INTERIM REPORT 2018

CERRUTI 1881

D'URBAN

GIEVES & HAWKES

No.1 SAVILE ROW LONDON

KENT & CURWEN

ENGLAND

Trinity Limited

Incorporated in Bermuda
with limited liability

Stock Code : 891

A Ruyi Group Company

如意

Global Offices

Beijing, Chengdu,

Guangzhou, Shanghai |

Paris |

Hong Kong |

Taipei |

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A Ruyi Group Company

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Trinity Limited

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Corporate Information

Executive Directors

SUN Weiying *(Chief Executive Officer)*

Paul David HAOUZI *(President)*

QIU Chenran

SU Xiao

Kelvin HO Cheuk Yin *(Chief Strategy Officer)*

Non-executive Directors

QIU Yafu *(Chairman)*

Sabrina FUNG Wing Yee *(Deputy Chairman)*

WONG Yat Ming

Daniel LALONDE

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Michael LEE Tze Hau

Patrick SUN

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

8/F, LiFung Tower
888 Cheung Sha Wan Road
Kowloon
Hong Kong

Website

www.trinitygroup.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

Standard Chartered Bank (Hong Kong) Limited

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Highlights

Highlights of results for the six months ended 30 June 2018

	2018	2017
Revenue *(HK$ million)*	890.1	862.4
Gross profit *(HK$ million)*	619.3	594.3
Gross margin *(%)*	69.6%	68.9%
Core operating profit/(loss) [1] *(HK$ million)*	(160.5)	(184.2)
Loss attributable to shareholders *(HK$ million)*	(196.8)	(257.0)
Basic loss per share [2] *(HK cents)*	(7.3)	(14.7)

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*
2. *Basic loss per share = Loss attributable to shareholders/weighted average number of ordinary shares in issue*

Store numbers as at 30 June 2018

	Kent & Curwen	Gieves & Hawkes	Cerruti 1881	D'URBAN	Total stores for the Group
Total	93	58	91	25	267
Chinese Mainland	71	34	65	11	181
Hong Kong & Macau	11	9	10	7	37
Taiwan	10	8	12	7	37
Europe	1	7	4		12

Chairman's Statement

Arrival of Ruyi gives fresh impetus for our business development.

Changing times

The past six months have been a momentous period for Trinity Limited (the "Company" or "Trinity") and its subsidiaries (collectively, the "Group"), not the least because of the arrival of Shandong Ruyi International Fashion Industry Investment Holding Company Limited ("Ruyi"). Since becoming the controlling shareholder of the Group in April, its investment and support have given fresh impetus for our business development. At the same time, we trust that the Group, as a leading retailer managing some of the most renowned brands in the world, will facilitate Ruyi's strategy of becoming a global leader in the fashion apparel sector.

Ruyi has been gradually augmenting its fashion portfolio in recent years to include such distinguished brands as D'URBAN, Aquascutum, Sandro, Maje and Claude Pierlot. It has also been moving up the value chain and expanding its reach in the accessible luxury segment. Headquartered in Jining, Shandong, Ruyi operates 13 domestic industrial parks and boasts some of the largest production lines and advanced technologies in China. It is in fact one of the largest textile manufacturers in China and ranks No. 1 among the top 500 textile and apparel companies in the country. Ruyi has been predominately engaging in textile offerings and apparel retailing, and owns a fully-integrated value chain with operations spanning across raw materials cultivation, textiles processing, and design and sale of brands and apparel.

Ruyi's various acquisitions highlight the seriousness and determination by which they are pursuing their objectives, which is in alignment with our own aspirations for the Group's self-owned brands Cerruti 1881, Gieves & Hawkes and Kent & Curwen, as well as D'URBAN which we operate under license in Greater China. We thus have added motivation to optimise all facets of operation in relation to these heritage brands, as well as nurture their evolution in line with current consumption trends. While doing so, we fully recognise that as responsible stewards we must continue to safeguard their distinctive character, which in the case of Gieves & Hawkes, can be traced to a history stretching back over two centuries.

An unwavering relationship

While the arrival of Ruyi has understandably gained significant attention among the industry and investment circles, it is worth noting that Fung Retailing Group continues to hold equity interest in the Company and remains a substantial shareholder. What is more, the Fung family has and will continue to take active roles in the Board. The relationship with Fung Group remains robust, and we value their many competencies.

Advancing an omnichannel strategy

In the interest of all our stakeholders, we will make every effort to develop Trinity into a business platform from which all of the Group's brands continue to win the hearts of discerning consumers while seizing greater market shares around the world. Towards such objectives, we will seek to strengthen both our online and offline presence in line with our omnichannel strategy. The realisation of this strategy will likely accelerate as we can capitalise on the strength of Ruyi in the online and brick-and-mortar realms. Our own e-Commerce business has achieved favourable growth; hence we look forward to building on the momentum gathered. As for our retail network, the ongoing optimisation of our physical stores has resulted in encouraging outcomes as well, and given Ruyi's strong global presence, we will seek to consolidate our position particularly in Europe and Greater China. The latter is clearly in our interest as Chinese customers already account for 32% of the global luxury market, and that number is predicted to rise to 44% by 2025 [1].

As the Group enters the second half year, we will be redoubling efforts to improve its fortunes. While we will leverage our ties with major shareholders, we recognise that we must also fully capitalise on our wealth of resources to strengthen our business. Helping fulfil this mandate will be Mr Paul David Haouzi, our Executive Director and newly appointed President of the Group. Through his experience and leadership, along with the efforts from our management team and the diligence of our global workforce, we trust that more favourable developments are within sight.

QIU Yafu
Chairman

Hong Kong, 23 August 2018

[1] *https://jingdaily.com/luxury-market-reports/*

Chief Executive Officer's Overview

Overall same-store sales increased by 10% during the review period. Turnaround is expected to continue.

Forward advance

Since joining the Company in April 2018, and subsequently appointed as Executive Director of the Company and Chief Executive Officer of the Group in the following month, I have had the honour and privilege of experiencing the dynamism within Trinity. Such continuous development, regardless of whether they are small or big steps, should always be applauded when they lead to desired outcomes. The recent alliance with Ruyi certainly constitutes a considerable step and in the right direction, welcoming an internationalised company that possesses significant market influence, ranking first among the top 500 textile and apparel enterprises in China, and global presence, which includes close to 5,000 points of sale spread across six continents. Along with such solid credentials and international exposure is a wealth of experience and expertise that the Group will be able to capitalise on as we strengthen its position in the global markets. It is indeed our goal in the coming months and immediate future to continuously upgrade our products, enhance management of global operations and further penetrate the China market.

In line with the times

With regard to product development, we have continued to take a holistic approach as we steadily evolve our self-owned brands to meet the trend towards a more casual aesthetic. Correspondingly, while respecting and preserving the distinctive character of Cerruti 1881, Kent & Curwen and Gieves & Hawkes menswear brands, we have taken steps to appeal to a broader customer base, by introducing younger lines and new store concepts, among other measures. At no time have we sacrificed style over substance; applying scrupulous attention to tailoring, choice of materials and overall execution as is the Trinity tradition.

While product development is one means by which we have sought to better reach our customers, restructuring our global retail network has been another. In reducing the number of non-performing stores and streamlining operating costs, we have been able to realise a number of benefits such as raising overall same-store sales – up 10% during the review period. This turnaround is expected to continue in the remaining financial year as the Group and Ruyi, having reached licence agreements in May 2018, will result in increased market activities of our self-owned menswear brands, particularly in Europe where Ruyi has a strong presence, including the home countries of Cerruti 1881, Kent & Curwen and Gieves & Hawkes. Moreover, the licence agreements will enable the Group to refocus its resources on business development in Greater China, as well as receive royalties which for the current year – including joining fees – will amount to at least HK$75 million, subject to adjustment based on the ultimate sales achieved. What is more, via Ruyi's planned investment in the future in Europe, the Group's three brands will be able to benefit from greater exposure, leading to an even more prominent global image and positive knock-on effect on our business in Greater China.

Unlocking the next realm

While our global operations are set to experience a watershed, we recognise that to succeed in the premium menswear ecosystem also calls for an effective online presence. Through continuous investment in our e-Commerce platform, we have seen a steady uptake as substantiated by a corresponding rise in revenue contributions, including during the review period. To further benefit from customers' penchant to go online, we have continued to strengthen ties with leading e-Commerce platforms from around the world, as well as utilised social media channels that our customers gravitate towards to deliver specially tailored experiences.

Aside from our efforts, Ruyi has also sought to reinforce its e-Commerce presence, and has done so emphatically. Subsequent to the review period in July 2018, it established a strategic partnership with Secoo Group. Representing the largest online integrated upscale products and services platform in Asia based on gross merchandise volume in 2016, Secoo Group boasts higher average sales per order than other major e-Commerce online platforms in Asia, according to a Frost & Sullivan report (June 2017) [2]. The partnership between Ruyi and Secoo Group and the synergies generated are expected to drive our own efforts to penetrate China, the largest e-Commerce market in the world.

[2] *http://ir.secoo.com/phoenix.zhtml?c=254624&p=irol-irhome*

Around the corner

Despite Trinity achieving relatively modest performance metrics during the review period, there are several developments that offer cause for optimism. Rising same-store sales from our heritage brands suggest that efforts to develop the Group's products and brands are bearing fruit. Loss incurred in the first half of the year had markedly narrowed when compared with the same period last year. Also, with Ruyi increasing capital investment in the Group, the Company has sufficient funds to achieve stable and sustainable development. It also saw an increase in opportunities to use its global sales network resources and also derive income from pursuing new types of investment. Such advances made are conducive to the Group's pursuit of innovation and steady progress in developing its business, and ultimately achieve remarkable results. Furthermore, the strengthening of ties between Trinity and Ruyi, which now extend to licence agreements involving Cerruti 1881, Kent & Curwen and Gieves & Hawkes will reinforce the presence of these premium brands in key European markets, while allowing us to have greater financial flexibility to pursue complementary activities particularly in Greater China. Also, our transformation into an omnichannel retailer continues to make progress, and will gain greater momentum through the partnership between Ruyi and Secoo Group. Lest we forget that the Fung Group remains a substantial shareholder, hence the Fung family will continue to provide valuable input at the Board level. What is more, with Mr Paul David Haouzi now appointed as President of the Group, Trinity will benefit greatly from his tremendous experience and business acumen.

Taking into consideration the aforementioned developments, which are supported by a highly committed and competent Trinity workforce. I trust that we are making the small and big steps that will lead us to a more encouraging path.

SUN Weiying
Chief Executive Officer

Hong Kong, 23 August 2018

Discussion and Analysis

Revenue

The Group's total revenue for the first half of 2018 was HK$890.1 million, which increased by 3.2% comparing to the same period last year. The Group's same-stores sales increased by 10.1%. The increase in revenue was mainly driven by moderate same-store sales growth as well as benefitting from the new licensing arrangement with Ruyi in June 2018, but it was partially offset by the decrease in wholesale income in Chinese Mainland.

Revenue by geographical location

Retail Sales

Chinese Mainland

Chinese Mainland retail sales of HK$386.9 million, representing an increase of 5.3% compared to the same period last year. We streamline our store network by closing non-performing stores; this resulted in a net closure of 25 stores during the period with the network now numbering 181 stores. Same-store sales increased by 10.8% which indicated a preliminary sign of bottoming out.

Hong Kong & Macau

Hong Kong & Macau retail sales increased by 10.6% to HK$271.4 million compared to the same period last year. The number of stores was 37 in June 2018 down from 38 in December 2017. Same-store sales increased by 9.3%. This was due to improvement in key shopping malls.

Taiwan

There was an increase of retail sales in Taiwan resulting in a 16.9% rise to HK$70.4 million. The increase in same-store sales was 15.5%. The number of stores in June 2018 was 37 down from 39 in December 2017.

Europe

The retail sales in Europe was HK$67.9 million, representing a 12.4% increase compared to the same period last year.

Wholesale and licensing

Greater China

In the first half of 2018, Greater China wholesale revenue decreased by HK$66.4 million. The decrease in wholesale revenue was mainly due to the termination of wholesale channel for stock clearance in the Chinese Mainland.

Europe and Others

Licensing revenue increased from HK$38.3 million in the first half of 2017 to HK$81.8 million, which was mainly arising from the new licensing arrangement with Ruyi Group. By granting Ruyi Group the rights to develop retail and wholesale businesses in key regions like Europe, the Group can refocus its resources on future developments in Greater China and fully leverage Ruyi Group's strength in Europe to enhance the global brand image of our top three brands which will indirectly benefit the Group's Asia businesses.

Wholesale revenue decreased to HK$11.5 million in the first half of 2018, reflecting the strategic shift from wholesale to licensing.

Gross profit

The gross profit for the first half of the year was HK$619.3 million, an increase of 4.2% from the same period last year. The gross profit margin for the reporting period increased from 68.9% to 69.6% as a result of rising licensing income.

The retail gross profit margins for Greater China in the first half of 2018 decreased from 70.0% to 68.2% compared to same period last year as a result of sales discounts offered, product mix change and inventory clearance.

Segmental contribution

For the six months ended 30 June 2018, the segmental contribution for the Group increased from HK$85.0 million in the same period last year to HK$88.1 million. In particular, the licensing contribution from Europe and Others has increased from HK$35.3 million to HK$75.9 million as a result of the new licensing arrangement with Ruyi Group. The increase was partially offset by the decline in contribution from Chinese Mainland as a result of higher discounting and decrease in wholesale revenue.

Other income

Other income was HK$5.7 million in the first half of 2018, compared to HK$7.4 million in the same period last year. This was mainly due to the decrease in consultancy fee income from a related party during the period.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses amounted to HK$544.7 million against HK$547.0 million for the same period last year. It was mainly due to the decrease in advertising and promotion expenses in the Europe region in 2018.

General and administrative expenses

General and administrative expenses amounted to HK$238.5 million, an increase of 2.1% from the same period last year. This was largely caused by an increase in fair value loss on forward exchange contracts partly offsetting by the reduction of the sourcing related expenses.

Net impairment losses on financial assets

It mainly represents the impairment losses provision on trade receivables, amounting to HK$2.2 million in 2018 compared to HK$5.4 million in 2017.

Core operating profit/(loss)

The Group's core operating loss was HK$160.5 million, representing a 12.9% decrease as compared to the same period last year.

Other losses – net

Net other losses amounted to HK$5.4 million which represented the net amount of gain on termination of royalty agreements, provision for impairment of loan receivable and settlements with British Heritage Brands, Inc. ("BHB").

Restructuring costs

Restructuring costs of HK$19.1 million were incurred mainly relating to the restructure of Europe operations. Restructuring costs in 2017 of HK$60.1 million were caused by the closure of our business wear production line in Hong Kong and the associated restructuring of sourcing function.

Net finance costs

The net finance costs was HK$11.1 million in the first half of 2018, whereas net finance costs of HK$13.3 million were reported in the same period of 2017. The decrease was mainly due to lower notional interest expenses on contingent purchase consideration payable in 2018.

Income tax

Income tax expense was HK$0.7 million, whereas income tax credit of HK$0.6 million was reported in the same period of 2017.

Loss attributable to shareholders

The Group incurred a loss of HK$196.8 million, which translates into a loss of 7.3 HK cents per share.

Working Capital Management

Inventory balance slightly decreased from HK$621.5 million in December 2017 to HK$609.6 million in June 2018. The early arrival of Fall/Winter 2018 products led to a higher inventory level compared to June 2017. The inventory value was HK$494.5 million in June 2017. Inventory turnover days for the first half of 2018 were 411 days, compared with 380 days in December 2017 and 337 days in June 2017.

The Group's trade receivables in June 2018 were HK$107.8 million, compared to HK$67.4 million and HK$107.6 million in June 2017 and December 2017 respectively. The Group's trade receivable turnover days were 22 days in 2018, compared with 20 days as at December 2017 and 16 days in the same period of 2017.

The Group's trade payables as at June 2018 were HK$89.0 million, compared to HK$95.0 million and HK$131.6 million in June 2017 and December 2017 respectively. The Group's trade payable turnover days were 74 days for the first half of 2018, compared with 65 days in December 2017 and 53 days in June 2017.

Financial Position and Liquidity

Net cash outflow from the Group's operating activities was HK$178.2 million mainly due to the operating losses.

The Group's cash and bank balances as at 30 June 2018 were HK$1,953.7 million compared to HK$390.9 million as at 31 December 2017. Net cash balance as at 30 June 2018 amounted to HK$688.9 million (net cash is defined as cash and cash equivalents of HK$1,953.7 million less bank borrowings and bank overdrafts of HK$1,264.8 million) versus net debt of HK$1,169.4 million as at 31 December 2017. The improvement in financial position came from the issue of additional capital in April this year.

Banking Facilities

The Group continued to reorganise its banking requirements with its core relationship banks during the reporting period. As at 30 June 2018, the Group had bank lines of HK$2,138.7 million. Of which HK$450.0 million was in committed facilities while the remaining HK$1,688.7 million was uncommitted. The Group had drawn down HK$450.0 million of the committed facilities, HK$679.7 million revolving loans as well as HK$138.9 million trade financing and bank overdrafts, which represented the total facilities utilisation of 59.3% at the end of the period. Of the HK$1,688.7 million uncommitted facilities with HK$818.6 million drawn, HK$200.0 million was secured against pledge of cash deposits. The pledge has been released after the period end. The undrawn facilities at period end amounted to HK$870.1 million.

Out of the loans drawn down, HK$759.7 million is repayable within one year and HK$370.0 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.

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.

Use of Proceeds from Subscription of New Shares

Ruyi's subscription for 1,846,000,000 ordinary shares of the Company at the subscription price of HK$1.20 per share (the "Subscription") was completed on 18 April 2018. The net proceeds from the Subscription received by the Company amounted to approximately HK$2,215 million (the "Proceeds"). Up to 30 June 2018, HK$535 million and HK$97 million have been used to repay bank borrowings and serve as working capital needs respectively. The remaining of the Proceeds of approximately HK$1,583 million will be mainly applied on business acquisition in the future.

Human Resources and Training

As at 30 June 2018, the total workforce for the Group was 2,117 employees, compared with 2,345 a year earlier, a 9.7% decrease. This reduction in headcount was largely due to the closure of non-performing stores and Singapore office, as well as the reorganisation of European team.

Our workforce comprises 470 employees in Hong Kong and Macau; 1,301 in the Chinese Mainland; 173 in Taiwan and 173 in other countries. Total staff costs were HK$281.1 million for the first half of 2018, compared to HK$306.8 million for the same period last year. The decrease in staff cost was mainly due to the reduction in staff headcount associated with the closure of non-performing stores and Singapore office, as well as the reorganisation of European team.

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, from leadership training to seasonal product training. Our Study Sponsorship Policy is one of our keystone development programmes. This policy encourages staff to build upon their existing skill sets by granting sponsorship to support external job-related training and studies. It covers a wide range of external training, including courses, seminars, conferences, workshops, skills training, experiential learning and experience sharing sessions.

Sustainability

Being socially responsible and operating to the highest levels of integrity are at the heart of Trinity. Sustainability remains one of the backbones of our business strategy and encompasses employees, community and the environment.

The most valuable asset of any business is its people, and the Trinity workforce have played a huge role in the first half of 2018, participating in events comprising of social, environmental and wellness programs. To date the Trinity team have contributed over 1,000 hours towards our causes.

Awareness of employee health and safety issues remain high on our agenda and in May 2018, Trinity invited the Hong Kong Labour Department to hold a first aid training workshop for representatives from our warehouse, retail and office teams.

With our Animal Welfare Policy introduced last year, Trinity continues to work closely with our suppliers, monitoring our supply chain to ensure their full understanding.

In May 2018, Trinity issued its second Environmental, Social and Governance report and have, since then, improved on the mitigation of the Company's environmental impacts. The 3R approach has been adopted by Trinity and "Reduce, Reuse, Recycle" continues to be the focus of our environmental practices. In January, Trinity donated approximately 1,643 kg of fabric surplus to Redress, a local environmental charity working to reduce textile waste in the fashion industry. Redress ensured that these donated fabrics were re-used by offering them to emerging sustainable designers and by redistributing them to support craft activities locally and elsewhere in the region.

Utilising our online environmental data platform, Turnkey, we expanded our data collection scope to include Mainland China, Taiwan and United Kingdom in 2017. During this investigation into packaging material consumption in 2017, we identified and successfully implemented new retail packaging specifications. Taking into consideration environmental and financial costs, a new supplier was engaged for Gieves & Hawkes to resize our paper shopping bags, reduce our environmental footprint and better suit our operational efficiencies.

Corporate Governance Report

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 2018 are in line with those practices set out in the Company's 2017 Annual Report, and are also consistent with the principles set out in the Corporate Governance Code (the "CG Code") and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Board

The Board is currently composed of the Non-executive Chairman, five Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. Changes in members of the Board during the reporting period and up to date were announced on 18 April, 17 May and 30 July 2018. Details of the composition of the Board are set out in the Corporate Information section on page 2. To comply with the requirements of Rule 3.10A of the Listing Rules that every listed company must appoint independent non-executive directors representing at least one-third of its board, the Company shall appoint two additional Independent Non-executive Directors within three months from 6 August 2018. The role of the Chairman, held by Mr QIU Yafu, is separate from that of the Chief Executive Officer (the "CEO"), held by Ms SUN Weiying, 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 six meetings to date in 2018 (with an average attendance rate of about 98.57%) 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 including the various changes in the Board composition as well as conferring on Dr Victor FUNG Kwok King, an outgoing Director, the title of Honorary Chairman. The Chief Compliance and Risk Management Officer of the Group (the "CCRMO") is invited to attend all Board and Board Committee meetings to advise on corporate governance matters covering risk management, internal controls and relevant compliance issues 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), which are of no less exacting terms than those set out in the CG Code:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Chairman and all members in the Audit Committee are Independent Non-executive Directors. Each of the Nomination Committee and Remuneration Committee is also chaired by Independent Non-executive Director, with a majority of members being Independent Non-executive Directors.

Audit Committee

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

Mr Patrick SUN *(Chairman)*
Mrs Eva CHENG LI Kam Fun
Mr Michael LEE Tze Hau

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 2018 (with an average attendance rate of about 85.71%) to consider and review with senior management, the Company's Corporate Governance Division (the "CGD"), and external auditor, the Group's internal controls, risk management, and financial matters, as well as policies relating to corporate governance matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The CGD, under the supervision of the CCRMO, 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 2018 before recommending them to the Board for approval), listing rules and regulatory compliance, 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 Mr QIU Yafu who is a Non-executive Director), namely:

Mr Michael LEE Tze Hau *(Chairman)*
Mr QIU Yafu
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 three times to date in 2018 (with a 100% attendance rate) to review, assess and/or make recommendation on the composition of the Board and its Committees, the continuous professional development and training of the Directors and senior management, the independence of Independent Non-executive Directors, the retirement/appointment of Directors at the Annual General Meeting held in May 2018, the changes of Board Chairman, Directors and CEO, as well as the appointment of President, and conferring on an outgoing Director the title of Honorary Chairman.

Remuneration Committee

All members are Independent Non-executive Directors (except Mr QIU Yafu who is a Non-executive Director), namely:

Mrs Eva CHENG LI Kam Fun *(Chairman)*

Mr QIU Yafu

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 2018 (with a 100% attendance rate) to review and approve the remuneration packages for the Executive Directors including the CEO and the President.

Risk Management and Internal Control

The Board recognises the importance of risk management and 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 understand 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 46 to 48 of the Company's 2017 Annual Report.

The Corporate Compliance Group (comprising CGD and Corporate Secretarial Division), under the supervision of the CCRMO, in conjunction with our external advisors, reviews the adherence to relevant laws and regulations, Listing Rules compliance, public disclosure requirements, and our standards of compliance practices as well as the independence and responsibilities of CGD 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. Our CCRMO 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 Management and the CGD, the Audit Committee considered that for the six months ended 30 June 2018:

- the risk management, internal control and accounting systems of the Group were 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 were 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 (the "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 2018. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2018.

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 70 of the Company's 2017 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 2018.

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 Fung Group, the then controlling shareholder of the Company. Upon the completion of subscription of new shares by Ruyi Group on 18 April 2018, Fung Group ceased to be the Company's controlling shareholder (as defined in the Listing Rules). Details of the corporate governance measures are set out in the Corporate Governance Report on pages 38 and 39 of the Company's 2017 Annual Report and the Board has reviewed the Company's compliance with these measures and confirmed that there was no non-compliance during the interim reporting period.

Other Information

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

As at 30 June 2018, 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 (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 for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

Long Position in Shares and Underlying Shares of the Company

	Number of Shares					
Directors	Personal Interest	Family Interest	Corporate/ Trust Interest	Equity Derivatives (share options)	Total	Approximate Percentage of Issued Share Capital (%)
QIU Yafu	–	–	1,867,415,633	–	1,867,415,633 [1]	51.90
Victor FUNG Kwok King	–	32,613,795	641,657,760	–	674,271,555 [2]	18.74

Notes:

1. *Mr QIU Yafu was deemed to have interests in 1,867,415,633 shares, which were held in the following manner:*
   (a) *1,846,000,000 shares were directly held by Ruyi Brand Holding (HongKong) Company Limited, an indirect wholly-owned subsidiary of Shandong Ruyi International Fashion Industry Investment Holding Company Limited ("Shandong Ruyi"). Mr QIU Yafu directly held, and exercised and controlled, a 51% equity interest in Shandong Ruyi; and*
   (b) *21,415,633 shares were held by Renown Incorporated, a company listed on the Tokyo Stock Exchange. Shandong Ruyi directly and indirectly through a subsidiary held 52.99% equity interests in Renown Incorporated.*
2. *Dr Victor FUNG Kwok King was deemed to have interests in 674,271,555 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 (the "Trustee") established for the benefit of his family members;*
   (b) *25,244,000 shares were directly held by First Island Developments Limited, a company wholly owned by the Trustee; and*
   (c) *32,613,795 shares were directly held by a company owned by his spouse.*

Save as disclosed above, as at 30 June 2018, 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 2018, 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	Notes	Approximate Percentage of Issued Share Capital (%)
Ruyi Brand Holding (HongKong) Company Limited	Beneficial owner	1,846,000,000	1(a)	51.30
Shandong Ruyi	Interest of controlled corporation	1,867,415,633	1(b)	51.90
Fung Trinity Investments Limited	Beneficial owner	616,413,760	2, 6	17.13
Fung Retailing Limited	Interest of controlled corporation	616,413,760	2, 6	17.13
Fung Holdings (1937) Limited	Interest of controlled corporation	616,413,760	2, 6	17.13
King Lun	Interest of controlled corporation	616,413,760	2, 6	17.13
HSBC Trustee (C.I.) Limited	Trustee	641,657,760	3, 5, 6	17.83
William FUNG Kwok Lun	Beneficial owner	23,570,000	4(a)	0.66
	Interest of controlled corporation	630,913,760	4(b), 6	17.53

Notes:

1. (a) Ruyi Brand Holding (HongKong) Company Limited was an indirect wholly-owned subsidiary of Shandong Ruyi, with Jining Ruyi Brand Investment Holding Co. Ltd. as the intermediate holding company. Therefore, Jining Ruyi Brand Investment Holding Co. Ltd. and Shandong Ruyi were both deemed to be interested in the 1,846,000,000 shares held by Ruyi Brand Holding (HongKong) Company Limited.

(b) The interests of Shandong Ruyi in the 1,846,000,000 shares refer to the same block of shares as mentioned in Note 1(a) above. Shandong Ruyi was also deemed to be interested in 21,415,633 shares which were held by Renown Incorporated, a company listed on the Tokyo Stock Exchange. Shandong Ruyi directly and indirectly through a subsidiary held 52.99% equity interest in Renown Incorporated. Mr QIU Yafu directly held, and exercised and controlled, a 51% equity interest in Shandong Ruyi. Refer to the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

2. 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 section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

3. 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 section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures".

4. (a) Dr William FUNG Kwok Lun had personal interests in 23,570,000 shares; and

(b) Among the 630,913,760 shares, Dr Fung was deemed to be interested in (i) 14,500,000 shares directly held by his own company Step Dragon Enterprise Limited; and (ii) 616,413,760 shares indirectly held by King Lun in which Dr Fung owned 50% of the issued share capital of King Lun.

5. Ms Sabrina FUNG Wing Yee, who was appointed as Director subsequent to the reporting period, was deemed to be interested in the 641,657,760 shares held by the Trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King, which were under the same block of shares mentioned in Note 3 above. In addition, Ms Fung also had personal interests in 3,800,000 shares.

6. The interests of each of Fung Trinity Investments Limited, Fung Retailing Limited, Fung Holdings (1937) Limited, King Lun, the Trustee and Dr William FUNG Kwok Lun in the 616,413,760 shares refer to the same block of shares in the Company.

Save as disclosed above, as at 30 June 2018, 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 (the "Share Option Scheme") to subscribe for its shares. As at 30 June 2018, there were outstanding share options relating to 13,036,000 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 01/01/2018	Granted	Exercised	Cancelled/ Lapsed	Transfer In	Transfer Out	As at 30/06/2018	Exercise Price HK$	Grant Date	Exercisable Period
Continuous Contract Employees	3,000,000	–	–	340,000	–	120,000	2,540,000	2.01	21/08/2014	01/01/2017–31/12/2018
	8,340,000	–	840,000	240,000	110,000	360,000	7,010,000	0.60	24/03/2017	01/01/2018–31/12/2019
Other Participants	3,410,000	–	–	1,000,000	120,000	–	2,530,000	2.01	21/08/2014	01/01/2017–31/12/2018
	5,660,000	–	4,954,000	–	360,000	110,000	956,000	0.60	24/03/2017	01/01/2018–31/12/2019
Total	20,410,000 [1]	–	5,794,000 [2]	1,580,000 [3]	590,000	590,000	13,036,000			

Notes:

1. *As at 31 December 2017, there were 26,820,000 share options outstanding. Among these share options, 6,410,000 share options lapsed immediately upon the expiry of the exercisable period ended 31 December 2017 and subsequently, the total number of outstanding share options as at 1 January 2018 was 20,410,000.*

2. *(i) The weighted average closing market price per share immediately before the dates on which the share options to subscribe for 2,000,000 shares, 1,000,000 shares and 1,000,000 shares were exercised by Mr Jeremy Paul Egerton HOBBINS, Mr Srinivasan PARTHASARATHY and Ms Sabrina FUNG Wing Yee respectively was HK$0.79. During the reporting period, Mr Parthasarathy and Ms Fung resigned as Directors of the Company on 18 April 2018; and Mr Hobbins resigned as Director of the Company on 18 May 2018. Subsequent to the reporting period, Ms Fung was re-appointed as Director of the Company on 6 August 2018.*

   (ii) The weighted average closing market prices per share immediately before the dates on which the share options were exercised by the continuous contract employees and by other participants were HK$0.77 and HK$0.82 respectively.

3. *By adding up 6,410,000 lapsed share options as mentioned in Note 1 above and 1,580,000 lapsed share options for the period ended 30 June 2018, the total number of lapsed share options during the period was 7,990,000.*

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 2017. Other details of share options granted by the Company are set out in Note 16 to the condensed consolidated financial information.*

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Director are set out below:

Dr Victor FUNG Kwok King, who stepped down as Board Chairman in May 2018 and resigned as Non-executive Director of the Company in August 2018, was honoured with the title of Honorary Chairman after his resignation.

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 2018.

Issue of New Shares

On 18 April 2018, the Company allotted and issued 1,846,000,000 new shares of the Company at a subscription price of HK$1.20 per share to Ruyi Brand Holding (HongKong) Company Limited, an indirect wholly-owned subsidiary of Shandong Ruyi International Fashion Industry Investment Holding Company Limited. Details of the subscription are set out in Note 16 to the condensed consolidated financial information.

Interim Dividend

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2018 (2017: nil).

Information for Investors

Listing Information

Listing: **Hong Kong Stock Exchange**

Stock Code: **891**

Financial Calendar

23 August 2018

Announcement of 2018 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 2018
3,598,322,883

Market capitalisation as at 30 June 2018
HK$3,094,558,000

Enquiries Contact

Lee Wai Chung
Executive Vice President – Finance
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Hong Kong

Website

www.trinitygroup.com

Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June 2018 HK$'000	2017 HK$'000
Revenue	6(a)	**890,103**	862,420
Cost of sales		**(270,845)**	(268,081)
Gross profit		**619,258**	594,339
Other income		**5,719**	7,447
Selling, marketing and distribution expenses		**(544,742)**	(547,045)
General and administrative expenses		**(238,493)**	(233,615)
Net impairment losses on financial assets		**(2,206)**	(5,369)
Core operating profit/(loss)		**(160,464)**	(184,243)
Other losses – net	8	**(5,383)**	–
Restructuring costs	7	**(19,080)**	(60,132)
Operating loss	7	**(184,927)**	(244,375)
Net finance costs		**(11,147)**	(13,266)
Loss before income tax		**(196,074)**	(257,641)
Income tax	9	**(677)**	606
Loss for the period attributable to shareholders of the Company		**(196,751)**	(257,035)
Basic loss per share attributable to shareholders of the Company (expressed in HK cents per share)	10(a)	**(7.3) cents**	(14.7) cents
Diluted loss per share attributable to shareholders of the Company (expressed in HK cents per share)	10(b)	**(7.3) cents**	(14.7) cents

The notes on pages 31 to 57 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2018 **HK$'000**	2017 HK$'000
Loss for the period	**(196,751)**	(257,035)
Other comprehensive (expenses)/income for the period		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**16**	–
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries	**(35,776)**	37,798
Other comprehensive (expenses)/income for the period, net of tax	**(35,760)**	37,798
Total comprehensive expenses for the period	**(232,511)**	(219,237)
Total comprehensive expenses attributable to:		
– Shareholders of the Company	**(232,511)**	(219,237)

The notes on pages 31 to 57 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**119,639**	130,293
Intangible assets	12	**3,177,774**	3,226,709
Convertible promissory note and loan receivables	13	**–**	–
Deposits, prepayments and other receivables		**39,893**	46,622
Deferred income tax assets		**209,811**	208,845
		3,547,117	3,612,469
Current assets			
Inventories		**609,578**	621,473
Trade receivables	15	**107,818**	107,607
Deposits, prepayments and other receivables		**89,492**	90,054
Derivative financial instruments	14	**–**	890
Amounts due from related parties	22(b)	**75,272**	3,661
Current income tax recoverables		**4,435**	1,995
Cash and cash equivalents (excluding bank overdrafts)		**1,953,745**	390,888
		2,840,340	1,216,568
Total assets		**6,387,457**	4,829,037
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	16	**359,832**	174,653
Share premium	16	**4,410,347**	2,376,850
Reserves		**(633,730)**	(383,727)
Total equity		**4,136,449**	2,167,776

The notes on pages 31 to 57 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	**367,876**	407,132
Provision for long service payments		**600**	768
Retirement benefit obligations		**20,321**	24,760
Other payables and accruals		**89,473**	133,437
Contingent purchase consideration payable for acquisition	18	**69,236**	68,099
Deferred income tax liabilities		**295,640**	296,499
		843,146	930,695
Current liabilities			
Trade payables	17	**89,045**	131,606
Other payables and accruals		**284,466**	398,049
Derivative financial instruments	14	**2,004**	–
Amounts due to related parties	22(b)	**132,435**	36,702
Current income tax liabilities		**3,028**	11,074
Borrowings	19	**896,884**	1,153,135
		1,407,862	1,730,566
Total liabilities		**2,251,008**	2,661,261
Total equity and liabilities		**6,387,457**	4,829,037

The notes on pages 31 to 57 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

		Unaudited				
		Attributable to shareholders of the Company				
	Note	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2018		174,653	2,376,850	(166,463)	(217,264)	2,167,776
Impact of changes in accounting policies	4	–	–	(17,395)	(97)	(17,492)
Balance at 1 January 2018 (restated)		174,653	2,376,850	(183,858)	(217,361)	2,150,284
Comprehensive expense						
Loss for the period		–	–	(196,751)	–	(196,751)
Other comprehensive expenses						
Remeasurements of post employment benefit obligations		–	–	16	–	16
Exchange differences on translation of subsidiaries		–	–	–	(35,776)	(35,776)
Other comprehensive income/(expenses) for the period, net of tax		–	–	16	(35,776)	(35,760)
Total comprehensive expenses		–	–	(196,735)	(35,776)	(232,511)
Transactions with owners						
Issue of shares	16	184,600	2,030,600	–	–	2,215,200
Employee share option scheme						
– exercise of share options	16	579	2,897	–	–	3,476
– transfer to accumulated losses		–	–	4,333	(4,333)	–
Total transactions with owners		185,179	2,033,497	4,333	(4,333)	2,218,676
Balance at 30 June 2018		359,832	4,410,347	(376,260)	(257,470)	4,136,449

The notes on pages 31 to 57 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 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 57 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June	
	2018 HK$'000	2017 HK$'000
Cash flows from operating activities		
Cash used in operations	**(178,197)**	(120,797)
Interest paid on bank borrowings and overdrafts	**(18,219)**	(14,192)
Income tax paid	**(12,638)**	(4,790)
Net cash used in operating activities	**(209,054)**	(139,779)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(30,230)**	(19,478)
Payments for intangible assets	**(292)**	(559)
Increase in loan receivables	**(2,918)**	(10,441)
Proceeds from disposal of property, plant and equipment	**9**	245
Interest income received	**8,289**	1,101
Net cash used in investing activities	**(25,142)**	(29,132)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**2,146,676**	–
Proceeds from borrowings	**422,801**	350,000
Repayment of borrowings	**(746,143)**	(220,000)
Net cash generated from financing activities	**1,823,334**	130,000
Net increase/(decrease) in cash and cash equivalents	**1,589,138**	(38,911)
Cash and cash equivalents at beginning of the period	**338,183**	534,379
Effect on foreign exchange rates changes	**(53,742)**	5,354
Cash and cash equivalents at end of the period	**1,873,579**	500,822
Cash and cash equivalents comprises:		
Bank overdrafts	**(80,166)**	(46,808)
Cash and cash equivalents (excluding bank overdrafts)	**1,953,745**	547,630
Cash and cash equivalents	**1,873,579**	500,822

The notes on pages 31 to 57 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") 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 8/F, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong.

This unaudited condensed consolidated financial information is presented in thousand of units of Hong Kong dollars ("HK$" or "HKD"), unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board of Directors on 23 August 2018.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2018 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 2017, 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 2017 except for the adoption of new and amended standards as set out below.

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 2017, except for the adoption of new standards effective as of 1 January 2018. Details of any changes in accounting policies are set out in Note 4.

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

(a) Adoption of new standards, amendments and interpretations to existing standards effective in 2018

The Group has adopted the following new standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2018 and relevant to the Group:

HKFRS 2 (Amendment)	Share-based Payment: Classification and Measurement of Share-based Payment Transactions
HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK (IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements Project	Annual Improvements 2014-2016 Cycle

The adoption of such amendments and interpretations to existing standards does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2018 except the following standards:

HKFRS 9 (2014)	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 4 below.

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

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:

HKAS 19 (2011) (Amendment)	Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019)
HKAS 28 (2011) (Amendment)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019)
HKFRS 9 (2014) (Amendment)	Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019)
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 16	Leases (effective for annual periods beginning on or after 1 January 2019)
HKFRS 17	Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)
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 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019)

All these new standards, amendments and interpretations to existing standards are effective in the financial year of 2019 or years after 2019. 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, in which the preliminary assessment of HKFRS 16 is detailed below. The following describes the key changes and some aspects of the HKFRS 16 which may have a significant impact on the consolidated financial statements.

HKFRS 16, Leases

HKFRS 16 requires almost all leases of lessees to be recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. An asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the income statement over the period of the lease. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$633,926,000 (Note 21). The Group is in the process of assessing to what extent these operating lease commitments 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.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 Change in accounting policy

As explained in Note 3(a) above, the Group has adopted HKFRS 9 and HKFRS 15 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the interim financial statements.

The Group has been impacted by HKFRS 9 in relation to the measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition. Details of the changes in accounting policies are discussed in Note 4(a) for HKFRS 9 and Note 4(b) for HKFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	As at 1 January 2018			
	As previously stated HK$'000	Effect of the adoption of HKFRS 9 HK$'000	Effect of the adoption of HKFRS 15 HK$'000	Total HK$'000
Condensed consolidated statement of financial position (extract)				
Trade receivables	107,607	(3,091)	–	104,516
Translation reserve	15,704	(97)	–	15,607
Accumulated losses	(166,463)	(2,994)	(14,401)	(183,858)
Other payables and accruals – current liabilities	398,049	–	14,401	412,450

(a) HKFRS 9 (2014), Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on accumulated losses at 1 January 2018.

	HK$'000
Accumulated losses	
Recognition of additional credit loss recognised on:	
– Trade receivables	(3,091)
– Translation reserve	97
Net increase in accumulated losses at 1 January 2018	(2,994)

4 Change in accounting policy *(Continued)*

(a) HKFRS 9 (2014), Financial Instruments (Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

Credit losses

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

HKFRS 9 requires the Group to record an allowance for ECLs for financial assets held at amortised cost.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of HKFRS 9 resulted in increases in impairment allowances of the Group's trade receivables. The increase in allowance resulted in adjustment to accumulated losses, which increased accumulated losses by HK$2,994,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	HK$'000
Loss allowance at 31 December 2017 under HKAS 39	
Additional credit loss recognised at 1 January 2018 on:	8,876
– Trade receivables	3,091
Loss allowance at 1 January 2018 under HKFRS 9	11,967

Classification of financial assets

Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The Group's convertible promissory note are not bifurcated into loan receivables and derivative financial instrument, instead the entire convertible promissory note are classified as fair value through profit and loss (FVTPL) upon adoption of HKFRS 9. Since the Group fully impaired the loan receivables and derivative financial instrument, the impact is immaterial.

4 Change in accounting policy *(Continued)*

(b) HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction Contracts, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information is not restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summarises the impact of transition to HKFRS 15 on accumulated losses at 1 January 2018:

	HK$'000
Accumulated losses	
Defer revenue and profit recognition under customer loyalty program	**(14,401)**
Net increase in accumulated losses at 1 January 2018	**(14,401)**

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

The Group's Greater China segment operates a customer loyalty programme, which allows customers to join VIP membership when their accumulated purchases in a defined period reach a certain level. Being a VIP, a retail customer can enjoy certain percentage of discounts. The Group concluded that under HKFRS 15 the VIP membership gives rise to a separate performance obligation because they provide a material right to the customer and allocated a portion of the transaction price to the VIP membership awarded to customers based on the relative stand-alone selling price. The Group determined that, considering the relative stand-alone selling prices, the amount allocated to the loyalty programme should be higher compared to the previous accounting policy. The deferred revenue related to this customer loyalty programme was reclassified to other payables and the deficit was adjusted to accumulated losses. As a consequence, the other payables recognised in relation to the customer loyalty programme on 1 January 2018 was HK$14,401,000 and a net adjustment to accumulated losses was HK$14,401,000.

5 Financial risk management and financial instruments

5.1 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 2017.

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

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

5.1 Financial risk factors *(Continued)*

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.

As at 30 June 2018, the Group's outstanding forward contracts were analysed as below:

Outstanding forward contracts	**30 June 2018**	31 December 2017
Buying EUR		
– Notional principal amount (EUR)	**16,000,000**	13,000,000
– Fixed exchange rate	**9.3015**	9.315
Buying GBP		
– Notional principal amount (GBP)	**2,100,000**	890,000
– Fixed exchange rate	**10.510**	10.378
Buying JPY		
– Notional principal amount (JPY)	**164,000,000**	158,000,000
– Fixed exchange rate	**0.07264**	0.07088

The Group's foreign exchange risk mainly comes from RMB and EUR denominated payables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong.

At 30 June 2018, if the RMB had weakened by 5% against HK dollar with all other variables held constant, loss for the period would have been HK$3,798,000 (For the six months ended 30 June 2017: HK$14,254,000) higher, mainly as a result of foreign exchange losses on translation of RMB denominated payables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong.

At 30 June 2018, if the EUR had weakened by 5% against HK dollar with all other variables held constant, loss for the period would have been HK$2,208,000 (For the six months ended 30 June 2017: HK$2,440,000) lower, mainly as a result of foreign exchange gains on translation of EUR denominated payables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong.

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

5.2 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 2018	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Liabilities				
Derivative financial instruments – forward exchange contracts (Note 14)	**–**	**2,004**	**–**	**2,004**
Contingent purchase consideration payable for acquisition (Note 18)	**–**	**–**	**69,236**	**69,236**
	–	**2,004**	**69,236**	**71,240**

31 December 2017	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instrument – forward exchange contracts (Note 14)	–	890	–	890
Liabilities				
Contingent purchase consideration payable for acquisition (Note 18)	–	–	68,099	68,099

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 (2017: 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 contingent purchase consideration payable for acquisition.

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

5.2 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$10,658,000 (For the six months ended 30 June 2017: HK$21,133,000) and HK$9,362,000 (For the six months ended 30 June 2017: HK$19,207,000) 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:

	Contingent purchase consideration payable for acquisition (Note 18) HK$'000
Opening net book amount at 1 January 2018	(68,099)
Notional interest expenses on contingent purchase consideration payable for acquisition	(1,137)
Closing net book amount at 30 June 2018	(69,236)
Total net losses for the period included in profit or loss	(1,137)
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'	(1,137)

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

5.2 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 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)

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 the six months ended 30 June 2017, exchange gain on conversion right embedded in convertible promissory note HK$39,000 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.

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

5.2 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 Management.

The main Level 3 inputs used by the Group include:

- 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 (convertible promissory note and 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.

6 Segment information

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China 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.

Segment asset consists only of inventories.

6 Segment information *(Continued)*

(a) Segment results

The segment results for the six months ended 30 June 2018 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$'000	Licensing HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue										
– Recognised at a point in time	271,399	64,602	386,858	153	70,440	–	67,937	11,527	–	872,916
– Recognised over time	–	–	–	–	–	26,286	–	–	75,847	102,113
	271,399	64,602	386,858	153	70,440	26,286	67,937	11,527	75,847	975,049
Inter-segment revenue	–	(64,599)	–	–	–	–	–	–	(20,347)	(84,946)
Revenue from external customers	271,399	3	386,858	153	70,440	26,286	67,937	11,527	55,500	890,103
Gross profit	191,058	–	260,031	81	45,865	26,286	37,738	2,699	55,500	619,258
Segmental contributions	10,581	–	10,154	81	1,870	26,286	(2,537)	(7,985)	49,636	88,086
Segmental contributions includes:										
Depreciation	(7,824)	–	(17,472)	–	(4,219)	–	(4,541)	(326)	(73)	(34,455)
Provision for impairment of property, plant and equipment	–	–	–	–	–	–	(1,010)	–	–	(1,010)
Segment asset as at 30 June 2018	187,336	–	292,431	–	60,860	–	68,951	–	–	609,578

6 Segment information *(Continued)*

(a) Segment results (Continued)

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 31 December 2017	187,253	–	297,646	–	65,128	2,268	69,178	–	–	621,473

6 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	
	2018 **HK$'000**	2017 HK$'000
Segmental contributions for reportable segments	**88,086**	84,971
Add:		
Other income	**5,719**	7,447
Less:		
Net finance costs	**(11,147)**	(13,266)
Other losses – net (Note 8)	**(5,383)**	–
Employee benefit expenses	**(88,404)**	(97,852)
Rental and other operating expenses	**(13,897)**	(16,534)
Depreciation and amortisation	**(31,376)**	(34,154)
Advertising and promotion expenses	**(46,492)**	(53,291)
Product design, supply chain and related management expenses	**(12,923)**	(30,460)
Restructuring costs	**(19,080)**	(60,132)
Other unallocated expenses	**(61,177)**	(44,370)
Total Group's loss before income tax	**(196,074)**	(257,641)

(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	
	2018 **HK$'000**	2017 HK$'000
Hong Kong & Macau	**308,740**	245,452
Chinese Mainland	**389,920**	435,346
Taiwan	**70,440**	60,280
United Kingdom	**69,369**	63,137
Other countries	**51,634**	58,205
Total	**890,103**	862,420

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

6 Segment information *(Continued)*

(c) Geographic information (Continued)

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

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Hong Kong & Macau	**656,495**	699,811
Chinese Mainland	**794,040**	798,378
Taiwan	**90,885**	84,445
United Kingdom	**816,363**	836,314
France	**681,202**	684,387
Singapore	**298,321**	300,289
Total	**3,337,306**	3,403,624

7 Operating loss

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

	Unaudited Six months ended 30 June	
	2018 HK$'000	2017 HK$'000
Write off of inventories and additional provision for impairment of inventories (note (a))	**712**	426
Depreciation of property, plant and equipment (Note 12)	**38,177**	41,772
Provision for impairment of property, plant and equipment (Note 12)	**1,010**	–
Provision for impairment of loan receivables	**2,918**	–
Amortisation of intangible assets (excluding licences) (Note 12)	**1,189**	789
Loss on disposal of property, plant and equipment	**1,384**	6,767
Provision for impairment of trade receivables	**2,206**	5,369
Employee benefit expenses	**281,053**	306,797
Advertising and promotion expenses (note (b))	**56,639**	61,801
Royalty expenses		
– amortisation of licences (Note 12 and Note 22(a))	**26,465**	27,624
– contingent royalty expenses	**2,111**	1,870
Product design, supply chain and related management expenses	**12,923**	30,460
Restructuring costs (note (c))	**19,080**	60,132
Fair value losses/(gains) on forward exchange contracts	**2,894**	(7,636)
Net foreign exchange losses	**11,386**	13,929

Notes:

(a) The additional provision for impairment of inventories arose due to a 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$8,885,000 (For the six months ended 30 June 2017: HK$7,151,000) and operating lease rental expenses of HK$1,262,000 (For the six months ended 30 June 2017: HK$1,359,000).

(c) For the period ended 30 June 2018, restructuring costs mainly relating to Europe operations included employee benefit expenses and other costs of HK$15,455,000 and HK$3,625,000 respectively.

For the period ended 30 June 2017, restructuring costs relating to closure of business wear production line at the Hong Kong factory and the associated restructuring of sourcing functions included employee benefit expenses, reinstatement costs, loss on disposal of property, plant and equipment and other costs of HK$26,227,000, HK$5,796,000, HK$6,038,000 and HK$22,071,000 respectively.

8 Other losses – net

	Unaudited Six months ended 30 June	
	2018 HK$'000	2017 HK$'000
Provision for impairment of loan receivables	**(2,918)**	–
Gain on termination of royalty agreements	**4,501**	–
Settlement cost	**(6,966)**	–
Total	**(5,383)**	–

9 Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the six months ended 30 June 2018. 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	
	2018 HK$'000	2017 HK$'000
Current income tax		
– Hong Kong profits tax	**563**	1,352
– Overseas taxation	**1,446**	13,956
– Under/(over) provision in prior years	**24**	(289)
Deferred income tax	**(1,356)**	(15,625)
	677	(606)

10 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	
	2018	2017
Weighted average number of ordinary shares in issue	**2,677,060,000**	1,746,529,000
Loss attributable to shareholders of the Company (HK$'000)	**(196,751)**	(257,035)
Basic loss per share (HK cents per share)	**(7.3) cents**	(14.7) cents

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. For the dilutive effect of share options, the calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Unaudited Six months ended 30 June	
	2018	2017
Weighted average number of ordinary shares in issue	**2,677,060,000**	1,746,529,000
Adjustment for share options	**3,285,000**	–
Weighted average number of ordinary shares for diluted loss per share	**2,680,345,000**	1,746,529,000
Loss attributable to shareholders of the Company (HK$'000)	**(196,751)**	(257,035)
Diluted loss per share (HK cents per share)	**(7.3) cents**	(14.7) cents

No adjustment had been made to the basic loss per share for the six months ended 30 June 2017 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share.

11 Dividends

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2018 (2017: nil).

12 Property, plant and equipment and intangible assets

	Property, plant and equipment HK$'000	Intangible assets HK$'000
Opening net book amount at 1 January 2018	**130,293**	**3,226,709**
Exchange differences	**(1,493)**	**(4,885)**
Additions	**31,419**	**292**
Disposals	**(1,393)**	**(16,688)**
Impairment provision (Note 7)	**(1,010)**	**–**
Depreciation and amortisation (Note 7)	**(38,177)**	**(27,654)**
Closing net book amount at 30 June 2018 (unaudited)	**119,639**	**3,177,774**
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 7)	(41,772)	(28,413)
Closing net book amount at 30 June 2017 (unaudited)	128,689	3,244,073

13 Convertible promissory note and loan receivables

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Non-current assets		
Convertible promissory note and conversion right	**112,112**	112,112
Less: provision for impairment of convertible promissory note and conversion right	**(112,112)**	(112,112)
Convertible promissory note and conversion right – net	**–**	–
Current assets		
Loan receivable	**61,371**	58,453
Less: provision for impairment of loan receivable	**(61,371)**	(58,453)
Loan receivable – net	**–**	–

13 Convertible promissory note and loan receivables *(Continued)*

The convertible promissory note and loan receivables consist of a convertible promissory note purchase agreement, loan agreement with British Heritage Brands, Inc. ("BHB") and the conversion right embedded in convertible promissory note.

The investment was intended to leverage on the strength of the support from BHB to develop the US market. However, the development in US was not up to the Group's expectations and the Management considered the recoverability risk to be high. Consequently, full provision of impairment was recognised for the outstanding note and loans.

14 Derivative financial instruments

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Current assets		
Forward exchange contracts	–	890
Current liabilities		
Forward exchange contracts	2,004	–

15 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 2018, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
1–30 days	61,998	53,534
31–60 days	19,418	29,467
61–90 days	6,888	4,941
Over 90 days	33,284	28,541
	121,588	116,483
Less: provision for impairment of trade receivables	(13,770)	(8,876)
	107,818	107,607

As at 30 June 2018, the fair values of the Group's trade receivables were approximately the same as their carrying amounts.

16 Share capital, share premium and share options

	Number of authorised shares of HK$0.10 each (Thousands)	Number of issued and fully paid shares of HK$0.10 each (Thousands)	Amount		
			Ordinary shares of HK$0.10 each HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2017 and 31 December 2017	**4,000,000**	**1,746,529**	**174,653**	**2,376,850**	**2,551,503**
Increase in authorised share capital (note a)	**1,000,000**	–	–	–	–
Subscription of new shares (note a)	–	**1,846,000**	**184,600**	**2,030,600**	**2,215,200**
Exercise of share options (note b)	–	**5,794**	**579**	**2,897**	**3,476**
At 30 June 2018	**5,000,000**	**3,598,323**	**359,832**	**4,410,347**	**4,770,179**

Notes:

(a) *On 8 November 2017, the Company entered into a subscription agreement with Shandong Ruyi International Fashion Industry Investment Holding Company Limited ("Ruyi") and Fung Trinity Investments Limited, pursuant to which the Company has conditionally agreed to allot and issue to Ruyi, and Ruyi has conditionally agreed to subscribe for 1,846,000,000 ordinary shares of the Company at the subscription price of HK$1.20 per share (the "Subscription"). The Subscription has been approved by the shareholders of the Company at a special general meeting held on 17 January 2018 and completed on 18 April 2018 (the "Completion Date").*

By the ordinary resolution passed by the shareholders of the Company at a special general meeting held on 17 January 2018, approval was obtained to increase the authorised share capital of the Company from HK$400,000,000 divided into 4,000,000,000 ordinary shares of HK$0.10 each to HK$500,000,000 divided into 5,000,000,000 ordinary shares of HK$0.10 each by the creation of additional 1,000,000,000 ordinary shares of HK$0.10 each. Such increase in authorised share capital became effective on the Completion Date.

(b) *During the period, 5,794,000 (2017: nil) ordinary shares were issued at an exercise price of HK$0.60 per share to the share option holders pursuant to the share option scheme.*

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

	Number of options	Weighted average exercise price HK$
At 31 December 2017	**26,820,000**	**1.27**
Lapsed	**(6,410,000)**	**2.01**
At 1 January 2018	**20,410,000**	**1.04**
Exercised	**(5,794,000)**	**0.60**
Forfeited	**(1,580,000)**	**1.80**
At 30 June 2018	**13,036,000**	**1.15**

On 1 January 2018, 6,410,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2017 and therefore the number of outstanding share options on 1 January 2018 was 20,410,000. At the end of the period, there were 13,036,000 (31 December 2017: 26,820,000) outstanding share options and all of them were exercisable (31 December 2017: 12,820,000). Aggregating the said 6,410,000 lapsed share options and 1,580,000 share options forfeited during the period, the total number of lapsed/forfeited share options was 7,990,000 at 30 June 2018. The Company has no legal or constructive obligation to settle the share options in cash.

The outstanding share options as at 30 June 2018 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 2017.

The share options outstanding at 30 June 2018 had a weighted average remaining contractual life of 1.12 years (31 December 2017: 1.29 years).

17 Trade payables

At 30 June 2018, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
1–30 days	67,262	53,031
31–60 days	13,645	49,999
61–90 days	1,053	14,126
Over 90 days	7,085	14,450
	89,045	131,606

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.

18 Contingent purchase consideration payable for acquisition

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Total contingent purchase consideration payable for acquisition (note)	69,236	68,099
Less: current portion of contingent purchase consideration payable for acquisition	–	–
Non-current portion of contingent purchase consideration payable for acquisition	69,236	68,099

Note:

Balance represents management's best estimation of the fair value of contingent purchase consideration payable for the acquisition as detailed in Note 5.2(b). Final amount of consideration settlement would be determined based on future performance of the acquired business.

19 Borrowings

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Non-current		
Bank borrowings	**367,876**	407,132
Current		
Bank overdrafts	**80,166**	52,705
Bank borrowings	**816,718**	1,100,430
	896,884	1,153,135
Total borrowings	**1,264,760**	1,560,267

Movements in bank borrowings are analysed as follows:

	HK$'000
Opening amount as at 1 January 2018	**1,507,562**
Proceeds from borrowings	**422,801**
Amortisation of front end fee	**798**
Repayments of borrowings	**(746,143)**
Exchange difference	**(424)**
Closing amount as at 30 June 2018 (unaudited)	**1,184,594**
Opening amount as at 1 January 2017	1,258,057
Proceeds from borrowings	350,000
Amortisation of front end fee	856
Repayments of borrowings	(220,000)
Exchange difference	3,021
Closing amount as at 30 June 2017 (unaudited)	1,391,934

19 Borrowings *(Continued)*

(a) The bank borrowings as at 30 June 2018 and 31 December 2017 are repayable as follows:

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Within 1 year	816,718	1,100,430
Between 1 and 2 years	367,876	407,132
	1,184,594	1,507,562

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

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
HKD	1,154,919	1,470,204
EUR	23,249	40,756
GBP	56,917	49,307
RMB	29,675	–
	1,264,760	1,560,267

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

(d) As at 30 June 2018, the Group had unutilised banking facilities amounted to HK$870 million (31 December 2017: HK$730 million).

(e) As at 30 June 2018, a bank deposit of HK$200 million was pledged against the Group's secured bank loan.

(f) As at 30 June 2018, 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 2017.

20 Contingent Liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 30 June 2018.

21 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 22 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.

21 Commitments *(Continued)*

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

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

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
No later than 1 year	**271,480**	278,117
Later than 1 year but no later than 5 years	**282,332**	305,701
Later than 5 years	**80,114**	85,324
	633,926	669,142

(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 2018 HK$'000	Audited 31 December 2017 HK$'000
No later than 1 year	**2,784**	2,845
Later than 1 year but no later than 5 years	**11,137**	11,378
Later than 5 years	**3,697**	5,239
	17,618	19,462

(c) Capital commitments

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Contracted but not provided for:		
Within 1 year	**547**	752
Later than 1 year but no later than 2 years	**–**	79
	547	831

(d) Other commitments

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Contracted but not provided for:		
Within 1 year	**–**	768

22 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 Ruyi (collectively, the "Ruyi Group") and Fung Holdings (1937) Limited (collectively, the "Fung Group"), substantial shareholders of the Company, as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

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

		Unaudited Six months ended 30 June	
	Note	2018 HK$'000	2017 HK$'000
(I) Transactions with Ruyi Group			
Royalty income		6,286	–
Joining fee income		31,000	–
Royalty expenses			
– contingent royalty expenses		709	–
Sales of garments and fashion accessories	(iii)	188	–
(II) Transactions with Fung Group			
Purchases of goods	(iii)	680	607
Transactions relating to sourcing activities	(i)	190,008	84,359
Cost reimbursements for sourcing related activities	(iii)	787	6,591
Sales of garments and fashion accessories		2,023	65,332
Service fee expense for provision of corporate compliance services, legal services, e-Commerce and other administrative expenses	(iii)	5,270	2,744
Service charges for provision of logistics related services		5,236	4,985
Rentals for property leasing and/or licensing		9,087	5,265
Royalty expenses			
– amortisation of licences (Note 7)	(ii)	26,465	27,624

22 Related party transactions *(Continued)*

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

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

		Unaudited Six months ended 30 June	
	Note	**2018 HK$'000**	2017 HK$'000
(III) Transactions with other related parties			
Consultancy and advisory service fee paid to a director of a subsidiary of the Company	(iii)	**504**	494
Service fee for marketing services paid to an associate of a director of the Company	(iii)	**–**	666
Reimbursement of marketing cost paid to an associate of a director of the Company	(iii)	**–**	1,736

Notes:

(i) *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	
	2018 HK$'000	*2017 HK$'000*
Sourcing service fee to related companies	***20,910***	*7,920*
FOB value of the underlying purchases	***169,098***	*76,439*
	190,008	*84,359*

(ii) *For the six months ended 30 June 2018, total royalty expense of HK$26,465,000 (For the six months ended 30 June 2017: HK$27,624,000) was relating to the license rights of Kent & Curwen and Hardy Amies trademarks. Hardy Amies license agreements were terminated on 15 March 2018.*

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

22 Related party transactions *(Continued)*

(b) Balances with related parties

	Unaudited 30 June 2018 HK$'000	Audited 31 December 2017 HK$'000
Due from		
Ruyi Group	69,902	–
Fung Group	5,370	3,661
	75,272	3,661
Due to		
Ruyi Group	10,082	–
Fung Group	122,353	36,702
	132,435	36,702

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

(c) Key management compensation

Key management compensation amounted to HK$9,126,000 for the six months ended 30 June 2018 (2017: HK$15,969,000).

Additional Information

Sales Analysis

For the six months ended 30 June 2018

	Change in Total Sales HK$	Change in Same Store Sales HK$
Retail		
Chinese Mainland	+5.3%	+10.8%
Hong Kong & Macau	+10.6%	+9.3%
Taiwan	+16.9%	+15.5%
Rest of the World	+6.4%	+6.0%
Retail Subtotal	+8.1%	+10.1%
Wholesale and Licensing	–25.5%	
Group Total	+3.2%	