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 2015

Highlights

	2015	2014	% change
Revenue *(HK$ million)*	**1,006**	1,260	-20.1%
Gross profit *(HK$ million)*	**711**	998	-28.8%
Gross margin (%)	**70.7%**	79.3%	
Operating (loss)/profit *(HK$ million)*	**(66)**	94	N/A
Operating margin (%)	**-6.5%**	7.4%	
(Loss)/profit attributable to shareholders *(HK$ million)*	**(47)**	79	N/A
(Loss)/profit attributable to shareholders (%)	**-4.7%**	6.3%	
Basic (loss)/earnings per share *(HK cents)*	**(2.7)**	4.6	
Interim dividend per share *(HK cents)*	**-**	2.4	

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Addressing challenges

At the close of the half year, Trinity Limited and its subsidiaries ("the Group") are actively addressing the challenges of operating in a changing retail environment in the Chinese Mainland and wider region.

As has been widely reported, the Chinese Mainland continues to see an ongoing slowdown in spending on premium goods as a result of the move away from gifting, ongoing frugality measures, and uncertainties over the future pace of economic growth. The increasing complexity of the Chinese Mainland's retail market presents new challenges for the entire industry, including the Group, as one of the leading high-end menswear retailers in Greater China.

The management team, having had experience of working through the challenges of the America financial crisis in 2008, understands and is realistic about the situation we face as China's economy transitions to a "new normal". Armed with that experience, we continue to adapt our business operations so the Group is better able to deal with these immediate market challenges. Testimony to this is our ongoing work to: improve the offerings of our brands; reduce expenses; and significantly decrease our inventory, all of which have put us in a stronger position to manage the new conditions we face. Sustainable returns in the medium- to long-term remain our ultimate and, I strongly believe, achievable goal.

Cost-cutting and streamlining

Investment in our brands and processes has continued in recent months, including ongoing work to streamline our sourcing, merchandising, marketing and distribution platforms. This reflects our unshaken confidence in the robustness of the long-term vision for the Group, as well as the management team's proactivity in meeting market challenges head on.

We succeeded in reducing our selling, marketing and distribution expenses by HK$65.5 million in the first half of 2015. We achieved this, in part, by rationalising our store numbers and locations. In addition, we reduced the price of some lines with a view to broadening our customer base while operating on a reduced inventory. Crucially, the value of the Group's inventory has been reduced to HK$510.1 million in June 2015, down from HK$742.9 million in June 2014, a significant decrease. By planning ahead, these efforts to reduce inventory have put us in a strong position to respond to current market conditions.

Our biggest, most difficult management decision was a restructuring exercise, which resulted in HK$29.3 million one-off costs in the first half of 2015. The decision - not taken lightly or in haste - to downsize some parts of our workforce, was implemented with due care and consideration for those affected. This necessary step will deliver a permanent reduction in staff costs, alongside the further consolidation of key functions that drive the Group's brands behind the scenes.

Interim financial results

Taken together, our robust cost reduction measures have enabled the Group to maintain a healthy financial position, despite the tough business environment. Indeed, the Group is operating cash positive at the end of the first half of the year.

However, as reflected in the profit alert we issued in June 2015, the contraction in the first half of this year of the premium goods market in the Chinese Mainland as well as Hong Kong and Macau had a detrimental impact on the performance of the Group. As a result of this difficult environment, revenue, margin and same-store sales are all lower than in the same period last year.

Positioning our brands for the future

To prepare for the ever changing retail environment, we completed a major initiative in the reporting period, spearheaded by our Chief Merchandising Officer, Mr Cody Kondo, to refresh and differentiate the positioning of our four brands: Cerruti 1881, Kent & Curwen, Gieves & Hawkes and D'URBAN. The results can be seen in our Fall/Winter 2015 collections. Each brand communicates a stronger, authentic story to its distinctive market segment.

Cerruti 1881 is *la dolce vita*. Full of Italian elegance, it is the essence of living well. Kent & Curwen, with its hallmark emblem of three lions, is youthful strength embodied in sport. Gieves & Hawkes is simply the finest in bespoke tailoring, fulfilling all you would expect from a brand with the prestigious London address of No.1 Savile Row. And, D'URBAN, is the brand for the metropolitan men.

Currently en route to stores, our new collections will be supported by marketing and social media campaigns that bring these re-empowered brand stories to life. Customers will see dramatic new advertising creatives, eye-catching window displays and clearly differentiated visual merchandising. We are confident that the full package of our Fall/Winter 2015 collections and corresponding marketing strategies will resonate strongly with our discerning Chinese male customers.

Target globally. Think locally.

Our continued approach of "targeting globally, while thinking locally" means we are well positioned to respond flexibly to the changing nature of Chinese consumer spending habits. Our presence overseas, including London and Paris, enables us to engage the Chinese consumers with brands they recognise and that appeal to their desire for authenticity, both at home and abroad.

Dedicated service

It is appropriate at this point to recognise the dedicated service of the Group's longstanding Chief Financial Officer ("CFO"), Mr Bruno Li, who retired on 1 July 2015, and to thank him for his many contributions. I am pleased to welcome Mr Srinivasan Parthasarathy as our new CFO. I am confident that with his addition, the management team will be able to make further progress in the second half of 2015.

Summary and outlook

In summary, the management team remains focused on addressing challenges in our day-to-day operations. I am satisfied that the decisions we have implemented in the first half of the year will serve us well going forward. And I remain confident in the long-term vision and business prospects for the Group.

The management team is realistic about the retail landscape in which we now operate and will continue to bring fresh insights into how to navigate it. As we look forward, we will continue to leverage our team's exceptional depth of experience in global brand development and marketing to grow our business in Greater China, the wider region and the world's fashion capitals, in the medium and long term.

Overall, our strategy remains to control what we can control and to ensure that the Group continues to learn, adapt and evolve with the changing times.

Richard Samuel COHEN
Chief Executive Officer
Hong Kong, 27 August 2015

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 2015.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June **2015** **HK$'000**	 2014 HK$'000
Revenue	2(a)	**1,006,409**	1,259,562
Cost of sales		**(295,011)**	(261,067)
Gross profit		**711,398**	998,495
Other income		**55,685**	29,746
Selling, marketing and distribution expenses		**(590,646)**	(656,136)
General and administrative expenses		**(244,423)**	(240,503)
Other gains/(losses) - net	4	**2,365**	(38,083)
Operating (loss)/profit	3	**(65,621)**	93,519
Finance income		**3,008**	15,658
Finance costs			
Notional interest expenses on contingent purchase consideration payable for acquisition		**(4,210)**	(6,587)
Interest expenses on bank borrowings and overdrafts		**(5,706)**	(10,019)
Finance costs – net		**(6,908)**	(948)
Share of profit of associates	2(a)	**1,740**	4,558
(Loss)/profit before income tax		**(70,789)**	97,129
Income tax	5	**23,377**	(18,116)
(Loss)/profit for the period attributable to shareholders of the Company		**(47,412)**	79,013
Basic (loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	6(a)	**(2.7) cents**	4.6 cents
Diluted (loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	6(b)	**(2.7) cents**	4.6 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
(Loss)/profit for the period	**(47,412)**	79,013
Other comprehensive (expense)/income for the period		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries and associates	**(9,359)**	4,742
Other comprehensive (expense)/income for the period, net of tax	**(9,359)**	4,742
Total comprehensive (expense)/income for the period	**(56,771)**	83,755
Total comprehensive (expense)/income attributable to:		
- Shareholders of the Company	**(56,771)**	83,755

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2015 HK$'000**	Audited 31 December 2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**205,633**	236,985
Intangible assets		**3,039,456**	3,054,502
Investments in associates		**129,335**	131,486
Loan receivable	8	**91,600**	71,930
Derivative financial instrument	9	**6,019**	6,023
Deposits, prepayments and other receivables		**60,493**	55,982
Deferred income tax assets		**172,465**	144,651
		3,705,001	3,701,559
Current assets			
Inventories		**510,057**	612,475
Trade receivables	10	**81,919**	179,978
Deposits, prepayments and other receivables		**132,227**	110,803
Amounts due from related parties		**338**	77
Current income tax recoverables		**22,703**	15,599
Cash and cash equivalents (excluding bank overdrafts)		**290,306**	522,677
		1,037,550	1,441,609
Total assets		**4,742,551**	5,143,168
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**174,653**	174,653
Share premium		**2,376,850**	2,376,850
Reserves		**717,883**	845,108
Total equity		**3,269,386**	3,396,611
LIABILITIES			
Non-current liabilities			
Borrowing		**180,000**	-
Provision for long service payments		**5,876**	10,377
Retirement benefit obligations		**31,783**	31,221
Contingent purchase consideration payable for acquisition		**206,690**	252,475
Deferred income tax liabilities		**307,704**	311,457
		732,053	605,530
Current liabilities			
Trade payables	11	**63,020**	43,870
Other payables and accruals		**217,890**	321,869
Amounts due to related parties		**9,886**	13,089
Current income tax liabilities		**12,218**	14,279
Borrowings		**438,098**	747,920
		741,112	1,141,027
Total liabilities		**1,473,165**	1,746,557
Total equity and liabilities		**4,742,551**	5,143,168
Net current assets		**296,438**	300,582
Total assets less current liabilities		**4,001,439**	4,002,141

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 2014		173,264	2,355,300	1,068,259	(157,188)	3,439,635
Comprehensive income						
Profit for the period		-	-	79,013	-	79,013
Other comprehensive income						
Exchange differences on translation of subsidiaries and associates		-	-	-	4,742	4,742
Other comprehensive income for the period, net of tax		-	-	-	4,742	4,742
Total comprehensive income		-	-	79,013	4,742	83,755
Transactions with owners						
Employee share option schemes						
- exercise of share options		16	275	-	-	291
- transfer to retained earnings		-	-	3,741	(3,741)	-
2013 final dividends paid	7(b)	-	-	(147,288)	-	(147,288)
Total transactions with owners		16	275	(143,547)	(3,741)	(146,997)
Balance at 30 June 2014		173,280	2,355,575	1,003,725	(156,187)	3,376,393
Balance at 1 January 2015		**174,653**	**2,376,850**	**1,045,076**	**(199,968)**	**3,396,611**
Comprehensive expense						
Loss for the period		**-**	**-**	**(47,412)**	**-**	**(47,412)**
Other comprehensive expense						
Exchange differences on translation of subsidiaries and associates		**-**	**-**	**-**	**(9,359)**	**(9,359)**
Other comprehensive expense for the period, net of tax		**-**	**-**	**-**	**(9,359)**	**(9,359)**
Total comprehensive expense		**-**	**-**	**(47,412)**	**(9,359)**	**(56,771)**
Transactions with owners						
Employee share option scheme						
- value of employee services		**-**	**-**	**-**	**4,647**	**4,647**
- transfer to retained earnings		**-**	**-**	**4,943**	**(4,943)**	**-**
2014 final dividends paid	7(b)	**-**	**-**	**(75,101)**	**-**	**(75,101)**
Total transactions with owners		**-**	**-**	**(70,158)**	**(296)**	**(70,454)**
Balance at 30 June 2015		**174,653**	**2,376,850**	**927,506**	**(209,623)**	**3,269,386**

Notes:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30 June 2015 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include HKASs and Interpretations).

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 2014.

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

(a) Adoption of amendments to existing standards effective in 2015

The Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2015 and relevant to the Group:

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans - Employee Contribution
Annual Improvements Project	Annual Improvements 2010-2012 Reporting Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Reporting Cycle

The adoption of such amendments to existing standards and minor amendments to HKAS/HKFRS under the annual improvements projects of HKICPA does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2015.

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

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

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

HKAS 1 (Amendment)	Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
HKAS 16 and HKAS 41 (Amendments)	Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method (effective for annual periods beginning on or after 1 January 2016)
HKFRS 9 (2014)	Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
HKFRS 11 (Amendment)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
HKFRS 14	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
HKFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
Annual Improvements Project	Annual Improvements 2012-2014 Reporting Cycle (effective for annual periods beginning on or after 1 January 2016)

All these new standards and amendments to existing standards are effective in the financial year of 2016 or years after 2016. The Group is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application.

2. **Segment information**

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

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

Segment asset consists only of inventories.

(a) Segment results

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

	Unaudited									
	HK & Macau		Chinese Mainland		Taiwan	Europe			Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	**296,585**	**184,984**	**491,506**	**3,372**	**78,807**	**79,303**	**29,755**	**66,210**	**1,668**	**1,232,190**
Inter-segment revenue	**-**	**(182,097)**	**-**	**-**	**-**	**-**	**(24,093)**	**(19,591)**	**-**	**(225,781)**
Segment revenue and revenue from external customers	**296,585**	**2,887**	**491,506**	**3,372**	**78,807**	**79,303**	**5,662**	**46,619**	**1,668**	**1,006,409**
Gross profit	**220,920**	**896**	**344,584**	**(59)**	**53,193**	**41,968**	**1,985**	**46,619**	**1,292**	**711,398**
Segmental contributions	**464**	**896**	**13,858**	**(1,153)**	**13,789**	**(8,669)**	**(5,469)**	**36,994**	**(1,937)**	**48,773**
Segmental contributions includes:										
Depreciation	**(11,673)**	**-**	**(41,319)**	**(1,132)**	**(2,420)**	**(5,774)**	**(306)**	**(46)**	**(278)**	**(62,948)**
Share of profit of associates	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,740**	**1,740**
Segment asset as at 30 June 2015	**160,616**	**-**	**267,091**	**-**	**39,511**	**40,032**	**-**	**-**	**2,807**	**510,057**

2. Segment information (Continued)

(a) Segment results (Continued)

The segment results for the six months ended 30 June 2014 are as follows:

	Unaudited									
	HK & Macau		Chinese Mainland		Taiwan	Europe			Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	385,913	408,860	628,672	5,048	94,861	82,932	42,809	78,518	-	1,727,613
Inter-segment revenue	-	(405,639)	-	-	-	-	(41,468)	(20,944)	-	(468,051)
Segment revenue and revenue from external customers	385,913	3,221	628,672	5,048	94,861	82,932	1,341	57,574	-	1,259,562
Gross profit	314,269	1,426	504,446	3,856	72,800	44,602	(478)	57,574	-	998,495
Segmental contributions	77,408	1,426	128,958	3,151	28,211	(14,413)	(6,377)	34,872	4,558	257,794
Segmental contributions includes:										
Depreciation	(10,395)	-	(58,599)	(613)	(1,701)	(5,718)	(122)	(83)	-	(77,231)
Reversal of provision for impairment of property, plant and equipment	-	-	-	-	-	339	-	-	-	339
Share of profit of associates	-	-	-	-	-	-	-	-	4,558	4,558
Segment asset as at 31 December 2014	196,036	-	319,403	-	47,230	49,806	-	-	-	612,475

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

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Segmental contributions for reportable segments	**48,773**	257,794
Add:		
Other income	**55,685**	29,746
Other gains/(losses) – net	**2,365**	(38,083)
Less:		
Finance costs – net	**(6,908)**	(948)
Employee benefit expenses	**(103,035)**	(93,967)
Rental and other operating expenses	**(21,351)**	(19,266)
Depreciation	**(6,199)**	(7,437)
Legal and professional fees	**(10,901)**	(8,173)
Product design and related management expenses	**(13,476)**	(7,745)
Other unallocated expenses	**(15,742)**	(14,792)
Total Group's (loss)/profit before income tax	**(70,789)**	97,129

2. Segment information (Continued)

(c) Geographic information

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

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

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Hong Kong & Macau	**296,585**	385,913
Chinese Mainland	**494,878**	633,720
Taiwan	**78,807**	94,861
France	**7,173**	10,203
United Kingdom	**76,576**	77,195
Italy	**15,131**	19,110
Switzerland	**10,354**	12,808
USA	**14,794**	15,881
Other countries	**12,111**	9,871
Total	**1,006,409**	1,259,562

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 2015 HK$'000	Audited 31 December 2014 HK$'000
Hong Kong & Macau	**584,774**	590,514
Chinese Mainland	**824,785**	841,825
Taiwan	**82,725**	84,472
France	**674,011**	690,670
United Kingdom	**792,351**	795,295
Singapore	**357,402**	356,763
South Korea	**105,093**	104,600
Malaysia	**9,752**	10,331
Thailand	**4,024**	4,485
Total	**3,434,917**	3,478,955

3. Operating (loss)/profit

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

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Write off of inventories	**4,181**	1,643
Reversal of provision for impairment of inventories (note (a))	**(10,338)**	(40,355)
Depreciation of property, plant and equipment	**69,147**	84,668
Reversal of provision for impairment of property, plant and equipment	**-**	(339)
Loss on disposal of property, plant and equipment	**4,926**	2,442
Additional provision for impairment of trade receivables	**631**	171
Employee benefit expenses	**323,050**	337,243
Advertising and promotion expenses (note (b))	**60,647**	76,815
Royalty expenses	**2,724**	3,447

Notes:

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

(b) Advertising and promotion expenses included employee benefit expenses of HK$6,401,000 (For the six months ended 30 June 2014: HK$5,250,000) and operating lease rental expenses of HK$1,196,000 (For the six months ended 30 June 2014: HK$682,000).

4. Other gains/(losses) – net

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Fair value losses on forward foreign exchange contracts	**(485)**	(709)
Net foreign exchange gains/(losses)	**2,850**	(37,374)
Other gains/(losses) – net	**2,365**	(38,083)

5. Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the six months ended 30 June 2015. 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	
	2015	2014
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**2,475**	10,039
- Overseas taxation	**3,524**	8,768
- Over provision in prior years	**(2,852)**	(5,010)
Deferred income tax	**(26,524)**	4,319
	(23,377)	18,116

6. (Loss)/earnings per share

(a) Basic

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

	Unaudited Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares in issue	**1,746,529,000**	1,732,747,000
(Loss)/profit attributable to shareholders of the Company (HK$'000)	**(47,412)**	79,013
Basic (loss)/earnings per share (HK cents per share)	**(2.7) cents**	4.6 cents

(b) Diluted

The calculation of diluted (loss)/earnings per share is based on the loss attributable to shareholders of the Company of HK$47,412,000 (For the six months ended 30 June 2014: profit of HK$79,013,000) and the weighted average number of 1,746,529,000 ordinary shares in issue (As at 30 June 2014: 1,735,741,000 ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares under the Company's share option schemes).

The calculation of diluted loss per share amount for the period ended 30 June 2015 did not include the potential effect of the deemed issue of shares under the Company's share option scheme as it had an anti-dilutive effect on the basic loss per share amount during the period (For the six months ended 30 June 2014: diluted earnings per share 4.6 HK cents).

7. Dividends

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

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Interim dividend of HK cents: nil (2014: 2.4 HK cents) per ordinary share	**-**	41,790

The Board of Directors has resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014: 2.4 HK cents per ordinary share).

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

	Unaudited Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Final dividend approved and paid (2015: 4.3 HK cents; 2014: 8.5 HK cents) per ordinary share	**75,101**	147,288

8. Loan receivable

(a) On 21 August 2013, the Group entered into a convertible promissory note transaction with British Heritage Brands, Inc ("BHB"), a licensee of Kent & Curwen in Europe, North America, Central America, South America, Russia and the Middle East. Under the terms of the agreement, the Group would contribute a maximum aggregate amount of USD15.0 million in four tranches over two years with the first and second tranches of USD6.75 million and USD3.25 million already paid as at 31 December 2013. During the period ended 30 June 2015, the Group has further contributed USD2.5 million. For the remaining USD2.5 million, the Group is required to pay to BHB, subject to the satisfaction of the relevant benchmarks as prescribed under the agreement. The convertible promissory note carries interest at 5% per annum maturing on 31 December 2027 with a right of conversion up to 23.94% equity interest of BHB during the period commencing on the earlier of either (i) the date on which sum of all payments made by the Group equals the maximum aggregate amount of the convertible promissory note; or (ii) 1 January 2016, and ending on the day occurring 90 days following the date of delivery to the Group of the annual audited financial statements of BHB for the fiscal year 2018.

(b) The convertible promissory note is denominated in US dollars.

(c) The effective interest rate of the convertible promissory note at the end of the reporting period was 5.38% (31 December 2014: 5.38%).

(d) As at 30 June 2015 and 31 December 2014, the carrying amount of the Group's loan receivable approximates its fair value.

9. Derivative financial instrument

	Unaudited 30 June 2015 HK$'000	Audited 31 December 2014 HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note	**6,019**	6,023

The conversion right embedded in convertible promissory note referred to the Group's investment in an unlisted convertible promissory note issued by BHB mentioned in Note 8.

10. 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 2015, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2015 HK$'000	Audited 31 December 2014 HK$'000
1 - 30 days	**32,728**	110,565
31 - 60 days	**11,184**	51,367
61 - 90 days	**13,865**	6,569
Over 90 days	**26,446**	13,199
	84,223	181,700
Less: provision for impairment of trade receivables	**(2,304)**	(1,722)
	81,919	179,978

As at 30 June 2015, the fair values of the Group's trade receivables are approximately the same as their carrying amounts.

11. Trade payables

At 30 June 2015, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2015 HK$'000	Audited 31 December 2014 HK$'000
1 - 30 days	**35,031**	17,043
31 - 60 days	**2,436**	6,238
61 - 90 days	**9,727**	4,279
Over 90 days	**15,826**	16,310
	63,020	43,870

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

DISCUSSION AND ANALYSIS

Revenue

Revenue for the first half of 2015 was HK$1.0 billion, which was HK$253.2 million lower than the same period of last year. The Group's same-stores sales were down 15.9%. This decline was primarily caused by the weak sales environment in Greater China.

Gross profit

The gross profit for the first half of the year was HK$711.4 million compared to HK$998.5 million in the first six months of 2014. The gross profit margin was 70.7% for the reporting period. Excluding the adjustments for inventory provision movements, the gross profit margin declined by 6.4 percentage points.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses amounted to HK$590.6 million, representing a HK$65.5 million decrease from the same period of 2014. The decrease was mainly due to management's continued efforts to improve cost efficiency and streamline the store network by closing non-performing stores. The number of stores was reduced to 386 as of 30 June 2015, down from 433 stores as of 30 June 2014.

General and administrative expenses

General and administrative expenses amounted to HK$244.4 million, representing an increase of HK$3.9 million from the same period of last year. Part of the change in general and administrative expenses was due to the strengthening of merchandising and planning function and increase in share option costs.

Other income

Other income was HK$55.7 million in the first half of 2015, compared to HK$29.7 million in the same period last year. This was mainly due to an increase in the fair value accounting adjustment on the contingent purchase consideration payable relating to the acquisition of Gieves & Hawkes in 2012.

Other gains of HK$2.4 million in the period arose primarily from foreign exchange transactions. This contrasted with an exchange loss of HK$38.1 million incurred as a result of the depreciation of renminbi ("RMB") in 2014.

Finance costs – net

Net finance costs were HK$6.9 million in the first half of 2015, whereas net finance costs of HK$0.9 million were reported in the same period of 2014. The increase was primarily due to a reduction in interest income earned on surplus RMB funds which were reduced to RMB88.5 million as at 30 June 2015 from RMB1,009.0 million as at 30 June 2014.

Share of Profit of Associates

Share of profit of associates declined to HK$1.7 million as a result of the lower net profit sharing from our 20% interests in Ferragamo businesses in South Korea and various countries in Southeast Asia.

Income Tax

Income tax shows a credit of HK$23.4 million as deferred tax assets were recognised on losses incurred before certain non-taxable income (such as fair value accounting adjustment on contingent purchase consideration payable).

Loss attributable to Shareholders

The Group incurred a loss of HK$47.4 million, which translated into a loss of 2.7 HK cents per share.

Working Capital Management

Inventory control continued to be a key element in working capital management. The focus on inventory by the Group's management saw the value of the inventory reduced appreciably to HK$510.1 million in June 2015, from HK$742.9 million and HK$612.5 million in June 2014 and December 2014 respectively. Inventory turnover days for the first half of 2015 reduced to 340 days, 126 days lower than June 2014 and less than the 343 days for the year ended December 2014, before inventory provision.

The Group's trade receivables reduced to HK$81.9 million for the period ended 30 June 2015 from HK$127.9 million and HK$180.0 million in June 2014 and December 2014 respectively.

The Group's trade payables as at June 2015 were HK$63.0 million, compared to HK$81.7 million and HK$43.9 million in June 2014 and December 2014 respectively. The trade payable turnover days were 33 days for the period ended 30 June 2015, compared with 36 days for the year ended 31 December 2014. This is attributable to significantly improved inventory control and management.

Financial Position and Liquidity

The Group generated net cash of HK$20.2 million from operating activities.

The net debt of the Group was HK$327.8 million and the gearing ratio, equal to net debt divided by total capital, was 9.1%. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the condensed consolidated statement of financial position, plus net debt. The comparable position for June 2014 and December 2014 was 7.9% and 6.2%.

Credit Risk Management

Trade receivables from department stores and receivables from wholesale customers and licensees are the major credit risk of the business. The Group has established procedures to evaluate and monitor the credit risk of department stores, wholesale customers and licensees in order to control its exposure in this area.

The trade receivable turnover days for the first half of 2015 were 24 days, almost the same as the 25 days reported for the year ended 31 December 2014.

At the end of June 2015, the receivables over three months old amounted to HK$26.4 million. Appropriate actions have been taken to collect the overdue receivables.

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

Foreign Exchange and Interest Rate Management

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

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

Banking Facilities

The Group has secured bank lines of approximately HK$3,148.7 million for operational requirements and has utilised less than 20% of the available facility as of 30 June 2015.

A total of HK$552.1 million in revolving loans and term loan ($372.1 million repayable within one year and $180.0 million repayable between one and five years) were utilised, and HK$75.7 million was deployed for trade financing and bank overdrafts at period end. The undrawn facilities at period end amounted to HK$2,520.9 million.

Purchase of Convertible Promissory Note

Our commitment and collaboration with British Heritage Brands, Inc ("BHB") to expand Kent & Curwen into the defined licensed territories required the purchase of convertible promissory note issued by BHB. At June 2015, a total of HK$97.6 million (US$12.5 million) has been taken up. The Group will pay the balance of US$2.5 million subject to the satisfaction of relevant benchmarks as prescribed under the note purchase agreement. Under this arrangement the Group could have an equity interest in BHB of up to 23.94% after exercising the conversion option.

Segmental Analysis

Revenue

The retail business continued to be the principal source of revenue for the Group. The weak sales environment in Greater China resulted in HK$89.3 million decrease in sales in Hong Kong & Macau, HK$137.2 million decrease in the Chinese Mainland and HK$16.1 million decrease in Taiwan. Same-store sales reflected a similar trend, with a drop of HK$56.0 million in Hong Kong & Macau. In the Chinese Mainland and Taiwan, the decline in same-store sales was HK$69.9 million and HK$13.9 million respectively.

In Europe, the wholesale business continued to grow and increased to HK$5.7 million in the first half of 2015.

The revenue from the licensing business in Europe recorded a decline of 19.0% that was the result of an adverse exchange rate movement. It was stable in local currency terms. A small decrease of 4.4% in retail sales was recorded.

Gross profit

Gross profit margin for the Group declined to 70.7% in the first half of 2015, from 79.3% in the same period of 2014.

The retail gross profit margins for the Chinese Mainland, Hong Kong & Macau and Taiwan in 2015 were 70.1%, 74.5% and 67.5%, whereas the gross profit margins in 2014 were 80.2% for the Chinese Mainland, 81.4% for the Hong Kong & Macau and 76.7% for Taiwan.

The segmental contributions

The segmental contributions for the Group were affected negatively by the market conditions and were HK$48.8 million for the six months ended 30 June 2015. The segmental contributions for Europe improved in the first half of 2015.

Human Resources and Training

As at 30 June 2015, the total workforce for the Group was 2,951 employees, compared with 3,558 a year earlier. Our workforce is comprised of 855 employees in Hong Kong and Macau; 1,746 on the Chinese Mainland; 174 in Taiwan, and 176 in other countries. Total staff costs were HK$323.1 million for the first half of 2015, compared to HK$337.2 million for the same period of last year.

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

The Group continues to invest in human resources through training and development programmes for managers and staff at all levels. In addition, we conducted product and customer service training programmes for frontline staff across all brands in Greater China.

Corporate Social Responsibility and Sustainability Initiatives

At Trinity, we take a position of responsibility with regard to the environment, our employees, and society. We continue with our sustainability drive for the seventh year running, as we strive to strengthen practices and enhance awareness by effectively communicating and updating policies and procedures to meet changing demands in the economies where we operate.

Being a responsible citizen to the community and to our employees, we initiate and participate in programmes that align with the Group's sustainability drive and are rewarding to our staff involved. In the first six months of the year, over 1,300 number of staff participated in 16 sustainability activities, contributing a total of over 1,700 hours to a number of sustainability programmes, including tree planting, health talks, Food Angel voluntary work, and the Skip-a-Meal campaign, among others. This is the sixth consecutive year in which we have participated in World Vision's Skip-a-Meal project, with the Group achieving the prize for 2nd Runner Up for the "Highest Number of Participants" in this initiative.

In support of the global effort in combating climate change, the Group set targets to reduce our resources consumption wherever practical. We have started to disclose our carbon footprint on the Carbon Footprint Repository for Listed Companies in Hong Kong launched by the Environmental Protection Department, and have also recorded our Hong Kong operations fuel and electricity consumption, tracking a 7% full-year reduction in greenhouse gas emissions in comparison to 2013.

We have improved our carbon footprint management capability by implementing a comprehensive online management system that can collate, consolidate and verify data collected under one platform in Hong Kong. This system has now been expanded to China and Taiwan with effective procedures in place to ensure data collected is meaningful for management and monitoring purposes. We intend to tighten our measurement and continue to monitor progress to enable us to set realistic targets.

We also support the Plastic Shopping Bag Charging scheme in Hong Kong by committing to donate all money collected to support waste reduction programs in Hong Kong, and have updated our Environment Policy to reflect this. We recognise there are still considerable opportunities and challenges with regard to combating climate change, we are continually exploring new channels and approaches to further minimise our environmental impact.

At Trinity, we have committed to uphold the ten UN Global Compact (UNGC) principles, including internationally proclaimed human rights, freedom of association and effective abolition of child or forced labour. We also demand our suppliers to be in compliance with the Trinity Code of Conduct, which sets standards of operational integrity including, but not limited to, high ethical standards in the areas of anti-corruption, extortion, bribery, fraud, false declarations, counterfeiting, insider trading, human rights and relevant labour standards.

Trinity is committed to continue to operate with integrity in all aspects of our business, and to uphold these standards for the environment, our employees and society as a whole. We embrace sustainability as one of our corporate values and continue along this path to improve our performance.

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 Chief Executive Officer. 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 2015 are in line with those practices set out in the Company's 2014 Annual Report and the CG Code.

AUDIT COMMITTEE

The Audit Committee met three times to date in 2015 (with a 100% attendance rate) to review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditors, the internal audit plan, 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 (now the 'Group Chief Compliance and Risk Management 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 2015 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 2015.

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 2015, 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 2015. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2015.

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 2015.

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 2015.

INTERIM DIVIDEND

The Board of Directors has resolved not to declare any interim dividend (2014: 2.4 HK cents per share) for the six months ended 30 June 2015.

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 2015 Interim Report will be despatched to the shareholders of the Company and available on the same websites on or about 17 September 2015.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 27 August 2015

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

** For identification purposes only*