TRINITY LIMITED

利邦控股有限公司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 891)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Highlights

	2013	2012 (Restated)	% change
Revenue *(HK$ million)*	**1,338**	1,367	-2.1%
Gross profit *(HK$ million)*	**1,009**	1,083	-6.8%
Gross margin (%)	**75.4%**	79.2%	
Operating profit *(HK$ million)*	**175**	303	-42.2%
Operating margin (%)	**13.1%**	22.2%	
Profit attributable to shareholders *(HK$ million)*	**150**	265	-43.4%
Profit attributable to shareholders (%)	**11.2%**	19.4%	
Basic earnings per share *(HK cents)*	**8.7**	15.5	
Interim dividend per share *(HK cents)*	**4.5**	8.0	

The board of directors (the "Board") of Trinity Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2013.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June **2013** **HK$'000**	 2012 HK$'000 (Restated)
Revenue	2(a)	**1,338,184**	1,367,102
Cost of sales		**(329,221)**	(284,146)
Gross profit		**1,008,963**	1,082,956
Other income		**20,558**	29,817
Selling and marketing expenses		**(627,515)**	(607,808)
Administrative expenses		**(251,041)**	(209,641)
Other gains – net		**20,525**	8,088
Gain on disposal of investments in jointly controlled entities	2(b)	**3,984**	-
Operating profit	3	**175,474**	303,412
Finance income		**7,024**	3,436
Finance costs			
Notional interest on contingent purchase consideration payable		**(5,990)**	(2,040)
Interest expense on bank borrowings and overdrafts		**(7,108)**	(4,371)
Finance costs – net		**(6,074)**	(2,975)
Share of profit of associates/jointly controlled entities	2(a)	**11,922**	31,434
Profit before income tax		**181,322**	331,871
Income tax expense	4	**(31,332)**	(66,748)
Profit for the period attributable to shareholders of the Company		**149,990**	265,123
Basic earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	5(a)	**8.7 cents**	15.5 cents
Diluted earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	5(b)	**8.6 cents**	15.2 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000 (Restated)
Profit for the period	**149,990**	265,123
Other comprehensive expenses for the period		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**268**	149
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries, jointly controlled entities and associates	**(14,350)**	(13,359)
Other comprehensive expenses for the period, net of tax	**(14,082)**	(13,210)
Total comprehensive income attributable to shareholders of the Company	**135,908**	251,913

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2013 HK$'000	Restated 31 December 2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**278,188**	328,810
Intangible assets		**3,071,010**	3,077,327
Investments in associates		**132,686**	128,278
Deposit and prepayments		**60,090**	45,983
Deferred income tax assets		**142,643**	154,151
		3,684,617	3,734,549
Current assets			
Inventories		**618,394**	663,626
Trade receivables	7	**127,208**	188,130
Deposit and prepayments		**100,082**	101,551
Amounts due from related parties		**449**	4,614
Cash and cash equivalents		**1,118,628**	999,097
		1,964,761	1,957,018
Total assets		**5,649,378**	5,691,567
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**172,921**	172,372
Share premium		**2,347,265**	2,335,098
Reserves		**813,028**	953,772
Total equity		**3,333,214**	3,461,242
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**9,760**	9,719
Retirement benefit obligations		**21,801**	22,687
Contingent purchase consideration payable for acquisition		**306,857**	311,352
Deferred income tax liabilities		**339,831**	360,726
		678,249	704,484
Current liabilities			
Trade payables	8	**76,374**	81,467
Contingent purchase consideration payable for acquisition		**13,763**	8,277
Other payables and accruals		**336,000**	517,763
Amounts due to related parties		**10,796**	13,098
Current income tax liabilities		**27,417**	35,236
Borrowings		**1,173,565**	870,000
		1,637,915	1,525,841
Total liabilities		**2,316,164**	2,230,325
Total equity and liabilities		**5,649,378**	5,691,567
Net current assets		**326,846**	431,177
Total assets less current liabilities		**4,011,463**	4,165,726

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Unaudited				
		Attributable to shareholders of the Company				
	Note	**Share capital HK$'000**	**Share premium HK$'000**	**Retained earnings HK$'000**	**Other reserves HK$'000**	**Total HK$'000**
Balance at 1 January 2012		170,839	2,302,656	950,439	(168,439)	3,255,495
Impact of change in accounting policy	1(a)	-	-	(3,000)	91	(2,909)
Balance at 1 January 2012 (restated)		170,839	2,302,656	947,439	(168,348)	3,252,586
Comprehensive income						
Remeasurements of post employment benefit obligations (restated)		-	-	149	-	149
Exchange differences on translation of subsidiaries and jointly controlled entities (restated)		-	-	-	(13,359)	(13,359)
Profit for the period (restated)		-	-	265,123	-	265,123
Total comprehensive income (restated)		-	-	265,272	(13,359)	251,913
Transactions with owners						
Employee share option schemes						
- value of employee services		-	-	-	3,250	3,250
- exercise of share options		642	12,327	-	-	12,969
- transfer to retained earnings		-	-	700	(700)	-
Dividends paid	6(b)	-	-	(257,110)	-	(257,110)
Total transactions with owners		642	12,327	(256,410)	2,550	(240,891)
Balance at 30 June 2012 (restated)		171,481	2,314,983	956,301	(179,157)	3,263,608
Balance at 1 January 2013		172,372	2,335,098	1,110,592	(152,508)	3,465,554
Impact of change in accounting policy	1(a)	-	-	(4,250)	(62)	(4,312)
Balance at 1 January 2013 (restated)		172,372	2,335,098	1,106,342	(152,570)	3,461,242
Comprehensive income						
Remeasurements of post employment benefit obligations		-	-	268	-	268
Exchange differences on translation of subsidiaries and associates		-	-	-	(14,350)	(14,350)
Profit for the period		-	-	149,990	-	149,990
Total comprehensive income		-	-	150,258	(14,350)	135,908
Transactions with owners						
Employee share option schemes						
- exercise of share options		549	12,167	-	-	12,716
- transfer to retained earnings		-	-	4,254	(4,254)	-
Dividends paid	6(b)	-	-	(276,652)	-	(276,652)
Total transactions with owners		549	12,167	(272,398)	(4,254)	(263,936)
Balance at 30 June 2013		172,921	2,347,265	984,202	(171,174)	3,333,214

Notes:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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 2012, except as described below.

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

(a) Adoption of new/revised standards and amendments to existing standards effective in 2013

The Group has adopted the following new/revised standards and amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2013 and relevant to the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Annual Improvements Project	Annual Improvements 2009-2011 Reporting Cycle

The adoption of such new/revised standards and amendments to existing standards does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2013 except as described below:

HKAS 1 (Amendment), Presentation of Financial Statements

The amendments to HKAS 1 require entities to classify items presented in other comprehensive income on the basis of whether they are potentially reclassificable to profit or loss subsequently. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

HKAS 19 (2011), Employee Benefits

HKAS 19 (2011) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised immediately in other comprehensive income and permanently excluded from profit or loss; expected returns on plan assets are no longer recognised in profit or loss and instead, interest on the net defined benefit liability (asset) is in profit or loss, calculated using the discount rate used to measure the defined benefit obligation and; unvested past service costs are now recognised in profit or loss in the period and not amortised over the vesting period. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

1. **Basis of preparation and accounting policies (Continued)**

(a) Adoption of new/revised standards and amendments to existing standards effective in 2013 (Continued)

HKAS 19 (2011), Employee Benefits (Continued)

HKAS 19 (2011) requires retrospective application. The adoption of HKAS 19 (2011) had an impact on the retirement benefit obligations primarily due to the immediate recognition of actuarial gains and losses in other comprehensive income which were deferred using corridor approach in previous years. The effect of the adoption of HKAS 19 (2011) is explained below.

The tables below show the effect on the Group's consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income.

Impact on consolidated balance sheet

Increase/(decrease)	31 December 2012 HK$'000	1 January 2012 HK$'000
Liabilities		
- Retirement benefit obligations	4,312	2,909
Equity		
- Retained earnings	(4,250)	(3,000)
- Translation reserve	(62)	91

Impact on consolidated income statement

Increase/(decrease)	Year ended 31 December 2012 HK$'000	Six months ended 30 June 2012 HK$'000
Administrative expenses	(110)	222
Profit for the period	110	(222)

Impact on consolidated statement of comprehensive income

Increase/(decrease)	Year ended 31 December 2012 HK$'000	Six months ended 30 June 2012 HK$'000
Profit for the period	110	(222)
Remeasurements of post employment benefit obligations	(1,360)	149
Exchange differences on translation of subsidiaries, jointly controlled entities and associates	(153)	(33)
Total comprehensive income attributable to shareholders of the Company	(1,403)	(106)

This change in accounting policy does not have any material impact on current or deferred taxation, statements of cash flows and earnings per share.

1. Basis of preparation and accounting policies (Continued)

(a) Adoption of new/revised standards and amendments to existing standards effective in 2013 (Continued)

HKFRS 13, Fair Value Measurement

HKFRS 13 establishes a single source of guidance under HKFRS for all fair value measurements. HKFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under HKFRS when fair value is required or permitted.

HKFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including HKFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required in interim financial statements for financial instruments; accordingly, the Group provides these disclosures in the interim financial information.

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

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

HKAS 32 (Amendment)	Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
HKAS 36 (Amendment)	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014)
HKFRS 9	Financial Instruments (effective for annual periods beginning on or after 1 January 2015)
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures (effective for annual periods beginning on or after 1 January 2015)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities (effective for annual periods beginning on or after 1 January 2014)
HK(IFRIC)-Int 21	Levies (effective for annual periods beginning on or after 1 January 2014)

All these amendments are effective in the financial year of 2014 or years after 2014 and these amendments are not expected to have a significant impact on the results and financial position of the Group.

2. Segment information

The Group is principally engaged in the retailing and wholesale of high-end to luxury menswear in Greater China and Europe, as well as licensing its fully owned brands globally. The associates/jointly controlled entities are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

Management has determined the operating segments based on reports reviewed by the senior executive management of the Group that are used to make strategic decisions. Management considers the business from both geographic and business lines perspectives. Geographically, management considers the performance of the retail businesses in the Chinese Mainland, Hong Kong & Macau, Taiwan, Europe and others. Management also assesses the performance of the individual business line, namely retail, wholesale and licensing. Management assesses the performance of operating segments based on a measure of segment earnings before finance costs - net and income tax expense ("Segment contribution") for the period. Corporate employee benefit expenses and overhead, finance income/(costs) and other gains - net are not allocated to segments. During the period, certain amendments and reclassifications were made to the management report presented to the senior executive management in order to better reflect the composition and performance of each segment. Prior period comparatives have been restated accordingly.

Segment asset consists only of inventories.

(a) Segment results

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

	Unaudited							
	HK & Macau		Chinese Mainland	Taiwan	Europe		Others	
	Retail	Wholesale	Retail	Retail	Retail	Licensing	Retail	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue and revenue from external customers	417,329	2,683	676,239	88,899	97,818	55,216	-	1,338,184
Gross profit	327,814	568	509,212	62,076	54,077	55,216	-	1,008,963
Segment contribution	92,044	568	152,245	19,052	(47,755)	13,398	11,922	241,474
Segment contribution includes:								
Depreciation	(8,282)	-	(68,159)	(1,207)	(5,240)	(1,059)	-	(83,947)
Share of profit of associates (note (i))	-	-	-	-	-	-	11,922	11,922
Segment asset as at 30 June 2013	215,804	-	306,995	53,311	42,284	-	-	618,394

2. **Segment information (Continued)**

(a) Segment results (Continued)

The segment results for the six months ended 30 June 2012 are as follows:

	Unaudited and restated							
	HK & Macau		Chinese Mainland	Taiwan	Europe		Others	
	Retail	Wholesale	Retail	Retail	Retail	Licensing	Retail	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue and revenue from external customers	410,324	4,252	756,232	93,069	49,203	54,022	-	1,367,102
Gross profit	329,017	1,158	600,728	69,314	28,717	54,022	-	1,082,956
Segment contribution	99,353	1,158	231,616	20,688	(12,954)	24,331	31,434	395,626
Segment contribution includes:								
Depreciation	(6,291)	-	(59,848)	(2,216)	(4,518)	(1,070)	-	(73,943)
Share of profit of jointly controlled entities (note (i))	-	-	-	-	-	-	31,434	31,434
Segment asset as at 31 December 2012	213,853	-	332,660	69,638	47,475	-	-	663,626

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

	Unaudited and restated Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Segment contribution for reportable segments	**241,474**	395,626
Add:		
Other income	**20,558**	29,817
Other gains - net	**20,525**	8,088
Gain on disposal of investments in jointly controlled entities (note (ii))	**3,984**	-
Less:		
Finance costs - net	**(6,074)**	(2,975)
Employee benefit expenses	**(66,205)**	(75,939)
Rental expenses	**(10,187)**	(7,822)
Depreciation and amortisation	**(5,996)**	(5,954)
Other unallocated expenses	**(16,757)**	(8,970)
Total Group's profit before income tax	**181,322**	331,871

Notes:

(i) Share of profit of associates/jointly controlled entities represents share of profit of Ferragamo Korea Limited, Ferragamo (Malaysia) Sdn Bhd, Ferragamo (Singapore) Pte Ltd and Ferragamo (Thailand) Limited (collectively "Ferragamo entities"), then jointly controlled entities of the Group, which were 50% equity accounted for by the Group up to 20 December 2012 when the Group disposed of its 30% equity interest. Since then, Ferragamo entities have been 20% equity accounted by the Group as associates.

(ii) Gain on disposal of investments in jointly controlled entities represents the gain arising from the final adjustment of the value of the 30% equity interest in the Ferragamo entities disposed in December 2012.

3. Operating profit

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

	Unaudited Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Additional/(reversal of) provision for impairment of inventories	**12,767**	(7,156)
Depreciation of property, plant and equipment	**89,943**	78,138
Reversal of provision for impairment of property, plant and equipment	**(17)**	-
Amortisation of intangible assets	**-**	1,759
Loss on disposal of property, plant and equipment	**2,950**	3,548
Reversal of provision for impairment of trade receivables	**(859)**	(30)
Advertising and promotion expenses	**74,792**	83,753
Royalty expenses	**3,797**	9,998

4. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the six months ended 30 June 2013. 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. Certain comparative figures have been adjusted to conform to current period's presentation.

	Unaudited Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**17,435**	30,747
– Overseas taxation	**22,777**	42,555
Deferred income tax	**(1,423)**	(2,140)
Over provision in prior years	**(7,457)**	(4,414)
	31,332	66,748

5. Earnings per share

(a) Basic

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

	Unaudited and restated Six months ended 30 June	
	2013	2012
Weighted average number of ordinary shares in issue	**1,727,232,000**	1,712,704,000
Profit attributable to shareholders of the Company (HK$'000)	**149,990**	265,123
Basic earnings per share (HK cents per share)	**8.7 cents**	15.5 cents

5. Earnings per share (Continued)

(b) Diluted

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

	Unaudited and restated Six months ended 30 June	
	2013	2012
Weighted average number of ordinary shares for diluted earnings per share	**1,741,144,000**	1,746,522,000
Profit attributable to shareholders of the Company (HK$'000)	**149,990**	265,123
Diluted earnings per share (HK cents per share)	**8.6 cents**	15.2 cents

6. Dividends

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

	Unaudited Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Interim dividend declared after the balance sheet date of 4.5 HK cents (2012: 8.0 HK cents) per ordinary share	**77,815**	137,185

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

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

	Unaudited Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Final dividend approved and paid of 14.0 HK cents (2012: 8.0 HK cents) per ordinary share	**242,071**	257,110
Special final dividend approved and paid of 2.0 HK cents (2012: nil) per ordinary share	**34,581**	-
	276,652	257,110

7. Trade receivables

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

At 30 June 2013, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
1 - 30 days	**82,638**	132,841
31 - 60 days	**37,976**	44,472
61 - 90 days	**1,387**	7,920
Over 90 days	**12,139**	13,046
	134,140	198,279
Less: Provision for impairment of trade receivables	**(6,932)**	(10,149)
	127,208	188,130

As at 30 June 2013, the fair values of the Group's trade receivables are approximately the same as their carrying amounts.

8. Trade payables

At 30 June 2013, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2013 HK$'000	Audited 31 December 2012 HK$'000
1 - 30 days	**49,594**	32,414
31 - 60 days	**5,954**	18,801
61 - 90 days	**4,570**	9,944
Over 90 days	**16,256**	20,308
	76,374	81,467

The credit period granted by creditors generally ranges from 30 to 90 days. The carrying amounts of the Group's trade payables approximated their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2013 Trinity continued to strive towards achieving its strategic objective to take global its leading portfolio of high-end to luxury brands. Despite a weakened economy, particularly in Chinese Mainland, Trinity has focused its efforts on cultivating the global growth of its fully owned brands, namely Kent & Curwen, Gieves & Hawkes and Cerruti by investing in its strong management team and marketing and promotional activities. The Group is expanding its store network in the world's fashion capitals and executing marketing campaigns that are catching the attention of high profile advocates around the globe. These efforts will prove invaluable in coming years to attract aspirational Chinese Mainland consumers.

The economic slowdown of the Chinese economy has impacted consumer sentiment. The Chinese Government's austerity measures have also had a dampening effect, and they have hit the luxury sector. The Group's financial performance has suffered as a result of these challenging market conditions.

Summary of Financial Results

The Group's revenue from Greater China decreased by 6.2% and after adding the increase in revenue from Europe, the Group's total revenue decreased by 2.1%. The increase in revenue from Europe was mainly due to the full six months consolidation of Gieves & Hawkes business in the United Kingdom this year following its acquisition in May 2012. Lower revenue from Greater China was mostly caused by drop in same-store sales from the Chinese Mainland of 10.2% and Taiwan of 6.3%. The Hong Kong and Macau market was more resilient with same-store sales growth of 4.0%.

The Group's gross margin was 75.4% in the first half of 2013, down from 79.2% achieved in the corresponding period in 2012. The adverse market conditions sparked more intense price competition in the industry which impacted gross margin. Moreover the Group made more stock provision following the same prudent policy. Gross margin remained stable in the past 12 months ended 30 June 2013 if excluding the effect of stock provision movement. Gross margin before stock provision for the first half of 2013 was 76.4%, compared to 76.8% achieved in the second half of 2012.

Selling and marketing expenses amounted to HK$627.5 million in the first half of 2013, representing a 3.2% increase compared with the same period in 2012. In terms of percentage of revenue, the ratio increased from 44.5% to 46.9%. The increase was due to a drop in cost efficiency as a result of weakening sales.

Administrative expenses increased by 19.7% year on year and increased in terms of proportion of revenue from 15.3% to 18.8%. The increase was mainly due to the addition of senior positions in Europe for Cerruti and Gieves & Hawkes as well as the consolidation of full six months of administrative expenses in Gieves & Hawkes business in the United Kingdom which was acquired in May 2012.

Share of profit of associates/jointly controlled entities decreased by 62.1% to HK$11.9 million as a result of the disposal of 30.0% of the Group's shareholding in the Salvatore Ferragamo joint venture companies in December 2012.

Other gains – net increased by 153.8% to HK$20.5 million. The increase was mostly attributable to foreign exchange gains resulting from Renminbi appreciation during the period.

Profit attributable to shareholders was HK$150.0 million, a drop of 43.4% year on year. The decrease in gross profit as well as share of profit of associates/jointly controlled entities were HK$74.0 million and HK$19.5 million respectively while an increase in expenses contributed to the drop of HK$61.1 million which was mitigated by a reduction of HK$35.4 million tax charge.

Inventory Management

The improvement in stock management resulted in a decrease of the Group's inventory turnover to 352 days which was 55 days lower compared with the same period in 2012. Total inventory amounted to HK$618.4 million.

Financial Position and Liquidity

Despite a substantial fall in profit, the level of net cash generated from operating activities was HK$89.6 million, HK$9.0 million lower than the HK$98.6 million achieved in the same period in 2012. This was primarily the result of the reduction in working capital employed and a decrease in corporate income tax payment. Net debt to equity ratio, equal to net debt divided by total equity, was 1.6% as at 30 June 2013.

The Group has secured banking facilities of HK$1,880.5 million. As at 30 June 2013, HK$668.9 million of the available banking facilities were unutilised.

Treasury 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.

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

Credit Risk Management

While trade receivables from department stores continue to pose a credit risk, the Group is also exposed to risks arising from receivables owed by licensees from its European licensing business. The Group has established procedures to evaluate and monitor its credit risk in order to minimise exposure.

Trade receivables turnover days improved from 28 days for the year ended 31 December 2012 to 21 days for the period ended 30 June 2013. Outstanding trade receivables over three months old marginally decreased by HK$0.9 million, with 9.0% of total trade receivables at 30 June 2013 compared to 6.6% at 31 December 2012.

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

Purchase of Convertible Promissory Note

Our continued commitment and collaboration with British Heritage Brands, Inc. ("BHB") to expand Kent & Curwen into the United States and Europe involves purchase of convertible promissory note issued by BHB. This arrangement means Trinity could potentially own 23.94% of BHB after conversion of convertible promissory note into equity. It provides an opportunity to participate in profit-sharing with a partner that has extensive experience in developing global menswear brands. The Group signed a licensing arrangement with BHB in 2012 to enter the United States and strengthen its presence in Europe, markets where the BHB management has significant experience.

Geographical Analysis for the Retail and Licensing Businesses

Revenue

While Hong Kong & Macau managed to achieve a 1.7% growth in retail revenue, Chinese Mainland and Taiwan suffered declines of 10.6% and 4.5% respectively. Meanwhile, retail revenue in Europe increased by 98.8% due to the acquisition of Gieves & Hawkes business in the United Kingdom in May 2012. The contribution of revenue from Europe increased to 11.4% of total revenue, representing 3.8 percentage points growth over the same period of 2012. The Group's fully owned brands contributed 90.0% of its total revenue.

Gross Margin
The Group recorded a decline in its retail gross margin in Greater China to 75.9% due to adverse market conditions and an increase of stock provision which accounted for 1.6% of the gross margin decline. The retail gross margins for Hong Kong & Macau, the Chinese Mainland, Taiwan and Europe were 78.6%, 75.3%, 69.8% and 55.3% respectively.

Segment earnings before finance costs - net and income tax expense ("Segment contribution")
Segment contribution decreased by HK$154.2 million. The regions suffered most were Chinese Mainland and Europe due to weakened market sentiment and the Group's infrastructure investment respectively.

Building Brand Equity

Trinity has embarked upon intensive brand-building programmes for Gieves & Hawkes, Kent & Curwen and Cerruti, a campaign that represents a substantial part of the "Global Brands, Global Networks" strategy. We believe that investing in building international cachet, driving consumer awareness and improving visibility worldwide is critical for the fully owned brands under our portfolio. This is a major part of our long-term business strategy and a cornerstone of our future success.

One of the most significant events for Gieves & Hawkes was the joining of a new creative director, Mr Jason Basmajian in January 2013. He made an immediate impact for the brand among international media, starting with a fashion presentation for the Fall/Winter 2013 collection at the Connaught Hotel in April 2013.

Gieves & Hawkes' three Royal Warrants were in the limelight as it was one of the key brands to have its own exhibition at the Queen's Coronation Festival at Buckingham Palace. The four-day event was graced by Her Majesty, achieving worldwide press coverage and further solidifying the Gieves & Hawkes name with royal prestige.

During the most recent edition of London Fashion Week in June 2013, Gieves & Hawkes presented at "London Collections: Men" with a press presentation for media and leading buyers while Kent & Curwen also showed 20 looks including 15 cricket looks in honour of the brand's sports heritage.

The Kent & Curwen studio and showroom located at Trump Tower in New York attracted many US department stores to carry the Fall/Winter 2013 collection. In the autumn of 2013, a new store located at No. 2 Savile Row in London, next door to stable mate Gieves & Hawkes at No. 1 and another flagship at No. 816 Madison Avenue, New York, both designed by the late celebrated architect and interior designer David Collins, will be opened. The annual Kent & Curwen Centenary Sprint Cup was held in Hong Kong in January 2013. The Kent & Curwen Royal Charity Polo Cup, held in July 2013 at Lord and Lady Andrew Lloyd Webber's estate in the United Kingdom was supported by HRH Princes William and Harry. Both events drew significant media attention reinforcing the brand's authentic sports heritage.

In January 2013, Cerruti participated in Men's Fashion Week in Paris by launching the first collection by new artistic director Mr Aldo Maria Camillo, which generated a significant amount of reviews from press across Europe and Asia. In June 2013, the Group followed this with the second show in Paris, extending its audience to include potential wholesale customers. The show was a great success, attracting leading media and celebrities.

D'URBAN launched a Spring/Summer 2013 advertising campaign featuring Japanese model Motoyasu Norimatsu, which was supported by a collection exhibition in fashionable malls in Taipei and Chengdu.

Corporate Social Responsibility and Sustainability Initiatives

Trinity focuses on three core areas of corporate social responsibility: employee practices, the environment and the community. During the six months ended 30 June 2013, the Group had organised six events related to employee relations, with particular emphasis on work-life balance and health and fitness; six events related to the environment, including always-popular tree planting activities and Earth Hour participation; and 11 community activities related to community, such as disaster relief, working with the underprivileged, and child-centric initiatives.

Trinity employees have been getting more and more involved as the Group introduced initiatives on giving back to the community. During the six months ended 30 June 2013, the number of organised Group community events had risen 44% year on year, staff participation in these events had increased 23%, and the total number of hours volunteered went up 24%.

Environmental protection and conservation is something we take very seriously - so much so that it has influenced our product design and development. Gieves & Hawkes has introduced bamboo fibre of up to 8% of its Spring/Summer 2013 range of products. For Cerruti, over 50% of the Spring/Summer 2013 collection uses natural fibres including bamboo, and brand labels comprise at least 50% recyclable materials. The Group as a whole has also started using sustainable material in its packaging. This year, over 50% of Trinity's plastic bags are biodegradable. We will continue to look at other ways that we can reduce our environmental footprint.

Human Resources

The success of the Group's "Global Brands, Global Networks" strategy requires developing managers and leaders who can balance local know-how with an international outlook. In this respect, we continued our management training programme - Trinity Elite Lessons in Leadership during the first half of 2013 in Hong Kong and Shanghai. It gives participants the opportunity to travel to other business locations, meet with other staff and managers in the region, and to make connections around the Group's network.

The Group has various initiatives supporting staff to maintain work-life balance. This year, a number of activities held such as rice dumpling-making for the Dragon Boat Festival, cakepop-making for Mother's Day with a tai chi class held in the latter half of the year. Employees have also found fun and social responsibility values through company-organised community activities, such as School Beautification Program with Habitat for Humanity and painting people with intellectual disabilities with Hong Chi Association.

Information Technology

This year we successfully deployed an auto-replenishment system for core items, which supports operations by monitoring stock levels at stores. This ensures that weekly sales demand can be met by recommending stock allocations for stores and prompting the product development team to place factory orders when stock falls to pre-determined levels.

In addition, the Group will also be distributing tablets with pre-installed mobile apps to stores so that customers can be shown the latest product information and brand news. These tablets will also have a VIP registration function to make it easy for staff to collect data from valued customers and enhance Trinity's customer loyalty database.

Prospects

With rising disposable income in the Chinese Mainland and a rapidly increasing number of Chinese travellers, the visibility of our brands overseas is a top priority. This is the strategic rationale for our "Global Brands, Global Networks" strategy.

We are excited about the potential of Kent & Curwen in the US and Europe through our deepening partnership with BHB which has expertise and experience with global menswear brands. We will enjoy new wholesale and retail opportunities in those developed economies while further building the Kent & Curwen brand globally. With the addition of two flagship stores, one each in London and New York in the second half of the year, and a quality line of European-made garments crafted to American preferences, we are optimistic on the prospects in those markets.

Trinity's marketing efforts for Gieves & Hawkes and Cerruti are also showing results based on excellent media reports and word-of-mouth from major events. There is little doubt that these brands' global profile will only grow higher as the Group continues to expand its network and marketing efforts.

At the same time as the Group is building a solid foundation for future growth, we recognise the difficulties of the current economic and retail market environments. We will maintain a very close eye on costs, and we will continue to vigilantly control inventory. We are reviewing our store network regularly, identifying markets for expansion and looking for ways to optimise locations wherever possible.

Recent times have been challenging for Trinity and the industry, but the Group remains firmly committed to its long-term "Global Brands, Global Networks" strategy as the correct course for its business. We will continue building equity behind our leading portfolio of high-end to luxury menswear, investing significantly in brand building to ensure a highly successful future for Trinity.

CORPORATE GOVERNANCE

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

In order to reinforce independence, accountability and responsibility, the role of the Chairman is separate from that of the Group Managing Director. Their respective responsibilities are clearly established and defined by the Board in writing.

The Board has established the Audit Committee, Nomination Committee and Remuneration Committee (all chaired by Independent Non-executive Director) with defined terms of reference, which are of no less exacting terms than those set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). All the committees comprise a majority of Independent Non-executive Directors.

Corporate governance practices adopted by the Company during the six months ended 30 June 2013 are in line with those practices set out in the Company's 2012 Annual Report and the CG Code.

AUDIT COMMITTEE

The Audit Committee met three times to date in 2013 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditors, the Group's significant internal controls, risk management and financial matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The CGD, under the supervision of the Group Chief Compliance Officer, is responsible for performing the internal audits of the Group. The Committee's review covers the audit plans and findings of the CGD and external auditors, the external auditor's independence, the Group's accounting principles and practices, goodwill assessment, listing rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the interim financial information for the six months ended 30 June 2013 before recommending them to the Board for approval), and the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed the interim results for the six months ended 30 June 2013.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises the importance of internal controls to safeguard shareholders' interests and investments and the Group's assets, as well as to manage business risks. The Board is responsible for ensuring that the Group maintains a sound and effective system of internal controls, and for reviewing its adequacy and effectiveness through the Audit Committee.

Based on the assessments made by the management and the CGD for the six months ended 30 June 2013, the Audit Committee is satisfied that:

- the internal controls and accounting systems of the Group are in place and functioning effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorisation and the interim financial information is reliable for publication; and

- there are ongoing processes in place for identifying, evaluating and managing the significant risks faced by the Group.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted stringent procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to possess inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific confirmation has been obtained from each Director and relevant employee on compliance with the Model Code for the six months ended 30 June 2013. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2013.

COMPLIANCE WITH THE CG CODE OF THE LISTING RULES

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of 4.5 HK cents (2012: 8.0 HK cents) per share for the six months ended 30 June 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed on 18 September 2013 and no transfer of shares will be registered on that day. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 pm on 17 September 2013. Dividend warrants are expected to be despatched to the shareholders of the Company on 27 September 2013.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company at *www.trinitygroup.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2013 Interim Report will be despatched to the shareholders of the Company and available on the same websites on or about 5 September 2013.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 21 August 2013

As at the date of this announcement, the Board comprises four executive directors, namely, Mr WONG Yat Ming, Mr Bruno LI Kwok Ho, Mr Danny LAU Sai Wing and Ms Sabrina FUNG Wing Yee; four non-executive directors, namely, Dr Victor FUNG Kwok King, GBM, GBS, CBE, Dr William FUNG Kwok Lun, SBS, OBE, JP, Mr Jose Hosea CHENG Hor Yin and Mr Jean-Marc LOUBIER; and four independent non-executive directors, namely, Mr Cassian CHEUNG Ka Sing, Mr Michael LEE Tze Hau, Ms Eva LI Kam Fun and Mr Patrick SUN.

** For identification purposes only*