TRINITY LIMITED
利邦控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 891)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Highlights

	2019	2018
Revenue *(HK$ million)*	**1,962.2**	1,723.1
Gross profit *(HK$ million)*	**1,308.1**	1,195.3
Gross margin (%)	**66.7%**	69.4%
Core operating profit/(loss)[1] *(HK$ million)*	**161.3**	(248.1)
Profit/(loss) attributable to shareholders *(HK$ million)*	**50.4**	(264.8)
Basic earnings/(loss) per share[2] *(HK cents)*	**1.4**	(8.7)

Notes:

1. *Core operating profit/(loss) includes profit/(loss) of the retail, wholesale and licensing businesses before net finance costs, income tax, gain on remeasurement of contingent purchase consideration payable for acquisition and material gains or losses which are of capital nature or non-operational related.*

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

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Trinity Limited (the "Company" or "Trinity", together with its subsidiaries, the "Group"), I hereby present the annual results of the Group for the year ended 31 December 2019.

Continuing Effort

When ruminating on the past year, the conflicting emotions of delight and apprehension immediately come to mind. In the case of the former, such emotion perfectly describes the turnaround of the Group as it reinforced its profit making position in the first half of the year. With respect to the latter, the challenging business climate is faced not only by the Group, but all members of the retail sector who have heightened anxiety and apprehension of what may come next.

As detailed in the 2019 interim report of the Company, the Group showed signs of profitability in the final quarter of 2018, which it then was able to sustain through further reform and transformation efforts, central of which was the rightsizing of various operations. As we continue to raise our competitiveness and become fighting fit, we will in turn edge closer towards our immediate goal to "Go Global". This will consequently see our premium self-owned brands Cerruti 1881, Gieves & Hawkes, and Kent & Curwen as well as our licensed brand D'URBAN exercise greater influence in their respective country of origin and in key fashion capitals of the world. Before such time, however, we will prudently steer the Group pass the increasingly volatile retail climate which looks set to persist in the immediate future.

Cloudy Days on the Horizon

According to one leading US bank, it projected global GDP to decline by 0.1% to 0.2% in 2020 under its baseline scenario[1]. With the coronavirus spreading across the globe, the future trend of global economic is still uncertain. In Hong Kong, GDP contracted by 2.9% in real terms in the fourth quarter of 2019, and declined by 1.2% for the entire year – the first annual decline since 2009[2]. Headwinds for local retail players are unlikely to subside in the short term and the actual impacts remain unknown.

Belief and Confidence / Grit and Determination

In view of the many formidable local and international challenges on the horizon, the Group will continue to leverage the relationship between Trinity and, its controlling shareholder, Beijing Ruyi Fashion Investment Holding Company Limited ("Ruyi') to ensure not only that the global retail restructuring strategies are implemented effectively and expeditiously, but also to tap markets that were previously unexplored, such as the wholesale segment. Indeed, this newest endeavour, which specifically caters for the upper echelons of the corporate world, has played a pivotal role in lifting our performance in the year under review; helping the Group to raise the brand profile as well as to offset the decline in the retail segment in the Hong Kong market. As there remains tremendous room for growth, we will dedicate still greater effort towards the prestige wholesale segment, all the while leveraging Ruyi's resources in the formal wear market.

While encouraged by the wholesale business, we are aware that our growth aspirations can only be achieved through contributions from all key facets of operation. Consequently, we will take a suitably holistic approach; seeking to better reaches our discerning customers by creating incomparable omnichannel experiences that befits the prestige and sophistication of its self-owned brands. This will include capitalising on our management team's invaluable experience and leadership to help re-energise our brick-and-mortar stores and the clothes found within so that they emanate a sophistication and youthful vibrancy that is consistent with our target demographic. In addition, we will further leverage e-commerce to strengthen our online presence, while concurrently reinforcing ties with established online retail platforms, especially those with links with Ruyi.

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1 https://www.ft.com/content/eb6a7d40-4691-11ea-aee2-9ddbdc86190d

2 https://www.hkeconomy.gov.hk/en/situation/development/index.htm

Though 2020 looks difficult and uncertain due to various macroeconomic factors, we maintain the view that the glass is half full. With our highly experienced management team at the helm, clear business direction, optimised workforce and unstinting ties with key stakeholders, we will ensure that our "Go Global" goal will become a reality, and Trinity continues to grow from strength to strength.

QIU Yafu
Chairman

Hong Kong, 31 March 2020

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Hunkering Down

In a year filled with tremendous challenges from near and far, the fact that the Group is able to sustain profitability must certainly be regarded as an outstanding achievement. However, as much as we are pleased by the Group's profit, it would be remiss to declare that our path to brighter days is assured. On the contrary, we are well aware of the significant challenges ahead, many of which are unprecedented. Yet with great challenges lie significant opportunities that we will make every effort to seize.

Already, the past year's performance has enabled us to clearly examine both our strengths and weaknesses. While our wholesale business performed encouragingly, helping to drive the Group's profitability, the retail segment suffered due to a weakened global economy resulting from the US-China trade dispute, while in Hong Kong, social unrest during the second half of the year created even stiffer headwinds for the retail sector as a whole. The resultant rise in competition that featured aggressive promotion and discount practices, which the Group was forced to adopt, led to a decline in profit. As market conditions began to deteriorate, we did begin to employ a variety of defensive measures, including curbing marketing and advertising expenditures, as well as aligning with an online retail platform to manage inventory.

Reinforcing Bricks and Webs

As the best defence is a good offence, we also sought to further advance the Group's omnichannel operations, while concurrently revising fashion portfolios for our premium self-owned brands - Cerruti 1881, Gieves & Hawkes, and Kent & Curwen. In respect of the former, we completed the refurbishment of several stores during the year, and will be introducing a concept store for Kent & Curwen, all with a decidedly younger edge. Beyond brick-and-mortar stores, we are also fortifying our presence online, as well as relevant social media channels. E-commerce is no longer a new frontier, but rather an important market. According to a forecast from a leading research firm, the global online fashion market is predicted to reach US$765 billion by 2022, a projected increase of US$281 billion, or 58%, from 2018, with 36% of total fashion retail sales expected to occur online by that time[1]. With millennials and Gen Xers accounting for the two largest groups of online shoppers – 67% and 56% respectively, as well as men spending 28% more than women when shopping online[2], such developments highlight the tremendous opportunities that e-commerce presents. Correspondingly, our e-commerce team is continuously and conscientiously enhancing our online presence, so that we maximise our impact on a global scale.

While market penetration is crucial, whether by traditional or online means, delivering the right products remain fundamental to our success at the end of the day. Mindful of our target clientele, we instructed our design team to introduce more youthful collections, extending to unisex clothing that is in tune with the times. Furthermore, the team will be creating accessories that are part and parcel of today's aesthetic. Yet, another business avenue we are examining involves collaborating with other labels that will allow us to welcome an even wider breadth of customers. Underpinning our creative efforts will be Ruyi, which, with its large portfolio of advance materials, will ensure that all of our clothing are not only visually appealing but possess properties that are desired and complement the wearer.

As delivering the best in services is also imperative in aligning with the premium nature of our brands, we have continued to examine ways to better serve our discerning customers. Besides offering appropriate training, we have sought to recruit capable frontline staff who possess the sensitivities to serve the increasingly young yet well-travelled clientele that are frequenting the Group's stores. In order to acknowledge, reward and encourage frontline staff for their efforts, we have also developed new incentive programmes that take into consideration the harsh retail conditions they are presently facing.

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[1] https://www.marketingcharts.com/industries/retail-and-e-commerce-106623

[2] https://kinsta.com/blog/ecommerce-statistics/

Testing Times
The harsh retail conditions are likely to persist well into 2020, as decelerating global economic growth and intensifying competition will inhibit value creation in the fashion industry. This sentiment is reflected in a recent survey involving 290 global fashion executives, the majority of whom expected a slowdown in 2020, regardless of value segment or geography[3]. Despite facing potentially the harshest period in recent years, we will continue to pursue our "Go Global" goal by reinforcing the aforementioned omnichannel operations, as well as providing support to staff on the frontlines. We will also optimise our supply chain by enhancing relations with factories so as to achieve greater efficiency in areas such as procurement, turnaround time and speed to market, leading to lower costs and greater profitability, among other benefits.

Having maintained profitability in 2019, the Group has proved that it possesses many of the underpinnings that are essential for growth. As we continue to fortify our foundation, as well as leveraging the tremendous depth of experience of our management team, diligence of our entire workforce and support from our major stakeholders, we are adamant that the Group will not only overcome the many obstacles on the horizon, but also move closer towards securing its long-term development.

SUN Weiying
Chief Executive Officer

Hong Kong, 31 March 2020

[3] https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion-2020-navigating-uncertainty

DISCUSSION AND ANALYSIS

Key Performance Indicators	**2019** **HK$'000**	2018 HK$'000
Revenue	1,962,226	1,723,138
Gross profit	1,308,061	1,195,331
Gross margin	66.7%	69.4%
Core operating profit/(loss)	161,336	(248,102)
Profit/(loss) attributable to shareholders	50,353	(264,801)
Inventories	606,482	645,624
Inventory turnover days	349	438
Trade receivables	543,000	166,194
Trade payables	205,781	66,129
Return on equity [1]	1.3%	-8.6%

Notes:

1. *Return on equity = Profit / (loss) attributable to shareholders / average of opening and closing balances on total equity as shown in the consolidated statement of financial position x 100%*

The above Key Performance Indicators (KPIs) are the common KPIs used in the retail industry. The Group selects and adopts the above capital structure and business KPIs to assess its business performance.

Revenue

The Group's total revenue for 2019 was HK$1,962.2 million, which increased by 13.9% compared to last year. Due to the unstable consumer market and fragile macro-economy around the globe, the Group put extra efforts to develop new business and sales channels to diversify business risks with the support and network from Ruyi and its subsidiaries (collectively the "Ruyi Group") since the beginning of the year. This resulted in a significant increment in wholesale business with revenue of HK$617.2 million recorded as compared to HK$81.7 million recorded last year.

Analysis by geographical location

Retail

Mainland China

Retail sales in Mainland China were HK$587.3 million and were lower than that of last year by HK$102.7 million. This was mainly due to our continuous measures to cut down non-performing stores, resulting in a net closure of 20 stores during the year. Number of stores as at 31 December 2019 was 143 stores. Same store sales declined by 5.3% because of the change in pricing strategy. To improve the long-term profitability, we fine-tuned our retail price and reduced the sales discounts. The gross margin thus improved from 69.6% to 71.4%. Despite the new strategy implementing temporary pressure on the retail sales growth, the overall segmental contribution improved from HK$21.9 million in 2018 to HK$38.3 million in 2019 as a result of improved gross margin and the closure of three regional offices in Mainland China.

Hong Kong & Macau

Retail sales in Hong Kong & Macau were HK$380.6 million and were lower than the sales last year by HK$140.0 million. Number of stores was 29 in 2019, down from 36 in 2018. Same store sales declined by 25.5%. The sales performance was adversely affected by the social events since the second half of the year. Although gross margin improved from 71.5% to 72.2% in 2019, overall segmental contribution declined from HK$16.4 million profit in 2018 to HK$1.0 million loss in 2019 as a result of sharp decline in sales.

Taiwan

Retail sales in Taiwan were HK$114.6 million and were lower than the sales last year by HK$15.6 million. Number of stores in 2019 slightly dropped by 2 stores to 40 stores. Although same store sales declined by 14.4%, gross margin improved from 66.4% to 67.8% and overall segmental contribution improved from HK$3.7 million in 2018 to HK$6.0 million in 2019.

Europe

In 2019, the retail sales in Europe were HK$120.7 million, representing 10.9% drop compared to last year mainly due to the closure of non-performing stores. The number of stores dropped to 9 in 2019.

Wholesale

Formal wear business with corporate customers like financial institutions had become an important market sector for premium brands. Therefore, the Group put more resources on future developments in these wholesale businesses since 2019. Wholesale revenue significantly increased from HK$81.7 million in 2018 to HK$617.2 million in 2019. With the support and network from Ruyi Group, the overall increase in wholesale revenue and gross profit were mainly contributed by new distribution partners through wholesaling our major brands such as Cerruti 1881 and Kent & Curwen to those corporate customers in the Mainland China and other countries.

Licensing

Licensing revenue decreased from HK$165.0 million in 2018 to HK$141.8 million in 2019.

Segmental Contribution

Segmental contribution for the Group increased from HK$188.3 million last year to HK$490.7 million in 2019. The increment was mainly contributed by new wholesales business, improvement in store profitability and cost control strategy.

Other Income

Other income increased from HK$25.4 million in 2018 to HK$72.4 million in 2019. The increment was mainly due to the service fee income from a related party for the provision of management, advisory and administrative services during the year.

Selling, Marketing and Distribution Expenses

Selling, marketing and distribution expenses decreased to HK$823.0 million in 2019, compared with HK$1,017.5 million in 2018. The drop of the expenses was mainly due to the closure of loss making store and cost reduction programme.

General and Administrative Expenses

General and administrative expenses amounted to HK346.6 million in 2019 versus HK$444.5 million in 2018. This was largely caused by the reduction of the staff related expenses after the group restructuring in 2018.

Net Impairment Losses on Financial Assets

Net impairment losses on financial assets increased from HK$6.9 million in 2018 to HK$49.6 million in 2019, mainly being impairment losses provision on long aged trade receivables and expected credit loss on overall receivables.

Core Operating Profit/(Loss)

The Group recorded a core operating profit of HK$161.3 million, compared to a core operating loss of HK$248.1 million last year.

Other Gains – net

Net other gains of HK$64.9 million were recorded in 2018, which mainly represented the net amount of write back on the contingent purchase consideration payable relating to the acquisition of Gieves & Hawkes. There is no such gain incurred in 2019.

Restructuring Costs

Restructuring costs of HK$3.4 million in 2019 was mainly related to the restructuring of Europe operations whereas the restructuring costs of HK$59.9 million in 2018 were related to the restructuring of both Europe and Greater China operations which include the reduction of head count in all regions and the closure of regional offices in Greater China.

Net Finance Costs

Net finance costs totalled HK$20.7 million in 2018, whereas net finance costs of HK$33.0 million were reported in 2019. The increase was primarily due to an increase in interest expenses as a result of recognition of lease liabilities after the first year adoption of HKFRS 16 in 2019.

Income Tax

Income tax expense increased from HK$0.9 million in 2018 to HK$74.6 million in 2019 was mainly driven by the wholesales business in the Mainland China.

Profit/(Loss) Attributable to Shareholders

The Group incurred a profit for the year of HK$50.4 million in 2019, which translates into an earnings of 1.4 HK cents per share.

Working Capital Management

Inventory balance decreased from HK$645.6 million in December 2018 to HK$606.5 million in December 2019. Inventory turnover days reduced from 438 as at 31 December 2018 to 349 days as at 31 December 2019.

The Group's trade receivables as of December 2019 totalled HK$543.0 million, compared with HK$166.2 million in 2018. The Group's trade receivable turnover days reached 66 in 2019, compared with 29 days in 2018. Increase in trade receivable turnover days was mainly due to the increase in undue receivable balance generated by wholesales transactions towards the year end in 2019.

The Group's trade payables amounted to HK$205.8 million in 2019, compared with HK$66.1 million in 2018. The Group's trade payable turnover days increased to 76 in 2019, compared with 68 days in 2018.

Financial Position and Liquidity

Net decrease in cash and cash equivalent by HK$504.3 million in 2019 was mainly due to repayment of bank loans and overdraft for a net amount of HK$541.8 million.

As at the end of December 2019, cash and cash equivalents totalled HK$833.7 million and interest bearing bank borrowings and bank overdrafts reduced to HK$568.5 million. The Group had a net cash balance of HK$265.2 million (net cash is defined as cash and cash equivalents of HK$833.7 million less bank borrowings and bank overdrafts of HK$568.5 million) as at the end of December 2019, compared with net cash balance of HK$227.8 million as at the end of December 2018. The improvement in net cash position was mainly due to the Group profitability and the effective cost saving measures in place in 2019 despite the repayment of bank loans.

Banking Facilities

As at 31 December 2019, the Group had a total bank borrowings of HK$568.5 million, of which HK$268.2 million from 3 different banks were either overdue or due for immediate repayment. The Group is actively negotiating with different parties (including but not limited to banks and financial institutions) to secure new sources of financing.

The Group had an uncommitted bank lines of HK$350.4 million available and utilised 85.7% of the total facilities available at the end of the year, including HK$150.0 million in revolving loans and HK$150.3 million for trade financing. The undrawn facilities at year end amounted to HK$50.1 million.

Of the loans drawn down, all of them are repayable within one year.

Credit Risk Management

The major credit risk of the business includes trade receivables from department stores and receivables from wholesale customers and licensees. 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. Appropriate actions have been taken to collect the overdue receivables.

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

Foreign Exchange and Interest Rate Management

The Group purchases a substantial part of its production materials and finished goods with 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 year.

Use of Proceeds from Subscription of New Shares

Ruyi's subscription for 1,846,000,000 ordinary shares of the Company at the subscription price of HK$1.20 per share (the "Subscription") was completed on 18 April 2018. The net proceeds from the Subscription received by the Company amounted to approximately HK$2,215.2 million (the "Proceeds"). Among the Proceeds, approximately HK$1,546.0 million, HK$440.0 million and HK$220.0 million was planned for the use of future potential acquisitions, bank loans repayment and general working capital respectively.

Up to 31 December 2019, an additional HK$600.1 million further to the allocated sum communicated in the 2019 interim report was reallocated out of the pool for acquisition to cover the extra repayment of bank borrowing exceeding the original plan. After the reallocation, the proceeds remaining for acquisition purpose were reduced to HK$455.8 million.

Human Resources and Training

As at 31 December 2019, the total workforce for the Group was 1,599 employees, compared with 1,796 a year earlier, an 11% decrease. This reduction in headcount was largely due to the closure of non-performing stores and outsourcing of warehouse services in Hong Kong.

Our workforce comprises 359 employees in Hong Kong and Macau; 914 in the Mainland China; 180 in Taiwan and 146 in other countries. Total staff costs were HK$439.5 million compared with HK$550.7 million in 2018. The decrease in staff costs was mainly due to the reduction in staff headcount associated with the closure of non-performing stores, consolidation of back office functions and outsourcing of warehouse services in Hong Kong.

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

Cultivating our highly skilled workforce and supporting employees' long-term career goals is integral to sustaining and strengthening our economic performance. The Group offers a wide array of professional development programmes, from leadership training to seasonal product training. Our Study Sponsorship Policy is one of our keystone development programmes. This policy encourages staff to build upon their existing skill sets by granting sponsorship to support external job-related training and studies. It covers a wide range of external training, including courses, seminars, conferences, workshops, skills training, experiential learning and experience sharing sessions.

Account of Key Relationships with Employees, Customers and Suppliers

The Group aims to develop positive relationships with our stakeholders by upholding the highest ethical standards while taking their interests into full account. We consistently engage and communicate with our employees, customers and suppliers to understand their expectations and interests.

Employees
The Group strives to provide a safe, inclusive and harmonious working environment to our employees with a strong emphasis on equal opportunities and fair recruitment processes. We continue to provide all our employees with competitive remuneration and benefits commensurate with work experience and job duties. In a rapidly changing marketplace, we believe investing in our high-calibre talent and supporting their career goals will foster long-term business success. As such, we offer a wide array of professional development programmes, as well as sponsorships for external training.

Customers
With our robust customer-centric culture, we deliver quality products and highly personalised services before, during, and after a purchase is made. In line with the rise of e-Commerce trends, we are developing business ties with key online partners to enhance our online presence, and to further develop our capacity to boost customer convenience and satisfaction. We operate with a high level of business integrity and product responsibility, and strictly comply with relevant customer data privacy regulations.

Suppliers
The Group works closely with our suppliers, who also share our dedication to sustainable development and business ethics. Our Supplier Code of Conduct details the principles and practices that we expect our partners to uphold. To ensure full compliance with our Code of Conduct, we conduct periodic audits and assert zero-tolerance to any confirmed breach.

Sustainability

Trinity is devoted to integrating sustainable practices in its operations to contribute to a more sustainable future. As the foundation of our environmental stewardship, our Environmental Policy communicates our commitments to environmental compliance, resource conservation and energy efficiency. To manage potential environmental impacts, and raise awareness of various environmental issues, we actively engaged and educated our staff members on responsible and sustainable behaviours.

As our business is primarily focused within the retail industry, we recognise the importance of, and act in line with operational aspects of efficient resource management through technological upgrades and energy benchmarking. To increase our energy efficiency, we supplemented our ongoing efforts to replace obsolete lighting fixtures utilising the CLP GREEN PLUS Energy Billboard to track and manage our electricity consumption patterns in designated retail stores. We assess modes of transport, for example, sea versus air, and seek to reduce the environmental impacts of transporting our products to the extent that is feasible. Additionally, we try to further reduce our environmental impact by adhering to the 3Rs principle (i.e. reuse, reduce and recycle) whenever possible, to ensure waste materials and useful resources are not thoughtlessly sent to landfill disposal. Consistent with our philosophy of sustainable development, we also encourage our partners to incorporate sustainability considerations into product design to increase longevity.

During the reporting year, the Group did not receive any cases of non-compliance with applicable standards, laws and regulations on the environment, labour standards, occupational health and safety, anti-corruption, data privacy and intellectual property.

2019 ANNUAL RESULTS

The board of directors (the "Board") of Trinity Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 together with the comparative figures in 2018. The annual results have been reviewed by the Company's audit committee and agreed by the Company's external auditor.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Note	**2019** HK$'000	2018 HK$'000
Revenue	3(a)	**1,962,226**	1,723,138
Cost of sales		**(654,165)**	(527,807)
Gross profit		**1,308,061**	1,195,331
Other income		**72,418**	25,358
Selling, marketing and distribution expenses		**(822,959)**	(1,017,450)
General and administrative expenses		**(346,628)**	(444,485)
Net impairment losses on financial assets		**(49,556)**	(6,856)
Core operating profit/(loss)		**161,336**	(248,102)
Other gains – net	6	**-**	64,900
Restructuring costs	4	**(3,383)**	(59,945)
Operating profit/(loss)	4	**157,953**	(243,147)
Net finance costs	7	**(32,959)**	(20,734)
Profit/(loss) before income tax		**124,994**	(263,881)
Income tax	8	**(74,641)**	(920)
Profit/(loss) for the year attributable to shareholders of the Company		**50,353**	(264,801)
Basic earnings/(loss) per share attributable to shareholders of the Company (expressed in HK cents per share)	9(a)	**1.4 cents**	(8.7) cents
Diluted earnings/(loss) per share attributable to shareholders of the Company (expressed in HK cents per share)	9(b)	**1.4 cents**	(8.7) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	**2019** **HK$'000**	2018 HK$'000
Profit/(loss) for the year	**50,353**	(264,801)
Other comprehensive (expenses)/income for the year		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**(3,910)**	1,283
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operation	**(43,271)**	(87,838)
Other comprehensive expenses for the year, net of tax	**(47,181)**	(86,555)
Total comprehensive income/(expenses) for the year	**3,172**	(351,356)
Total comprehensive income/(expenses) attributable to:		
- Shareholders of the Company	**3,172**	(351,356)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**67,126**	97,169
Intangible assets		**3,042,984**	3,150,348
Convertible promissory note and loan receivables	11	**-**	-
Right-of-use assets	12	**357,108**	-
Deposits, prepayments and other receivables		**47,551**	41,820
Deferred income tax assets		**234,280**	217,431
		3,749,049	3,506,768
Current assets			
Inventories		**606,482**	645,624
Trade receivables	13	**543,000**	166,194
Deposits, prepayments and other receivables		**121,527**	84,581
Amounts due from related parties		**114,361**	214,713
Current income tax recoverables		**2,063**	3,125
Cash and cash equivalents (excluding bank overdrafts)		**833,733**	1,338,056
		2,221,166	2,452,293
Total assets		**5,970,215**	5,959,061
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**359,832**	359,832
Share premium		**4,410,347**	4,410,347
Reserves		**(768,420)**	(752,575)
Total equity		**4,001,759**	4,017,604
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**550**	625
Retirement benefit obligations		**13,992**	15,509
Lease liabilities	15	**245,863**	-
Other payables and accruals		**8,346**	62,019
Contingent purchase consideration payable for acquisition		**-**	-
Deferred income tax liabilities		**309,664**	293,716
		578,415	371,869
Current liabilities			
Trade payables	14	**205,781**	66,129
Other payables and accruals		**377,617**	317,425
Lease liabilities	15	**139,576**	-
Amounts due to related parties		**36,609**	64,529
Current income tax liabilities		**61,993**	11,246
Borrowings		**568,465**	1,110,259
		1,390,041	1,569,588
Total liabilities		**1,968,456**	1,941,457
Total equity and liabilities		**5,970,215**	5,959,061

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company				
	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Other Reserves HK$'000	Total HK$'000
Balance at 1 January 2019	**359,832**	**4,410,347**	**(443,332)**	**(309,243)**	**4,017,604**
Impact of changes in accounting policy	**-**	**-**	**(19,017)**	**-**	**(19,017)**
Balance at 1 January 2019 (restated)	**359,832**	**4,410,347**	**(462,349)**	**(309,243)**	**3,998,587**
Comprehensive income					
Profit for the year	**-**	**-**	**50,353**	**-**	**50,353**
Other comprehensive expenses					
Remeasurements of post employment benefit obligations	**-**	**-**	**(3,910)**	**-**	**(3,910)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**(43,271)**	**(43,271)**
Other comprehensive expenses for the year, net of tax	**-**	**-**	**(3,910)**	**(43,271)**	**(47,181)**
Total comprehensive income/(expenses)	**-**	**-**	**46,443**	**(43,271)**	**3,172**
Transactions with owners					
Employee share option scheme					
- transfer to accumulated losses	**-**	**-**	**1,541**	**(1,541)**	**-**
Transfer from accumulated losses	**-**	**-**	**(18,334)**	**18,334**	**-**
Total transactions with owners	**-**	**-**	**(16,793)**	**16,793**	**-**
Balance at 31 December 2019	**359,832**	**4,410,347**	**(432,699)**	**(335,721)**	**4,001,759**
Balance at 1 January 2018	174,653	2,376,850	(183,858)	(217,361)	2,150,284
Comprehensive expense					
Loss for the year	-	-	(264,801)	-	(264,801)
Other comprehensive income/(expenses)					
Remeasurements of post employment benefit obligations	-	-	1,283	-	1,283
Exchange differences on translation of subsidiaries	-	-	-	(87,838)	(87,838)
Other comprehensive income/(expenses) for the year, net of tax	-	-	1,283	(87,838)	(86,555)
Total comprehensive expenses	-	-	(263,518)	(87,838)	(351,356)
Transactions with owners					
Issue of shares	184,600	2,030,600	-	-	2,215,200
Employee share option scheme					
- exercise of share options	579	2,897	790	(790)	3,476
- transfer to accumulated losses	-	-	4,965	(4,965)	-
Transfer from accumulated losses	-	-	(1,711)	1,711	-
Total transactions with owners	185,179	2,033,497	4,044	(4,044)	2,218,676
Balance at 31 December 2018	359,832	4,410,347	(443,332)	(309,243)	4,017,604

Notes:

1. **Basis of preparation and accounting policies**

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities including derivative financial instruments and contingent purchase consideration payable for acquisition, which are carried at fair values.

Going concern

As at 31 December 2019, the Group had bank borrowings of HK$568,465,000 included under current liabilities on the consolidated statement of financial position, of which bank loan amounting to HK$268,154,000 were due for immediate repayment, while remaining balance of HK$300,311,000 were all short term invoice and other bank facilities which are rolled over on 1 to 3 months basis and repayable on demand. The Group had cash reserves in the form of unpledged cash and cash equivalents amounting to HK$833,733,000 as at 31 December 2019.

The Coronavirus Disease 2019 ("COVID-19") outbreak that led to a series of severe administrative control and precautionary measures taken by governments and authorities in Mainland China, Hong Kong, Macau, and Taiwan has disrupted the operations of the Group's businesses in Mainland China and in Hong Kong after 31 December 2019. The retail shops of the Group's business in the Mainland China were closed for an extended period after Chinese New Year and were only able to gradually resume normal operations in March 2020. The Group's business in Hong Kong has also been negatively impacted by a material decline in customer demand. The duration and intensity of the COVID-19 outbreak and related containment measures remained uncertain. If the present situation in respect of the COVID-19 outbreak continues and the restrictions and control measures are prolonged, the Group's operational performance and cash flows may be adversely affected.

In view of such circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of twelve months from 31 December 2019. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but are not limited to, the following:

(i) Management is actively negotiating with the Group's existing banks for renewal of and extension of existing bank facilities, as well as discussions with various parties (including but not limited to banks and financial institutions) to secure additional sources of financing for the Group. If necessary, the Group could utilise its cash reserves as at 31 December 2019 to settle the outstanding bank borrowings;

(ii) On 30 March 2020, the Company has entered into a loan agreement with a subsidiary of Ruyi, to provide a loan of HK$200,000,000 with an interest rate of HIBOR plus 2.75% ("loan") and to be used by the Group to repay one of the Group's bank loans that will be due of the same amount. The loan is available for at least the next twelve months from 31 December 2019;

(iii) On the same date, a subsidiary of Ruyi has committed and confirmed to provide a financial facility of not less than HK$100,000,000 and has also confirmed its intention to provide further financial support to the Group as and when necessary, to enable the Group to carry on its business without any significant curtailment of operations in the next twelve months from 31 December 2019;

1. Basis of preparation and accounting policies (Continued)

Going concern (Continued)

(iv) The Group has agreed settlement plans to collect outstanding trade receivables as at 31 December 2019 from its wholesale customers and related parties of HK$559,000,000, and has collected substantial overdue balances subsequent to the year end and up to the date of this report; and

(v) The Group will continue its efforts to recover from the impact of COVID-19, and expedite sales of its existing inventories, expand its wholesale business with identification of new wholesale partners and continue to explore new business opportunities, while maintaining more stringent cost control measure and containment of discretionary capital expenditures.

Notwithstanding the above, whether management is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions, and consequently be able to generate adequate financing and operating cash flows to continue as a going concern would depend upon, among other things: (i) the successful receipt of outstanding wholesales receivables on a timely basis, (ii) continuous financial support from Ruyi and its subsidiaries as mentioned in point (ii) and (iii) above, as and when is necessary, and (iii) successful implementation of business plan for its business to mitigate the negative impact of COVID-19 and improve operation results.

The directors of the Company are satisfied, after due consideration of the basis of the plans and measures as described above as well as the reasonable possible downside changes to the cash flow assumptions, that the Group will have sufficient working capital to meet its financial obligations as and when they fall due at least in the next twelve months from 31 December 2019. Accordingly, the directors of the Company consider it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group's management assesses the performance of the operating businesses based on a measure of operating profit/(loss), referred to as core operating profit/(loss). This measurement basis includes profit/(loss) of the retail, wholesale and licensing businesses before net finance costs, income tax, gain on remeasurement of contingent purchase consideration payable for acquisition and material gains or losses which are of capital nature or non-operational related.

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

The Group has adopted the following new standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning on or after 1 January 2019 and relevant to the Group:

HKFRS 9 (2014) (Amendment)	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HKAS 19 (2011) (Amendment)	Plan Amendment, Curtailment or Settlement
HKAS 28 (2011) (Amendment)	Investments in Associates and Joint Ventures
HK (IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Annual Improvements Project	Annual Improvements 2015-2017 Cycle

1. Basis of preparation and accounting policies (Continued)

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

The adoption of such new standards, amendments and interpretations to existing standards does not have material impact on the consolidated financial statements as at and for the year ended 31 December 2019 except the following standard:

HKFRS 16	Leases

The impact of the adoption of this standard and the new accounting policies are disclosed in Note 2 below.

(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 and HKAS 8 (Amendments)	Definition of Material (effective for annual periods beginning on or after 1 January 2020)
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Hedge Accounting (effective for annual periods beginning on or after 1 January 2020)
HKFRS 3 (Amendment)	Definition of a Business (effective for annual periods beginning on or after 1 January 2020)
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date to be determined)
HKFRS 17	Insurance Contracts (effective for annual periods beginning on or after 1 January 2021)
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform (effective for annual periods beginning on or after 1 January 2020)

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

2. Change in accounting policy

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

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

Adjustments recognised on adoption of HKFRS 16

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

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lease's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.1% in Greater China and 4.7% for leases in Europe. Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

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

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

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

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

Measurement of lease liabilities as at 1 January 2019

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	566,450
Discounted operating lease commitments using the lessee's incremental borrowing at 1 January 2019	513,580
Less:	
Short-term leases not recognised as liabilities	(67,138)
Operating lease commitments not yet commenced	(63,721)
	382,721

2. Change in accounting policy (Continued)

Adjustments recognised on adoption of HKFRS 16 (Continued)

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

	As at 1 January 2019		
Consolidated statement of financial position (extract)	As previously stated HK$'000	Effects of the adoption HK$'000	As restated HK$'000
Property, plant and equipment	97,169	(3,456)	93,713
Right-of-use assets	-	351,097	351,097
Deposits, prepayments and other receivables	126,401	13,498	139,899
Lease liabilities	-	382,721	382,721
Other payables and accruals	379,444	(2,565)	376,879
Accumulated losses	(443,332)	(19,017)	(462,349)

(i) Impact on earnings per share

Earnings per share decreased by 0.3 HK cents per share for the year ended 31 December 2019 as a result of the adoption of HKFRS 16.

(ii) Practical expedients applied

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

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

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

3. Segment information

The Group is principally engaged in the retailing and wholesale of premium menswear in Mainland China, Hong Kong, Macau and Taiwan ("Greater China") and Europe, as well as licensing its fully owned brands globally. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

Management has determined the operating segments based on reports reviewed by the senior executive management of the Group that are used to make strategic decisions. Management considers the business from both geographic and business lines perspectives. Geographically, management considers the performance of retail businesses in the Mainland China, Hong Kong & Macau, Taiwan, Europe and others. Management also assesses the performance of the individual business line, namely retail, wholesale and licensing. Management assesses the performance of operating segments based on a measure of segmental earnings before net finance costs and income tax ("Segmental contributions") for the period. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

Segment asset consists only of inventories.

(a) Segment results

The segment results for the year ended 31 December 2019 are as follows:

	Asia						Europe			
	HK & Macau		Mainland China		Taiwan	Others				
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Licensing HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue										
- Recognised at a point in time	380,610	300,314	587,284	467,381	114,638	-	120,738	17,364	-	1,988,329
- Recognised over time	-	-	-	-	-	52,000	-	-	134,542	186,542
	380,610	300,314	587,284	467,381	114,638	52,000	120,738	17,364	134,542	2,174,871
Inter-segment revenue	-	(167,889)	-	-	-	-	-	-	(44,756)	(212,645)
Revenue from external customers	380,610	132,425	587,284	467,381	114,638	52,000	120,738	17,364	89,786	1,962,226
- Recognised at a point in time	380,610	132,425	587,284	467,381	114,638	-	120,738	17,364	-	1,820,440
- Recognised over time	-	-	-	-	-	52,000	-	-	89,786	141,786
Gross profit	274,678	77,241	419,430	249,265	77,734	52,000	61,899	6,028	89,786	1,308,061
Segmental contributions	(1,045)	77,241	38,257	249,265	5,985	52,000	(8,738)	979	76,752	490,696
Segmental contributions includes:										
Depreciation	(10,409)	-	(25,711)	-	(7,602)	-	(4,622)	(646)	-	(48,990)
Segment asset as at 31 December 2019	161,665	-	340,981	-	60,619	-	43,217	-	-	606,482

3. Segment information (Continued)

(a) Segment results (Continued)

The segment results for the year ended 31 December 2018 are as follows:

	Asia						Europe			
	HK & Macau		Mainland China		Taiwan	Others				
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Licensing HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue										
- Recognised at a point in time	520,607	332,493	689,960	58,137	130,264	-	135,526	23,602	-	1,890,589
- Recognised over time	-	-	-	-	-	52,000	-	-	150,007	202,007
	520,607	332,493	689,960	58,137	130,264	52,000	135,526	23,602	150,007	2,092,596
Inter-segment revenue	-	(332,487)	-	-	-	-	-	-	(36,971)	(369,458)
Revenue from external customers	520,607	6	689,960	58,137	130,264	52,000	135,526	23,602	113,036	1,723,138
- Recognised at a point in time	520,607	6	689,960	58,137	130,264	-	135,526	23,602	-	1,558,102
- Recognised over time	-	-	-	-	-	52,000	-	-	113,036	165,036
Gross profit	372,057	-	480,109	24,245	86,547	52,000	68,571	(1,234)	113,036	1,195,331
Segmental contributions	16,423	-	21,891	23,997	3,674	52,000	(17,825)	(15,771)	103,916	188,305
Segmental contributions includes:										
Depreciation	(14,056)	-	(33,749)	-	(8,342)	-	(7,996)	(601)	(145)	(64,889)
Provision for impairment of property, plant and equipment	(3,532)	-	-	-	-	-	(5,640)	-	-	(9,172)
Segment asset as at 31 December 2018	201,682	-	316,664	-	68,898	-	58,380	-	-	645,624

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

	2019 HK$'000	2018 HK$'000
Segmental contributions for reportable segments	**490,696**	188,305
Add:		
Other income (Note 5)	**72,418**	25,358
Less:		
Net finance costs (Note 7)	**(32,959)**	(20,734)
Other gains – net (Note 6)	**-**	64,900
Employee benefit expenses	**(179,134)**	(171,178)
Rental and other operating expenses	**(28,237)**	(25,280)
Depreciation and amortisation	**(57,425)**	(62,329)
Advertising and promotion expenses	**(43,337)**	(70,940)
Legal and professional fees	**(13,652)**	(18,721)
Product design, supply chain and related management expenses	**(14,726)**	(19,831)
Restructuring costs	**(3,383)**	(59,945)
Other unallocated expenses	**(65,267)**	(93,486)
Total Group's profit/(loss) before income tax	**124,994**	(263,881)

3. 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, right-of-use assets, intangible assets, deposits, prepayments and other receivables ("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:

	2019 **HK$'000**	2018 HK$'000
Hong Kong & Macau	**461,258**	598,376
Mainland China	**1,055,913**	751,245
Australia	**133,496**	889
Taiwan	**114,638**	130,264
United Kingdom	**146,951**	159,900
Other countries	**49,970**	82,464
Total	**1,962,226**	1,723,138

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

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

	2019 **HK$'000**	2018 HK$'000
Hong Kong & Macau	**900,340**	848,287
Mainland China	**844,960**	791,100
Taiwan	**81,042**	88,233
United Kingdom	**894,911**	772,477
France	**673,263**	669,702
Singapore	**120,253**	119,538
Total	**3,514,769**	3,289,337

4. Operating profit/(loss)

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

	2019 **HK$'000**	2018 HK$'000
Cost of inventories	**660,418**	523,665
(Reversal of)/additional provision for impairment of inventories and write off (note (a))	**(6,253)**	4,142
Employee benefit expenses	**439,536**	550,698
Operating lease rental expenses		
- short term lease payment	**81,926**	-
- minimum lease payment	**-**	326,588
- contingent rents	**86,091**	112,046
Depreciation		
- property, plant and equipment	**53,215**	73,123
- right-of-use assets (note 12)	**183,691**	-
Advertising and promotion expenses	**43,337**	89,485
Amortisation of intangible assets (excluding licences)	**53,200**	54,095
Provision for impairment of trade receivables	**49,556**	6,856
Provision for impairment of loan receivables	**-**	2,918
Provision for impairment of property, plant and equipment	**-**	9,172
Loss/(gain) on disposal		
- property, plant and equipment	**2,613**	2,848
- right-of-use assets	**(3,458)**	-
Contingent royalty expenses	**2,631**	4,339
Product design, supply chain and related management expenses	**14,726**	19,831
Restructuring costs (note (b))	**3,383**	59,945
Fair value losses on forward exchange contracts	**-**	890
Net foreign exchange (gain)/losses	**(5,966)**	22,591

Notes:

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

(b) For the year ended 31 December 2019, restructuring costs related to Europe operation included employee benefit expenses of HK$3,383,000.

For the year ended 31 December 2018, restructuring costs mainly relating to Greater China and Europe operations included employee benefit expenses and other costs of HK$36,269,000 and HK$23,676,000 respectively.

4. Operating profit/(loss) (Continued)

The remuneration to the auditors for audit and non-audit services is as follows:

	2019 **HK$'000**	2018 HK$'000
Audit services	**5,768**	5,840
Non-audit services		
- taxation services	**1,214**	1,189
- other services	**411**	385
	7,393	7,414

Note: HK$5,214,000 (2018: HK$5,351,000) of the audit services fees and HK$1,052,000 (2018: HK$1,413,000) of non-audit services fees are payable to the Company's auditor.

5. Other income

	2019 **HK$'000**	2018 HK$'000
Subsidy income	**4,660**	6,398
Rental income	**-**	2,849
Management fee income from related parties	**49,730**	1,186
Commission income	**512**	7,572
Compensation income	**8,451**	-
Others	**9,065**	7,353
	72,418	25,358

6. Other gains - net

	2019 **HK$'000**	2018 HK$'000
Provision for impairment of loan receivables and remeasurement loss on derivative	**-**	(2,918)
Gain on remeasurement of contingent purchase consideration payable for acquisition	**-**	70,370
Others	**-**	(2,552)
	-	64,900

7. Net finance costs

	2019 HK$'000	2018 HK$'000
Finance costs		
- Interest expenses on bank borrowings and overdrafts	**(39,512)**	(37,507)
- Notional interest expenses on lease liabilities	**(19,256)**	-
- Others	**(148)**	(2,271)
	(58,916)	(39,778)
Finance income		
- Interest income on deposits from banks and financial institutions	**25,957**	19,044
	25,957	19,044
Net finance costs	**(32,959)**	(20,734)

8. Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year ended 31 December 2019. Taxation on Mainland China and overseas profits have 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.

	2019 HK$'000	2018 HK$'000
Current income tax		
- Hong Kong profits tax	**-**	-
- Mainland China corporate income tax	**61,224**	6,007
- Overseas taxation	**8,297**	7,568
- Under/(over) provision in prior years	**1,926**	(806)
Deferred income tax	**3,194**	(11,849)
	74,641	920

9. Earnings/(loss) per share

(a) Basic

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

	2019	2018
Weighted average number of ordinary shares in issue	**3,598,322,883**	3,055,310,000
Profit/(loss) attributable to shareholders of the Company (HK$'000)	**50,353**	(264,801)
Basic earnings/(loss) per share (HK cents per share)	**1.4 cents**	(8.7) cents

9. Earnings/(loss) per share (Continued)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. For the dilutive effect of share options, the calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2019	2018
Weighted average number of ordinary shares in issue	**3,598,322,883**	3,055,310,000
Adjustment for share options	**-**	511,000
Weighted average number of ordinary shares for diluted earnings/(loss) per share	**3,598,322,883**	3,055,821,000
Profit/(loss) attributable to shareholders of the Company (HK$'000)	**50,353**	(264,801)
Diluted earnings/(loss) per share (HK cents per share)	**1.4 cents**	(8.7) cents

No adjustment had been made to the basic earnings per share for the year ended 31 December 2019 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share.

10. Dividends

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

11. Convertible promissory note and loan receivables

The convertible promissory note and loan receivables consist of a convertible promissory note purchase agreement, loan agreement with British Heritage Brands, Inc and the conversion right embedded in convertible promissory note.

12. Right-of-use assets

	2019 **HK$'000**
Recognition upon initial application of HKFRS 16 at 1 January 2019	**351,097**
Exchange differences	**947**
Additions	**228,823**
Disposals	**(37,076)**
Depreciation	**(183,691)**
Remeasurement	**(2,992)**
Closing net book amount	**357,108**

12. Right-of-use assets (Continued)

Depreciation expense of HK$169 million had been charged to selling, marketing and distribution expenses and HK$15 million in general and administrative expenses.

The Group leases various retail stores, warehouses and office. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 20 years, but may have extension options. Except for lease covenants mainly related to the maintenance and use of the leased assets that are commonly found in lease arrangements, there are no other covenants or restrictions imposed by the lease agreements.

The right-of-use assets represent the Group's rights to use underlying leased premises under operating lease arrangements over the lease terms, which are stated at cost less accumulated depreciation. During the year ended 31 December 2019, total cash outflow for leases of HK$193 million was included in net cash used in financing activities.

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Some property leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occur.

13. Trade receivables

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**612,729**	186,197
Less: provision for impairment of trade receivables	**(69,729)**	(20,003)
Trade receivables – net	**543,000**	166,194

Majority of the Group's revenue are retail sales, wholesale sales and licensing income. Retail sales are made in cash or by credit card. Retail sales through department stores are generally collectible within 30 days to 60 days from the invoice date. Wholesale sales are generally collectible within 30 days to 90 days from the invoice date. Licensing income is generally collectible within 120 days from the invoice date. The ageing analysis by invoice date of trade receivables of the Group is as follows:

	2019 **HK$'000**	2018 HK$'000
1 - 30 days	**428,248**	103,873
31 - 60 days	**28,771**	30,469
61 - 90 days	**2,633**	6,668
Over 90 days	**153,077**	45,187
	612,729	186,197

The fair values of the Group's trade receivables were approximately the same as their carrying amounts.

14. Trade payables

	2019 **HK$'000**	2018 HK$'000
Trade payables	**205,781**	66,129

The ageing analysis by invoice date of the Group's trade payables is as follows:

	2019 **HK$'000**	2018 HK$'000
1 - 30 days	**23,011**	29,543
31 - 60 days	**13,089**	21,393
61 - 90 days	**25,495**	5,000
Over 90 days	**144,186**	10,193
	205,781	66,129

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

15. Lease liabilities

	2019 **HK$'000**
Analysed for reporting purposes as:	
Current liabilities	**139,576**
Non-current liabilities	**245,863**
	385,439
Recognition upon initial application of HKFRS 16 at 1 January 2019	**382,721**
Exchange differences	**1,634**
Additions	**221,446**
Interest expenses	**19,256**
Payments	**(193,347)**
Disposals	**(40,534)**
Remeasurement	**(5,737)**
Closing net book amount	**385,439**

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

16. Events after the reporting period

Termination of licensing agreement with Seven Global LLP (“Seven Global”)

On 15 September 2015, the Group entered into a licence agreement with Seven Global for a term starting from 15 September 2015 and ending on 31 December 2020 (the “Licence Agreement”). Under the terms of the Licence Agreement, Seven Global granted to the Group, among other things, certain rights to use the trademarks “BECKHAM” and “DAVID BECKHAM” and David Beckham’s image, name, voice and likeness in the promotion, design, manufacture and distribution of certain products under the “Kent & Curwen” brand.

On 27 March 2020, the Group terminated the aforesaid licence agreement without any compensation or penalty and a payment schedule for the outstanding royalty payments of US$10,750,000 as incurred under the Licence Agreement up to 31 December 2019 was agreed between both parties.

Business risk arising from COVID-19

Following the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and continued to be implemented across the Greater China and Europe, including extension of the Chinese New Year holiday nationwide, postponement of work resumption after the Chinese New Year holiday in some regions, certain level of restrictions and controls over the travelling of people and traffic arrangements, quarantine of certain residents, heightening of hygiene and epidemic prevention requirements in factories and offices and encouraged social distancing.

At this point in time the Group cannot determine the duration of the COVID-19 outbreak and therefore the Group is not yet able to quantify the full financial impact. In the case of a prolonged COVID-19 crisis, the Group expects local retail business to be greatly impacted and this may potentially affect the Group’s business performance in the first half of 2020. Management has taken relevant actions to minimise the unfavourable impact to the Group. The Group will pay close attention to the development and evaluate its impact on the financial position and operating results.

The COVID-19 outbreak is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2019.

RISK MANAGEMENT AND INTERNAL CONTROLS

Based on the respective assessments made by the management and the corporate governance division, and also taking into the account the results of the work conducted by the external auditor for the purpose of their audit for 2019, the Board, through the audit committee, is satisfied that:

− the risk management, internal controls and accounting systems of the Group are in place and functioning effectively. They are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with the Group's policies under the management's authorisation, and the financial statements are not materially misstated and are reliable for publication;

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

− the resources, qualifications, experience, training programmes and budget of the staff of the Group's internal audit and financial reporting functions are adequate.

CORPORATE GOVERNANCE

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

The Board has established three Board committees, namely, the audit committee, the nomination committee and the remuneration committee, each of which has its own defined terms of reference. These terms of reference are consistent with the principles set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

On 31 July 2019, Mr Michael LEE Tze Hau resigned as an Independent Non-executive Director, the chairman of the nomination committee, a member of the audit committee and a member of the remuneration committee. On 22 August 2019, Mr Victor HUANG, an existing Independent Non-executive Director, was appointed as the chairman of the nomination committee and a member of the remuneration committee. On 28 October 2019, Mr ZHAO Zongren joined as an Independent Non-executive Director and a member of the audit committee. On 16 January 2020, Mr Daniel LALONDE resigned as a Non-executive Director. Immediately after the resignation of Mr Michael LEE Tze Hau, the Company (a) was temporarily not in compliance with Rule 3.25 of the Listing Rules and deviated from code provision A.5.1 of the Corporate Governance Code until the appointment of Mr Victor HUANG as a member of the remuneration committee and the chairman of the nomination committee; and (b) was temporarily not in compliance with Rule 3.10A of the Listing Rules until the appointment of Mr ZHAO Zongren as an Independent Non-executive Director.

As of today, the Board is comprised of 13 members, including five Executive Directors, three Non-executive Directors and five Independent Non-executive Directors. The chairman and all members of the audit committee are Independent Non-executive Directors. Each of the nomination committee and the remuneration committee is also chaired by an Independent Non-executive Director, with a majority of its members being Independent Non-executive Directors.

Save as disclosed above, the Company had applied the principles, and complied with all applicable code provisions, of the Corporate Governance Code throughout the year ended 31 December 2019.

Details of the Company's corporate governance practices are set out in its 2019 Annual Report.

REVIEW BY AUDIT COMMITTEE

The Group's annual results for the year ended 31 December 2019 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated income statement, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted its own Guiding Principles on Dealings in Securities and Equity Derivatives (the "Guiding Principles on Dealings") on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 to the Listing Rules to govern dealings in the securities of the Company by its directors. Relevant employees who, by virtue of their offices or employments, are likely to access or otherwise may possess inside information in relation to the Group, are also required to comply with the Guiding Principles on Dealings. Following specific enquiry on each of the directors of the Company and the relevant employees, each of them confirmed that he/she had complied with the required standard set out in the Guiding Principles on Dealings and the Model Code throughout the year ended 31 December 2019.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Thursday, 28 May 2020. Notice convening the AGM will be published on the Company's website (www.trinitygroup.com) and Hong Kong Exchanges and Clearing Limited's HKEXnews website (www.hkexnews.hk) and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR THE AGM

In order to determine the eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 25 May 2020 to Thursday, 28 May 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 22 May 2020.

By Order of the Board
QIU Yafu
Chairman

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises five executive directors, namely Ms SUN Weiying (Chief Executive Officer), Mr Paul David HAOUZI (President), Ms QIU Chenran, Ms SU Xiao and Mr Kelvin HO Cheuk Yin (Chief Strategy Officer); three non-executive directors, namely Mr QIU Yafu (Chairman), Ms Sabrina FUNG Wing Yee (Deputy Chairman) and Mr WONG Yat Ming; and five independent non-executive directors, namely Mrs Eva CHENG LI Kam Fun, Mr Patrick SUN, Mr Victor HUANG, Mr YANG Dajun and Mr ZHAO Zongren.

** For identification purposes only*