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 2020

Highlights

	2020	2019
Revenue *(HK$ million)*	**392.6**	1,029.3
Gross profit *(HK$ million)*	**271.7**	703.1
Gross margin (%)	**69.2%**	68.3%
Core operating (loss)/profit[1] *(HK$ million)*	**(129.4)**	111.8
(Loss)/profit attributable to shareholders *(HK$ million)*	**(161.3)**	76.6
Basic (loss)/earnings per share [2] *(HK cents)*	**(4.5)**	2.1

Notes:

1. *Core operating (loss)/profit includes (loss)/profit of the retail, wholesale and licensing businesses before net finance costs, income tax, gain or loss 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 (loss)/earnings per share = (Loss)/profit attributable to shareholders / weighted average number of ordinary shares in issue.*

Tumultuous Times

"Annus horribilis" can certainly be used to describe 2020, for even though there are still months to go before the close of the financial year as of report date, coronavirus disease 2019 ("COVID-19") has ensured that the world will be reeling from its aftershocks in the second half of the year and well beyond. Striking when the global economy was already in a fragile state, the subsequent lockdowns, social distancing measures and steps to address the health crisis severely impacted public confidence. With spontaneous reductions in economic activities among consumers and producers, many parts of the world entered into deep recessions. It is not surprising that the modest 2020 global growth which had been projected by the International Monetary Fund back in January – up from an estimated 2.9 percent in 2019 to 3.3 percent in 2020[1], was subsequently adjusted in June to -4.9 percent for the year[2].

Transformation Continues

While the pandemic has brought devastation to many industries, the retail sector has been one of the worst hits. With work from home, mandatory quarantine and travel restrictions among the practices that took on urgency as the year progressed, the retail sector, still largely brick-and-mortar based, faced unparalleled challenges. Though the Group was by no means immune to such challenges, we can still draw strength from the knowledge the reform and transformation efforts we have initiated in preceding years have taught us to weather through these troubling times. In adhering to our "Go Global" strategy, we began to strengthen the foundation of our premium self-owned brands Cerruti 1881, Gieves & Hawkes and Kent & Curwen, as well as the D'URBAN licensed brand, in their respective home markets and fashion capitals. And beyond the retail front, we also leveraged ties with our controlling shareholder, Beijing Ruyi Fashion Investment Holding Company Limited ("Ruyi"), in tapping the wholesale segment, which served as catalyst for our most recent progress. All of these efforts have continued, though obviously at a much reduced pace in line with the current conditions.

Also ongoing have been our efforts towards establishing a truly omnichannel operation. Towards bolstering our presence in a borderless world, we have leveraged our e-commerce team to both strengthen the brand equity of our self-owned brands in the online realm and to better reach discerning customers who appreciate the convenience of shopping online. We remain adamant that strengthening our online presence – including ties with renowned online retail platforms, will be essential for capitalising on a post-pandemic future; a time when members of the public, who will still be mindful of social distancing, may continue to choose the online route, thus further drive a shopping trend that had already been gathering momentum. Indeed, one report estimates that the global fashion e-commerce market will recover and reach US$672.71 billion in 2023 at a compound annual growth rate ("CAGR") of 11.48%, a sharp contrast with US$485.62 billion and a CAGR of -8.56% for 2020[3].

[1] https://www.imf.org/en/Publications/WEO

[2] https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020

[3] https://www.reportlinker.com/p05930662/Fashion-E-Commerce-Global-Market-Report-30-Covid-19-Growth-and-Change.html?utm_source=GNW

Down but Not Out

Going forward, we will continue to observe our "Go Global" strategy as we firmly believe that despite COVID-19's catastrophic impact; human ingenuity, resourcefulness and perseverance will bring a resolution to this unprecedented crisis. What is more, the inevitable rise in consolidation, induced by an inevitable increase in recessionary headwinds, will drive the Group to be even more robust across all areas of its operations. We will therefore leverage the expertise and depth of experience of our management team to reinforce our retail presence, from shop fronts to clothes racks, and everything in between. We will also continue to explore business opportunities, including the prestige wholesale market, while capitalising on the strength and resources of Ruyi.

It is often in times of turmoil that we witness the greatest triumphs. Through the concerted effort of the Group, trusted business partners, the entire workforce and stakeholders, our greatest triumph surely awaits, as well as the many milestones along the way.

QIU Yafu
Chairman

Hong Kong, 31 August 2020

CHIEF EXECUTIVE OFFICER'S OVERVIEW

War of Attrition

2020 will undoubtedly be remembered as the year of COVID-19, for even though first reports of the outbreak were made in late 2019, its full impact was not fully unravelled until the subsequent year. Plunging the global economy into the worst recession since World War II, according to The World Bank, which has forecasted a contraction of -5.2%[1] in 2020, it is a stark reminder of the extraordinary times that we are now living in.

Under these war-like conditions, we have acted swiftly in optimising and further raising the efficiency of our operations. Even before full knowledge of the outbreak, we had implemented measures aimed at enhancing the profitability of our retail operations, including controlling labour costs and overhead, particularly pertaining to our European presence. Furthermore, we have worked closely with landlords, negotiating for more favourable terms that align with the currently soft market. Also towards controlling costs, specifically in the area of inventory, we have offered discounts on certain collections of our self-owned and licensed brands in order to improve the inventory balances. Additionally, we have strived to optimise our supply chain by reducing intermediaries within the procurement process, and thus allow the Group to better react to consumption trends, raise efficiency, and reduce costs via a market-based production, supply and sales system. It is worth noting as well that we have applied for relevant grants and subsidies offered by governments in support of the retail sector.

Go Global Goes On

While the aforementioned protective measures are essential for the Group in riding out of the current storm, we are fully aware of the need to look beyond. We therefore remain committed to realising our "Go Global" strategy in a post-pandemic world. Aside from the establishment of flagship stores in key markets of the world, we will also re-evaluate our overall physical store presence. Moreover, we will reassess the development direction of our brands and the clothes that bear their names. Hence, while respecting the traditions and renowned craftsmanship that each label is synonymous with, we will also continue to update and invigorate designs in line with current trends in aesthetics. Given Trinity's access to Ruyi's wealth of advance materials, we will ensure that demands on form and function are equally met. By doing so, we are assured that our brand portfolio maintains their relevance with customers young and old, and among women as well as men.

An intrinsic component of our "Go Global" strategy also entails penetrating the e-commerce realm, which we have been pursuing through the efforts of our e-commerce team. If anything, COVID-19 has highlighted the importance of having an effective online presence, hence the reason why our investments in this area have not tapered. During the first half of the year, such efforts included seeking progress in the areas of payment, distribution and commission, as well as exploring opportunities with key opinion leaders (KOLs) and bargain groups. To reach our customers even more effectively, we have tapped different online platforms and channels, as reflected by the launch of a WeChat campaign to cater for changing consumption behaviour.

[1] https://www.worldbank.org/en/news/press-release/2020/06/08/covid-19-to-plunge-global-economy-into-worst-recession-since-world-war-ii

Looking East

Going forward, our immediate attention will be given to balancing effective business management with prudent development. While the pandemic will continue impacting much of the globe in the remainder of the year, Mainland market has been achieving a gradual recovery. Since experiencing a gross domestic product contraction of -6.8% in the first three months of 2020, China's economy expanded by 3.2% in the second quarter, according to National Bureau of Statistics of China[2]. Therefore, we will duly direct energies towards tapping the improving Mainland market. True to our omnichannel business model, we will reach out to Chinese customers both online and offline in an impactful manner to satisfy their pent-up consumption desires, which have been intensified by global travel bans that will further drive local sales. Supporting our efforts will be our controlling shareholder Ruyi, which, it is worth remembering, boasts some of the largest production lines and advanced technologies in China, and is among the largest textile manufacturers in the country – being also one of the top textile and apparel companies in the nation. Through their tremendous might, combined with our own strengths, we will reinforce the presence of our self-owned brands Cerruti 1881, Gieves & Hawkes and Kent & Curwen, as well as the licensed D'URBAN brand. China will thus allow Trinity to gain a second wind as it seeks to both persevere through this unprecedented war, and prepare to move forward.

Mindful that it is always darkest before the dawn, we will not be discouraged by recent events. Having taken the steps in turning around the Group in breathtaking manner, we clearly possess both the resources and the human capital to reassert our rightful position in the market once conditions stabilise.

SUN Weiying
Chief Executive Officer

Hong Kong, 31 August 2020

[2] http://www.stats.gov.cn/enGLISH/PressRelease/202007/t20200717_1776596.html

DISCUSSION AND ANALYSIS

Revenue

The Group's total revenue for the first half of 2020 was HK$392.6 million, which decreased by 61.9% comparing to the same period last year. In spite of effort to develop new business and sales channels with the support and network from Ruyi and its subsidiaries other than the Group (collectively "Ruyi Group") since 2019, 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. Moreover, due to the unstable and fragile economic environment around the globe, total sales was significantly decreased as compared to the same period last year.

Analysis by geographical location

<u>Retail</u>

Mainland China

Retail sales in Mainland China was recorded at HK$191.6 million for the period ended 30 June 2020. Due to COVID-19 pandemic, total revenue and same store sales declined by 39.7% and 38.4% respectively by comparing to the sales in the same period in 2019. To compensate the loss of sales volume, we organized more special sales events such as bargain sales and offered more sales discounts at our stores. Gross margin thus dropped from 72.3% to 66.3%. At the same time, the Group continued to carry out the cost control measures by cutting down non-performing stores to improve store profitability in long run. Total number of stores as at 30 June 2020 was 131 stores, 21 lower than that in the same period of last year. Overall segmental contribution decreased from HK$32.4 million profit for the period ended 30 June 2019 to HK$4.4 million loss in the same period this year.

Hong Kong & Macau

Retail sales in Hong Kong & Macau was recorded at HK$74.6 million and it was lower than the sales in the same period last year by HK$157.1 million. Same store sales declined by 65.3%. The decrement was also due to the impact of COVID-19 and the overall weak consumption sentiment in the market. The number of visitors from Mainland China and overseas decreased significantly comparing to the same period of last year as a result of the outbreak of COVID-19. This resulted to a loss of customer traffic at our stores. Store network was reviewed and adjusted regularly according to the market condition. The number of stores was 24 as at 30 June 2020, compared with 32 as at 30 June 2019. During the period, more sales discounts were offered and therefore gross margin dropped from 75.3% to 67.5%. Overall segmental contribution decreased from HK$20.0 million profit in June 2019 to HK$36.2 million loss in June 2020.

Taiwan

Retail sales in Taiwan was recorded at HK$38.8 million and was lower than the sales in the same period last year by HK$18.8 million. Same store sales declined by 29.3%. Number of stores in June 2020 slightly dropped by 3 stores to 37. Gross margin decreased from 68.5% to 59.3% and overall segmental contribution was HK$2.1 million loss for the period ended 30 June 2020 while it was HK$2.6 million profit in the same period last year.

Europe

In the first half of 2020, the retail sales in Europe was recorded at HK$23.7 million, representing 61.3% drop compared to the same period last year mainly due to the COVID-19 lockdown measures and depreciation of Pound Sterling.

Wholesale

Despite the continuing effort in wholesales business development since 2019, the pandemic resulted in a substantial postponement of orders in the wholesale business. Wholesale revenue was therefore significantly decreased from HK$288.3 million in the first half of 2019 to HK$3.9 million in same period this year.

Licensing

Licensing revenue decreased from HK$72.4 million in the first half of 2019 to HK$60.0 million in the first half of 2020, which was partially caused by the worsening business performance of licensees from different regions.

Segmental contribution

For the six months ended 30 June 2020, the segmental contribution for the Group decreased from HK$271.0 million from same period last year to HK$5.4 million. The segmental contribution was severely hit by the COVID-19 pandemic.

Other income

Other income amounted to HK$32.9 million against HK$37.2 million for the same period last year. The major component of both periods were related to the service fee income earned from a related party for the provision of management, advisory and administrative services.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses was HK$243.4 million in the first half of 2020, compared to HK$425.5 million in the same period last year. The drop of the expenses was resulted from lower sales activities as well as the continuing cost reduction programme, including closure of non-performing stores, resources optimization and deferral of marketing campaigns to later period etc.

General and administrative expenses

General and administrative expenses decreased from HK$193.9 million in the first half of 2019 to HK$146.6 million in same period this year. The decrement was also due to the implementation of cost control measures in 2020.

Net impairment losses on financial assets

It mainly represents the impairment losses provision on trade receivables, amounting to HK$43.9 million in 2020 compared to HK$9.1 million in 2019. The major increment was due to the increased credit risk of outstanding trade receivables as at 30 June 2020.

Core operating (loss)/profit

The Group has recorded core operating loss of HK$129.4 million in the first half of 2020. The core operating result was a profit of HK$111.8 million in the same period last year.

Restructuring costs

There is no restructuring cost incurred in 2020. For the period of 2019, HK$3.4 million were incurred mainly for the restructuring of Europe operations.

Net finance costs

The net finance costs amounted to HK$28.2 million were reported in the first half of 2020, whereas net finance costs of HK$10.2 million were reported in the same period of 2019. The increment was mainly resulted from the decrease of interest income due to the decrease in cash balance and increase in finance costs from bank borrowings.

Income tax

Income tax expense for the period was HK$3.7 million, which was mainly arisen from the corporate income tax in Mainland China whereas income tax expense of HK$21.5 million was reported in the same period of 2019.

Loss attributable to shareholders

The Group incurred a loss attributable to shareholders of HK$161.3 million, which translated into a loss of 4.5 HK cents per share.

Working Capital Management

Inventory balance increased from HK$606.5 million in December 2019 to HK$819.3 million in June 2020, where the inventory value in June 2019 was HK$641.3 million. Inventory turnover days in June 2020 were 1,073 days, compared with 349 days in December 2019 and 357 days in June 2019. The major cause of the increment was the sluggish retail sales, wholesale order postponement in the first half of 2020, as well as the purchase of inventory towards the period end for wholesales business. Excluding the wholesales impact, inventory turnover days were 712 days, compared with 572 days and 571 days in December 2019 and June 2019 respectively.

The Group's trade receivables in June 2020 were HK$381.3 million, compared to HK$391.9 million and HK$543.0 million in June 2019 and December 2019 respectively. The Group's trade receivable turnover days were 214 days in June 2020, compared with 66 days as at December 2019 and 49 days in the same period of 2019. Increase in trade receivable turnover days was mainly due to the deferral of payment from several key wholesale customers.

The Group's trade payables as at June 2020 were HK$150.8 million, compared to HK$88.3 million and HK$205.8 million in June 2019 and December 2019 respectively. The Group's trade payable turnover days were 268 days for the first half of 2020, compared with 76 days in December 2019 and 43 days in June 2019. Increase in trade payables turnover days was mainly due to the slow settlement of trade payables balance during the period.

Financial Position and Liquidity

Net cash outflow from the Group's operating activities was HK$301.4 million mainly due to the loss incurred during the period.

The Group's cash and bank balances as at 30 June 2020 were HK$414.6 million compared to HK$833.7 million as at 31 December 2019. Net cash balance also decreased from net cash of HK$265.2 million to net debt of HK$154.1 million (net debt is defined as cash and cash equivalents of HK$414.6 million less bank borrowings of HK$370.6 million and other loan of HK$198.1 million) as at 30 June 2020 as a result of decrease in cash and bank balances.

Banking Facilities

As at 30 June 2020, the Group had total bank borrowings of HK$370.6 million, of which HK$246.1 million from 3 different banks were due for immediate repayment. The Group continues to negotiate 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$151.2 million available and utilised 82.3% of the total facilities available at the end of the period, including HK$124.5 million in trade financing. The undrawn facilities at year end amounted to HK$26.7 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, wholesale customers and licensees. The Group had 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 have been deposited with major international banks and financial institutions.

Foreign Exchange and Interest Rate Management

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

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

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.

As disclosed in the 2019 Annual Report, as at 31 December 2019, the proceeds remaining for acquisition purpose were reduced to HK$455.8 million. From 1 January 2020 up to 30 June 2020, the Group has allocated the remaining HK$455.8 million out of the pool for acquisition as general working capital to minimise the adverse impact of COVID-19 pandemic to our operation for the year. After the reallocation, the proceeds remaining for acquisition purpose were reduced to nil.

Termination Agreement with Seven Global LLP ("Seven Global")

As disclosed in the "Connected Transactions" section of the 2019 Annual Report, Trinity International Brands Limited ("TIB"), a wholly-owned subsidiary of the Company, entered into a termination agreement (the "Termination Agreement") with Seven Global on 27 March 2020 pursuant to which the parties agreed for an early termination of the licence agreement dated 15 September 2015 (the "Licence Agreement") made between the parties in respect of the grant of certain rights to use certain trademarks relating to Mr David Beckham. Details of the Termination Agreement were announced by the Company on 27 March 2020.

Pursuant to the Termination Agreement, among others, TIB agreed to repay Seven Global in six different instalments of total outstanding royalty of US$10,750,000 incurred under the Licence Agreement up to and including the Termination Date (i.e. 31 December 2019). TIB paid the first instalment of US$500,000 on 31 March 2020. However, the business of the Group has further deteriorated under the adverse impact of COVID-19. TIB has therefore re-started negotiating with Seven Global for a revised repayment timetable since June 2020. In the absence of reaching any new agreement, Seven Global demanded TIB to repay of the full balance of US$10,250,000 under the Termination Agreement and Seven Global further commenced arbitration proceedings in the United Kingdom against TIB on 19 August 2020. The management has been closely following up the matter and is continuing to pursue negotiations with Seven Global with a view to reaching a settlement that will be in the interest of the Group.

Human Resources and Training

As at 30 June 2020, the total workforce for the Group was 1,402 employees, compared with 1,667 a year earlier, a 16% decrease. This reduction in headcount was largely due to the closure of non-performing stores, as well as staff deployment in all regions.

Our workforce comprised 282 employees in Hong Kong and Macau; 839 in the Mainland China; 147 in Taiwan and 134 in other countries. Total staff costs were HK$165.5 million for the first half of 2020, compared with HK$237.5 million for the same period last year. The decrease in staff cost was mainly due to the reduction in staff headcount associated with the closure of non-performing stores and staff deployment in all regions.

The Group offers competitive remuneration packages, share options and development opportunities 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 period, 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.

2020 INTERIM RESULTS

The board of directors (the "Board") of Trinity Limited (the "Company" or "Trinity") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2020.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**Unaudited Six months ended 30 June 2020 HK$'000**	2019 HK$'000
Revenue	3(a)	**392,606**	1,029,274
Cost of sales		**(120,937)**	(326,142)
Gross profit		**271,669**	703,132
Other income		**32,890**	37,167
Selling, marketing and distribution expenses		**(243,387)**	(425,488)
General and administrative expenses		**(146,648)**	(193,900)
Net impairment losses on financial assets		**(43,937)**	(9,123)
Core operating (loss) /profit		**(129,413)**	111,788
Restructuring costs	4	**-**	(3,416)
Operating (loss)/profit	4	**(129,413)**	108,372
Net finance costs		**(28,159)**	(10,234)
(Loss) /profit before income tax		**(157,572)**	98,138
Income tax	5	**(3,699)**	(21,542)
(Loss)/profit for the period attributable to shareholders of the Company		**(161,271)**	76,596
Basic (loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	6(a)	**(4.5) cents**	2.1 cents
Diluted (loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	6(b)	**(4.5) cents**	2.1 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
(Loss)/profit for the period	**(161,271)**	76,596
Other comprehensive expenses for the period		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**-**	(3,475)
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries	**(20,044)**	(2,013)
Other comprehensive expenses or the period, net of tax	**(20,044)**	(5,488)
Total comprehensive (expenses)/income for the period	**(181,315)**	71,108
Total comprehensive (expenses)/income attributable to:		
- Shareholders of the Company	**(181,315)**	71,108

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2020 HK$'000**	Audited 31 December 2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**52,321**	67,126
Intangible assets		**3,042,417**	3,042,984
Convertible promissory note and loan receivables	8	**-**	-
Right-of-use assets	9	**294,510**	357,108
Deposits, prepayments and other receivables		**25,378**	47,551
Deferred income tax assets		**231,381**	234,280
		3,646,007	3,749,049
Current assets			
Inventories		**819,303**	606,482
Trade receivables	10	**381,252**	543,000
Deposits, prepayments and other receivables		**121,143**	121,527
Amounts due from related parties		**156,765**	114,361
Current income tax recoverables		**4,201**	2,063
Cash and cash equivalents		**414,631**	833,733
		1,897,295	2,221,166
Total assets		**5,543,302**	5,970,215
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		**(949,735)**	(768,420)
Total equity		**3,820,444**	4,001,759
LIABILITIES			
Non-current liabilities			
Provision for long service payments		**264**	550
Retirement benefit obligations		**13,484**	13,992
Lease liabilities	12	**203,426**	245,863
Other payables and accruals		**17,805**	8,346
Contingent purchase consideration payable for acquisition		**-**	-
Deferred income tax liabilities		**308,847**	309,664
		543,826	578,415
Current liabilities			
Trade payables	11	**150,817**	205,781
Other payables and accruals		**304,678**	377,617
Lease liabilities	12	**112,250**	139,576
Amounts due to related parties		**39,124**	36,609
Current income tax liabilities		**3,470**	61,993
Borrowings		**370,586**	568,465
Other loan	13	**198,107**	-
		1,179,032	1,390,041
Total liabilities		**1,722,858**	1,968,456
Total equity and liabilities		**5,543,302**	5,970,215

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited				
	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 2020	**359,832**	**4,410,347**	**(432,699)**	**(335,721)**	**4,001,759**
Comprehensive expenses					
Loss for the period	-	-	**(161,271)**	-	**(161,271)**
Other comprehensive expenses					
Exchange differences on translation of subsidiaries	-	-	-	**(20,044)**	**(20,044)**
Other comprehensive expenses for the period, net of tax	-	-	-	**(20,044)**	**(20,044)**
Total comprehensive expenses	-	-	**(161,271)**	**(20,044)**	**(181,315)**
Transactions with owners					
Employee share option scheme - transfer to accumulated losses	-	-	**641**	**(641)**	-
Total transactions with owners	-	-	**641**	**(641)**	-
Balance at 30 June 2020	**359,832**	**4,410,347**	**(593,329)**	**(356,406)**	**3,820,444**
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 period	-	-	76,596	-	76,596
Other comprehensive expenses					
Remeasurements of post employment benefit obligations	-	-	(3,475)	-	(3,475)
Exchange differences on translation of subsidiaries	-	-	-	(2,013)	(2,013)
Other comprehensive expenses for the period, net of tax	-	-	(3,475)	(2,013)	(5,488)
Total comprehensive income/(expenses)	-	-	73,121	(2,013)	71,108
Transactions with owners					
Employee share option scheme - transfer to accumulated losses	-	-	1,325	(1,325)	-
Total transactions with owners	-	-	1,325	(1,325)	-
Balance at 30 June 2019	**359,832**	**4,410,347**	**(387,903)**	**(312,581)**	**4,069,695**

Notes:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information for the six months ended 30 June 2020 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 2019, which 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) and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2019 except for the accounting policy on government grant and the adoption of new and amended standards as set out below.

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 2019, except for the accounting policy on government grants and the early adoption of HKFRS 16 (Amendment) "Leases" new standards effective as of 1 January 2020. Details of any changes in accounting policies are set out in Note 2.

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

Going concern

As at 30 June 2020, the Group had bank borrowings of HK$370,586,000 included under current liabilities on the consolidated statement of financial position, of which bank loan amounting to HK$246,070,000 were due for immediate repayment, while remaining balance of HK$124,516,000 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$414,631,000 as at 30 June 2020.

The COVID-19 outbreak that led to a continuous series of severe administrative control and precautionary measures taken by governments and authorities in our operating market such as Mainland China, Hong Kong, Macau, Taiwan, France and the United Kingdom has disrupted the operations of the Group's businesses since 2020. The Group's business has 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.

1. Basis of preparation and accounting policies (Continued)

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 30 June 2020. 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 continues to negotiate 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 30 June 2020 to settle the outstanding bank borrowings;

(ii) On 30 March 2020, the Company has obtained a loan from a subsidiary of Ruyi amounting to HK$200,000,000 with an interest rate of HIBOR plus 2.75% (the "Ruyi Loan"). This Ruyi Loan was used by the Group to repay one of the Group's bank loans (the "Trinity Bank Loan") that was due of approximately the same amount. Subsequent to the full settlement of Trinity Bank Loan, the subsidiary of Ruyi has assigned this Ruyi Loan from the Group to a bank. Please refer to note 13 for details;

(iii) On 30 March 2020, 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 30 June 2020;

(iv) The Group has agreed settlement plans to collect overdue trade receivables as at 30 June 2020 from its wholesale customers and related parties that were affected by COVID-19 of HK$443,062,000; 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 (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 30 June 2020. Accordingly, the directors of the Company consider it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

1. Basis of preparation and accounting policies (Continued)

(a) Adoption of new amendments to existing standards effective in 2020

The Group has adopted the following amendments to existing standards and revised conceptual framework which are mandatory for accounting periods beginning on or after 1 January 2020 and relevant to the Group:

HKAS 1 (Amendments)	Presentation of financial statements
HKAS 8 (Amendments)	Accounting policies, changes in accounting estimates and errors
HKFRS 3 (Amendment)	Definition of a Business
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
HKFRS 9, HKAS 39 and HKFRS 7 (Amendment)	Interest Rate Benchmark Reform

The adoption of such amendments to existing standards and revised conceptual framework does not have material impact on the condensed consolidated financial statements as at and for the six months ended 30 June 2020 except the following amendment:

HKFRS 16 (Amendment)	Leases

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

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

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

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current (effective for annual periods beginning 1 January 2022)
HKFRS 3 (Amendments)	Reference to the Conceptual Framework (effective for annual periods beginning 1 January 2022)
HKFRS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use (effective for annual periods beginning 1 January 2022)
HKFRS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning 1 January 2022)
HKFRSs Amendments	Annual Improvements to HKFRS Standards 2018–2020 (effective for annual periods beginning 1 January 2022)
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 2023)

All these new standard and amendments to existing standards are effective in the financial year of 2021 or years after 2021. 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. Changes in accounting policy

This note explains the impact of the adoption of HKFRS 16 (Amendment) on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2020.

(a) Amendment to HKFRS 16 Leases: COVID-19 Related Rent Concessions

The Group has early adopted the Amendment to HKFRS 16 Leases - COVID-19 Related Rent Concessions, which is effective 1 June 2020, for the Group's annual reporting period commencing 1 January 2020. Where the Group is a lessee, the practical expedient is applied to account for the change in lease payments resulting from rent concessions granted as a direct consequence of the COVID-19 pandemic and elects not to assess these concessions as lease modifications when all of the following conditions are met:

(i) the revised lease payments are substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) reduction in lease payments relates to payment due on or before 30 June 2021; and

(iii) there is no substantive change to the other terms and conditions of the lease.

Rent concessions fulfilling the above conditions are recognised in the profit and loss over the period in which they cover.

(b) Government grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as credited to expenses on a systemic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

3. Segment information

The Group is principally engaged in the retailing and wholesale of premium menswear in 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 the 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. During the period, certain amendments and reclassifications were made to the management reports presented to the senior executive management in order to better reflect the composition and performance of each segment.

Segment asset consists only of inventories.

(a) Segment results

The segment results for the six months ended 30 June 2020 are as follows:

	Unaudited									
	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	**74,626**	**18,072**	**191,587**	**2,810**	**38,758**	**-**	**23,743**	**1,055**	**-**	**350,651**
- Recognised over time	**-**	**-**	**-**	**-**	**-**	**26,000**	**-**	**-**	**44,266**	**70,266**
	74,626	**18,072**	**191,587**	**2,810**	**38,758**	**26,000**	**23,743**	**1,055**	**44,266**	**420,917**
Inter-segment revenue	**-**	**(18,003)**	**-**	**-**	**-**	**-**	**-**	**-**	**(10,308)**	**(28,311)**
Revenue from external customers	**74,626**	**69**	**191,587**	**2,810**	**38,758**	**26,000**	**23,743**	**1,055**	**33,958**	**392,606**
- Recognised at a point in time	**74,626**	**69**	**191,587**	**2,810**	**38,758**	**-**	**23,743**	**1,055**	**-**	**332,648**
- Recognised over time	**-**	**-**	**-**	**-**	**-**	**26,000**	**-**	**-**	**33,958**	**59,958**
Gross profit	**50,408**	**12**	**126,985**	**961**	**22,974**	**26,000**	**10,378**	**(7)**	**33,958**	**271,669**
Segmental contributions	**(36,240)**	**12**	**(4,359)**	**961**	**(2,104)**	**26,000**	**(11,939)**	**(415)**	**33,502**	**5,418**
Segmental contributions includes:										
Depreciation	**(3,686)**	**-**	**(9,594)**	**-**	**(1,879)**	**-**	**(1,325)**	**(5)**	**-**	**(16,489)**
Segment asset as at 30 June 2020	**137,035**	**-**	**188,921**	**407,984**	**52,751**	**-**	**32,612**	**-**	**-**	**819,303**

3. Segment information (Continued)

(a) Segment results (Continued)

The segment results for the six months ended 30 June 2019 are as follows:

	Unaudited									
	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	231,690	461,132	317,959	143,654	57,612	-	61,280	12,603	-	1,285,930
- Recognised over time	-	-	-	-	-	26,000	-	-	63,222	89,222
	231,690	461,132	317,959	143,654	57,612	26,000	61,280	12,603	63,222	1,375,152
Inter-segment revenue	-	(329,087)	-	-	-	-	-	-	(16,791)	(345,878)
Revenue from external customers	231,690	132,045	317,959	143,654	57,612	26,000	61,280	12,603	46,431	1,029,274
- Recognised at a point in time	231,690	132,045	317,959	143,654	57,612	-	61,280	12,603	-	956,843
- Recognised over time	-	-	-	-	-	26,000	-	-	46,431	72,431
Gross profit	174,434	77,123	230,022	74,818	39,489	26,000	35,029	(214)	46,431	703,132
Segmental contributions	20,014	77,123	32,373	74,818	2,576	26,000	765	(2,802)	40,089	270,956
Segmental contributions includes:										
Depreciation	(6,501)	-	(14,841)	-	(4,134)	-	(3,135)	(114)	(69)	(28,794)
Segment asset as at 31 December 2019	161,665	-	340,981	-	60,619	-	43,217	-	-	606,482

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

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Segmental contributions for reportable segments	**5,418**	270,956
Add:		
Other income	**32,890**	37,167
Less:		
Net finance costs	**(28,159)**	(10,234)
Employee benefit expenses	**(71,196)**	(89,291)
Rental and other operating expenses	**(15,597)**	(13,637)
Depreciation and amortisation	**(4,116)**	(33,741)
Advertising and promotion expenses	**(9,283)**	(21,241)
Product design, supply chain and related management expenses	**(304)**	(8,771)
Restructuring costs	**-**	(3,416)
Other unallocated expenses	**(67,225)**	(29,654)
Total Group's (loss)/profit before income tax	**(157,572)**	98,138

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:

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Hong Kong & Macau	**120,273**	271,529
Mainland China	**194,397**	463,137
Australia	**-**	133,135
Taiwan	**38,758**	57,617
United Kingdom	**33,374**	75,436
Other countries	**5,804**	28,420
Total	**392,606**	1,029,274

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

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

	Unaudited	Audited
	30 June	31 December
	2020	2019
	HK$'000	HK$'000
Hong Kong & Macau	**847,194**	900,340
Mainland China	**828,182**	844,960
Taiwan	**78,769**	81,042
United Kingdom	**872,978**	894,911
France	**671,617**	673,263
Singapore	**115,886**	120,253
Total	**3,414,626**	3,514,769

4. Operating (loss)/profit

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

	Unaudited Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
Provision for impairment of /(reversal of) inventories and write off (note (a))	**3,709**	(6,706)
Depreciation		
- property, plant and equipment	**18,175**	30,282
- right-of-use assets (Note 9)	**86,797**	87,997
Amortisation of intangible assets (excluding licences)	**1,296**	1,019
(Gain)/loss on disposal of property, plant and equipment	**(2,237)**	871
Provision for impairment of trade receivables	**43,937**	9,123
Employee benefit expenses	**165,525**	237,535
Operating lease rental expenses		
- short term lease payment	**3,418**	58,329
- contingent rents	**26,420**	46,898
Advertising and promotion expenses	**9,283**	21,241
Royalty expenses		
- amortisation of licences	**-**	25,593
- contingent royalty expenses	**640**	1,430
Product design, supply chain and related management expenses	**304**	8,771
Restructuring costs (note (b))	**-**	3,416
Net foreign exchange losses	**1,849**	5,753

Notes:

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

(b) For the period ended 30 June 2019, restructuring costs relating to Europe operation included employee benefit expenses of HK$3,416,000.

(c) Operating loss is arrived after crediting the government grants and rent concessions of HK$4,621,000 and HK$18,054,000, respectively, in relation to the COVID-19 pandemic for the six months ended 30 June 2020.

5. Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the six months ended 30 June 2020. 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	
	2020	2019
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**-**	271
- Mainland China corporate income tax	**2,187**	23,291
- Overseas taxation	**840**	579
- Underprovision in prior years	**-**	1,481
Deferred income tax	**672**	(4,080)
	3,699	21,542

6. (Loss)/earnings per share

(a) Basic

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

	Unaudited Six months ended 30 June	
	2020	2019
Weighted average number of ordinary shares in issue	**3,598,322,883**	3,598,322,883
(Loss)/profit attributable to shareholders of the Company (HK$'000)	**(161,271)**	76,596
Basic (loss)/earnings per share (HK cents per share)	**(4.5) cents**	2.1 cents

(b) Diluted

The calculation of the diluted (loss)/earnings per share is based on the (loss)/profit attributable to shareholders of the Company, and the weighted average number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Upon expiry of all share options at the beginning of the year, no adjustment had been made to the basic loss per share for the six months ended 30 June 2020 in respect of a dilution.

No adjustment had been made to the basic earnings per share for the six months ended 30 June 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.

7. Dividends

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (2019: nil).

8. 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. Full provision of impairment was recognised for the outstanding loan receivable and the fair value of the convertible promissory note and conversion right was nil as at the period end.

9. Right-of-use assets

	Unaudited 30 June 2020 HK$'000	Audited 31 December 2019 HK$'000
Opening net book value	**357,108**	351,097
Exchange differences	**(8,584)**	947
Additions	**34,790**	228,823
Disposals	**(2,294)**	(37,076)
Depreciation	**(86,797)**	(183,691)
Remeasurement	**287**	(2,992)
Closing net book amount	**294,510**	357,108

Depreciation expense of HK$74,942,000 had been charged to selling, marketing and distribution expenses and HK$11,855,000 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 19 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 period ended 30 June 2020, total cash outflow for leases of HK$94,324,000 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.

10. Trade receivables

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.

At 30 June 2020, the ageing analysis by invoice date of trade receivables of the Group is as follows:

	Unaudited 30 June 2020 HK$'000	Audited 31 December 2019 HK$'000
1 - 30 days	**36,239**	428,248
31 - 60 days	**13,706**	28,771
61 - 90 days	**4,066**	2,633
Over 90 days	**438,915**	153,077
	492,926	612,729
Less: provision for impairment of trade receivables	**(111,674)**	(69,729)
	381,252	543,000

As at 30 June 2020, the fair values of the Group's trade receivables were approximately the same as their carrying amounts.

11. Trade payables

At 30 June 2020, the ageing analysis by invoice date of the Group's trade payables is as follows:

	Unaudited 30 June 2020 HK$'000	Audited 31 December 2019 HK$'000
1 - 30 days	**22,611**	23,011
31 - 60 days	**476**	13,089
61 - 90 days	**514**	25,495
Over 90 days	**127,216**	144,186
	150,817	205,781

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.

12. Lease liabilities

	Unaudited 30 June 2020 HK$'000	Audited 31 December 2019 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**112,250**	139,576
Non-current liabilities	**203,426**	245,863
	315,676	385,439
Opening net book amount	**385,439**	382,721
Exchange differences	**(10,064)**	1,634
Additions	**28,431**	221,446
Disposals	**(2,410)**	(40,534)
Interest expenses	**8,317**	19,256
Payments	**(94,324)**	(193,347)
Remeasurement	**287**	(5,737)
Closing net book amount	**315,676**	385,439

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

13. Other loan

On 30 March 2020, TIB, a subsidiary of the Company, 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% (the "Ruyi Loan") and to be used by the Group to repay one of the Group's bank loans (the "Trinity Bank Loan") that was due of approximately the same amount as at 31 December 2019. This Ruyi Loan was supported by a banking facility between Ruyi and a bank in Hong Kong (the "Bank").

Subsequent to the full settlement of Trinity Bank Loan through the above arrangement, Ruyi has assigned the Ruyi Loan from the Group to the Bank. The outstanding balance of HK$198,107,000 was classified as other loan as at 30 June 2020.

CHANGES IN COMPOSITION OF THE BOARD AND BOARD COMMITTEES

Mr Daniel LALONDE resigned as a Non-executive Director on 16 January 2020. Mr Patrick SUN, an existing Independent Non-executive Director, joined the Remuneration Committee as a member on 1 May 2020. Mrs Eva CHENG LI Kam Fun retired as an Independent Non-executive Director and ceased to act as the chairman of the Remuneration Committee and a member of the Audit Committee upon the conclusion of the annual general meeting of the Company held on 28 May 2020 (the "2020 AGM"). Mr Victor HUANG, an existing Independent Non-executive Director, was re-designated from a member to the chairman of the Remuneration Committee upon the conclusion of the 2020 AGM. Save as disclosed, there was no change to the composition of the Board and the Board committees during the six months ended 30 June 2020 and up till today.

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 written terms of reference. These terms of reference are consistent with the principles set out in 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"). 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.

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020. The corporate governance practices adopted by the Company during the six months under review were in line with those set out in the Corporate Governance Report of the Company's 2019 Annual Report.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim financial information of the Group for the six months ended 30 June 2020 has been reviewed by the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

Based on the respective assessments made by the management and the corporate governance division of the Group, the Board, through the Audit Committee, considered that for the six months ended 30 June 2020:

- the risk management, internal control and accounting systems of the Group were 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 policies of the Group under the 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 GUIDING PRINCIPLES ON DEALINGS IN SECURITIES AND EQUITY DERIVATIVES

The Company has adopted the 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 six months ended 30 June 2020.

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 six months ended 30 June 2020.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020 (2019: nil).

INTERIM REPORT

The 2020 Interim Report will be despatched to shareholders of the Company on or about Friday, 25 September 2020. The 2020 Interim Report will also be published on the Company's website (www.trinitygroup.com) and Hong Kong Exchanges and Clearing Limited's HKEXnews website (www.hkexnews.hk) in accordance with the Listing Rules.

By Order of the Board
QIU Yafu
Chairman

Hong Kong, 31 August 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 four independent non-executive directors, namely Mr Patrick SUN, Mr Victor HUANG, Mr YANG Dajun and Mr ZHAO Zongren.

** For identification purposes only*