directors and senior management.

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 Remuneration Committee met twice to date in 2017 (with a 100% attendance rate) to discuss the grant of share options to eligible grantees and directors and review the remuneration package of a senior executive, as well as to make recommendation accordingly.

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 evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives. It is also 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 the 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 risk management and internal control processes are set out in the Corporate Governance Report on pages 40 to 42 of the Company's 2016 Annual Report.

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

The CGD independently reviews the risk management and internal control processes and evaluates their adequacy, effectiveness and compliance. The Audit Committee reviews and endorses the execution of the CGD Internal Audit Plan that is strategically linked to the Group's Business Plan. The scope of work covers financial, operational and compliance matters, risk management policies and procedures, as well as sustainability practices. Our GCCRMO reports major findings and recommendations to the Audit Committee on a regular basis. The 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 Management and the CGD, the Audit Committee considered that for the six months ended 30 June 2017:

- the risk management, internal controls systems as well as the internal audit 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 them 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 Directors and relevant employees to confirm compliance with the Model Code for the six months ended 30 June 2017. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2017.

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 64 of the Company's 2016 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 2017.

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 shareholders, fund managers and analysts. The Company also arranged analysts' briefing after results announcements.

In order to 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 Company's website.

Shareholders' Rights

As disclosed in the Company's prospectus dated 21 October 2009, the Company has adopted various 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 pages 32 and 33 of the Company's 2016 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 2017.

Other Information

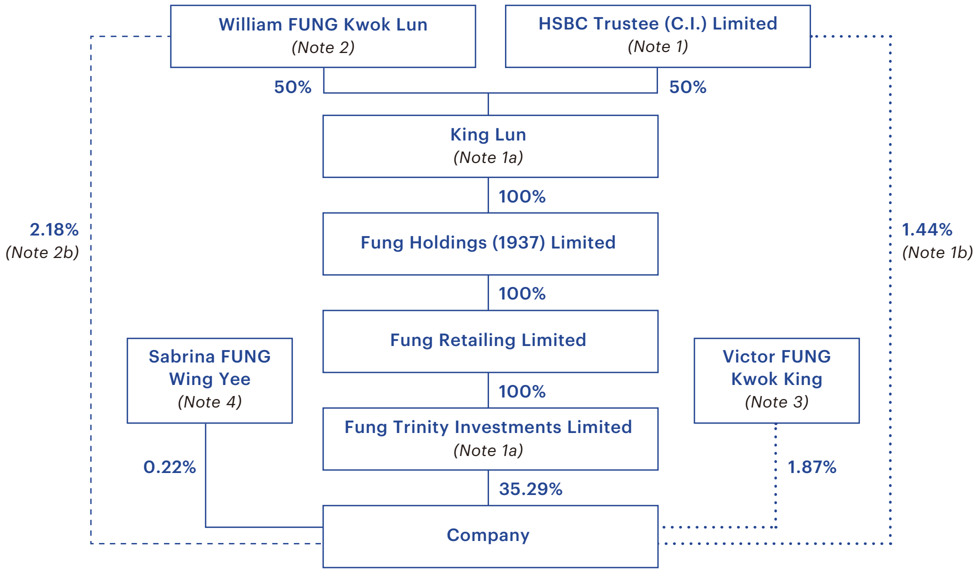
Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, 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) [6]	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	23,570,000 [2]	–	630,913,760	–	654,483,760 [2]	37.47
Sabrina FUNG Wing Yee	2,800,000 [4]	–	641,657,760 [1]	1,000,000 [4]	645,457,760 [4]	36.95
Terence FUNG Yue Ming	50,000	–	–	–	50,000	0.00
Jeremy Paul Egerton HOBBINS	–	–	5,934,500 [5]	2,000,000	7,934,500	0.45
Srinivasan PARTHASARATHY	70,000	–	–	2,500,000	2,570,000	0.14
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 Shares, Underlying Shares and Debentures *(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 654,483,760 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 23,570,000 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. *Ms Sabrina FUNG Wing Yee had personal interests of 2,800,000 Shares and 1,000,000 underlying Shares deriving from share options. By adding up the interests mentioned in Note 1 above, Ms Sabrina FUNG Wing Yee was deemed to be interested in an aggregate of 645,457,760 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 2017, 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 Shares and Underlying Shares

As at 30 June 2017, 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 Shares, Underlying Shares and Debentures".*

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 Shares, Underlying Shares and Debentures".*

3. *Schroders Plc was interested in these Shares through a chain of its controlled corporations.*

Save as disclosed above, as at 30 June 2017, 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") to subscribe for its Shares. As at 30 June 2017, there were outstanding share options relating to 27,860,000 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 01/01/2017	Granted	Exercised	Cancelled/ Lapsed	As at 30/06/2017	Exercise Price HK$	Grant Date	Exercisable Period
Directors								
Jeremy Paul Egerton HOBBINS	–	2,000,000	–	–	2,000,000	0.60	24/03/2017	01/01/2018 – 31/12/2019
Srinivasan PARTHASARATHY	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
	–	1,000,000	–	–	1,000,000	0.60	24/03/2017	01/01/2018 – 31/12/2019
Sabrina FUNG Wing Yee	–	1,000,000	–	–	1,000,000	0.60	24/03/2017	01/01/2018 – 31/12/2019
Continuous Contract Employees	5,020,000	–	–	120,000	4,900,000	2.01	21/08/2014	01/01/2016 – 31/12/2017
	5,020,000	–	–	120,000	4,900,000	2.01	21/08/2014	01/01/2017 – 31/12/2018
	–	9,740,000	–	560,000	9,180,000	0.60	24/03/2017	01/01/2018 – 31/12/2019
Other Participants	1,220,000	–	–	–	1,220,000	2.01	21/08/2014	01/01/2016 – 31/12/2017
	1,220,000	–	–	–	1,220,000	2.01	21/08/2014	01/01/2017 – 31/12/2018
	–	940,000	–	–	940,000	0.60	24/03/2017	01/01/2018 – 31/12/2019
Total	13,980,000 [1]	14,680,000 [2]	–	800,000 [3]	27,860,000			

Notes:

1. *As at 31 December 2016, there were 20,970,000 share options outstanding. Among these outstanding share options, 6,990,000 share options lapsed immediately upon the expiry of the exercisable period ended 31 December 2016 and subsequently, the total number of outstanding share options as at 1 January 2017 was 13,980,000.*
2. *During the period, share options to subscribe for a total of 14,680,000 Shares were granted on 24 March 2017. The closing price of the Shares immediately before the date on which the share options were granted was HK$0.6 per Share.*
3. *By adding up 6,990,000 lapsed share options as mentioned in Note 1 above and 800,000 lapsed share options for the period ended 30 June 2017, the total number of lapsed share options during the period was 7,790,000.*
4. *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 2016. Other details of share options granted by the Company are set out in Note 14 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 2016 Annual Report and up to 23 August 2017, being the approval date of this interim report, are set out below:

Directors	Changes
William FUNG Kwok Lun	Retired as an independent non-executive director of the publicly listed Singapore Airlines Limited in July 2017
Jeremy Paul Egerton HOBBINS	Retired as a non-executive director of the publicly listed Convenience Retail Asia Limited in May 2017

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 2017.

Interim Dividend

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: nil).

Information for Investors

Listing Information

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

Financial Calendar

23 August 2017
Announcement of 2017 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 2017
1,746,528,883

Market capitalisation as at 30 June 2017
HK$847 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 (Note)
8 Lam Chak Street
Kowloon Bay, Kowloon
Hong Kong

Website

www.trinitygroup.com

Note: Change of address to "8/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong" on 28 August 2017

Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
	Note	**2017 HK$'000**	2016 HK$'000
Revenue	5(a)	**862,420**	890,820
Cost of sales		**(268,081)**	(284,020)
Gross profit		**594,339**	606,800
Other income		**7,447**	5,658
Selling, marketing and distribution expenses		**(547,045)**	(522,248)
General and administrative expenses		**(238,984)**	(260,583)
Core operating profit/(loss)		**(184,243)**	(170,373)
Restructuring costs	6	**(60,132)**	(22,780)
Operating loss	6	**(244,375)**	(193,153)
Net finance costs		**(13,266)**	(7,753)
Share of loss of associates		**–**	(310)
Loss before income tax		**(257,641)**	(201,216)
Income tax	7	**606**	826
Loss for the period attributable to shareholders of the Company		**(257,035)**	(200,390)
Basic loss per share attributable to shareholders of the Company (expressed in HK cents per share)	8(a)	**(14.7) cents**	(11.5) cents
Diluted loss per share attributable to shareholders of the Company (expressed in HK cents per share)	8(b)	**(14.7) cents**	(11.5) cents

The notes on pages 31 to 55 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Loss for the period	**(257,035)**	(200,390)
Other comprehensive income/(expenses) 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	**37,798**	(1,289)
Other comprehensive income/(expenses) for the period, net of tax	**37,798**	(1,059)
Total comprehensive expenses for the period	**(219,237)**	(201,449)
Total comprehensive expenses attributable to:		
– Shareholders of the Company	**(219,237)**	(201,449)

The notes on pages 31 to 55 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	**128,689**	150,394
Intangible assets	10	**3,244,073**	3,252,541
Loan receivables	11	**159,111**	142,225
Derivative financial instruments	12	**6,061**	6,022
Deposits, prepayments and other receivables		**48,437**	45,345
Deferred income tax assets		**214,793**	193,603
		3,801,164	3,790,130
Current assets			
Inventories		**494,515**	504,940
Trade receivables	13	**67,369**	80,663
Deposits, prepayments and other receivables		**90,807**	100,899
Derivative financial instruments	12	**4,330**	–
Amounts due from related parties	20(b)	**6,055**	3,379
Current income tax recoverables		**2,211**	2,201
Cash and cash equivalents (excluding bank overdrafts)		**547,630**	580,574
		1,212,917	1,272,656
Total assets		**5,014,081**	5,062,786
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	14	**174,653**	174,653
Share premium		**2,376,850**	2,376,850
Reserves		**(69,043)**	149,457
Total equity		**2,482,460**	2,700,960

The notes on pages 31 to 55 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	17	**446,376**	565,579
Provision for long service payments		**1,582**	6,309
Retirement benefit obligations		**23,305**	24,183
Other payables and accruals		**165,400**	188,702
Contingent purchase consideration payable for acquisition	16	**184,789**	181,758
Deferred income tax liabilities		**295,896**	287,790
		1,117,348	1,254,321
Current liabilities			
Trade payables	15	**95,023**	62,518
Other payables and accruals		**297,933**	287,283
Derivative financial instruments	12	**–**	3,306
Amounts due to related parties	20(b)	**10,370**	7,962
Current income tax liabilities		**18,581**	7,763
Borrowings	17	**992,366**	738,673
		1,414,273	1,107,505
Total liabilities		**2,531,621**	2,361,826
Total equity and liabilities		**5,014,081**	5,062,786

The notes on pages 31 to 55 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 2017	**174,653**	**2,376,850**	**444,779**	**(295,322)**	**2,700,960**
Comprehensive expense					
Loss for the period	–	–	(257,035)	–	(257,035)
Other comprehensive income					
Exchange differences on translation of subsidiaries	–	–	–	37,798	37,798
Other comprehensive income for the period, net of tax	–	–	–	37,798	37,798
Total comprehensive expenses	–	–	(257,035)	37,798	(219,237)
Transactions with owners					
Employee share option scheme					
– value of employee services	–	–	–	737	737
– transfer to retained earnings	–	–	2,677	(2,677)	–
Total transactions with owners	–	–	2,677	(1,940)	737
Balance at 30 June 2017	**174,653**	**2,376,850**	**190,421**	**(259,464)**	**2,482,460**

The notes on pages 31 to 55 are an integral part of this condensed consolidated financial information.

	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 expenses					
Remeasurements of post employment benefit obligations	–	–	230	–	230
Exchange differences on translation of subsidiaries and associates	–	–	–	(1,289)	(1,289)
Other comprehensive expenses for the period, net of tax	–	–	230	(1,289)	(1,059)
Total comprehensive expenses	–	–	(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 55 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June	
	2017	2016
	HK$'000	HK$'000
Cash flows from operating activities		
Cash used in operations	**(120,797)**	(131,482)
Interest paid on bank borrowings and overdrafts	**(14,192)**	(8,288)
Income tax (paid)/refund	**(4,790)**	1,017
Net cash used in operating activities	**(139,779)**	(138,753)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(19,478)**	(28,201)
Payments for intangible assets	**(559)**	(1,956)
Increase in loan receivables	**(10,441)**	(21,827)
Proceeds from disposal of property, plant and equipment	**245**	53
Interest income received	**1,101**	712
Net cash used in investing activities	**(29,132)**	(51,219)
Cash flows from financing activities		
Proceeds from borrowings	**350,000**	590,000
Repayment of borrowings	**(220,000)**	(50,000)
Net cash generated from financing activities	**130,000**	540,000
Net (decrease)/increase in cash and cash equivalents	**(38,911)**	350,028
Cash and cash equivalents at beginning of the period	**534,379**	159,771
Effect on foreign exchange rates changes	**5,354**	3,471
Cash and cash equivalents at end of the period	**500,822**	513,270
Cash and cash equivalents comprises:		
Bank overdrafts	**(46,808)**	(53,953)
Cash and cash equivalents (excluding bank overdrafts)	**547,630**	567,223
Cash and cash equivalents	**500,822**	513,270

The notes on pages 31 to 55 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 [(Note)].

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 23 August 2017.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2017 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 2016, 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) and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622.

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 2016.

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 2016.

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

Note: Change of address to "8/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong" on 28 August 2017

3 Summary of principal accounting policies *(Continued)*

(a) Adoption of amendments to existing standards effective in 2017

The Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2017 and relevant to the Group:

HKAS 7 (Amendment)	Statement of Cash Flows: Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRS 12 (Amendment)	Disclosure of Interests in Other Entities

The adoption of such amendments to existing standards does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2017.

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

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

HKFRS 2 (Amendment)	Share-based Payment: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018)
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)
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1 January 2018)
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments (effective for annual periods beginning on or after 1 January 2019)
Annual Improvements Project	Annual Improvements 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018)

All these new standards, amendments and interpretations to existing standards are effective in the financial year of 2018 or years after 2018. The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the condensed consolidated financial statements.

3 Summary of principal accounting policies *(Continued)*

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

Impact of standards issued but not yet applied by the Group

HKFRS 9 (2014), Financial Instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(i) Classification and measurement

Based on preliminary assessment, the Group expects that the adoption of HKFRS 9 will affect Group's classification and measurement of the financial assets, including the convertible promissory note and will have impact on the Group's net assets, loss for the period and loss per share and total comprehensive expense.

(ii) Impairment

This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(iii) Hedging

The Group expects that it will not adopt hedge accounting in near periods and therefore it may not have any impact on the Group upon the adoption of HKFRS 9.

HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. The Group is in the process of assessing the impacts of HKFRS 15 on the Group's consolidated financial statements.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Group has decided not to early adopt HKFRS 15 in its 2017 consolidated financial statements.

3 Summary of principal accounting policies *(Continued)*

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

Impact of standards issued but not yet applied by the Group *(Continued)*

HKFRS 16, Leases

HKFRS 16 will affect primarily the accounting for Group's operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated statement of financial position. The Group is in the process of assessing to what extent the operating lease commitments as disclosed in Note 19(a) will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss for the period and classification of cash flows.

HKFRS 16 is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group decided not to early adopt HKFRS 16 before its effective date.

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 2016.

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.

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.

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

4.1 Financial risk factors *(Continued)*

Market risk *(Continued)*

Foreign exchange risk *(Continued)*

As at 30 June 2017, the Group's outstanding forward contracts were analysed as below:

Outstanding forward contracts	30 June 2017	31 December 2016
Buying EUR		
– Notional principal amount (EUR)	**14,811,877**	6,440,000
– Fixed exchange rate	**8.656**	8.55
Buying GBP		
– Notional principal amount (GBP)	**1,000,000**	680,000
– Fixed exchange rate	**10.105**	9.508
Buying JPY		
– Notional principal amount (JPY)	**150,000,000**	126,300,000
– Fixed exchange rate	**0.06925**	0.0745

The Group's foreign exchange risk mainly comes from RMB denominated payables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong. At 30 June 2017, 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$14,254,000 (For the six months ended 30 June 2016: HK$3,064,000) higher or lower, mainly as a result of foreign exchange losses or gains on translation of RMB denominated payables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong.

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 2017	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 12)	–	–	**6,061**	**6,061**
Derivative financial instruments – forward exchange contracts (Note 12)	–	**4,330**	–	**4,330**
Total assets	–	**4,330**	**6,061**	**10,391**
Liabilities				
Contingent purchase consideration payable for acquisition (Note 16)	–	–	**184,789**	**184,789**

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

4.2 Fair value estimation *(Continued)*

31 December 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 12)	–	–	6,022	6,022
Liabilities				
Derivative financial instruments – forward exchange contracts (Note 12)	–	3,306	–	3,306
Contingent purchase consideration payable for acquisition (Note 16)	–	–	181,758	181,758
Total liabilities	–	3,306	181,758	185,064

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 (2016: 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 35% (For the six months ended 30 June 2016: 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$1,226,000 (For the six months ended 30 June 2016: HK$1,322,000) and HK$1,183,000 (For the six months ended 30 June 2016: HK$1,248,000) respectively if the expected volatility is 3.0% higher/lower at the end of the reporting period.

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$21,133,000 (For the six months ended 30 June 2016: HK$25,724,000) and HK$19,207,000 (For the six months ended 30 June 2016: HK$23,311,000) 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 12) HK$'000	Contingent purchase consideration payable for acquisition (Note 16) HK$'000
Opening net book amount at 1 January 2017	**6,022**	**(181,758)**
Notional interest expenses on contingent purchase consideration payable for acquisition	**–**	**(3,031)**
Exchange differences	**39**	**–**
Closing net book amount at 30 June 2017	**6,061**	**(184,789)**
Total net gains/(losses) for the period included in profit or loss	**39**	**(3,031)**
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'	**–**	**(3,031)**

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 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)

Of the total net losses recognised in profit or loss in these periods, all amounts are attributable to the change in unrealised net losses 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$39,000 (For the six months ended 30 June 2016: HK$6,000) was included in 'General and administrative expenses' 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.

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 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. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders. During the period, certain amendments and reclassifications (including 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 2017 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	245,436	66,572	367,380	66,494	60,280	3,402	60,425	21,551	53,675	945,215
Inter-segment revenue	–	(66,556)	–	–	–	–	–	(904)	(15,335)	(82,795)
Revenue from external customers	245,436	16	367,380	66,494	60,280	3,402	60,425	20,647	38,340	862,420
Gross profit	175,453	11	257,267	38,978	38,488	2,347	33,223	10,232	38,340	594,339
Segmental contributions	8,236	11	20,787	38,977	2,207	(5,479)	(5,053)	(10,035)	35,320	84,971
Segmental contributions includes:										
Depreciation	(8,512)	–	(18,789)	–	(2,024)	(618)	(5,780)	(305)	(3)	(36,031)
Segment asset as at 30 June 2017	150,376	–	218,542	–	57,139	6,138	62,320	–	–	494,515

5 Segment information *(Continued)*

(a) Segment results (Continued)

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

	Unaudited									
	Asia						Europe			
	HK & Macau		Chinese Mainland		Taiwan	Others				
	Retail	Wholesale	Retail	Wholesale	Retail	Retail	Retail	Wholesale	Licensing	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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)
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	19,542	685	15,291	19,511	7,509	(5,769)	(6,011)	(5,669)	32,846	77,935
Segmental contributions includes:										
Depreciation	(9,816)	–	(22,486)	(88)	(1,926)	(724)	(4,070)	(271)	(45)	(39,426)
Share of loss of associates	–	–	–	–	–	(310)	–	–	–	(310)
Segment asset as at 31 December 2016	144,902	–	252,012	–	53,315	6,213	48,498	–	–	504,940

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	
	2017 **HK$'000**	2016 HK$'000
Segmental contributions for reportable segments	**84,971**	77,935
Add:		
Other income	**7,447**	5,658
Less:		
Net finance costs	**(13,266)**	(7,753)
Employee benefit expenses	**(97,852)**	(111,019)
Rental and other operating expenses	**(16,534)**	(19,145)
Depreciation and amortisation	**(34,154)**	(7,260)
Advertising and promotion expenses	**(53,291)**	(48,481)
Product design, supply chain and related management expenses	**(30,460)**	(32,497)
Restructuring costs	**(60,132)**	(22,780)
Other unallocated expenses	**(44,370)**	(35,874)
Total Group's loss before income tax	**(257,641)**	(201,216)

5 Segment information *(Continued)*

(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 ("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	
	2017 HK$'000	2016 HK$'000
Hong Kong & Macau	**245,452**	258,195
Chinese Mainland	**435,346**	434,365
Taiwan	**60,280**	64,807
United Kingdom	**63,137**	65,385
Other countries	**58,205**	68,068
Total	**862,420**	890,820

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

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

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Hong Kong & Macau	**727,479**	765,045
Chinese Mainland	**792,685**	799,897
Taiwan	**81,595**	81,924
United Kingdom	**840,289**	838,870
France	**678,226**	666,375
Singapore	**300,925**	296,169
Total	**3,421,199**	3,448,280

6 Operating loss

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

	Unaudited Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Write off of inventories and (reversal of)/additional provision for impairment of inventories (note (a))	**426**	7,541
Depreciation of property, plant and equipment (Note 10)	**41,772**	45,511
Amortisation of intangible assets (excluding licences) (Note 10)	**789**	350
Loss on disposal of property, plant and equipment	**6,767**	5,445
Provision for impairment of trade receivables	**5,369**	837
Employee benefit expenses	**306,797**	321,822
Advertising and promotion expenses (note (b))	**61,801**	56,936
Royalty expenses		
– amortisation of licences (Note 10 and Note 20(a))	**27,624**	825
– contingent royalty expenses	**1,870**	2,042
Product design, supply chain and related management expenses	**30,460**	32,497
Restructuring costs (note (c))	**60,132**	22,780
Fair value (gains)/losses on forward foreign exchange contracts	**(7,636)**	702
Net foreign exchange losses/(gains)	**13,929**	(248)

Notes:

(a) The (reversal of)/additional provision for impairment of inventories arose due to an (increase)/decrease 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$7,151,000 (For the six months ended 30 June 2016: HK$6,881,000) and operating lease rental expenses of HK$1,359,000 (For the six months ended 30 June 2016: HK$1,574,000).

(c) Restructuring costs relating to closure of business wear production line (2016: casual wear production line) at the Hong Kong factory and the associated restructuring of sourcing functions included employee benefit expenses, operating lease and related cost, loss on disposal of property, plant and equipment, contract termination and other costs of HK$26,227,000 (For the six months ended 30 June 2016: HK$11,950,000), HK$6,675,000 (For the six months ended 30 June 2016: HK$6,602,000), HK$6,038,000 (For the six months ended 30 June 2016: HK$4,228,000) and HK$21,192,000 (For the six months ended 30 June 2016: nil).

7 Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the six months ended 30 June 2017. 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	
	2017 HK$'000	2016 HK$'000
Current income tax		
– Hong Kong profits tax	**1,352**	906
– Overseas taxation	**13,956**	2,293
– Over provision in prior years	**(289)**	(2,570)
Deferred income tax	**(15,625)**	(1,455)
	(606)	(826)

8 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	
	2017	2016
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)	**(257,035)**	(200,390)
Basic loss per share (HK cents per share)	**(14.7) cents**	(11.5) 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 2017 and 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share.

9 Dividends

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2017 (2016: nil).

10 Property, plant and equipment and intangible assets

	Property, plant and equipment HK$'000	Intangible assets HK$'000
Opening net book amount at 1 January 2017	**150,394**	**3,252,541**
Exchange differences	**4,580**	**19,386**
Additions	**22,499**	**559**
Disposals	**(7,012)**	**–**
Depreciation and amortisation (Note 6)	**(41,772)**	**(28,413)**
Closing net book amount at 30 June 2017 (unaudited)	**128,689**	**3,244,073**
Opening net book amount at 1 January 2016	172,175	3,263,364
Exchange differences	(3,795)	7,085
Additions	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

11 Loan receivables

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Non-current assets		
Loan receivables	**159,111**	142,225
Less: provision for impairment of loan receivables	**–**	–
Loan receivables – net	**159,111**	142,225

11 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$6.1 million to BHB for the new loan as at 30 June 2017.

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 2016: 5.45%).

(c) As at 30 June 2017 and 31 December 2016, the carrying amounts of the Group's loan receivables approximated their fair values.

12 Derivative financial instruments

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note (Note 4.2(b))	**6,061**	6,022
Current assets		
Forward exchange contracts	**4,330**	–
Current liabilities		
Forward exchange contracts	**–**	3,306

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 11.

13 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 2017, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
1–30 days	**31,879**	38,431
31–60 days	**4,951**	22,589
61–90 days	**11,301**	5,512
Over 90 days	**27,451**	16,697
	75,582	83,229
Less: provision for impairment of trade receivables	**(8,213)**	(2,566)
	67,369	80,663

As at 30 June 2017, the fair values of the Group's trade receivables were approximately the same as their carrying amounts.

14 Share capital, share premium and share 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 2016, 31 December 2016 and 30 June 2017	**4,000,000**	**1,746,529**	**174,653**	**2,376,850**	**2,551,503**

14 Share capital, share premium and share 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 31 December 2016	**20,970,000**	**2.01**
Lapsed	**(6,990,000)**	**2.01**
At 1 January 2017	**13,980,000**	**2.01**
Share options granted on 24 March 2017	**14,680,000**	**0.60**
Forfeited	**(800,000)**	**1.02**
At 30 June 2017	**27,860,000**	**1.30**

On 1 January 2017, 6,990,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2016 and therefore the number of outstanding share options on 1 January 2017 was 13,980,000. During the six months ended 30 June 2017, the Company granted 14,680,000 share options, of which an aggregate of 4,000,000 share options were granted to two Executive Directors and one Non-Executive Director (2016: nil). At the end of the period, there were 27,860,000 (31 December 2016: 20,970,000) outstanding share options and out of which, 13,740,000 share options were exercisable (31 December 2016 13,980,000). Aggregating the said 6,990,000 lapsed share options and 800,000 share options forfeited during the period, the total number of lapsed/forfeited share options was 7,790,000 at 30 June 2017. The Company has no legal or constructive obligation to settle the share options in cash.

The outstanding share options as at 30 June 2017 were granted under the Share Option Scheme. Details of Share Option Scheme adopted by the Group are set out in the annual report for the year ended 31 December 2016.

The share options outstanding at 30 June 2017 had a weighted average remaining contractual life of 1.77 years (31 December 2016: 1.0 year).

The fair value of share options granted was determined using the Black-Scholes valuation model based on the following assumptions:

	Share options granted on 24 March 2017
Average fair value (HK$)	0.14
Closing share price on date of grant (HK$)	0.60
Exercise price (HK$)	0.60
Expected volatility	51.86%
Expected option life	1.77 years
Risk free interest rate	1.0%
Expected dividend yield	4.69%

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

15 Trade payables

At 30 June 2017, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
1–30 days	**74,719**	33,204
31–60 days	**2,856**	12,090
61–90 days	**2,840**	8,015
Over 90 days	**14,608**	9,209
	95,023	62,518

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.

16 Contingent purchase consideration payable for acquisition

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Total contingent purchase consideration payable for acquisition (note)	**184,789**	181,758
Less: current portion of contingent purchase consideration payable for acquisition	**–**	–
Non-current portion of contingent purchase consideration payable for acquisition	**184,789**	181,758

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.

17 Borrowings

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Non-current		
Bank borrowings	**446,376**	565,579
Current		
Bank overdrafts	**46,808**	46,195
Bank borrowings	**945,558**	692,478
	992,366	738,673
Total borrowings	**1,438,742**	1,304,252

Movements in bank borrowings are analysed as follows:

	HK$'000
Opening amount as at 1 January 2017	**1,258,057**
Proceeds from borrowings	**353,021**
Amortisation of front end fee	**856**
Repayments of borrowings	**(220,000)**
Closing amount as at 30 June 2017 (unaudited)	**1,391,934**
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

17 Borrowings *(Continued)*

(a) The bank borrowings as at 30 June 2017 and 31 December 2016 are repayable as follows:

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Within 1 year	**945,558**	692,478
Between 1 and 2 years	**78,000**	157,946
Between 2 and 5 years	**368,376**	407,633
	1,391,934	1,258,057

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

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
HKD	**1,356,208**	1,225,353
EUR	**35,726**	32,704
GBP	**46,808**	45,646
TWD	**–**	549
	1,438,742	1,304,252

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

(d) As at 30 June 2017, the Group had unutilised banking facilities amounted to HK$869 million (31 December 2016: HK$1,018 million).

(e) As at 30 June 2017, 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 2016.

18 Contingent Liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 30 June 2017.

19 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 23 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 2017 HK$'000	Audited 31 December 2016 HK$'000
No later than 1 year	**288,528**	290,872
Later than 1 year but no later than 5 years	**316,408**	330,457
Later than 5 years	**80,927**	77,769
	685,863	699,098

(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 2017 HK$'000	Audited 31 December 2016 HK$'000
No later than 1 year	**2,748**	2,576
Later than 1 year but no later than 5 years	**725**	1,932
	3,473	4,508

(c) Capital commitments

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Contracted but not provided for:		
– Within 1 year	**830**	1,063

20 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"). And three Non-executive Directors of the Company, namely, Dr Victor FUNG Kwok King, Ms Sabrina FUNG Wing Yee and Dr William FUNG Kwok Lun, had deemed interests therein.

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	**2017 HK$'000**	2016 HK$'000
(I) Transactions with the Substantial Shareholder Group			
Sub-contracting fee expense for production of product parts	(i)	**–**	9,475
Purchases of goods	(v)	**607**	2,892
Transactions relating to sourcing activities	(ii)	**84,359**	362
Cost reimbursements for sourcing related activities	(v)	**6,591**	10,226
Sales of garments and fashion accessories		**65,332**	51,576
Service fee expense for provision of corporate compliance services, legal services and other administrative expenses	(v)	**2,744**	2,945
Service charges for provision of logistics related services		**4,985**	5,189
Rentals for property leasing and/or licensing		**5,265**	3,467
Purchase of property, plant and equipment	(iii)	**–**	9,236
Royalty expenses – amortisation of licences (Note 6)	(iv)	**27,624**	825

		Unaudited Six months ended 30 June	
	Note	**2017 HK$'000**	2016 HK$'000
(II) Transactions with other related parties			
Consultancy and advisory service fee paid to directors of subsidiaries of the Company	(v)	**494**	557
Service fee for marketing services paid to an associate of a director of the Company	(v)	**666**	–
Reimbursement of marketing cost paid to an associate of a director of the Company	(v)	**1,736**	–

20 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)*

Notes:

(i) For the six months ended 30 June 2016, the Group had incurred expenses in respect of sub-contracting services for production of product parts by associated companies of the Substantial Shareholder Group.

(ii) The amounts stated which were made on normal commercial terms and conditions mutually agreed between the Group and the related companies as buying agent, include the sourcing service fee and the underlying purchases value.

	Unaudited Six months ended 30 June	
	2017 HK$'000	2016 HK$'000
Sourcing service fee to related companies	7,920	362
FOB value of the underlying purchases	76,439	–
	84,359	362

(iii) According to the agreement entered into between the Group, Hardy Amies London Limited ("HALL") and No. 14 Savile Row Management Limited on 21 March 2016, the Group purchased property, plant and equipment of GBP830,000 (equivalent to HK$9,236,000) and obtained a definite life licence for the right to advertise, promote, design, manufacture, distribute menswear products under "HARDY AMIES" brand for the period from 1 April 2016 to 31 December 2021 with the minimum royalty of HK$20,941,000 (Note 10) recognised as intangible asset.

(iv) For the six months ended 30 June 2017, total royalty expense of HK$27,624,000 (For the six months ended 30 June 2016: HK$825,000) was relating to the licence rights of Kent & Curwen and Hardy Amies trademarks.

(v) Included in these transactions, amounts are exempt from the reporting and disclosure requirements under the Listing Rules.

(b) Balances with related parties

	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
Due from		
Substantial Shareholder Group	6,055	3,379
Due to		
Substantial Shareholder Group	10,370	7,962

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

(c) Key management compensation

Key management compensation amounted to HK$15,969,000 for the six months ended 30 June 2017 (2016: HK$19,966,000).

Additional Information

Sales Analysis

For the six months ended 30 June 2017

	Change in Total Sales		Change in Same Store Sales	
	HK$	Local Currency	HK$	Local Currency
Retail				
Chinese Mainland	–2.8%	3.5%	1.6%	8.1%
Hong Kong & Macau	–4.9%	–4.9%	–8.6%	–8.6%
Taiwan	–7.0%	–11.8%	–9.4%	–14.0%
Rest of the World	–10.3%	1.5%	–9.3%	2.9%
Retail Subtotal	–4.5%	–0.8%	–4.6%	–1.2%
Wholesale and Licensing	5.6%	11.9%		
Group Total	–3.2%	0.9%		