



Trinity Limited

Incorporated in Bermuda
with limited liability

Stock Code: 891

INTERIM REPORT 2020

CERRUTI 1881



D'URBAN



Global Offices

Shanghai

Hong Kong

Taipei

Paris

London



Contents

2	Corporate Information
3	Highlights
4	Chairman's Statement
5	Chief Executive Officer's Overview
7	Discussion and Analysis
12	Corporate Governance
15	Other Disclosures
18	Condensed Consolidated Financial Information
48	Additional Information
49	Information for Investors
50	Glossary

Corporate Information

Directors

Executive Directors

SUN Weiyang (*Chief Executive Officer*)

Paul David HAOUZI (*President*)

QIU Chenran

SU Xiao

Kelvin HO Cheuk Yin (*Chief Strategy Officer*)

Non-executive Directors

QIU Yafu (*Chairman*)

Sabrina FUNG Wing Yee (*Deputy Chairman*)

WONG Yat Ming

Independent Non-executive Directors

Patrick SUN

Victor HUANG

YANG Dajun

ZHAO Zongren

Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Company Secretary

LEUNG Wai Yee

Auditor

PricewaterhouseCoopers

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal Place of Business

39/F, Dorset House

Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

Share Registrars and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

Hong Kong Branch:

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

Telephone: (852) 2980 1333

e-mail: is-enquiries@hk.tricorglobal.com

Highlights

Highlights of results for the six months ended 30 June 2020

	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)/profit¹ (HK\$ million)	(129.4)	111.8
(Loss)/profit attributable to shareholders (HK\$ million)	(161.3)	76.6
Basic (loss)/earnings per share² (HK cents)	(4.5)	2.1

Notes:

- 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*
- Basic (loss)/earnings per share = (Loss)/profit attributable to shareholders / weighted average number of ordinary shares in issue*

Store numbers as at 30 June 2020

Cerruti 1881	Gieves & Hawkes	Kent & Curwen	D'URBAN	Multi-brands	The Group
67	40	72	17	3	Total stores 199
48 Mainland China	21 Mainland China	54 Mainland China	5 Mainland China	3 Mainland China	131 Mainland China
7 Hong Kong & Macau	4 Hong Kong & Macau	9 Hong Kong & Macau	4 Hong Kong & Macau		24 Hong Kong & Macau
12 Taiwan	9 Taiwan	8 Taiwan	8 Taiwan		37 Taiwan
	6 Europe	1 Europe			7 Europe

Turn Crisis into Opportunities

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, 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 2020¹, was subsequently adjusted in June to -4.9 percent for the year².

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, 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 CAGR of 11.48%, a sharp contrast with US\$485.62 billion and a CAGR of -8.56% for 2020³.

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

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

Stronger Through Adversity

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.

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 China². Therefore, we will duly direct energies towards tapping the improving

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](https://www.worldbank.org/en/news/press%20release/2020/06/08/covid%2019%20to%20plunge%20global%20economy%20into%20worst%20recession%20since%20world%20war%20ii)

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

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 Weiyong

Chief Executive Officer

Hong Kong, 31 August 2020

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 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

Retail

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 organised 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 optimisation 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 receivables 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 payables 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. The gearing ratio as at 30 June 2020 was 3.9%, which was equal to net debt divided by total capital (i.e. sum of net debt and total equity). Gearing ratio as at 31 December 2019 was not applicable as the Group was in a net cash position.

The Group's capital management during the six months ended 30 June 2020 were in line with the practices set out in the Note 5.3 to the consolidated financial statements of the 2019 Annual Report.

Banking Facilities and Other Loan

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.

As at 30 June 2020, the Group had other loan of HK\$198.1 million. For details of other loan, please refer to Note 19 to the condensed consolidated financial information.

The Group's total bank borrowings and other loan are unsecured, at floating interest rates, repayable within one year and are denominated in HKD, GBP, EUR and USD.

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.

For details, please refer to Note 5.1 to the condensed consolidated financial information.

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

As disclosed in the "Connected Transactions" section of the 2019 Annual Report, 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.

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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code 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 2019 Annual Report.

THE BOARD

The Board is responsible for setting the long-term objectives and overall strategy and ensuring effective execution of the strategy by the management through regular review of the results of operation and financial performance of the Group. Members of the Board have a balance of skills, experience, knowledge and diversity which are appropriate to the businesses and development of the Group.

Mr Daniel LALONDE resigned as a Non-executive Director on 16 January 2020. Mrs Eva CHENG LI Kam Fun retired as an Independent Non-executive Director upon the conclusion of the 2020 AGM. Save as disclosed, there was no change to the composition of the Board during the six months ended 30 June 2020 and up till the date of this report. As at the date of this report, the Board comprises 12 members, including five Executive Directors, three Non-executive Directors and four Independent Non-executive Directors. The names of the Directors are set out in the “Corporate Information” section on page 2 of this report.

The role of the Board Chairman (which is held by Mr QIU Yafu) is separate from that of the CEO (which is held by Ms SUN Weiying) to reinforce accountability, independence and responsibility. The respective responsibilities of the Board Chairman and the CEO are clearly set out in writing in the Board Practices.

BOARD COMMITTEES

The Board has established three Board Committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee. Each of these Board Committees has its own written terms of reference that are consistent with the principles set out in the Corporate Governance Code. These terms of reference can be viewed on website of the Company and HKEXnews website of Hong Kong Exchanges and Clearing Limited.

Audit Committee

The Audit Committee is primarily responsible for reviewing the Group’s financial information, financial reporting, risk management and internal control systems, corporate governance matters and the Group’s relationship with external auditor, and providing advice and making relevant recommendations to the Board.

As at the date of this report, the Audit Committee comprises the following four members, who (including the chairman) are all Independent Non-executive Directors:

Mr Patrick SUN* (*Chairman*)

Mr Victor HUANG*

Mr YANG Dajun*

Mr ZHAO Zongren*

* *Independent Non-executive Director*

Mrs Eva CHENG LI Kam Fun, a former Independent Non-executive Director, ceased to serve as a member of the Audit Committee upon the conclusion of the 2020 AGM. Mr Patrick SUN and Mr Victor HUANG are the two Audit Committee members who possess appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

Nomination Committee

The Nomination Committee is primarily responsible for the recommendations to the Board on the appointment or re-appointment of Directors, evaluation of Board composition (including members' diversity), assessment of the independence of Independent Non-executive Directors, monitoring of continuous professional development of Directors and senior management and the management of Board succession with reference to certain guidelines as endorsed by the Nomination Committee.

As at the date of this report, the Nomination Committee comprises the following three members, the majority of whom (including the chairman) are Independent Non-executive Directors:

Mr Victor HUANG* (*Chairman*)

Mr QIU Yafu#

Mr Patrick SUN*

* *Independent Non-executive Director*
Non-executive Director

Remuneration Committee

The Remuneration Committee is primarily responsible for the review of the Group's remuneration policy and approval of the remuneration policy for all Directors and senior management, the determination (with delegated responsibility) of the remuneration packages of the Executive Directors and the senior management, and the review of and recommendation on proposals relating to the grant of share options and other incentives.

As at the date of this report, the Remuneration Committee comprises the following three members, the majority of whom (including the chairman) are Independent Non-executive Directors:

Mr Victor HUANG* (*Chairman*)

Mr QIU Yafu#

Mr Patrick SUN*

* *Independent Non-executive Director*
Non-executive Director

Mr Patrick SUN was appointed as a member of the Remuneration Committee with effect from 1 May 2020. Mrs Eva CHENG LI Kam Fun, a former Independent Non-executive Director, ceased to serve as the chairman of the Remuneration Committee upon the conclusion of the 2020 AGM while Mr Victor HUANG (formerly a member of the Remuneration Committee) succeeded her as the chairman of the Remuneration Committee at the same time.

REVIEW OF INTERIM FINANCIAL INFORMATION

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

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board and the management fully understand their respective roles on risk management and internal controls and are supportive of the development of a sound and effective control environment. The Group's risk management and internal control processes during the six months ended 30 June 2020 were in line with the practices set out in the "Risk Management and Internal Controls" section appearing on pages 40 and 41 of the 2019 Annual Report.

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.

CODE OF CONDUCT & BUSINESS ETHICS

The Group places great emphasis on staff's ethical standards and integrity in all aspects of its operations. The Group's Code of Conduct & Business Ethics is posted on the Company's intranet for ease of reference and as a constant reminder to all staff members. All Directors and staff members are required to comply with the Code of Conduct & Business Ethics at all times.

COMPLIANCE WITH THE GUIDING PRINCIPLES ON DEALINGS

The Company has adopted the Guiding Principles on Dealings on terms no less exacting than those set out in the Model Code to govern dealings in the securities of the Company by the 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 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.

COMPLIANCE WITH INSIDE INFORMATION REQUIREMENTS

The Company has adopted the Policy on Inside Information and has been handling and disseminating inside information in accordance with such policy which complies with the requirements of the SFO and the Listing Rules.

INVESTOR RELATIONS AND COMMUNICATION

The Company has adopted a Shareholders' communication policy which aims to ensure an effective communication with Shareholders and enhance the culture of disclosure of developments of the Group. The policy is regularly reviewed to ensure its effectiveness.

Announcements, circulars, webcast of results presentation and other corporate communications covering financial and non-financial information of the Company are disseminated electronically on the website of the Company (www.trinitygroup.com) on a timely basis to keep Shareholders and the public informed of the Company's latest developments. To ensure proper dissemination of information, only selected members are authorised to represent the Company to respond to related external enquiries.

Other Disclosures

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2020, the Directors and the chief executive of the Company and their respective associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long Position in Shares and Underlying Shares of the Company

Name of Director	Number of shares				Number of underlying shares	Total	Approximate percentage of issued share capital (%) ³
	Personal interests	Family interests	Corporate interests	Other interests			
QIU Yafu	-	-	1,867,415,633 ¹	-	-	1,867,415,633	51.90
Sabrina FUNG Wing Yee	3,800,000	-	-	641,657,760 ²	-	645,457,760	17.94
WONG Yat Ming	50,976,563	-	-	-	-	50,976,563	1.42

Notes:

- Mr QIU Yafu was deemed to have interests in 1,867,415,633 shares, which were held in the following manner:
 - 1,846,000,000 shares were held directly by Ruyi Brand Holding (HongKong) Company Limited ("Ruyi Brand HK"). Ruyi Brand HK was a direct wholly-owned subsidiary of 濟寧如意品牌投資控股有限公司 (Jining Ruyi Brand Investment Holding Co., Ltd.) ("Jining Ruyi Brand") and Jining Ruyi Brand was a direct subsidiary of Ruyi;
 - 21,415,633 shares were held directly by Renown, a non-wholly owned subsidiary of Ruyi; and
 - Mr QIU Yafu directly held, and exercised and controlled 51% equity interests in Ruyi and, therefore, Mr QIU Yafu was deemed to have interests in the same batch of 1,846,000,000 shares held directly by Ruyi Brand HK and the same batch of 21,415,633 shares held directly by Renown.
- Ms Sabrina FUNG Wing Yee was deemed to have interests in 641,657,760 shares, which were held in the following manner:
 - 616,413,760 shares were held directly by Fung Trinity Investments Limited ("Fung Trinity Investments"), a direct wholly-owned subsidiary of Fung Retailing Limited ("Fung Retailing") which in turn was a direct wholly-owned subsidiary of Fung 1937. Fung 1937 was a direct wholly-owned subsidiary of King Lun Holdings Limited ("King Lun"). King Lun was owned as to 50% by HSBC Trustee (C.I.) Limited ("HSBC Trustee");
 - 25,244,000 shares were held directly by First Island Developments Limited ("First Island Developments"), a company wholly owned by HSBC Trustee; and
 - HSBC Trustee was the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King. Ms Sabrina FUNG Wing Yee is the daughter of Dr Victor FUNG Kwok King and, therefore, was deemed to have interests in the same batch of 616,413,760 shares held directly by Fung Trinity Investments and the same batch of 25,244,000 shares held directly by First Island Developments.
- The approximate percentage was calculated on the basis of 3,598,322,883 shares in issue as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, none of the Directors and the chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2020, other than the Directors and the chief executive of the Company, the following persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity	Number of shares	Long position/ Short position/ Lending pool	Approximate percentage of issued share capital (%) ⁵	Notes
Ruyi Brand HK	Beneficial owner	1,846,000,000	Long position	51.30	1(a)
Ruyi	Interest of controlled corporations	1,867,415,633	Long position	51.90	1(b)
Fung Trinity Investments	Beneficial owner	616,413,760	Long position	17.13	2
Fung Retailing	Interest of a controlled corporation	616,413,760	Long position	17.13	2
Fung 1937	Interest of controlled corporations	616,413,760	Long position	17.13	2
King Lun	Interest of controlled corporations	616,413,760	Long position	17.13	2
HSBC Trustee	Trustee	641,657,760	Long position	17.83	3
William FUNG Kwok Lun	Beneficial owner	23,570,000	Long position	0.66	4(a)
	Interest of controlled corporations	630,913,760	Long position	17.53	4(b)

Notes:

- (a) 1,846,000,000 shares were held directly by Ruyi Brand HK. Ruyi Brand HK was a direct wholly-owned subsidiary of Jining Ruyi Brand and Jining Ruyi Brand was a direct subsidiary of Ruyi. Therefore, Ruyi and Jining Ruyi Brand were both deemed to have interests in the same batch of 1,846,000,000 shares held directly by Ruyi Brand HK.

(b) Apart from the interests disclosed in Note 1(a) above, Ruyi was also deemed to have interests in the same batch of 21,415,633 shares held directly by Renown, a non-wholly owned subsidiary of Ruyi. Mr QIU Yafu directly held, and exercised and controlled 51% equity interests in Ruyi. Please refer to Note 1 of the "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" section above for the details of the deemed interests of Mr QIU Yafu held through Ruyi.
- Fung Trinity Investments was a direct wholly-owned subsidiary of Fung Retailing which in turn was a direct wholly-owned subsidiary of Fung 1937. Fung 1937 was a direct wholly-owned subsidiary of King Lun. Therefore, Fung Retailing, Fung 1937 and King Lun were all deemed to have interests in the same batch of 616,413,760 shares held directly by Fung Trinity Investments.
- HSBC Trustee, as the trustee of a trust established for the benefit of the family members of Dr Victor FUNG Kwok King, owned 50% of the issued share capital of King Lun and was therefore deemed to have interests in the same batch of 616,413,760 shares held indirectly by King Lun. In addition, HSBC Trustee was deemed to have interests in the same batch of 25,244,000 shares held directly by its wholly-owned company, First Island Developments. Please refer to Note 2 of the "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" section above for the details of the deemed interests of Ms Sabrina FUNG Wing Yee held through HSBC Trustee.
- (a) Dr William FUNG Kwok Lun had personal interests in 23,570,000 shares; and

(b) Dr William FUNG Kwok Lun was deemed to have interests in 630,913,760 shares, comprising (i) 14,500,000 shares held directly by his wholly-owned company Step Dragon Enterprise Limited; and (ii) 616,413,760 shares held indirectly by King Lun (Please refer to Note 2 above). Dr William FUNG Kwok Lun owned 50% of the issued share capital of King Lun.
- The approximate percentage was calculated on the basis of 3,598,322,883 shares in issue as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any person, other than a Director or the chief executive of the Company, who had interests or short positions in the shares or underlying shares of the Company which were recorded or required to be recorded in the register required to be kept by the Company under section 336 of the SFO.

2020 Share Option Scheme

The 2020 Share Option Scheme was adopted by the Shareholders on 28 May 2020 for the purposes of attracting and retaining high quality personnel for the development of the Group's businesses; providing additional incentives to the qualifying grantees; and promoting the long-term growth and success of the Group by aligning the interests of option holders and Shareholders. No share option has yet been granted under the 2020 Share Option Scheme since its adoption.

Updates on Directors' Information

Updates on information of the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of the 2019 Annual Report and up to the date of this report are set out below:

1. Mr Patrick SUN was appointed as a member of the Remuneration Committee with effect from 1 May 2020.
He ceased to be a member of the General Committee of The Chamber of Hong Kong Listed Companies in June 2020.
2. Mr Victor HUANG was re-designated from a member to the chairman of the Remuneration Committee upon the conclusion of the 2020 AGM.
He was appointed as an independent non-executive director of New Times Energy Corporation Limited (listed on the Stock Exchange) with effect from 19 June 2020. He was also appointed as an independent non-executive director of COSCO SHIPPING Energy Transportation Co., Ltd. (listed on the Stock Exchange and the Shanghai Stock Exchange) with effect from 22 June 2020.
3. Mr QIU Yafu, Ms SUN Weiyang, Ms QIU Chenran and Mr ZHAO Zongren are directors of Renown which had withdrawn listing from the Tokyo Stock Exchange on 16 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).

Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
Revenue	6(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	7	-	(3,416)
Operating (loss)/profit	7	(129,413)	108,372
Net finance costs		(28,159)	(10,234)
(Loss)/profit before income tax		(157,572)	98,138
Income tax	8	(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)	9(a)	(4.5) cents	2.1 cents
Diluted (loss)/earnings per share attributable to shareholders of the Company (expressed in HK cents per share)	9(b)	(4.5) cents	2.1 cents

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

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		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Remeasurements of post employment benefit obligations	-	(3,475)
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of subsidiaries	(20,044)	(2,013)
Other comprehensive expenses for the period, net of tax	(20,044)	(5,488)
Total comprehensive (expense)/income for the period	(181,315)	71,108
Total comprehensive (expense)/income attributable to:		
– Shareholders of the Company	(181,315)	71,108

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

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	11	52,321	67,126
Intangible assets	11	3,042,417	3,042,984
Convertible promissory note and loan receivables	12	–	–
Right-of-use assets	13	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	14	381,252	543,000
Deposits, prepayments and other receivables		121,143	121,527
Amounts due from related parties	22(b)	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	15	359,832	359,832
Share premium	15	4,410,347	4,410,347
Reserves		(949,735)	(768,420)
Total equity		3,820,444	4,001,759

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

	Note	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
LIABILITIES			
Non-current liabilities			
Provision for long service payments		264	550
Retirement benefit obligations		13,484	13,992
Lease liabilities	17	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	16	150,817	205,781
Other payables and accruals		304,678	377,617
Lease liabilities	17	112,250	139,576
Amounts due to related parties	22(b)	39,124	36,609
Current income tax liabilities		3,470	61,993
Bank borrowings	18	370,586	568,465
Other loan	19	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

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

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 expense					
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

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

	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 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

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Cash Flow Statement

	Unaudited	
	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash used in operations	(209,452)	(78,593)
Interest paid on bank borrowings and overdrafts	(34,175)	(20,009)
Income tax paid	(57,724)	(3,540)
Net cash used in operating activities	(301,351)	(102,142)
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,606)	(11,410)
Payments for intangible assets	(4,779)	(47)
Proceeds from disposal of property, plant and equipment	2,390	1,279
Interest income received	1,234	10,519
Net cash (used in)/generated from investing activities	(10,761)	341
Cash flows from financing activities		
Proceeds from bank borrowings	46,686	64,750
Proceeds from other loan	198,107	-
Repayment of bank borrowings	(244,286)	(247,336)
Payment of lease liabilities	(94,324)	(93,991)
Net cash used in financing activities	(93,817)	(276,577)
Net decrease in cash and cash equivalents	(405,929)	(378,378)
Cash and cash equivalents at beginning of the period	833,733	1,264,331
Effect on foreign exchange rates changes	(13,173)	22,057
Cash and cash equivalents at end of the period	414,631	908,010
Cash and cash equivalents comprises:		
Bank overdrafts	-	(100,277)
Cash and cash equivalents	414,631	1,008,287
Cash and cash equivalents	414,631	908,010

The notes on pages 25 to 47 are an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

1 General information

The Company is an investment holding company and was incorporated in Bermuda as an exempted company with limited liability under Companies Act 1981 of Bermuda. Its shares are listed on the Main Board of the Stock Exchange. 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 registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at 39/F, Dorset House, 979 King's Road, Quarry Bay, Hong Kong.

The Company's immediate holding company is Ruyi Brand Holding (HongKong) Company Limited, a company incorporated in Hong Kong with limited liability, and its ultimate holding company is Ruyi, a non-listed limited liability company incorporated in the PRC.

This unaudited condensed consolidated financial information is presented in thousand of units of Hong Kong dollars ("HK\$" or "HKD"), unless otherwise stated.

This condensed consolidated financial information was approved for issue by the Board on 31 August 2020.

2 Basis of preparation

This unaudited condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34, "Interim Financial Reporting" issued by 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 HKFRSs (which includes all HKFRSs, 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 early adoption of HKFRS 16 (Amendment) "Leases" effective as of 1 January 2020. Details of any changes in accounting policies are set out in Note 4.

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

2 Basis of preparation *(Continued)*

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.

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 as at 31 December 2019. 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 19 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.

2 Basis of preparation *(Continued)*

Going Concern *(Continued)*

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 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 consider it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

3 Summary of principal accounting policies

(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 (Amendments)	Definition of a Business
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	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 4 below.

3 Summary of principal accounting policies *(Continued)*

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

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

HKAS 1 (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)
HKAS 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)
Amendments to annual improvements project	Annual Improvements 2018–2020 cycle (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.

4 Change 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 from 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.

4 Change in accounting policy *(Continued)*

(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.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements except for foreign exchange risk, and therefore it should be read in conjunction with the 2019 Annual Report.

There have been no changes in the risk management department or in any risk management policies since the year end.

Market risk

Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currencies, primarily with respect to RMB, EUR, GBP, JPY and TWD. Foreign exchange risk arises from future commercial transactions or recognised assets or liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

Management has adopted a policy to require Group companies to manage their foreign exchange risk against their functional currency. To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts.

The Group's foreign exchange risk mainly comes from RMB, EUR and GBP denominated payables and bank balances recorded in the books of the Group's entities in Hong Kong.

At 30 June 2020, if RMB had strengthened by 5% against the HK dollar with all other variables held constant, loss for the period would have been HK\$10,415,000 higher (For the six months ended 30 June 2019: profit for the period would have been HK\$378,000 lower), mainly as a result of foreign exchange losses or gains on translation of RMB denominated payables and bank balances recorded in the books of the Group's entities in Hong Kong.

5 Financial risk management and financial instruments *(Continued)*

5.1 Financial risk factors *(Continued)*

Market risk *(Continued)*

Foreign exchange risk *(Continued)*

At 30 June 2020, if EUR had strengthened by 5% against the HK dollar with all other variables held constant, loss for the period would have been HK\$4,006,000 higher (For the six months ended 30 June 2019: profit for the period would have been HK\$1,791,000 lower), mainly as a result of foreign exchange losses or gains on translation of EUR denominated payables and bank balances recorded in the books of the Group's entities in Hong Kong.

At 30 June 2020, if GBP had weakened by 5% against the HK dollar with all other variables held constant, loss for the period would have been HK\$8,802,000 higher (For the six months ended 30 June 2019: profit for the period would have been HK\$5,211,000 lower), mainly as a result of foreign exchange losses or gains on translation of GBP denominated payables and bank balances recorded in the books of the Group's entities in Hong Kong.

5.2 Fair value estimation

(a) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's financial assets (loan receivables, trade receivables, other receivables and amounts due from related parties) and financial liabilities (trade payables, other payables and accruals, amounts due to related parties, lease liabilities, bank borrowings and other loan) approximate their fair values.

(b) Financial instrument carried at fair value

The Group's financial instrument comprised of contingent purchase consideration payable for acquisition and is classified as Level 3 financial instrument.

The valuation technique used by the Group to determine its value is discounted cash flow analysis. The Group's acquisition of Gieves & Hawkes group involved post-acquisition performance-based contingent purchase consideration which was recognised at fair value at the acquisition date as part of the total consideration for the acquired business. The fair value measurement requires significant estimation of post-acquisition performance of the acquired business and significant judgement in relation to the time value of money. All outstanding contingent purchase consideration will be re-measured at fair value reflecting the impact of any events or factors which occur after the acquisition date, with any resulting gain or loss recognised in the consolidated income statement. The determination of outstanding contingent purchase consideration payable involves significant judgement and estimation of the future performance of the acquired business. For the period ended 30 June 2020, if future revenue growth per year is 1% higher than the estimation made by management at the end of the reporting period, there would be no impact to both the Group's profit or loss attributable to shareholders of the Company and contingent purchase payable for the period ended 30 June 2020 (2019: worse off/increase by HK\$4,711,000). On the other hand, if future revenue growth per year is 1% lower than the estimation made by management at the end of the reporting period, there would be no impact to both the Group's profit or loss attributable to shareholders of the Company and contingent purchase payable for the period ended 30 June 2020 (2019: no impact).

5 Financial risk management and financial instruments *(Continued)*

5.2 Fair value estimation *(Continued)*

(b) Financial instrument carried at fair value *(Continued)*

During the period, no movement in balance of Level 3 financial instrument carried at fair value.

The Group performs the valuations of financial assets and liabilities based on policies approved by the Board. The main Level 3 inputs used by the Group include the discount rate for contingent purchase consideration payable for acquisition and estimated post acquisition performance of the acquired business. The discount rate is estimated based on the expected cost of borrowings with similar maturity. The estimated post acquisition performance of the acquired business was determined with reference to senior management's best estimate.

6 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 business performance 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.

6 Segment information *(Continued)*

(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				Total
	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	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

6 Segment information (Continued)**(a) Segment results** (Continued)

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

	Unaudited										
	Asia						Europe				Total HK\$'000
	HK & Macau		Mainland China		Taiwan	Others	Retail	Wholesale	Licensing		
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 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	

6 Segment information *(Continued)*

(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

6 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.

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

	Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 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.

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

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
	Hong Kong & Macau	847,194
Mainland China	828,182	844,960
Taiwan	78,769	81,042
United Kingdom	872,928	894,911
France	671,617	673,263
Singapore	115,886	120,253
Total	3,414,626	3,514,769

7 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/(reversal of) impairment of inventories and write off(note (a))	3,709	(6,706)
Depreciation		
– property, plant and equipment (Note 11)	18,175	30,282
– right-of-use assets (Note 13)	86,797	87,997
Amortisation of intangible assets (excluding licences) (Note 11)	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 (Note 11 and Note 22(a))	–	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/(reversal of) impairment 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 mainly relating to Europe operations 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.

8 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
– Under provision in prior years	–	1,481
Deferred income tax	672	(4,080)
	3,699	21,542

9 (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

9 (Loss)/earnings per share (Continued)

(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 period, 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 period, 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.

10 Dividends

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

11 Property, plant and equipment and intangible assets

	Property, plant and equipment HK\$'000	Intangible assets HK\$'000
Opening net book amount at 1 January 2020	67,126	3,042,984
Exchange differences	(1,428)	(4,343)
Additions	3,417	5,072
Disposals	(153)	-
Reversal of impairment provision	1,534	-
Depreciation and amortisation (Note 7)	(18,175)	(1,296)
Closing net book amount at 30 June 2020 (unaudited)	52,321	3,042,417
Opening net book amount at 1 January 2019	97,169	3,150,348
Exchange differences	(466)	(593)
Additions	16,359	47
Disposals	(2,150)	-
Depreciation and amortisation (Note 7)	(30,282)	(26,612)
Closing net book amount at 30 June 2019 (unaudited)	80,630	3,123,190

12 Convertible promissory note and loan receivables

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Non-current assets		
Convertible promissory note and conversion right	-	-
Current assets		
Loan receivable	61,371	61,371
Less: provision for impairment of loan receivable	(61,371)	(61,371)
Loan receivable – net	-	-

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 period end.

13 Right-of-use assets

	Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Opening net book amount	357,108	347,641
Exchange differences	(8,584)	68
Additions	34,790	111,229
Disposals	(2,294)	(639)
Depreciation	(86,797)	(87,997)
Remeasurement	287	-
Closing net book amount	294,510	370,302

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.

13 Right-of-use assets *(Continued)*

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.

14 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.

15 Share capital, share premium and share options

	Number of authorised shares of HK\$0.10 each (Thousands)	Number of issued and fully paid shares of HK\$0.10 each (Thousands)	Amount		
			Ordinary shares of HK\$0.10 each HK\$'000	Share premium HK\$'000	Total HK\$'000
At 31 December 2019 and 30 June 2020	5,000,000	3,598,323	359,832	4,410,347	4,770,179

Notes:

- (a) During the period, there was no ordinary shares issued to the option holders pursuant to the 2020 Share Option Scheme.
- (b) Although the 2009 Share Option Scheme has expired on 2 November 2019, 5,090,000 share options granted thereunder remained outstanding and exercisable up till 31 December 2019. During the period, no share options were exercised and hence no ordinary share was issued to option holder pursuant to the 2009 Share Option Scheme (2019: Nil).

Movements in the number of share options and their related weighted average exercise prices during the period are as follows:

	Number of options	Weighted average exercise price HK\$
At 31 December 2019	5,090,000	0.60
Lapsed	(5,090,000)	0.60
At 1 January 2020 and 30 June 2020	-	

On 1 January 2020, 5,090,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2019 and therefore there was no outstanding share options on 1 January 2020. At the end of the period, there was no (31 December 2019: 5,090,000) outstanding share options under the 2009 Share Option Scheme.

No share option has yet been granted under the 2020 Share Option Scheme since its adoption.

16 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.

17 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

	Unaudited Six months ended 30 June 2020 HK\$'000	2019 HK\$'000
Opening net book amount	385,439	382,721
Exchange differences	(10,064)	(54)
Additions	28,431	111,229
Disposals	(2,410)	(671)
Interest expenses	8,317	8,890
Payments	(94,324)	(93,991)
Remeasurement	287	–
Closing net book amount	315,676	408,124

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

18 Bank borrowings

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Bank borrowings	370,586	568,465

Movements in bank borrowings are analysed as follows:

	HK\$'000
Opening amount as at 1 January 2020	568,465
Proceeds from bank borrowings	46,686
Repayments of bank borrowings	(244,286)
Exchange difference	(279)
Closing amount as at 30 June 2020 (unaudited)	370,586
Opening amount as at 1 January 2019	1,036,534
Proceeds from bank borrowings	64,750
Amortisation of front end fee	744
Repayments of bank borrowings	(247,336)
Exchange difference	1,286
Closing amount as at 30 June 2019 (unaudited)	855,978

(a) The bank borrowings as at 30 June 2020 and 31 December 2019 are repayable as follows:

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Within 1 year	370,586	568,465

(b) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
HKD	260,640	477,655
EUR	58,221	54,331
GBP	3,507	11,232
USD	48,218	25,247
	370,586	568,465

18 Bank borrowings *(Continued)*

- (c) The carrying amounts of the Group's bank borrowings approximated their fair values.
- (d) As at 30 June 2020, the Group had unutilised banking facilities amounted to HK\$26.7 million (31 December 2019: HK\$50.1 million).
- (e) As at 30 June 2020, there were no material change in the currency in which the cash and cash equivalents of the Group were held, as compared to that as at 31 December 2019.
- (f) For the period ended 30 June 2020, the effective interest rate of the Group increased due to the change in the composition of loans.

19 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.

20 Contingent liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities at 30 June 2020.

21 Commitments

(a) Commitments under operating leases – group company as lessee

The Group leases various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The remaining lease terms are between 1 and 19 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. Certain contingent rent payments are determined based on turnover of respective stores.

The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
No later than 1 year	5,000	3,985

(b) Capital commitments

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Contracted but not provided for:		
Within 1 year	77	192

22 Related party transactions

(a) Significant related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Transactions with related parties were determined on basis agreed by both parties and were conducted in the normal course of business.

Majority of the Group's related parties are companies associated with or controlled by Ruyi and companies controlled by Fung 1937. Ruyi and Fung 1937 are the substantial shareholders of the Company. Companies which Fung 1937 does not have control but with significant influence ceased to be related parties to the Group in accordance with HKAS 24 (Revised) Related Party Disclosures.

Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the period were as follows:

	Note	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
(I) Transactions with Ruyi Group			
Minimum royalty income		37,500	37,500
Royalty expenses			
– contingent royalty expenses		640	1,430
Sales of garments and fashion accessories		224	1,482
Purchases of goods		8	8,599
Provision for management, advisory and administrative services		25,465	24,933
Reimbursement of operating cost	(iii)	3,213	–
(II) Transactions with Fung 1937 and its subsidiaries			
Transactions relating to sourcing activities	(i)	–	81,324
Cost reimbursements for sourcing related activities	(iii)	–	596
Sales of garments and fashion accessories		2,586	7,142
Service fee expense for provision of corporate compliance services, legal services, e-Commerce and other administrative expenses	(iii)	1,814	3,198
Service charges for provision of logistics related services		–	5,548
Rentals for property leasing and/or licensing		1,776	4,256
Royalty expenses			
– amortisation of licences (Note 7)	(ii)	–	25,593

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the period were as follows: (Continued)

	Note	Unaudited Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
(III) Transactions with other related parties			
Consultancy and advisory service fee paid to a director of a subsidiary of the Company	(iii)	786	689

Notes:

- (i) The amounts stated which were made on normal commercial terms and conditions mutually agreed between the Group and the related companies as buying agent, include the sourcing service fee and the underlying purchases value.

	Unaudited Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Sourcing service fee to related companies	-	11,030
Free On Board value of the underlying purchases	-	70,294
	-	81,324

- (ii) For the six months ended 30 June 2020, there is no royalty expense (For the six months ended 30 June 2019: HK\$25,593,000) for certain rights to use trademark relating to Mr David Beckham. The licensing agreement was terminated on 27 March 2020.

- (iii) Included in these transactions, amounts are exempt from the reporting and disclosure requirements under the Listing Rules.

22 Related party transactions *(Continued)***(b) Balances with related parties**

	Unaudited 30 June 2020 HK\$'000	Audited 31 December 2019 HK\$'000
Due from		
Ruyi Group	156,515	113,319
Fung 1937 and its subsidiaries	250	1,042
	156,765	114,361
Due to		
Ruyi Group	33,544	34,098
Fung 1937 and its subsidiaries	5,580	2,511
	39,124	36,609

Balances with related parties are unsecured, interest free and repayable on demand.

(c) Key management compensation

Key management compensation amounted to HK\$9,546,000 for the six months ended 30 June 2020 (2019: HK\$10,534,000).

Additional Information

Sales Analysis

For the six months ended 30 June 2020

	Change in Total Sales HK\$	Change in Same Store Sales HK\$	Change in Gross Margin
Retail			
Mainland China	-39.7%	-38.4%	-6.0%
Hong Kong & Macau	-67.8%	-65.3%	-7.8%
Taiwan	-32.7%	-29.3%	-9.2%
Rest of the World	-61.3%	-64.9%	-13.5%
Retail Subtotal	-50.8%	-48.9%	-7.5%
Wholesale and Licensing	-82.3%		
Group Total	-61.9%		

Headcount summary

As at 30 June 2020 and 2019

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

Information for Investors

Listing Information

Listing	Hong Kong Stock Exchange
Stock Code	891

Share Information

Board lot size of shares	2,000
Shares in issue as at 30 June 2020	3,598,322,883
Market capitalisation as at 30 June 2020	HK\$435 million

Financial Calendar

Announcement of 2020 Interim Results	31 August 2020
--------------------------------------	-----------------------

Enquiries Contact

LI Yui Sing

Group Finance Director

Telephone: (852) 2342 1151

Facsimile: (852) 2343 4708

e-mail: info@trinitygroup.com

Website

www.trinitygroup.com

Glossary

2009 Share Option Scheme	the old share option scheme of the Company adopted by Shareholders on 16 October 2009 and already expired on 2 November 2019
2019 Annual Report	the annual report for the year ended 31 December 2019 of the Company
2020 AGM	the annual general meeting of the Company held on 28 May 2020
2020 Share Option Scheme	the new share option scheme of the Company adopted by Shareholders on 28 May 2020
associate	has the meaning ascribed to this term under the Listing Rules
Audit Committee	the audit committee of the Board
Board	the board of directors of the Company
Board Chairman	chairman of the Board
Board Committees	the committees established by the Board comprising, currently, the Audit Committee, the Nomination Committee and the Remuneration Committee
Board Practices	the document containing, among others, the practices, authority and responsibilities of the Board adopted on 12 November 2015 (as amended from time to time)
CAGR	compound annual growth rate
CEO	Chief Executive Officer of the Group
Company or Trinity	Trinity Limited
controlling shareholder	has the meaning ascribed to this term under the Listing Rules
Corporate Governance Code	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
COVID-19	coronavirus disease 2019
Director(s)	director(s) of the Company
EUR	Euros, the lawful currency of European Union
Executive Director(s)	executive director(s) of the Company
Fung 1937	Fung Holdings (1937) Limited, a substantial shareholder of the Company
GBP	Great Britain Pounds, the lawful currency of the United Kingdom
Greater China	Mainland China, Hong Kong, Macau and Taiwan
Group	the Company and its subsidiaries
Guiding Principles on Dealings	the Guiding Principles on Dealings in Securities and Equity Derivatives adopted by the Company to govern dealings in the securities of the Company by Directors and relevant employees of the Group

Glossary

HKAS(s)	Hong Kong Accounting Standard(s)
HKFRS(s)	Hong Kong Financial Reporting Standard(s)
HKICPA	Hong Kong Institute of Certified Public Accountants
HK\$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of PRC
Hong Kong Stock Exchange or Stock Exchange	The Stock Exchange of Hong Kong Limited
Independent Non-executive Director(s)	independent non-executive director(s) of the Company
JPY	Japanese Yen, the lawful currency of Japan
Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Macau	Macau Special Administrative Region of PRC
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
Nomination Committee	the nomination committee of the Board
Non-executive Director(s)	non-executive director(s) of the Company
PRC	The People's Republic of China
Remuneration Committee	the remuneration committee of the Board
Renown	Renown Incorporated, a non-wholly owned subsidiary of Ruyi, and an associate of the Company
RMB	Renminbi, the lawful currency of PRC
Ruyi	北京如意時尚投資控股有限公司 (Beijing Ruyi Fashion Investment Holding Company Limited), the controlling shareholder of the Company
Ruyi Group	Ruyi and its subsidiaries and associates (excluding the Group)
Seven Global	Seven Global LLP, an associate of the Company
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
share(s)	share(s) of the Company (unless the context requires otherwise)

Shareholders	holder(s) of share(s) of the Company
substantial shareholder	has the meaning ascribed to this term under the Listing Rules
TIB	Trinity International Brands Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
TWD	Taiwan dollars, the lawful currency of Taiwan
US\$ or USD	United States dollars, the lawful currency of the United States of America