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 2012

Highlights

	2012	2011	% change
Revenue *(HK$ million)*	**1,367**	1,206	13.4%
Gross profit *(HK$ million)*	**1,083**	974	11.2%
Gross margin (%)	**79.2%**	80.8%	
Operating profit *(HK$ million)*	**304**	298	1.8%
Operating margin (%)	**22.2%**	24.7%	
Profit attributable to shareholders *(HK$ million)*	**265**	240	10.5%
Profit attributable to shareholders (%)	**19.4%**	19.9%	
Basic earnings per share *(HK cents)*	**15.5**	14.2	
Interim dividend per share *(HK cents)*	**8.0**	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 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June **2012** **HK$'000**	 2011 HK$'000
Revenue	2	**1,367,102**	1,205,966
Cost of sales		**(284,146)**	(232,121)
Gross profit		**1,082,956**	973,845
Other income		**29,817**	28,064
Selling and marketing expenses		**(607,808)**	(498,044)
Administrative expenses		**(209,419)**	(214,852)
Other gains – net		**8,088**	9,290
Operating profit	3	**303,634**	298,303
Finance income		**3,436**	3,085
Finance costs		**(6,411)**	(2,117)
Finance (costs)/income – net		**(2,975)**	968
Share of profit of jointly controlled entities		**31,434**	29,710
Profit before income tax		**332,093**	328,981
Income tax expenses	4	**(66,748)**	(88,888)
Profit for the period attributable to shareholders of the Company		**265,345**	240,093
Basic earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	5	**15.5 cents**	14.2 cents
Diluted earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	5	**15.2 cents**	13.8 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June **2012** HK$'000	2011 HK$'000
Profit for the period	**265,345**	240,093
Other comprehensive (expenses)/income for the period		
Currency translation differences	**(13,326)**	18,963
Total comprehensive income attributable to shareholders of the Company	**252,019**	259,056

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30 June 2012 HK$'000	Audited 31 December 2011 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**307,528**	311,806
Intangible assets		**3,062,170**	2,312,248
Investments in jointly controlled entities		**236,606**	229,045
Deposit and prepayments		**47,517**	45,695
Deferred income tax assets		**143,321**	94,009
		3,797,142	2,992,803
Current assets			
Inventories		**667,066**	605,036
Trade receivables	7	**142,340**	233,326
Deposit and prepayments		**96,399**	63,554
Amounts due from related parties		**1,403**	1,153
Cash and cash equivalents		**576,718**	790,370
		1,483,926	1,693,439
Total assets		**5,281,068**	4,686,242
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**171,481**	170,839
Share premium		**2,314,983**	2,302,656
Reserves		**780,159**	782,000
Total equity		**3,266,623**	3,255,495
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**9,652**	9,378
Retirement benefit obligations		**17,229**	13,415
Balance of purchase consideration payable for acquisition to be settled by cash		**313,706**	-
Other payables and accruals		-	31,648
Deferred income tax liabilities		**356,269**	230,693
		696,856	285,134
Current liabilities			
Trade payables	8	**90,511**	123,759
Balance of purchase consideration payable for acquisition to be settled by cash		**5,934**	-
Other payables and accruals		**426,955**	529,615
Amounts due to related parties		**20,972**	13,674
Current income tax liabilities		**93,217**	98,565
Borrowings		**680,000**	380,000
		1,317,589	1,145,613
Total liabilities		**2,014,445**	1,430,747
Total equity and liabilities		**5,281,068**	4,686,242
Net current assets		**166,337**	547,826
Total assets less current liabilities		**3,963,479**	3,540,629

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 2011		158,889	1,540,961	731,262	(180,224)	2,250,888
Comprehensive income						
Exchange differences		-	-	-	18,963	18,963
Profit for the period		-	-	240,093	-	240,093
Total comprehensive income		-	-	240,093	18,963	259,056
Transactions with owners						
Issue of shares pursuant to a placement		10,000	726,554	-	-	736,554
Employee share option schemes						
-value of employee services		-	-	-	9,610	9,610
-exercise of share options		722	13,963	-	-	14,685
-transfer to retained earnings		-	-	4,292	(4,292)	-
Dividends paid	6	-	-	(169,607)	-	(169,607)
Total transactions with owners		10,722	740,517	(165,315)	5,318	591,242
Balance at 30 June 2011		169,611	2,281,478	806,040	(155,943)	3,101,186
Balance at 1 January 2012		**170,839**	**2,302,656**	**950,488**	**(168,488)**	**3,255,495**
Comprehensive income						
Exchange differences		**-**	**-**	**-**	**(13,326)**	**(13,326)**
Profit for the period		**-**	**-**	**265,345**	**-**	**265,345**
Total comprehensive income		**-**	**-**	**265,345**	**(13,326)**	**252,019**
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	**-**	**-**	**(257,110)**	**-**	**(257,110)**
Total transactions with owners		**642**	**12,327**	**(256,410)**	**2,550**	**(240,891)**
Balance at 30 June 2012		**171,481**	**2,314,983**	**959,423**	**(179,264)**	**3,266,623**

Notes:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30 June 2012 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 2011, 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 2011.

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, amendments and interpretations to existing standards effective in 2012

The Group has adopted the following new/revised standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2012 and relevant to the Group:

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012)
HKFRS 1 (Amendment)	Severe Hyperinflation of Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011)
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011)

The adoption of such new or revised standards, amendments and interpretations to existing standards does not have material impact on the condensed consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

1. Basis of preparation and accounting policies (Continued)

(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 and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
HKAS 19 (2011)	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
HKAS 27 (2011)	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKAS 28 (2011)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
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	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
HKFRS 12	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
HKFRS 13	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
HK(IFRIC)-Int 20	Stripping costs in the Production Phase of a Surface Mine (effective for annual periods beginning on or after 1 January 2013)
Annual Improvements Project	Improvements to HKFRSs 2011 (effective for annual periods beginning on or after 1 January 2013)

All these amendments are effective in the financial year of 2012 or years after 2012 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 retail and wholesale of menswear under self-owned brands and licensed brands in the Greater China Region, retailing and licensing businesses in Europe, and its jointly controlled entities are retailers of luxury fashion and accessories in South Korea and 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 ("HK & 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 profit before tax. Corporate employee benefit expenses and overheads, finance income/(costs) and other gains-net are not allocated to segments.

Segment asset consists only of inventories.

(a) Segment results

The segment results for the six months ended 30 June 2012 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	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 profit/(loss) before income tax	138,125	1,158	232,414	22,207	(3,805)	26,362	31,434	447,895
Segment profit/(loss) before income tax includes:								
Depreciation	(4,084)	-	(60,851)	(2,216)	(3,713)	(1,070)	-	(71,934)
Share of profit of jointly controlled entities	-	-	-	-	-	-	31,434	31,434
Segment asset as at 30 June 2012	202,830	-	349,908	62,926	51,402	-	-	667,066

The segment results for the six months ended 30 June 2011 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	374,265	2,445	691,922	97,730	13,313	26,291	-	1,205,966
Gross profit	303,480	1,100	561,094	75,206	6,674	26,291	-	973,845
Segment profit/(loss) before income tax	152,348	1,100	241,696	27,451	(4,255)	14,452	29,710	462,502
Segment profit/(loss) before income tax includes:								
Depreciation	(5,396)	-	(45,098)	(998)	(2,254)	(11)	-	(53,757)
Share of profit of jointly controlled entities	-	-	-	-	-	-	29,710	29,710
Segment asset as at 31 December 2011	196,226	-	346,469	55,962	6,379	-	-	605,036

2. Segment information (Continued)

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

	Unaudited Six months ended 30 June 2012 HK$'000	2011 HK$'000
Segment profit before income tax for reportable segments	**447,895**	462,502
Add:		
Other income	**29,817**	28,064
Other gains – net	**8,088**	9,290
Finance income – net	**-**	968
Less:		
Finance costs – net	**(2,975)**	-
Employee benefit expenses	**(84,951)**	(110,478)
Rental expenses	**(23,886)**	(19,792)
Depreciation and amortisation	**(7,963)**	(10,935)
Corporate and other unallocated expenses	**(33,932)**	(30,638)
Total Group's profit before income tax	**332,093**	328,981

3. Operating profit

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

	Unaudited Six months ended 30 June 2012 HK$'000	2011 HK$'000
Reversal of provision for impairment of inventories	**(7,156)**	(8,525)
Depreciation of property, plant and equipment	**78,138**	60,688
Amortisation of intangible assets	**1,759**	4,004
Loss on disposal of property, plant and equipment	**3,548**	3,168
Reversal of provision for impairment of trade receivables	**(30)**	(3,165)
Advertising and promotion expenses	**83,753**	58,185
Royalty expenses	**9,998**	12,723

4. Income tax expenses

Hong Kong profits tax has been provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the six months ended 30 June 2012. 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 2012 HK$'000	2011 HK$'000
Current income tax		
– Hong Kong profits tax	**26,333**	16,863
– Overseas taxation	**42,555**	52,958
Deferred income tax	**(2,140)**	19,067
	66,748	88,888

5. Earnings per share

(a) Basic

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

	Unaudited Six months ended 30 June	
	2012	2011
Weighted average number of ordinary shares in issue	**1,712,704,000**	1,689,778,000
Profit attributable to shareholders of the Company (HK$'000)	**265,345**	240,093
Basic earnings per share (HK cents per share)	**15.5 cents**	14.2 cents

(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 Six months ended 30 June	
	2012	2011
Weighted average number of ordinary shares for diluted earnings per share	**1,746,522,000**	1,737,455,000
Profit attributable to shareholders of the Company (HK$'000)	**265,345**	240,093
Diluted earnings per share (HK cents per share)	**15.2 cents**	13.8 cents

6. Dividends

	Unaudited Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interim dividend declared of 8.0 HK cents (2011: 8.0 HK cents) per ordinary share	**137,185**	135,689

The interim dividend declared by the Board of Directors on 22 August 2012 has not been recognised as a liability at the balance sheet date. A final dividend of HK$257,110,000 for the year ended 31 December 2011 was paid in June 2012 (2011: a final dividend of HK$169,607,000 relating to 2010 was paid in June 2011).

7. Trade receivables

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

At 30 June 2012, the ageing analysis of trade receivables of the Group by invoice date is as follows:

	Unaudited 30 June 2012 HK$'000	Audited 31 December 2011 HK$'000
1 - 30 days	**93,488**	180,790
31 - 60 days	**38,674**	46,505
61 - 90 days	**4,020**	1,122
Over 90 days	**15,793**	13,854
	151,975	242,271
Less: Provision for impairment of trade receivables	**(9,635)**	(8,945)
	142,340	233,326

As at 30 June 2012, the fair values of the Group's trade receivables are approximately the same as their carrying amounts.

8. Trade payables

At 30 June 2012, the ageing analysis of the Group's trade payables by invoice date is as follows:

	Unaudited 30 June 2012 HK$'000	Audited 31 December 2011 HK$'000
1 - 30 days	**20,198**	75,017
31 - 60 days	**9,219**	14,102
61 - 90 days	**18,102**	12,677
Over 90 days	**42,992**	21,963
	90,511	123,759

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

During the period under review, the Group performed satisfactorily under adverse conditions. The Group posted results that were relatively in line with its expectations given the challenges in the market, and it made significant progress in continuing to lay the foundation for future growth – both for the Group and for its portfolio of brands.

Difficult conditions are likely to remain for the second half of the year. While there are positive indications in the medium to long term for the Chinese Mainland luxury sector, softening same-store sales, rising staff costs and increased inventory led to more modest results for the first half of 2012.

The Chinese Mainland economy has shown resilience in the face of the global downturn despite a slower pace of growth. Its luxury sector, including menswear, is not always immune to economic challenges, but its long-term potential is strong given that disposable income – and hence spending power – will continue to rise. In the short term, we will remain vigilant on costs while continuing to invest in order to build a solid foundation for future growth when opportunities arising from a global economic turnaround present themselves. The Group is confident that it has the correct long-term business strategy and prospects to succeed.

Summary of Financial Results

Revenue increased in the first half of 2012 by 13.4%, driven by moderated same-store sales growth and continued store expansion in Greater China as well as licensing income and retail revenue from Europe. Same-store sales for Hong Kong & Macau and the Chinese Mainland increased by 13.6% and 5.9% respectively. But Taiwan recorded a negative growth of 12.7%. Revenue from the Chinese Mainland contributed 59.8% of the Group's total revenue from Greater China. Revenue from Greater China grew by 8.4%, compared to the same period in 2011. After acquiring 100% interests in Gieves & Hawkes Group in May 2012, the Group now owns three global brands, Cerruti, Kent & Curwen and Gieves & Hawkes, which accounted for approximately 91.0% of the Group's revenue.

The Group acquired Gieves & Hawkes Group at an estimated aggregate consideration amounted to approximately HK$719.9 million, including a paid initial consideration of GBP32.5 million (approximately HK$402.3 million), and a contingent consideration of HK$317.6 million payable over 18 years which is subject to a cap of HK$ equivalent of GBP60.0 million (approximately HK$753.3 million).

The Group's gross margin decreased by 1.6 percentage points in the first half of 2012 to 79.2%, compared to 80.8% in the first half of 2011. The decrease in margin reflected a cyclical slowdown in the market.

Selling and marketing expenses, expressed as a percentage of revenue, increased from 41.3% to 44.5% year on year. The increase was attributable to higher investment in brand building, advertising and promotion expenses which increased from 4.8% of revenue in the first half of 2011 to 6.1% in the first half of 2012. Higher store operating expenses, especially shop staff wage adjustment in the Chinese Mainland, were also a contributory factor.

Administrative expenses decreased from 17.8% to 15.3% of revenue year on year. This was mainly due to adjustment on staff related compensation. Operating profit increased slightly from HK$298.3 million to HK$303.6 million as a result of an increase in revenue, but this was partially offset by the impact of lower gross profit margin and an increase in operating expenses.

Share of profit contributed by jointly controlled entities increased by 5.8% to HK$31.4 million as a result of a steady revenue growth.

Profit attributable to shareholders rose from HK$240.1 million to HK$265.3 million, an increase of 10.5%. The increase was primarily caused by a decrease in effective tax rate as a result of a higher profit mix in lower tax jurisdictions. The Group's earnings per share rose from 14.2 HK cents in the first half of 2011 to 15.5 HK cents in the first half of 2012.

Inventory Management

The Group's inventory turnover days increased to 407 days, reflecting the impact of the market slowdown since last quarter of 2011 and more inventory to support continuous retail network expansion. Total inventory amounted to HK$667.1 million, 87.0% of which represented prevailing two seasons and the remaining balance was mostly related to previous two seasons.

Financial Position and Liquidity

During the first half of 2012, the Group generated net cash from operating activities of HK$96.2 million. This was HK$108.3 million lower compared to the same period in 2011 which was mainly due to an increase in working capital. The major movement of funds for the Group included the initial consideration of HK$402.3 million paid for the acquisition of the Gieves & Hawkes Group, which together with a higher payment of taxes and dividend resulted in a net debt position of HK$103.3 million as at 30 June 2012. Net debt to equity ratio was 3.2%, equal to net debt divided by total equity as at 30 June 2012.

The Group has secured banking facilities of HK$1,368.5 million. As at 30 June 2012, HK$645.8 million of the available banking facilities were unutilised.

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 its exposure.

Trade receivables turnover days improved from 31 days for the year ended 31 December 2011 to 25 days for the period ended 30 June 2012 as a result of tightened collection process and also the lower trade receivables balance as at 30 June 2012 compared to that as at 31 December 2011. The much higher trade receivables balance as at 31 December 2011 was attributable to the impact of sales seasonality and early Chinese New Year. Outstanding trade receivables over three months old marginally increased by HK$1.9 million, and it was 10.4% of total trade receivables as at 30 June 2012 compared to 5.7% as at 31 December 2011.

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

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 in the interest rate. Since volatility of interest rate was expected to be limited, no hedging activities were taken during the reporting period.

Use of Proceeds from Initial Public Offering

As at 30 June 2012, a balance of HK$23.4 million in Initial Public Offering proceeds for retail network expansion remained unutilised.

Geographical Analysis for the Retail and Licensing Businesses

Revenue

Retail revenue growth in the Chinese Mainland and Hong Kong & Macau were 9.3% and 9.6% respectively, while the retail market in Taiwan recorded negative growth of 4.8%. Cerruti's worldwide licensing businesses and retail operations in Paris contributed approximately HK$64.9 million of revenue in the first half of 2012, compared to HK$39.0 million in the second quarter of 2011 since its acquisition in April 2011. Revenue from Gieves & Hawkes Group in the United Kingdom in the first half of 2012 was approximately HK$37.6 million since its acquisition in May 2012.

Gross Margin
The Group recorded a slight decline in its retail gross margin in Greater China to 79.3% due to the weakened market environment. The retail gross margin for Hong Kong & Macau, the Chinese Mainland and Taiwan was 80.2%, 79.4% and 74.5% respectively. The retail and licensing gross margin for Europe were 58.4% and 100.0% respectively.

Building Brand Equity

As the Group continues to develop its global portfolio of high-end to luxury menswear, creating brand equity is more important than ever in an increasingly competitive retail environment. The Group spent 6.1% of its revenue in the first half of 2012 on advertising and promotion, compared to 4.8% in the corresponding period of 2011.

One area where the Group has been active is digital marketing. The Group's new website was recently launched to provide an even more effective platform for its brands. The launch of the new website has portrayed a modern, dynamic and innovative Group, and the response has been unanimously positive.

The Group markets its key brands in a way that remains authentic to their heritages. However, it also ensures that they are differentiated effectively in the minds and hearts of consumers. For example, Kent & Curwen is positioned as a British heritage brand; Cerruti is the brand for those who appreciate contemporary Parisian elegance; and Gieves & Hawkes is the epitome of bespoke and formal Savile Row attire.

The sporting aspect of Kent & Curwen's legacy was emphasised in the 'Champions' advertising campaign for Spring/Summer. The brand sponsored and dressed the Hong Kong Olympic team, supporting it with an advertising campaign and exhibit at the luxury Pacific Place shopping mall, a premium destination in Hong Kong. Kent & Curwen was also the title sponsor for the Kent & Curwen 'Flannels for Heroes' charity cricket match for British war veterans, held at Burton Hall in the historic district of Chelsea, London. The 'Kent & Curwen Royal Charity Polo Cup', a prestigious charity polo competition, was held in July and was graced by London Society and HRH Prince Harry.

The appointment of Cerruti's new Artistic Director, Mr Aldo Maria Camillo, has created much anticipation and excitement in the international men's fashion arena. At the same time as Mr Camillo is working on his debut collection, which is scheduled for launch in January 2013 during Paris Men's Fashion Week, the Group is putting considerable marketing support behind this first collection.

The full acquisition of the famed Gieves & Hawkes of Savile Row in May 2012 expands the Group's presence in global high-end to luxury menswear brands. Part of the marketing efforts to promote Gieves & Hawkes involves the recent retainer of a public relations agency in London, whose remit is to focus on publicising the brand's legacy and quality to businessmen worldwide.

Supply Chain Management

Over the past 18 months the Group has substantially strengthened its management capabilities in the critical areas of supply chain management and sourcing, with the primary aim of developing a faster response system, shortening lead time to market and displaying fresher products in stores. Currently retailers are overstocked, which is driving brands to hold sales earlier in the year than usual. The Group believes that a streamlined supply chain and improved lead time will help it counter the softer market of recent months.

Corporate Social Responsibility

The Group and other members of the Fung Group participate in the United Nations Global Compact ("UNGC"), which offers a framework for companies to commit to, and align their business operations with, 10 universal principles on labour, environment, human rights and anti-corruption. The Group is committed to upholding these principles and is serious about managing and reducing its environmental footprint, which led to the gradual establishment of a Group-wide environmental management system. This system is designed to raise awareness of – and drive participation in – environmental management activities, and it included the setting up of a carbon footprint reduction programme spanning the Group's various operations.

Principles of sustainability are embedded across the Group's operations as well. Most of the Group's stores participated in Earth Hour 2012, during which time they shut off all non-essential lighting in an effort to raise awareness of energy conservation. Also, the Group undertook extensive environmental planning and execution for its offices relocation in Hong Kong in June 2011, and its efforts were later rewarded with Leadership in Energy and Environmental Design ("LEED") certification in March 2012.

The Group supports the communities where it operates, and it encourages its staff to participate through volunteer activities. Over the first six months of 2012, our staff have contributed 500 hours of volunteer service to a number of activities. These include restoring a stilt house in Tai O in Hong Kong for Habitat for Humanity; joining Friends of the Earth for tree-planting efforts in Hong Kong, which was augmented by colleagues who volunteered from Guangzhou, Chengdu and Shanghai in the Chinese Mainland; participating in a clean-up day at the Mai Po Nature Reserve in Hong Kong; and supporting for the third time the 'Skip-A-Meal' programme organised by World Vision with participation from over 600 employees.

Human Resources

Retention of talent is a cornerstone of our success, and the Group continued its leadership programmes in the first half of 2012 to help further develop the skills and careers of its people. One highlight was the on-going Leadership Programme, held in partnership between Fung Group and the Stanford University Centre for Professional Development, and in collaboration with the University of Hong Kong. The programme aims to provide training in critical leadership capabilities and best practices, strategic thinking, structuring for the networked economy, and managing change. To counter the competitive retail labour market in the Chinese Mainland, the Group constantly reviews its employee incentive plan and structure.

Staff health and safety is another key area of focus. During the period under review the Group introduced a new occupational health and safety ("OH&S") policy, which was rolled out to the Group's offices. Under this policy, a management committee and an employee committee work together to ensure that proper OH&S guidelines and procedures are implemented on the ground in the key markets where the Group operates.

Prospects

Consumer confidence in the Chinese Mainland is beginning to recover in the wake of decreasing inflation and brighter income prospects, and both of these factors bode well for the future success of the sector and the Group in the long term.

The Group is also embarking upon a very exciting chapter in its development. In May 2012, the Group acquired the famed 'No. 1 Savile Row' brand Gieves & Hawkes, a sartorial company with about 240 years of history and three prestigious Royal Warrants. This will enable the Group to build on the success of this iconic brand with great heritage in the Chinese Mainland and expand its business globally. Following the acquisition, the brand's United Kingdom losses was reduced and the design and sourcing functions are integrated into the Group's existing organisation to achieve synergy. Besides, there is a plan to consolidate its retail network and upgrade its shop image.

Just as importantly, the acquisition points to the Group's new 'Global Brands, Global Networks' strategy. The Group will continue to search for opportunities abroad to acquire or partner with high-end to luxury menswear brands with high potential in Greater China, and European brands in particular will continue to be an area for investment.

The Group will also seek opportunities to further globalise its self-owned brands. The Group recently signed a licensing agreement for Kent & Curwen with British Heritage Brands, LLC, a joint venture between Li & Fung Limited and Mr Tommy Hilfiger and his associates. Under this agreement, the Group will be able to leverage Li & Fung Limited's in-depth understanding of the United States and European markets along with Mr Tommy Hilfiger's expertise as a creative consultant to grow the Kent & Curwen brand in key markets around the world.

Macroeconomic impacts will continue to affect retail sales in the near term, and the Group is realistic about the pace of recovery. In response, the Group will roll out a number of mitigating measures. These call for the optimisation of current stores in existence and a review of store expansion. The Group opened 101 stores and closed 51 in 2011, while it is targeting a possible net increase of 30 this year. Store closures will depend on a review of their viability based on productivity.

Costs will continue to be managed, in particular by controlling and reducing inventory. The Group is also exercising prudence in its hiring freeze of new office staff and compensation increases.

There is no doubt that the current environment is a very difficult one, which makes the Group's results and accomplishments during the period all the more heartening. The Group continues to enjoy a leading position in Greater China, and it is confident that its growing stable of global brands, together with its long-term business approach, represent a bright future in high-end to luxury menswear in Greater China.

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 former Code on Corporate Governance Practices and the revised Corporate Governance Code which came into effect on 1 April 2012 (hereinafter collectively referred to as the "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 2012 are in line with those practices set out in the Company's 2011 Annual Report and the CG Code.

AUDIT COMMITTEE

The Audit Committee met three times to date in 2012 (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 2012 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 2012.

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 2012, 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 be in possession of unpublished price-sensitive 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 to confirm compliance with the Model Code for the six months ended 30 June 2012. No incident of non-compliance by Directors and relevant employees was noted by the Company during the six months ended 30 June 2012.

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 2012.

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 2012.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of 8.0 HK cents (2011: 8.0 HK cents) per share for the six months ended 30 June 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed on 17 and 18 September 2012, during which period no transfer of shares will be registered. 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 14 September 2012. Dividend warrants are expected to be despatched to the shareholders of the Company on 24 September 2012.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company at *www.trinity-limited.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2012 Interim Report will be despatched to the shareholders of the Company and available on the same websites on or about 5 September 2012.

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Chinese name of the building 'OCTA Tower' in the address of the Company's head office and principal place of business in Hong Kong was confirmed as '傲騰廣場', and hence the full address is read as follows:

30/F, OCTA Tower	香港九龍
8 Lam Chak Street, Kowloon Bay	九龍灣臨澤街八號
Kowloon, Hong Kong	傲騰廣場三十樓

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 22 August 2012

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*