

INTERIM REPORT 2020



Trinity Limited
Incorporated in Bermuda
with limited liability
Stock Code: 891

CERRUTI 1881

D'URBAN





Business Review of
Trinity Group

- Group Business Review
- Financial Results
 - Sales and Gross margin Analysis
 - Cost Reduction
 - Retail Sales & Segment Contributions
 - Financial highlight
- Opportunities and Challenges



Company

- Business impacts from COVID-19 pandemic
- Stock clearance through deep discount
- Aggressive cost reduction program
- Cost optimization and restructuring
- Strengthened online presence
- Rising importance of Omni channel capability





Financial Results of
Trinity Group

Financial Results of Trinity Group

Sales and gross margin analysis

HK\$ million	Total Sales		Change in Total Sales	Gross margin %		Store Network	
	2020 YTD Jun	2019 YTD Jun	%	2020 YTD Jun	2019 YTD Jun	2020 30 Jun	2019 30 Jun
Retail							
Mainland China	191.6	318.0	(39.7%)	66.3%	72.3%	131	152
Hong Kong & Macau	74.6	231.7	(67.8%)	67.5%	75.3%	24	32
Taiwan	38.8	57.6	(32.7%)	59.3%	68.5%	37	40
Rest of the World	23.7	61.3	(61.3%)	43.7%	57.2%	7	8
RETAIL SUBTOTAL	328.7	668.6	(50.8%)	64.1%	71.6%	199	232
Wholesale and Licensing	63.9	360.7	(82.3%)				
GROUP TOTAL	392.6	1,029.3	(61.9%)				

- Group retail business recorded a 50.8% decrease
- The business was severely affected by the outbreak of the COVID-19 pandemic since January 2020
- Travel restrictions and border closures were imposed across different regions. The retail business, including the Greater China and Europe, as well as the wholesale business performance for the first half of 2020 were heavily impacted
- Retail gross margin reduced by 7.5% to 64.1%
- The pandemic resulted in a substantial postponement of orders in the wholesale business

Financial Results of Trinity Group

Cost reduction

- Reduce the headcounts from 1,667 to 1,402

	Asia		Europe		Total	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
Retail staff	915	1,106	44	49	959	1,155
Office staff	353	397	90	115	443	512
Total	1,268	1,503	134	164	1,402	1,667

- Office staffs deployment in all regions
- Closure of non-performing stores (total store number – 30 Jun 2020: 199, 30 Jun 2019: 232)

Financial Results of Trinity Group

Financials

HK\$ million

	1H 2020	1H 2019	20 vs 19 Variance
Revenue	392.6	1,029.3	(61.9%)
Gross Profit	271.7	703.1	(61.4%)
<i>Gross margin</i>	69.2%	68.3%	+0.9 pp
Other income	32.9	37.2	(11.5%)
Operating expenses	(390.1)	(619.4)	+37.0%
Net impairment losses on financial assets	(43.9)	(9.1)	(382.4%)
Core Operating (Loss) / Profit	(129.4)	111.8	na.
(Loss) / Profit Attributable to Shareholders	(4.5)	2.1	na.

- Core operating loss significantly reduced from a profit of HK\$111.8 millions to a loss of HK\$129.4 millions
- Overall operating expenses reduced HK\$229.3 millions as compared with last year due to business restructuring and cost control measures
- Affected by the COVID-19 pandemic, impairment loss on retail & wholesale business increased by HK\$34.8 millions as compared with last year

Opportunities and Challenges

- Global COVID-19 outbreak
- Fragile macro-economy
- Unstable consumer markets
- Strong recovery in Mainland China
- Fast-evolving omnichannel platforms
- Rising importance of key opinion leaders

