TRINITY

Trinity Limited

Incorporated in Bermuda
with limited liability

Stock Code: 891

INTERIM REPORT

2019

D'URBAN

CERRUTI 1881

KENT & CURWEN

GIEVES & HAWKES

如意

A Ruyi Group Company

Global Offices

Shanghai

Hong Kong, SAR

Taipei

Paris

London

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A Ruyi Group Company

Contents

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)*

Daniel LALONDE

WONG Yat Ming

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Patrick SUN

Victor HUANG

YANG Dajun

Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Company Secretary

LEUNG Wai Yee

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

39/F, Dorset House
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

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 Advisers

Mayer Brown
(as to Hong Kong law)

Conyers Dill & Pearman
(as to Bermuda law)

Auditor

PricewaterhouseCoopers

Information for Investors

Listing Information

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

Key Date

22 August 2019
Announcement of 2019 Interim Results

Share Registrars and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Hong Kong Branch:

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1333
e-mail: is-enquiries@hk.tricorglobal.com

Share Information

Board lot size
2,000 shares

Shares in issue as at 30 June 2019
3,598,322,883

Market capitalisation as at 30 June 2019
HK$1,223 million

Enquiries Contact

LI Yui Sing
Group Finance Director
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e-mail: info@trinitygroup.com

Website

www.trinitygroup.com

Highlights

Highlights of results for the six months ended 30 June 2019

	2019	2018
Revenue *(HK$ million)*	**1,029.3**	890.1
Gross profit *(HK$ million)*	**703.1**	619.3
Gross margin *(%)*	**68.3%**	69.6%
Core operating profit/(loss)[1] *(HK$ million)*	**111.8**	(160.5)
Profit/(loss) attributable to shareholders *(HK$ million)*	**76.6**	(196.8)
Basic earnings/(loss) per share[2] *(HK cents)*	**2.1**	(7.3)

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 earnings/(loss) per share = Profit/(loss) attributable to shareholders divided by weighted average number of ordinary shares in issue.*

Store numbers as at 30 June 2019

Cerruti 1881
84
- **61** Chinese Mainland
- **9** Hong Kong & Macau
- **13** Taiwan
- **1** Europe

Gieves & Hawkes
47
- **26** Chinese Mainland
- **6** Hong Kong & Macau
- **9** Taiwan
- **6** Europe

Kent & Curwen
81
- **59** Chinese Mainland
- **11** Hong Kong & Macau
- **10** Taiwan
- **1** Europe

D'URBAN
20
- **6** Chinese Mainland
- **6** Hong Kong & Macau
- **8** Taiwan

Total stores of the Group
232
- **224** Greater China
- **8** Europe

RETURNING TO PROFITABILITY MARKED THE SUCCESS OF OUR ENDEAVOURS

Upward Trajectory

The six-month period under review has marked a significant turning point for the Group, as we have begun to reap the fruits of our reform and transformation efforts, most apparent of which is the Group's return to profitability. This specific metric is particularly important to us as we recognise that, ultimately, the bottom line is the most significant determinant in the success or failure of our endeavours.

Foundation for Growth

Trinity's optimisation and restructuring strategies have, with the arrival of our controlling shareholder, Ruyi, gained increased traction. As at the close of the period under review, we have largely completed our rightsizing efforts and have become a leaner and more efficient company. There are, nonetheless, many other facets of operations that will require our ongoing attention and energies. As stated in the last financial report, our objective in the immediate future will be to "Go Global". Having now established a robust business platform, we will be able to pursue this objective with even greater vigour. From our stronghold in Asia, we will be driving the growth of our premium self-owned brands Cerruti 1881, Gieves & Hawkes, Kent & Curwen and licensed brand D'URBAN in their native countries and in major fashion capitals of the world. Ahead of establishing flagship stores, as well as examining opportunities to strengthen our presence in prime areas and travel-related locations, we have been welcoming industry veterans to join our management team. Through their considerable experience and foresight, we are confident that all of our brands will not only enhance their global presence, but also enjoy a new period of renaissance.

Creating an Omnipresence

While bolstering the physical sales channel of our top labels represents an integral part of the "Go Global" strategy, strengthening our online sales channel is also important in both reaching out to our loyal customers, many of whom lead hectic lives, as well as attracting new young luxury consumers who use luxury goods as a means of social advancement and expression of individualism. Mindful of this, we have established a new e-commerce team dedicated to raising the online presence of our brands. In addition, we have aligned with different online retail platforms, including those with connections with Ruyi, all of which cater for luxury consumers as befits the sophistication of our brands and products.

Going forward, our objective is to build on the growth momentum achieved since the close of last year. Despite rising headwinds resulting from unresolved political and economic developments in key parts of the world, we remain cautiously optimistic that the combination of a clear business roadmap, experienced management team, ongoing business reforms, strong ties with major stakeholders and conscientious global workforce will enable the Group to transition into an even more profitable state, which in turn will open the way to new possibilities for growth.

QIU Yafu
Chairman

Hong Kong, 22 August 2019

WE WILL CONTINUE WITH OUR "GO GLOBAL" STRATEGY TO TAKE THE GROUP FURTHER

On Solid Ground

Having served as the Chief Executive Officer of Trinity for roughly one year now, I have come to appreciate the tremendous effort made by the entire Trinity family as they sought to build the foundation for furthering the Group's growth. The reward of their camaraderie and commitment began to appear in the final quarter of last year when the Group turned to a profit, indicating that a recovery was indeed underway. This marked an important first step from which we are confident it will underpin the Group's further progress, both in terms of enhancing its financial well-being and international stature.

Looking back at the initial steps taken that enabled us to return to a profit-making position, it is clear that the restructuring of our global retail network was of particular significance, the course of which resulted in the optimisation of existing stores. Though this has affected turnover temporarily, what is more important is that profitability has been boosted substantially. As for raising work efficiency and reasonably controlling costs, they have been addressed through the optimisation of both front- and back-end operations and their respective work processes. With regard to profit margin, here too we have realised a notable improvement following the implementation of a new pricing strategy as well as effective promotions. In addition, we have utilised statistics and data analysis to better understand market and consumption trends, leading to more advanced design, production and marketing strategies aimed at gaining acute insights into consumption trends in the market, so as to increase customer satisfaction and profitability.

Catering for Today's Customer

To continue to improve profitability, we have persisted in our adherence to a clear development roadmap and the concise positioning of our brands' image, as well as strengthening management as it pertains to these concerns. While preserving the luxury bloodline, craftsmanship and exceptional production capability that Cerruti 1881, Gieves & Hawkes and Kent & Curwen are synonymous with, our bolstered design teams have been pursuing innovation, actively developing and designing casual wear collections and expanding new product lines that cater for market demand, and this has included the introduction of trendy unisex clothing. What is more, a wide range of innovative functional materials that capitalise on Ruyi's resources have been used in a bid to enrich product variety and enhance competitiveness. Through these efforts, we aim to maintain the relevance of our premium brands with customers young and old well into the future.

Yet another means of expanding our market to court different customer groups that we have recently initiated, involves the provision of bespoke clothing to select corporate clients as a group. Leveraging our relations with Ruyi, which already has ample resources in the professional suit market, we have been able to expand our influence to new groups of clientele who are at the highest echelons of their enterprise or organisation. In view of the enormity of the corporate clientele market and the tremendous promise that this business holds, we will direct greater resources towards developing this segment going forward.

While constantly exploring new business opportunities, we are also aware that building on our traditional strengths remains essential for underpinning the Group's overall growth, among which is the provision of memorable shopping experiences for our customers. We have consequently invested time and energy towards enhancing this unique aspect, placing particular emphasis on raising the performance of our frontline staff through relevant training, complemented by incentives to reward top performers. Given that each sales representative also serves as an ambassador for our brands, we will seek to further improve their competence, which, despite the age of e-commerce, their importance will not diminish. In fact, we would argue that the combination of our frontline staff and physical stores constitute essential touchpoints that are paramount for influencing both traditional and online sales.

Certainly the internet is one of the key drivers of business development. To provide a seamless journey from our physical stores to our e-commerce network, we have been employing social media channels such as Facebook, Twitter and Instagram, which are preferred by customers of different age groups. To keep in step with the times and facilitate our sustainable development, we have also been closely monitoring and analysing changes among online shopper groups; actively working with our professional strategic internet partners, and developing new products that suit the spending habit and behaviour of such consumer segments.

Soldiering on

While the recent upswing in the Group's performance is encouraging, we are well aware that much remains to be done to ensure that the recovery becomes sustainable growth. Towards this objective, we will continue to implement our "Go Global" strategy, the objectives of which include raising the Group's exposure around the world while concurrently bolstering its stature at home. This strategy aligns with the dynamics of the luxury market, which in the coming years will be dominated by well-travelled young Chinese luxury consumers who are fashion-conscious and have growing spending power. According to one global management consulting firm, Chinese consumers are set to contribute almost two-thirds of global growth in luxury spending, and that new luxury consumers – the post–'80s and post–'90s generations – will power the Chinese market. Based on the firm's findings, 65% of global growth in spending on personal luxury goods will be by Chinese consumers (2018-25), with RMB1.2 trillion projected to be spent on luxury goods by 2025 – up from RMB770 billion in 2018[1].

Given the nature of luxury goods growth, we will not only enhance the all-round experiences delivered to customers and bolster our omnichannel operation as aforementioned, but also optimise and upgrade our supply chain. This will deliver the benefits of reducing intermediaries within the procurement process and accelerating our ability to react to customer demands, as well as enabling us to raise efficiency, increase profitability and reduce costs based on a market-based production, supply and sales system. Additionally, we will leverage Ruyi's vast resources – an industry titan with a fully-integrated value chain that includes some of the largest production lines in China, to address manufacturing requirements both now and down the road.

As we continue to implement the "Go Global" strategy, we will also leverage an increasingly expanding management team. Through the recruitment of senior staff covering all key areas of operation, our organisational structure has only grown from strength to strength. Underpinned by seasoned management, as well as support from our key stakeholders, I have little doubt that the Group will take even greater strides forward, making 2019 the start of Trinity's re-emergence.

SUN Weiying
Chief Executive Officer

Hong Kong, 22 August 2019

[1] *https://www.mckinsey.com/featured-insights/china/how-young-chinese-consumers-are-reshaping-global-luxury*

Discussion and Analysis

Revenue

The Group's total revenue for the first half of 2019 was HK$1,029.3 million, which increased by 15.6% comparing to the same period last year. Due to the unstable consumer market and fragile macro-economy around the globe, the Group put extra efforts to develop new business and sales channels to diversify business risks with the support and network from Ruyi Group. This resulted in a significant increment in wholesale business with revenue of HK$288.3 million recorded as compared to HK$11.7 million recorded in the same period last year.

Analysis by geographical location

Retail

Chinese Mainland

Retail sales in Chinese Mainland was HK$318.0 million and was lower than the sales in the same period last year by HK$68.9 million. This was mainly due to our continuous measures to cut down non-performing stores, resulting in a net closure of 11 stores during the period. Number of stores as at 30 June 2019 was 152 stores. Same store sales declined by 9.0% because of the change in pricing strategy. To improve the long-term profitability, we fine-tuned our retail price and reduced the sales discounts. The gross margin thus improved from 67.2% to 72.3%. Despite the new strategy implementing temporary pressure on the retail sales growth, the overall segmental contribution improved from HK$10.2 million in June 2018 to HK$32.4 million in June 2019.

Hong Kong & Macau

Retail sales in Hong Kong & Macau was HK$231.7 million and lower than the sales in the same period last year by HK$39.7 million. Number of stores was 32 in June 2019, down from 36 in December 2018. Same store sales declined by 11.2%. Similar to Chinese Mainland, the decline was also due to the change in overall pricing strategy. For the first half of 2019, gross margin improved from 70.4% to 75.3%. Overall segmental contribution improved from HK$10.6 million in June 2018 to HK$20.0 million in June 2019.

Taiwan

Retail sales in Taiwan was HK$57.6 million and was lower than the sales in the same period last year by HK$12.8 million. Number of stores in June 2019 slightly dropped by 2 stores to 40. Although same store sales declined by 19.4%, gross margin improved from 65.1% to 68.5% and overall segmental contribution improved from HK$1.9 million in June 2018 to HK$2.6 million in June 2019.

Europe

In the first half of 2019, the retail sales in Europe was HK$61.3 million, representing 9.8% drop compared to the same period last year mainly due to the closure of non-performing stores and depreciation of British pound and Euro.

Wholesale

The Group has put more resources on future developments in the wholesale business. Wholesale revenue significantly increased from HK$11.7 million in June 2018 to HK$288.3 million in June 2019. The overall increase in wholesale revenue and gross profit were mainly contributed by new distribution partners and corporate customers in the Chinese Mainland and other countries.

Licensing

Licensing revenue decreased from HK$81.8 million in June 2018 to HK$72.4 million in June 2019, which was partially caused by the depreciation of British pound and Euro.

Segmental Contribution

For the six months ended 30 June 2019, the segmental contribution for the Group increased from HK$88.1 million from same period last year to HK$271.0 million. The increment was mainly contributed by new wholesales business, improvement in store profitability and the reduction in cost.

Other Income

Other income amounted to HK$37.2 million against HK$5.7 million for the same period last year. The major increment was brought by the service fee income from a related party for the provision of management, advisory and administrative services during the period.

Selling, Marketing and Distribution Expenses

Selling, marketing and distribution expenses was HK$425.5 million in the first half of 2019, compared to HK$544.7 million in the same period last year. The drop of the expenses was mainly due to the closure of non-performing stores and cost reduction programme.

General and Administrative Expenses

General and administrative expenses amounted to HK$193.9 million, a drop from HK$238.5 million in the same period last year. This was largely caused by the reduction of the staff related expenses after the group restructuring in the second half of 2018.

Net Impairment Losses on Financial Assets

It mainly represents the impairment losses provision on trade receivables, amounting to HK$9.1 million in 2019 compared to HK$2.2 million in 2018. The major increment was brought by unsettled long-aged trade receivables in Europe as at 30 June 2019.

Core Operating Profit/(Loss)

The Group has recorded core operating profit of HK$111.8 million in the first half of 2019. The core operating result improved from a loss of HK$160.5 million to a profit in the same period last year.

Other Losses – net

The one-off net other losses in 2018 relating to the royalty agreements and provision for impairment of loans did not recur during the period in 2019.

Restructuring Costs

Restructuring costs of HK$3.4 million in the first half of 2019 and HK$19.1 million in the same period of 2018 were incurred mainly related to the restructuring of Europe operations for both periods.

Net Finance Costs

The net finance costs were similar in both reporting periods. HK$10.2 million in the first half of 2019, whereas net finance costs of HK$11.1 million were reported in the same period of 2018.

Income Tax

Income tax expense was HK$21.5 million in the first half of 2019 which was mainly from the Chinese Mainland whereas income tax expense of HK$0.7 million was reported in the same period of 2018.

Profit Attributable to Shareholders

The Group incurred a profit of HK$76.6 million for the six months ended 30 June 2019, which translated into earnings of 2.1 HK cents per share.

Working Capital Management

Inventory balance slightly decreased from HK$645.6 million in December 2018 to HK$641.3 million in June 2019. The inventory value was HK$609.6 million in June 2018. Inventory turnover days for the first half of 2019 were 357 days, compared with 438 days in December 2018 and 411 days in June 2018.

The Group's trade receivables in June 2019 were HK$391.9 million, compared to HK$107.8 million and HK$166.2 million in June 2018 and December 2018 respectively. The Group's trade receivable turnover days were 49 days for the first half of 2019, compared with 29 days as at December 2018 and 22 days for the same period of 2018. Increase in trade receivable turnover days was mainly due to the increase in undue receivable balance generated by wholesale transactions towards the period end in 2019.

The Group's trade payables as at June 2019 were HK$88.3 million, compared to HK$89.0 million and HK$66.1 million in June 2018 and December 2018 respectively. The Group's trade payable turnover days were 43 days for the first half of 2019, compared with 68 days in December 2018 and 74 days for the same period of 2018.

Financial Position and Liquidity

Net cash outflow from the Group's operating activities was HK$78.6 million, mainly due to the changes in working capital.

The Group's cash and bank balances as at 30 June 2019 were HK$1,008.3 million compared to HK$1,338.1 million as at 31 December 2018. Net cash balance remained and amounted to HK$52.0 million (net cash is defined as cash and cash equivalents of HK$1,008.3 million less bank borrowings and bank overdrafts of HK$956.3 million) as at 30 June 2019.

Banking Facilities

As at 30 June 2019, the Group had bank lines of HK$1,215.3 million, of which HK$150.0 million was in committed facilities while HK$1,065.3 million was uncommitted. The Group utilised 78.7% of the total facilities available at the end of the period, including HK$670.0 million in revolving loans and term loans that the Group had drawn down, HK$150.0 million in committed facilities and HK$136.3 million for trade financing and bank overdrafts. The undrawn facilities were amounted to HK$259.0 million at the end of the period.

Of the loans drawn down, all of them are repayable within one year. Please refer to Note 19 of the condensed consolidated interim financial information for currency and interest structure of borrowings.

Credit Risk Management

The major credit risk of the business includes trade receivables from department stores, wholesale customers and licensees. The Group had 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 and financial institutions.

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"). As at 31 December 2018, approximately HK$1,267.4 million, HK$575.0 million and HK$363.6 million was planned for the use of future potential acquisitions, bank loans repayment and general working capital respectively.

Up to 30 June 2019, further HK$211.6 million was reallocated out of the pool for acquisition. Among the reallocated funds, HK$101.8 million was redesignated as general working capital to support the restructuring of the Group and the revamp of brands while the remaining HK$109.8 million was used to cover the extra repayment of bank borrowing exceeding the original plan. After the reallocation, the Proceeds remained for acquisition purpose reduced to HK$1,055.8 million.

Human Resources and Training

As at 30 June 2019, the total workforce for the Group was 1,667 employees, compared with 2,117 a year earlier, a 21.3% decrease. This reduction in headcount was largely due to the closure of non-performing stores, as well as staff deployment in all regions.

Our workforce comprised 370 employees in Hong Kong and Macau; 977 in the Chinese Mainland; 156 in Taiwan and 164 in other countries. Total staff costs were HK$237.5 million for the first half of 2019, compared with HK$281.1 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 staff deployment in all regions.

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

Trinity recognises the importance of being a responsible corporate citizen. Sustainability remains one of the core values 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 an important role in the first half of 2019, by participating in initiatives which not only enhance their well-being but at the same time contribute goodness to the society. In February 2019, 22 members of Trinity participated in the Standard Chartered Marathon, and donated proceeds raised to Orbis Hong Kong and The Hong Kong Paralympic Committee and Sports Association for the Physically Disabled.

In May 2019, Trinity issued its third 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.

With the effective use of our online environmental data platform, Turnkey, our data collection scope includes Greater China and the United Kingdom. The environmental data collection allows us to be mindful of our packaging and material consumption. We have reduced the size of our shopping bags and removed plastic components in the shopping bags to reduce our environmental footprint, and better suit our operation and cost efficiencies.

The Board and the 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.

Compliance with the Corporate Governance Code

The Company had applied the principles, and complied with all applicable code provisions, of the Corporate Governance Code throughout the six months ended 30 June 2019. The corporate governance practices adopted by the Company during the six months under review were in line with those set out in the Corporate Governance Report of the 2018 Annual Report. Subsequent to period end, there were changes in the composition of the Board and Board committees which are disclosed below.

The Board

The Board is structured to ensure its members have a balance of skills, experience, knowledge, diversity and other perspectives appropriate to the business and development of the Group. The Board is currently comprised of 13 members, including five Executive Directors, four Non-executive Directors and four Independent Non-executive Directors. The names of the Directors appear in the Corporate Information section on page 2.

Mr Michael LEE Tze Hau ("Mr Michael Lee"), after serving on the Board for more than ten years, resigned as an Independent Non-executive Director with effect from 31 July 2019. Immediately following Mr Michael Lee's resignation, the Board has four Independent Non-executive Directors which still exceeds a minimum of three independent non-executive directors as required by Rule 3.10(1) of the Listing Rules. However, since the number of existing Independent Non-executive Directors falls below one-third of the Board, the Company is not in compliance with Rule 3.10A of the Listing Rules. In this regard, the Board is making its best endeavours to identify the right talent for appointment as new Independent Non-executive Director as soon as possible.

The Board is responsible for setting the Group's overall strategy and ensuring effective execution by the management. To reinforce accountability, independence and responsibility, the role of the Board Chairman (which is held by Mr QIU Yafu) is separate from the role of the Chief Executive Officer (which is held by Ms SUN Weiying). Their respective responsibilities are clearly defined by the Board in writing.

Board Committees

The Board has established three Board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, each of which has its own defined terms of reference. These terms of reference are consistent with the principles set out in the Corporate Governance Code.

Audit Committee

As at the date of this report, the Audit Committee is comprised of the following four members:

Mr Patrick SUN* *(Chairman)*
Mrs Eva CHENG LI Kam Fun*
Mr Victor HUANG*
Mr YANG Dajun*

** Independent Non-executive Director*

Mr Michael Lee, a former Independent Non-executive Director, ceased to act as a member of the Audit Committee with effect from 31 July 2019. Despite Mr Michael Lee's resignation, the composition of the Audit Committee is still in compliance with the requirements of the Listing Rules. Mr Patrick SUN and Mr Victor HUANG are the two members who possess appropriate professional qualifications, accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee is primarily responsible for reviewing the Group's financial information, risk management, internal controls and financial reporting systems, corporate governance matters and the Group's relationship with the external auditor, and providing advice and making relevant recommendations to the Board.

Nomination Committee

As at the date of this report, the Nomination Committee is comprised of the following three members:

Mr Victor HUANG* *(Chairman)*

Mr QIU Yafu#

Mr Patrick SUN*

** Independent Non-executive Director*
 # Non-executive Director

Mr Michael Lee ceased to act as the chairman of the Nomination Committee with effect from 31 July 2019. As a result, the Company temporarily deviated from code provision A.5.1 of the Corporate Governance Code until Mr Victor HUANG, an existing Independent Non-executive Director, was appointed as the new chairman of the Nomination Committee with effect from 22 August 2019.

The Nomination Committee is primarily responsible for making recommendations to the Board on the appointment of Directors, evaluation of Board composition (including diversity), assessment of the independence of the Independent Non-executive Directors, monitoring continuous professional development of Directors and senior management, and management of Board succession.

Remuneration Committee

As at the date of this report, the Remuneration Committee is comprised of the following three members:

Mrs Eva CHENG LI Kam Fun* *(Chairman)*

Mr QIU Yafu#

Mr Victor HUANG*

** Independent Non-executive Director*
 # Non-executive Director

Mr Michael Lee ceased to act as a member of the Remuneration Committee with effect from 31 July 2019. As a result, the Company was temporarily not in compliance with Rule 3.25 of the Listing Rules until Mr Victor HUANG, an existing Independent Non-executive Director, was appointed as a new member of the Remuneration Committee with effect from 22 August 2019.

The Remuneration Committee is primarily responsible for reviewing the Group's remuneration policy, determining (with delegated responsibility) the remuneration packages of individual Executive Directors and senior management, and reviewing proposals relating to the grant of share options.

Review of Interim Financial Information

The unaudited interim financial information for the six months ended 30 June 2019 of the Group had been reviewed by the Audit Committee.

Risk Management and Internal Control

The Board and the management fully understand their respective roles and are supportive of the development of a sound and effective control environment. The Group's risk management and internal control processes during the six months ended 30 June 2019 remained in line with the practices set out in the "Risk Management and Internal Controls" section appearing on pages 46 to 49 of the 2018 Annual Report.

Based on the respective assessments made by the management and the Corporate Governance Division of the Group, the management considered that for the six months ended 30 June 2019:

- the risk management, internal controls 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 are ongoing processes in place for identifying, evaluating and managing the significant risks faced by the Group.

Code of Conduct & 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 required to comply with the Code of Conduct & Business Ethics at all times.

Compliance with the Guiding Principles on Dealings and the Model Code

The Company has adopted the Guiding Principles on Dealings on terms no less exacting than those set out in the Model Code to govern dealings in the securities of the Company by the Directors. Relevant employees who, by virtue of their offices or employments, are likely to access or otherwise may possess inside information in relation to the Group, are also required to comply with the Guiding Principles on Dealings.

Following specific enquiry on each of the Directors and the relevant employees, each of them confirmed that he/she had complied with the required standard set out in the Guiding Principles on Dealings and the Model Code throughout the six months ended 30 June 2019.

Compliance with Inside Information Requirements

The Company has adopted the Policy on Inside Information and has been handling and disseminating inside information in accordance with such policy which complies with the requirements of the SFO and the Listing Rules.

Investor Relations and Communication

The Company has pursued a policy of promoting investor relations and communication by holding analysts' briefings after results announcements and maintaining regular dialogues and meetings with institutional shareholders, fund managers and analysts.

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.

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

As at 30 June 2019, the Directors and the chief executive of the Company and their respective 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 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:

Long Position in Shares and Underlying Shares of the Company

	Number of Shares						
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Number of underlying shares	Total	Approximate percentage of issued share capital (%)[3]
QIU Yafu	–	–	1,867,415,633[1]	–	–	1,867,415,633	51.90
Sabrina FUNG Wing Yee	3,800,000	–	–	641,657,760[2]	–	645,457,760	17.94
WONG Yat Ming	50,976,563	–	–	–	–	50,976,563	1.42

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, a direct wholly-owned subsidiary of 濟寧如意品牌投資控股有限公司 (Jining Ruyi Brand Investment Holding Co Ltd) and an indirect wholly-owned subsidiary of Ruyi. Mr QIU Yafu directly held, and exercised and controlled 51% equity interests in Ruyi; and*
   - *(b) 21,415,633 Shares were held by Renown Incorporated, a company listed on the Tokyo Stock Exchange. Ruyi held directly and indirectly through a subsidiary an aggregate of 52.99% equity interests in Renown Incorporated.*
2. *Ms Sabrina FUNG Wing Yee was deemed to have interests in 641,657,760 Shares, which were held in the following manner:*
   - *(a) 616,413,760 Shares were directly held by Fung Trinity Investments Limited, a direct wholly-owned subsidiary of Fung Retailing Limited which in turn was a direct wholly-owned subsidiary of Fung Holdings (1937) Limited. Fung Holdings (1937) Limited was a direct wholly-owned subsidiary of King Lun Holdings Limited. King Lun Holdings Limited was owned as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King. Ms Sabrina FUNG Wing Yee is the daughter of Dr Victor FUNG Kwok King; and*
   - *(b) 25,244,000 Shares were directly held by First Island Developments Limited, a company wholly owned by HSBC Trustee (C.I.) Limited.*
3. *The approximate percentage was calculated on the basis of 3,598,322,883 Shares in issue as at 30 June 2019.*

Save as disclosed above, as at 30 June 2019, none of the Directors and the chief executive of the Company or their respective associates had any interests or short positions in the 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.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2019, other than the Directors and the chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity	Number of Shares	Long position/ Short position/ Lending pool	Approximate percentage of issued share capital (%) [6]	Notes
Ruyi Brand Holding (HongKong) Company Limited	Beneficial owner	1,846,000,000	Long position	51.30	1(a)
Ruyi	Interest of controlled corporations	1,867,415,633	Long position	51.90	1(b)
Fung Trinity Investments Limited	Beneficial owner	616,413,760	Long position	17.13	2, 5
Fung Retailing Limited	Interest of a controlled corporation	616,413,760	Long position	17.13	2, 5
Fung Holdings (1937) Limited	Interest of controlled corporations	616,413,760	Long position	17.13	2, 5
King Lun Holdings Limited	Interest of controlled corporations	616,413,760	Long position	17.13	2, 5
HSBC Trustee (C.I.) Limited	Trustee	641,657,760	Long position	17.83	3, 5
William FUNG Kwok Lun	Beneficial owner	23,570,000	Long position	0.66	4(a)
	Interest of controlled corporations	630,913,760	Long position	17.53	4(b), 5

Notes:

1. (a) *Ruyi Brand Holding (HongKong) Company Limited was an indirect wholly-owned subsidiary of Ruyi, with 濟寧如意品牌投資控股有限公司 (Jining Ruyi Brand Investment Holding Co Ltd) as the intermediate holding company. Therefore, 濟寧如意品牌投資控股有限公司 (Jining Ruyi Brand Investment Holding Co Ltd) and Ruyi were all deemed to be interested in the 1,846,000,000 Shares directly held by Ruyi Brand Holding (HongKong) Company Limited.*

   (b) *Ruyi was deemed to be interested in the 1,846,000,000 Shares directly held by Ruyi Brand Holding (HongKong) Company Limited as mentioned in Note 1(a) above. 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. Ruyi held directly and indirectly through a subsidiary an aggregate of 52.99% equity interests in Renown Incorporated. Mr QIU Yafu directly held, and exercised and controlled 51% equity interests in Ruyi. Please also refer to Note 1 of the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.*

2. *Fung Trinity Investments Limited was an indirect wholly-owned subsidiary of King Lun Holdings Limited, 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 Holdings Limited were all deemed to be interested in the 616,413,760 Shares directly held by Fung Trinity Investments Limited. Please also refer to Note 2 of the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.*

3. *HSBC Trustee (C.I.) Limited, as trustee, owned 50% of the issued share capital of King Lun Holdings Limited and was therefore deemed to be interested in the 616,413,760 Shares indirectly held by King Lun Holdings Limited. In addition, HSBC Trustee (C.I.) Limited was deemed to be interested in the 25,244,000 Shares directly held by its wholly-owned company, First Island Developments Limited. Please also refer to Note 2 of the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.*

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

   (b) *Dr William FUNG Kwok Lun was deemed to be interested in (i) 14,500,000 Shares directly held by his wholly owned company Step Dragon Enterprise Limited; and (ii) 616,413,760 Shares indirectly held by King Lun Holdings Limited in which Dr William FUNG Kwok Lun owned 50% of its issued share capital.*

5. *The interest of each of Fung Trinity Investments Limited, Fung Retailing Limited, Fung Holdings (1937) Limited, King Lun Holdings Limited, HSBC Trustee (C.I.) Limited and Dr William FUNG Kwok Lun in 616,413,760 Shares refer to the same block of Shares.*

6. *The approximate percentage was calculated on the basis of 3,598,322,883 Shares in issue as at 30 June 2019.*

Save as disclosed above, as at 30 June 2019, the Company had not been notified by any person, other than a Director or the 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 adopted the Share Option Scheme on 16 October 2009. A summary of the provisions of the Share Option Scheme was set out on pages 62 and 63 of the 2018 Annual Report.

Movements of share options during the six months ended 30 June 2019 and outstanding balances as at the beginning and end of the period were as follows:

	Number of Share Options								
Category of participants	Outstanding as at 01/01/2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30/06/2019	Exercise price per share (HK$)	Grant date	Exercisable period
Continuous contract employees	1,860,000	–	–	–	(1,860,000)	–	2.01	21/08/2014	01/01/2017–31/12/2018
	5,210,000	–	–	–	(600,000)	4,610,000	0.60	24/03/2017	01/01/2018–31/12/2019
Other participants	560,000	–	–	–	(560,000)	–	2.01	21/08/2014	01/01/2017–31/12/2018
	2,180,000	–	–	–	(120,000)	2,060,000	0.60	24/03/2017	01/01/2018–31/12/2019
Total	9,810,000	–	–	–	(3,140,000)	6,670,000			

Share 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 2018. Further details of the share options granted by the Company are set out in Note 16 to the condensed consolidated financial information.

Updates on Information of Directors

The changes in information of the Directors which are required to be disclosed under Rule 13.51B(1) of the Listing Rules since the 2018 Annual Report are set out below:

Directors' Biographical Details

Name of Director	Change(s)
Sabrina FUNG Wing Yee	Appointed as a member of advisory panel of IBM Collaborative Innovative Program with effect from 8 July 2019
Victor HUANG	Appointed as the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company both with effect from 22 August 2019
	Appointed as an independent non-executive director of ManpowerGroup Greater China Limited (a company listed on the Stock Exchange on 10 July 2019) with effect from 15 March 2019
	Appointed as an independent non-executive director of Scholar Education Group (a company listed on the Stock Exchange on 21 June 2019) with effect from 11 June 2019

Directors' Remuneration

As approved by the Shareholders at the annual general meeting of the Company held on 29 May 2019, the annual fees of the Directors for serving on the various Board committees were changed as follows with effect from 1 January 2019:

Position	Fee per annum (before change) HK$	Fee per annum (after change) HK$
Chairman of the Audit Committee	140,000	170,000
Member of the Audit Committee	100,000	120,000
Chairman of the Remuneration Committee	80,000	110,000
Member of the Remuneration Committee	50,000	70,000
Chairman of the Nomination Committee	80,000	110,000
Member of the Nomination Committee	50,000	70,000

The annual fee of HK$200,000 for serving as an Executive Director, a Non-executive Director or an Independent Non-executive Director remains unchanged.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (2018: nil).

Condensed Consolidated Income Statement

		Unaudited Six months ended 30 June	
	Note	**2019** **HK$'000**	2018 HK$'000
Revenue	6(a)	**1,029,274**	890,103
Cost of sales		**(326,142)**	(270,845)
Gross profit		**703,132**	619,258
Other income		**37,167**	5,719
Selling, marketing and distribution expenses		**(425,488)**	(544,742)
General and administrative expenses		**(193,900)**	(238,493)
Net impairment losses on financial assets		**(9,123)**	(2,206)
Core operating profit/(loss)		**111,788**	(160,464)
Other losses – net	8	**–**	(5,383)
Restructuring costs	7	**(3,416)**	(19,080)
Operating profit/(loss)	7	**108,372**	(184,927)
Net finance costs		**(10,234)**	(11,147)
Profit/(loss) before income tax		**98,138**	(196,074)
Income tax	9	**(21,542)**	(677)
Profit/(loss) for the period attributable to shareholders of the Company		**76,596**	(196,751)
Basic earnings/(loss) per share attributable to shareholders of the Company (expressed in HK cents per share)	10(a)	**2.1 cents**	(7.3) cents
Diluted earnings/(loss) per share attributable to shareholders of the Company (expressed in HK cents per share)	10(b)	**2.1 cents**	(7.3) cents

The notes on pages 28 to 49 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
Profit/(loss) for the period	**76,596**	(196,751)
Other comprehensive (expenses)/income for the period		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**(3,475)**	16
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries	**(2,013)**	(35,776)
Other comprehensive expenses for the period, net of tax	**(5,488)**	(35,760)
Total comprehensive income/(expenses) for the period	**71,108**	(232,511)
Total comprehensive income/(expenses) attributable to:		
– Shareholders of the Company	**71,108**	(232,511)

The notes on pages 28 to 49 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**80,630**	97,169
Intangible assets	12	**3,123,190**	3,150,348
Convertible promissory note and loan receivables	13	**–**	–
Right-of-use assets	14	**370,302**	–
Deposits, prepayments and other receivables		**52,179**	41,820
Deferred income tax assets		**222,357**	217,431
		3,848,658	3,506,768
Current assets			
Inventories		**641,257**	645,624
Trade receivables	15	**391,918**	166,194
Deposits, prepayments and other receivables		**272,546**	84,581
Amounts due from related parties	22(b)	**192,192**	214,713
Current income tax recoverables		**2,089**	3,125
Cash and cash equivalents (excluding bank overdrafts)		**1,008,287**	1,338,056
		2,508,289	2,452,293
Total assets		**6,356,947**	5,959,061
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	16	**359,832**	359,832
Share premium	16	**4,410,347**	4,410,347
Reserves		**(700,484)**	(752,575)
Total equity		**4,069,695**	4,017,604

The notes on pages 28 to 49 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**564**	625
Retirement benefit obligations		**11,372**	15,509
Lease liabilities	18	**238,446**	–
Other payables and accruals		**37,188**	62,019
Deferred income tax liabilities		**294,349**	293,716
		581,919	371,869
Current liabilities			
Trade payables	17	**88,271**	66,129
Other payables and accruals		**284,134**	317,425
Lease liabilities	18	**169,678**	–
Amounts due to related parties	22(b)	**181,555**	64,529
Current income tax liabilities		**25,440**	11,246
Borrowings	19	**956,255**	1,110,259
		1,705,333	1,569,588
Total liabilities		**2,287,252**	1,941,457
Total equity and liabilities		**6,356,947**	5,959,061

The notes on pages 28 to 49 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

		Unaudited Attributable to shareholders of the Company				
	Note	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2019		**359,832**	**4,410,347**	**(443,332)**	**(309,243)**	**4,017,604**
Impact of changes in accounting policy	4	–	–	(19,017)	–	(19,017)
Balance at 1 January 2019 (restated)		**359,832**	**4,410,347**	**(462,349)**	**(309,243)**	**3,998,587**
Comprehensive income						
Profit for the period		–	–	76,596	–	76,596
Other comprehensive expenses						
Remeasurements of post employment benefit obligations		–	–	(3,475)	–	(3,475)
Exchange differences on translation of subsidiaries		–	–	–	(2,013)	(2,013)
Other comprehensive expenses for the period, net of tax		–	–	(3,475)	(2,013)	(5,488)
Total comprehensive income/(expenses)		–	–	73,121	(2,013)	71,108
Transactions with owners						
Employee share option scheme – transfer to accumulated losses		–	–	1,325	(1,325)	–
Total transactions with owners		–	–	1,325	(1,325)	–
Balance at 30 June 2019		**359,832**	**4,410,347**	**(387,903)**	**(312,581)**	**4,069,695**

The notes on pages 28 to 49 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	Accumulated losses HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2018	174,653	2,376,850	(183,858)	(217,361)	2,150,284
Comprehensive expenses					
Loss for the period	–	–	(196,751)	–	(196,751)
Other comprehensive income/(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	184,600	2,030,600	–	–	2,215,200
Employee share option scheme					
– exercise of share options	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 28 to 49 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Unaudited Six months ended 30 June	
	2019 **HK$'000**	2018 HK$'000
Cash flows from operating activities		
Cash used in operations	**(78,593)**	(178,197)
Interest paid on bank borrowings and overdrafts	**(20,009)**	(18,219)
Income tax paid	**(3,540)**	(12,638)
Net cash used in operating activities	**(102,142)**	(209,054)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11,410)**	(30,230)
Payments for intangible assets	**(47)**	(292)
Increase in loan receivables	**–**	(2,918)
Proceeds from disposal of property, plant and equipment	**1,279**	9
Interest income received	**10,519**	8,289
Net cash generated from/(used in) investing activities	**341**	(25,142)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**–**	2,146,676
Proceeds from borrowings	**64,750**	422,801
Repayment of borrowings	**(247,336)**	(746,143)
Payment of lease liabilities	**(93,991)**	–
Net cash (used in)/generated from financing activities	**(276,577)**	1,823,334
Net (decrease)/increase in cash and cash equivalents	**(378,378)**	1,589,138
Cash and cash equivalents at beginning of the period	**1,264,331**	338,183
Effect on foreign exchange rates changes	**22,057**	(53,742)
Cash and cash equivalents at end of the period	**908,010**	1,873,579
Cash and cash equivalents comprises:		
Bank overdrafts	**(100,277)**	(80,166)
Cash and cash equivalents (excluding bank overdrafts)	**1,008,287**	1,953,745
Cash and cash equivalents	**908,010**	1,873,579

The notes on pages 28 to 49 are an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

1 General information

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. The Group is principally engaged in the retailing and wholesale of premium menswear in 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 39/F, Dorset House, 979 King's Road, Quarry Bay, 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 22 August 2019.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34, "Interim Financial Reporting" issued by the HKICPA. The condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with all applicable HKFRSs (which includes all HKFRSs, 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 2018 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 2018, except for the adoption of new standards effective as of 1 January 2019. Details of any changes in accounting policies are set out in Note 4.

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

(a) Adoption of new standards, amendments and interpretations to existing standards effective in 2019

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 2019 and relevant to the Group:

HKFRS 9 (2014) (Amendment)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (2011) (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 28 (2011) (Amendment)	Investments in Associates and Joint Ventures
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Annual Improvements Project	Annual Improvements 2015-2017 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 period ended 30 June 2019 except the following standards:

HKFRS 16	Leases

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

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

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

HKAS 1 and HKAS 8 (Amendments)	Definition of Material (effective for annual periods beginning on or after 1 January 2020)
HKFRS 3 (Amendment)	Definition of a Business (effective for annual periods beginning on or after 1 January 2020)
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 17	Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)

All these new standards and amendments are effective in the financial year of 2020 or years after 2020. The Group is in the process of making an assessment of the impact of these new standards and amendments and would not expect material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 Change in accounting policy

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 from 1 January 2019, but has not restated comparatives for the prior years, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening condensed consolidated statement of financial position on 1 January 2019.

Adjustments recognised on adoption of HKFRS 16

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

Right-of-use assets are recognised at the commencement date of the lease, that is the date the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amount of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred, and restoration costs.

Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

As a result, the total of the obligations under the operating lease commitments of HK$566 million disclosed at 31 December 2018, adjusted by the effect of discounting and exclusion of short – term leases, amounted to non-current lease liabilities of HK$383 million, which were then recognised on 1 January 2019.

4 Change in accounting policy *(Continued)*

Adjustments recognised on adoption of HKFRS 16 *(Continued)*

The change in accounting policy affected the following items in the opening condensed consolidated statement of financial position on 1 January 2019:

	As at 1 January 2019		
	As previously stated HK$'000	Effects of the adoption HK$'000	As restated HK$'000
Condensed consolidated statement of financial position (extract)			
Right-of-use assets	–	347,641	347,641
Deposits, prepayments and other receivables	126,401	13,498	139,899
Lease liabilities	–	382,721	382,721
Other payables and accruals	379,444	(2,565)	376,879
Accumulated losses	(443,332)	(19,017)	(462,349)

(i) Impact on earnings per share

Earnings per share decreased by 0.16 HK cents per share for the six months to 30 June 2019 as a result of the adoption of HKFRS 16.

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- reliance on previous assessments on whether leases are onerous.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying HKAS 17 and HKFRIC 4 determining whether an arrangement contains a lease.

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 2018.

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

Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currencies, primarily with respect to 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 2019, the Group has no outstanding forward contracts.

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

At 30 June 2019, if RMB had weakened by 5% against the HK dollar with all other variables held constant, profit for the period would have been HK$378,000 higher (2018: loss for the period would have been HK$3,798,000 higher), mainly as a result of foreign exchange losses or gains on translation of RMB denominated receivables, payables and bank balances recorded in the books of the Group's entities in Hong Kong.

At 30 June 2019, if EUR had weakened by 5% against the HK dollar with all other variables held constant, profit for the period would have been HK$1,791,000 higher (2018: loss for the period would have been HK$2,208,000 lower), mainly as a result of foreign exchange losses or gains on translation of EUR denominated receivables, payables and bank balances recorded in the books of the Group's entities in Hong Kong.

At 30 June 2019, if GBP had weakened by 5% against the HK dollar with all other variables held constant, profit for the period would have been HK$5,211,000 lower (2018: loss for the period would have been HK$2,427,000 higher), mainly as a result of foreign exchange losses or gains on translation of GBP denominated receivables, payables and bank balances recorded in the books of the Group's entities in Hong Kong.

5.2 Fair value estimation

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

The carrying amounts of the Group's financial assets (loan receivables, trade receivables, other receivables and amounts due from related parties) and financial liabilities (trade payables, other payables and accruals, amounts due to related parties, lease liabilities and borrowings) approximate their fair values.

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

5.2 Fair value estimation *(Continued)*

(b) Financial instrument carried at fair value

The Group's financial instrument comprised of contingent purchase consideration payable for acquisition and is classified as Level 3 financial instrument.

The valuation technique used by the Group to determine its value 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 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 consolidated income statement. The determination of outstanding contingent purchase consideration payable involves significant judgement and estimation of the future performance of the acquired business. For the period ended 30 June 2019, if future revenue growth per year is 1% higher than the estimation made by management at the end of the reporting period, the Group's profit or loss attributable to shareholders of the Company would worse off and the contingent purchase consideration payable would increase by the same amount of HK$4,711,000 (2018: worse off/increase by HK$10,658,000). On the other hand, if future revenue growth per year is 1% lower than the estimation made by management at the end of the reporting period, there would be no impact to both the Group's profit or loss attributable to shareholders of the Company and contingent purchase payable for the period ended 30 June 2019 (2018: improve/decrease by HK$9,362,000).

During the period, no movement in balance of Level 3 financial instrument carried at fair value.

The Group performs the valuations of financial assets and liabilities based on policies approved by the Board. 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.

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. During the period, certain amendments and reclassifications were made to the management reports presented to the senior executive management in order to better reflect the composition and performance of each segment. Prior year comparatives have been restated accordingly.

Segment asset consists only of inventories.

6 Segment information *(Continued)*

(a) Segment results

The segment results for the six months ended 30 June 2019 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	231,690	461,132	317,959	143,654	57,612	–	61,280	12,603	–	1,285,930
– Recognised over time	–	–	–	–	–	26,000	–	–	63,222	89,222
	231,690	461,132	317,959	143,654	57,612	26,000	61,280	12,603	63,222	1,375,152
Inter-segment revenue	–	(329,087)	–	–	–	–	–	–	(16,791)	(345,878)
Revenue from external customers	231,690	132,045	317,959	143,654	57,612	26,000	61,280	12,603	46,431	1,029,274
– Recognised at a point in time	231,690	132,045	317,959	143,654	57,612	–	61,280	12,603	–	956,843
– Recognised over time	–	–	–	–	–	26,000	–	–	46,431	72,431
Gross profit	174,434	77,123	230,022	74,818	39,489	26,000	35,029	(214)	46,431	703,132
Segmental contributions	20,014	77,123	32,373	74,818	2,576	26,000	765	(2,802)	40,089	270,956
Segmental contributions includes:										
Depreciation	(6,501)	–	(14,841)	–	(4,134)	–	(3,135)	(114)	(69)	(28,794)
Segment asset as at 30 June 2019	170,016	–	362,551	–	62,175	–	46,515	–	–	641,257

6 Segment information *(Continued)*

(a) Segment results (Continued)

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	102,133
	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
– Recognised at a point in time	271,399	3	386,858	153	70,440	–	67,937	11,527	–	808,317
– Recognised over time	–	–	–	–	–	26,286	–	–	55,500	81,786
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 31 December 2018	201,682	–	316,664	–	68,898	–	58,380	–	–	645,624

6 Segment information *(Continued)*

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

	Unaudited Six months ended 30 June	
	2019 HK$'000	2018 HK$'000
Segmental contributions for reportable segments	**270,956**	88,086
Add:		
Other income	**37,167**	5,719
Less:		
Net finance costs	**(10,234)**	(11,147)
Other losses – net (Note 8)	–	(5,383)
Employee benefit expenses	**(89,291)**	(88,404)
Rental and other operating expenses	**(13,637)**	(13,897)
Depreciation and amortisation	**(33,741)**	(31,376)
Advertising and promotion expenses	**(21,241)**	(41,528)
Product design, supply chain and related management expenses	**(8,771)**	(12,923)
Restructuring costs	**(3,416)**	(19,080)
Other unallocated expenses	**(29,654)**	(66,141)
Total Group's profit/(loss) before income tax	**98,138**	(196,074)

6 Segment information *(Continued)*

(c) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, deposits and prepayments ("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	
	2019 HK$'000	2018 HK$'000
Hong Kong & Macau	**271,529**	308,740
Chinese Mainland	**463,137**	389,920
Australia	**133,135**	587
Taiwan	**57,617**	70,440
United Kingdom	**75,436**	69,369
Other countries	**28,420**	51,047
Total	**1,029,274**	890,103

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

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

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Hong Kong & Macau	**820,624**	848,287
Chinese Mainland	**778,090**	791,100
Taiwan	**83,686**	88,233
United Kingdom	**785,520**	772,477
France	**667,855**	669,702
Singapore	**120,224**	119,538
Total	**3,255,999**	3,289,337

7 Operating profit/(loss)

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

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
(Reversal of)/provision for impairment of inventories and write off(note (a))	**(6,706)**	712
Depreciation		
– property, plant and equipment (Note 12)	**30,282**	38,177
– right-of-use assets (Note 14)	**87,997**	–
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)	**1,019**	1,189
Loss on disposal of property, plant and equipment	**871**	1,384
Provision for impairment of trade receivables	**9,123**	2,206
Employee benefit expenses	**237,535**	281,053
Operating lease rental expenses		
– minimum lease payment	**58,329**	158,007
– contingent rents	**46,898**	63,077
Advertising and promotion expenses	**21,241**	41,528
Royalty expenses		
– amortisation of licences (Note 12 and Note 22(a))	**25,593**	26,465
– contingent royalty expenses	**1,430**	2,111
Product design, supply chain and related management expenses	**8,771**	12,923
Restructuring costs (note (b))	**3,416**	19,080
Fair value losses on forward foreign exchange contracts	**–**	2,894
Net foreign exchange losses	**5,753**	11,386

Notes:

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

(b) For the period ended 30 June 2019, restructuring costs mainly relating to Europe operations included employee benefit expenses of HK$3,416,000.

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.

8 Other losses – net

	Unaudited Six months ended 30 June	
	2019	2018
	HK$'000	HK$'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% (2018: 16.5%) on the estimated assessable profit for the six months ended 30 June 2019. 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	
	2019	2018
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**271**	563
– Overseas taxation	**23,870**	1,446
– Under provision in prior years	**1,481**	24
Deferred income tax	**(4,080)**	(1,356)
	21,542	677

10 Earnings/(loss) per share

(a) Basic

Basic earnings/(loss) per share is calculated by dividing profit/(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	
	2019	2018
Weighted average number of ordinary shares in issue	**3,598,322,883**	2,677,060,000
Profit/(loss) attributable to shareholders of the Company (HK$'000)	**76,596**	(196,751)
Basic earnings/(loss) per share (HK cents per share)	**2.1 cents**	(7.3) cents

(b) Diluted

Diluted earnings/(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	
	2019	2018
Weighted average number of ordinary shares in issue	**3,598,322,883**	2,677,060,000
Adjustment for share options	**–**	3,285,000
Weighted average number of ordinary shares for diluted earnings/(loss) per share	**3,598,322,883**	2,680,345,000
Profit/(loss) attributable to shareholders of the Company (HK$'000)	**76,596**	(196,751)
Diluted earnings/(loss) per share (HK cents per share)	**2.1 cents**	(7.3) cents

No adjustment had been made to the basic earnings per share for the six months ended 30 June 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share.

11 Dividends

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2019 (2018: 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 2019	**97,169**	**3,150,348**
Exchange differences	**(466)**	**(593)**
Additions	**16,359**	**47**
Disposals	**(2,150)**	**–**
Depreciation and amortisation (Note 7)	**(30,282)**	**(26,612)**
Closing net book amount at 30 June 2019 (unaudited)	**80,630**	**3,123,190**
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

13 Convertible promissory note and loan receivables

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Non-current assets		
Convertible promissory note and conversion right	**–**	–
Less: provision for impairment of convertible promissory note and conversion right	**–**	–
Convertible promissory note and conversion right – net	**–**	–
Current assets		
Loan receivable	**61,371**	61,371
Less: provision for impairment of loan receivable	**(61,371)**	(61,371)
Loan receivable – net	**–**	–

The convertible promissory note and loan receivables consist of a convertible promissory note purchase agreement, loan agreement with British Heritage Brands, Inc. and the conversion right embedded in convertible promissory note. Full provision of impairment was recognised for the outstanding loan receivables and the fair value of the convertible promissory note was nil as at the period end.

14 Right-of-use assets

	Unaudited 30 June 2019 HK$'000
Recognition upon initial application of HKFRS 16	**347,641**
Exchange differences	**68**
Additions	**111,229**
Disposals	**(639)**
Depreciation	**(87,997)**
Closing net book amount	**370,302**

The Group obtains right to control the use of various properties for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 20 years. Except for lease covenants mainly related to the maintenance and use of the leased assets that are commonly found in lease arrangements, there are no other covenants or restrictions imposed by the lease agreements.

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation. During the period ended 30 June 2019, total cash outflow for leases of HK$94 million was included in net cash used in financing activities.

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 2019, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
1–30 days	**283,614**	103,873
31–60 days	**18,093**	30,469
61–90 days	**68,346**	6,668
Over 90 days	**50,945**	45,187
	420,998	186,197
Less: provision for impairment of trade receivables	**(29,080)**	(20,003)
	391,918	166,194

As at 30 June 2019, 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 2018	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 31 December 2018 and 30 June 2019	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 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 $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, there was no ordinary share issued to the share option holders pursuant to the Share Option Scheme (2018:5,794,000).*

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 1 January 2019	**9,810,000**	**0.95**
Lapsed	(2,420,000)	2.01
Forfeited	(720,000)	0.60
At 30 June 2019	**6,670,000**	**0.60**

On 1 January 2019, 2,420,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2018. During the period, 720,000 share options forfeited and therefore, the total number of lapsed/forfeited share options was 3,140,000 at 30 June 2019. At the end of the period, there were 6,670,000 (31 December 2018: 9,810,000) outstanding share options and all of them were exercisable (31 December 2018: all). The Company has no legal or constructive obligation to settle the share options in cash.

The outstanding share options as at 30 June 2019 were granted under the Share Option Scheme. Details of the Share Option Scheme adopted by the Group are set out in the 2018 Annual Report.

The share options outstanding at 30 June 2019 had a weighted average remaining contractual life of 0.5 year (31 December 2018: 0.76 years).

17 Trade payables

At 30 June 2019, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
1–30 days	**33,586**	29,543
31–60 days	**5,537**	21,393
61–90 days	**31,579**	5,000
Over 90 days	**17,569**	10,193
	88,271	66,129

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 Lease liabilities

	Unaudited 30 June 2019 HK$'000
Analysed for reporting purposes as:	
Current liabilities	**169,678**
Non-current liabilities	**238,446**
	408,124
Recognition upon initial application of HKFRS 16	**382,721**
Exchange differences	**(54)**
Additions	**111,229**
Interest expenses	**8,890**
Payments	**(93,991)**
Write off of lease liabilities	**(671)**
Closing net book amount	**408,124**

The lease liabilities were measured at the present value of the remaining lease payments.

19 Borrowings

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Bank overdrafts	**100,277**	73,725
Bank borrowings	**855,978**	1,036,534
Total borrowings	**956,255**	1,110,259

Movements in bank borrowings are analysed as follows:

	HK$'000
Opening amount as at 1 January 2019	**1,036,534**
Proceeds from borrowings	**64,750**
Amortisation of front end fee	**744**
Repayments of borrowings	**(247,336)**
Exchange difference	**1,286**
Closing amount as at 30 June 2019 (unaudited)	**855,978**
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

(a) The bank borrowings as at 30 June 2019 and 31 December 2018 are repayable as follows:

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Within 1 year	**855,978**	1,036,534

19 Borrowings *(Continued)*

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

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
HKD	**855,978**	937,433
EUR	**19,875**	24,222
GBP	**80,402**	64,776
TWD	–	3,834
RMB	–	78,563
USD	–	1,431
	956,255	1,110,259

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

(d) As at 30 June 2019, the Group had unutilised banking facilities amounted to HK$275 million (31 December 2018: HK$124 million).

(e) As at 30 June 2019, there were no material change in the currency in which the cash and cash equivalents of the Group were held, as compared to that as at 31 December 2018.

(f) For the period ended 30 June 2019, the effective interest rate of the Group increased due to the change in the composition of loans. The financial impact to the income statement as a result of the change is not material.

20 Contingent Liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 30 June 2019.

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 20 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.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short term leases, see note 4 and note 14 for further information.

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

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
No later than 1 year	**18,542**	246,024
Later than 1 year but no later than 5 years	–	242,178
Later than 5 years	–	78,248
	18,542	566,450

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

From 1 January 2019, the Group has recognised lease receivables for these leases, see note 4 for further information.

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

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
No later than 1 year	–	2,687
Later than 1 year but no later than 5 years	–	10,749
Later than 5 years	–	2,195
	–	15,631

(c) Capital commitments

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Contracted but not provided for:		
Within 1 year	**639**	941

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 Ruyi Group and Fung Group, substantial shareholders of the Company, as defined in the Listing Rules.

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

	Note	**Unaudited Six months ended 30 June**	
		2019 HK$'000	2018 HK$'000
(I) Transactions with Ruyi Group			
Royalty income		**37,500**	6,286
Joining fee income		–	31,000
Royalty expenses			
– contingent royalty expenses		**1,430**	709
Sales of garments and fashion accessories		**1,482**	188
Purchases of goods		**8,599**	–
Provision for management, advisory and administrative services		**24,933**	–
(II) Transactions with Fung Group			
Purchases of goods	(iii)	–	680
Transactions relating to sourcing activities	(i)	**81,324**	190,008
Cost reimbursements for sourcing related activities	(iii)	**596**	787
Sales of garments and fashion accessories		**7,142**	2,023
Service fee expense for provision of corporate compliance services, legal services, e-Commerce and other administrative expenses	(iii)	**3,198**	5,270
Service charges for provision of logistics related services		**5,548**	5,236
Rentals for property leasing and/or licensing		**4,256**	9,087
Royalty expenses			
– amortisation of licences (Note 7)	(ii)	**25,593**	26,465
(III) Transactions with other related parties			
Consultancy and advisory service fee paid to a director of a subsidiary of the Company	(iii)	**689**	504

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)*

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	
	2019 HK$'000	2018 HK$'000
Sourcing service fee to related companies	**11,030**	20,910
FOB value of the underlying purchases	**70,294**	169,098
	81,324	190,008

(ii) For the six months ended 30 June 2019, total royalty expense of HK$25,593,000 (For the six months ended 30 June 2018: HK$26,465,000) was related to the license rights of Kent & Curwen.

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

(b) Balances with related parties

	Unaudited 30 June 2019 HK$'000	Audited 31 December 2018 HK$'000
Due from		
Ruyi Group	**191,262**	211,616
Fung Group	**930**	3,097
	192,192	214,713
Due to		
Ruyi Group	**27,275**	17,252
Fung Group	**154,280**	47,277
	181,555	64,529

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

(c) Key management compensation

Key management compensation amounted to HK$10,534,000 for the six months ended 30 June 2019 (2018: HK$9,126,000).

Additional Information

Headcount summary

As at 30 June 2019

	Asia		Europe		Total	
	2019 June	2018 June	**2019 June**	2018 June	**2019 June**	2018 June
Retail staff	**1,106**	1,332	**49**	57	**1,155**	1,389
Office staff	**397**	612	**115**	116	**512**	728
Total	**1,503**	1,944	**164**	173	**1,667**	2,117

Glossary

2018 Annual Report	the annual report for the financial year ended 31 December 2018 of the Company
associate	has the meaning ascribed to this term under the Listing Rules
Board	the board of directors of the Company
Company or **Trinity**	Trinity Limited
controlling shareholder	has the meaning ascribed to this term under the Listing Rules
Corporate Governance Code	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
Director(s)	director(s) of the Company
Fung Group	Fung Holdings (1937) Limited and its subsidiaries and associates
Greater China	Chinese Mainland, Hong Kong, Macau and Taiwan
Group	the Company and its subsidiaries
Guiding Principles on Dealings	the Guiding Principles on Dealings in Securities and Equity Derivatives adopted by the Company to govern dealings in the securities of the Company by Directors and relevant employees of the Group
Hong Kong	Hong Kong Special Administrative Region of PRC
HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
Hong Kong Stock Exchange or **Stock Exchange**	The Stock Exchange of Hong Kong Limited
HK$ or **HKD**	Hong Kong dollar, the lawful currency of Hong Kong
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Macau	Macau Special Administrative Region of PRC
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
PRC	The People's Republic of China

Glossary

RMB	Renminbi, the lawful currency of PRC
Ruyi	北京如意時尚投資控股有限公司 (Beijing Ruyi Fashion Investment Holding Company Limited), a limited liability company established in PRC and the controlling shareholder of the Company
Ruyi Group	Ruyi and its subsidiaries and associates (excluding the Group)
Share(s)	shares of the Company unless the context requires otherwise
Share Option Scheme	the share option scheme of the Company adopted by Shareholders on 16 October 2009
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Shareholder(s)	holder(s) of Share(s)