TRINITY

Trinity Limited

Incorporated in Bermuda with limited liability

Stock Code: 891

MOVING FORWARD

ANNUAL REPORT 2015

Trinity's suite of refined and distinctive menswear brands, Kent & Curwen, Gieves & Hawkes, Cerruti 1881, and D'URBAN, continue to generate excitement across the fashion world.

KENT&CURWEN
ENGLAND

GIEVES & HAWKES
No.1 SAVILE ROW LONDON

CERRUTI 1881

D'URBAN

TRINITY

Strong presence

338 stores across 62 cities in the Greater China market

Northwest China

JINCHANG 3
LANZHOU 4
URUMQI 1
XIAN 8

Global Offices

Chinese Mainland Beijing, Chengdu, Guangzhou, Shanghai | **France** Paris
Hong Kong, SAR | **Singapore** | **Taiwan** Taipei
United Kingdom London

North China

BAODING 3
BAOTOU 1
BEIJING 29
DATONG 3
HANDAN 2
HUHEHAOTE 3
SHIJIAZHUANG 4
TAIYUAN 6
TANGSHAN 2
TIANJIN 6
XINGTAI 1

Northeast China

CHANGCHUN 4
DALIAN 5
DANDONG 2
HARBIN 5
JILIN 3
SHENYANG 8

Southwest China

CHENGDU 16
CHONGQING 3
GUIYANG 6
KUNMING 3

Central & South China

CHANGSHA 3
GUANGZHOU 11
HAIKOU 4
HUIZHOU 4
NANNING 4
SHENZHEN 13
WUHAN 9
YICHANG 3
ZHENGZHOU 2

East China

CHANGZHOU 1
DEZHOU 1
FUZHOU 3
HANGZHOU 5
HEFEI 1
HUZHOU 3
JINAN 3
NANCHANG 2
NANJING 3
NINGBO 1
QINGDAO 1
SHANGHAI 29
SHANGYU 2
SUZHOU 7
WEIHAI 3
WENZHOU 1
WUXI 3
XIAMEN 5
YANGZHOU 1
ZHOUSHAN 2

HONG KONG 25
MACAU 11
BANQIAO 1
HSINCHU 1
KAOHSIUNG 5
TAICHUNG 5
TAINAN 3
TAIPEI 26

A Fung Retailing Company

Contents

Corporate Information

Executive Directors

Richard Samuel COHEN
(Chief Executive Officer)

Danny LAU Sai Wing
(Chief Operating Officer)

Non-executive Directors

Dr Victor FUNG Kwok King *GBM, GBS, CBE*
(Chairman)

Dr William FUNG Kwok Lun *SBS, OBE, JP*
(Deputy Chairman)

Sabrina FUNG Wing Yee

Jean-Marc LOUBIER

WONG Yat Ming

Independent Non-executive Directors

Eva CHENG LI Kam Fun

Cassian CHEUNG Ka Sing

Michael LEE Tze Hau

Patrick SUN

Chief Financial Officer

Srinivasan PARTHASARATHY

Group Chief Compliance and Risk Management Officer

Jason YEUNG Chi Wai

Company Secretary

Christiana YIU Yuen Wah

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

30/F, OCTA Tower
8 Lam Chak Street
Kowloon Bay, Kowloon
Hong Kong

Website

www.trinitygroup.com

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

The Bank of Tokyo-Mitsubishi UFJ, Limited

Bank of China (Hong Kong) Limited

Citibank, N.A.

Standard Chartered Bank (Hong Kong) Limited

Legal Adviser

Mayer Brown JSM

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Highlights

Highlights of results for the year ended 31 December 2015

	2015	2014	% change
Revenue *(HK$ million)*	1,914	2,624	–27.0%
Gross profit *(HK$ million)*	1,385	1,943	–28.7%
Gross margin *(%)*	72.4%	74.1%	
(Loss)/profit attributable to shareholders *(HK$ million)*	(89)	161	N/A
(Loss)/profit attributable to shareholders *(%)*	–4.6%	6.1%	
Inventories *(HK$ million)*	592	612	
Trade receivables *(HK$ million)*	90	180	
Trade payables *(HK$ million)*	70	44	
Current ratio [1]	1.2	1.3	
Net debt *(HK$ million)* [2]	491	225	
Return on equity *(%)* [3]	–2.7%	4.7%	
Gearing ratio *(%)* [4]	13.3%	6.2%	
Basic (loss)/earnings per share *(HK cents)* [5]	(5.1)	9.3	
Dividend per share *(HK cents)*			
– Final	–	4.3	
– Full Year	–	6.7	

Key ratios:
1. Current ratio = Current assets / current liabilities
2. Net debt = Interest bearing bank borrowings and bank overdrafts less cash and cash equivalents
3. Return on equity = (Loss)/profit attributable to shareholders / average of opening and closing balances on total equity as shown in the consolidated statement of financial position x 100%
4. Gearing ratio = Net debt/total capital x 100%; total capital is calculated as total equity plus net debt
5. Basic (loss)/earnings per share = (Loss)/profit attributable to shareholders / weighted average number of ordinary shares in issue

Store numbers as at 31 December 2015

Kent & Curwen
100
- 76 Chinese Mainland
- 12 Hong Kong & Macau
- 11 Taiwan
- 1 Singapore

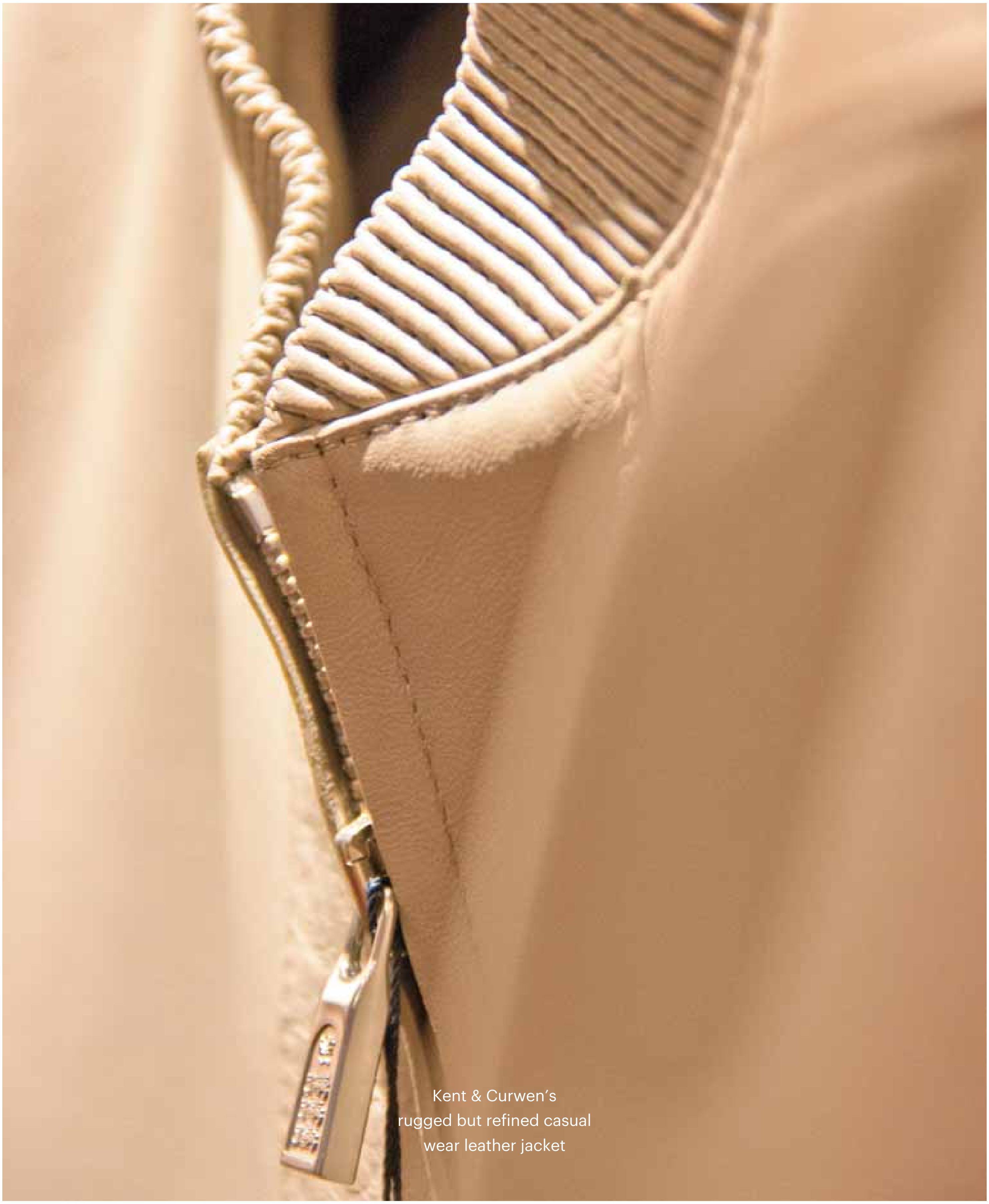
Gieves & Hawkes
88
- 62 Chinese Mainland
- 9 Hong Kong & Macau
- 9 Taiwan
- 1 Singapore
- 7 Europe

Cerruti 1881
116
- 95 Chinese Mainland
- 7 Hong Kong & Macau
- 12 Taiwan
- 1 Singapore
- 1 Europe

D'URBAN
37
- 20 Chinese Mainland
- 8 Hong Kong & Macau
- 9 Taiwan

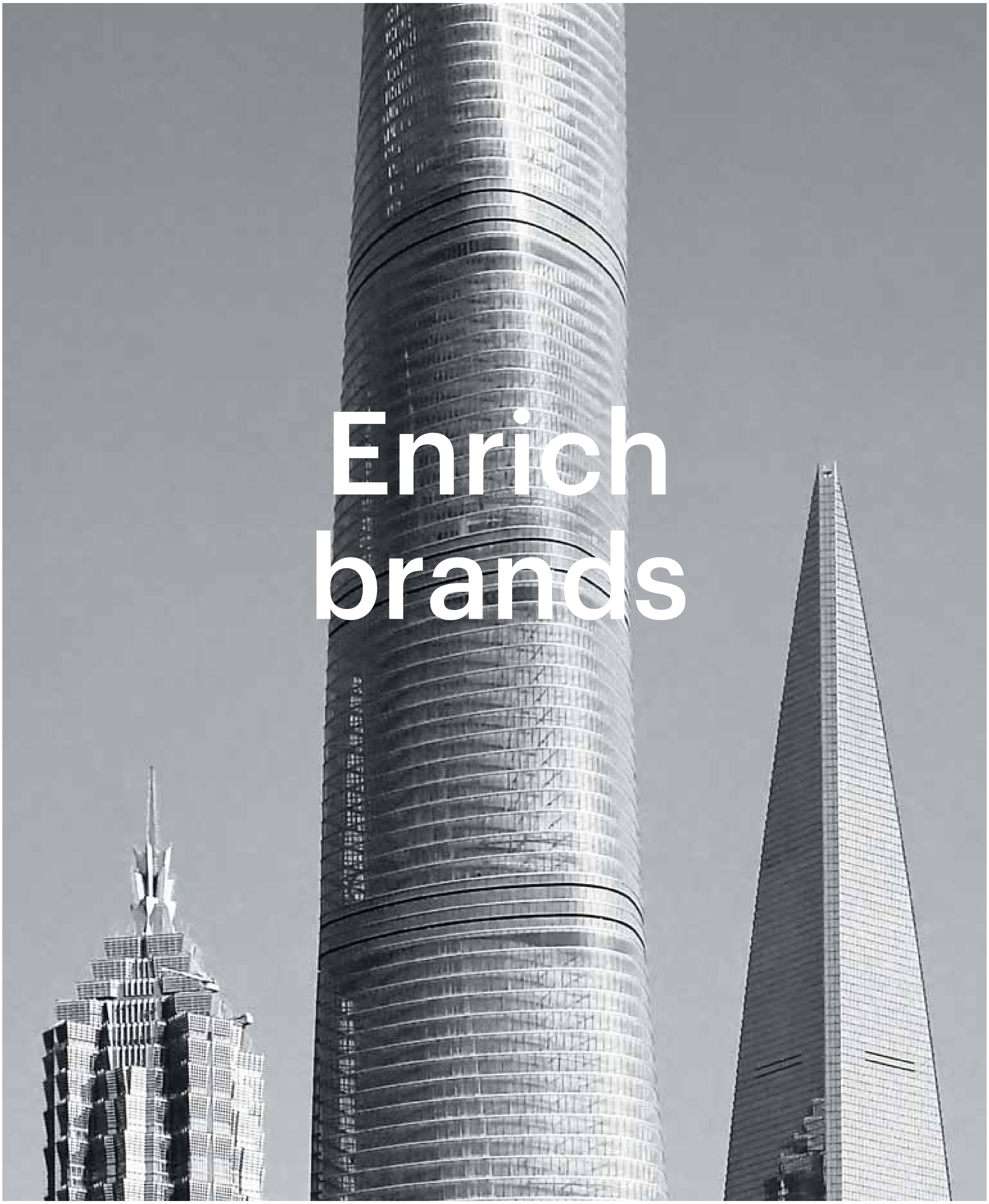
Multi-brand
8
- 8 Chinese Mainland

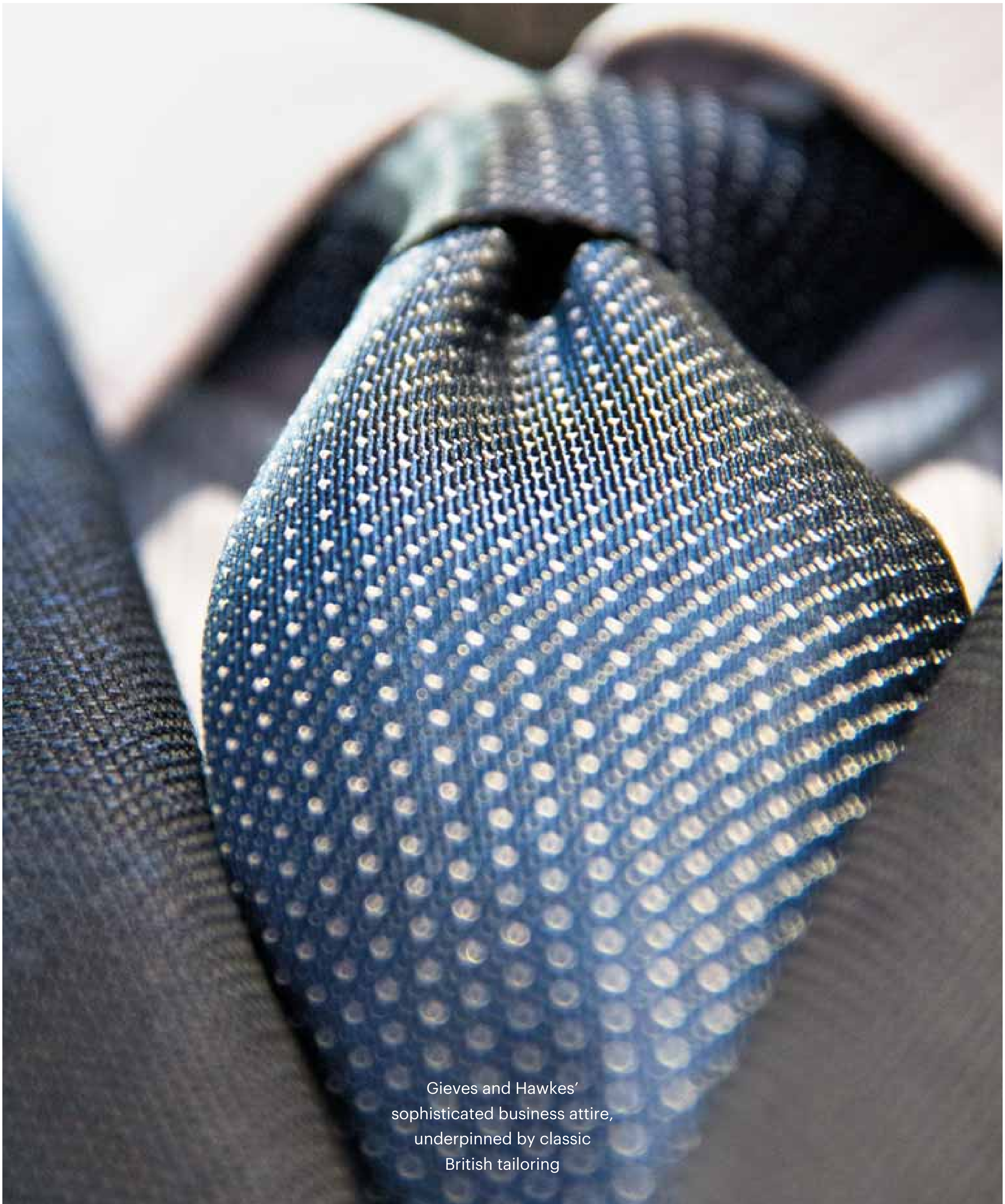
Total stores for
the Group
349
- 338 Greater China
- 3 Singapore
- 8 Europe



Kent & Curwen's
rugged but refined casual
wear leather jacket

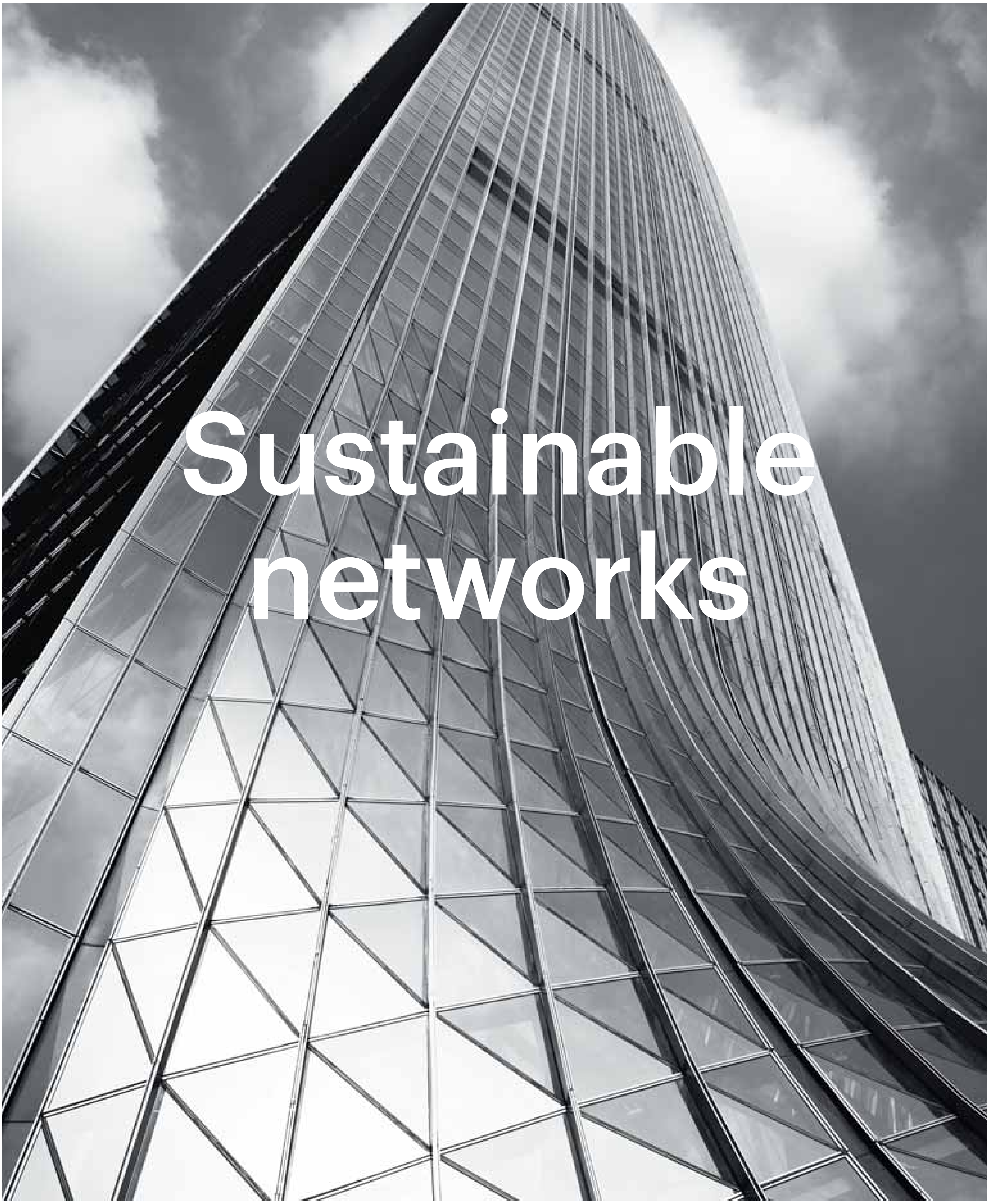
Kent & Curwen
dresses Shanghai's
high flyers





Gieves and Hawkes'
sophisticated business attire,
underpinned by classic
British tailoring

Gieves & Hawkes'
unique style can be seen across
Shenzhen's business district



Sustainable networks

Chic Italian inspired
leather accessories from
Cerruti 1881

Cerruti 1881
brings European sartorial
excellence to Beijing

Strengthen foundation

Global vision

China is becoming a consumer-driven economy and Trinity is well placed in the Chinese Mainland and internationally to prosper in these markets in years to come.

Victor FUNG Kwok King
Chairman

Navigating challenges and opportunities

The past year has been difficult for Trinity Limited ("the Company"). The ongoing adjustment within the Chinese Mainland economy has impacted across industries and in all corners of the world. The Greater China retail sector and premium menswear in particular did not escape unaffected. During the year, the Company and its subsidiaries (together "the Group") remained focused on meeting the needs of affluent, mobile Chinese customers and serving them wherever they live and travel. "Target Globally, Think Locally" is the core strategy that continues to drive our decision-making.

I remain confident that, despite the obvious challenges of the past year, and even though they will continue into 2016, the Chinese Mainland market and the Chinese consumer have a strong future. In 2015 we saw variation across the market, with certain cities such as Shenzhen and Guangzhou performing better than others. In addition, recent policy changes to stimulate demand in the Chinese Mainland, combined with an ever-growing middle class – which reached 109 million in 2015[1], overtaking that of the US for the first time – will present further opportunities for premium menswear.

China is becoming a consumer-driven economy and Trinity is well placed in the Chinese Mainland and internationally to prosper in these markets in years to come.

Investing in the future

It is also true that over the past 12 months much good work has gone on within the Group though this has been overshadowed by ever-changing factors in the external environment.

The management team, led by our Chief Executive Officer, Mr Richard Cohen, is experienced and committed to innovating and making improvements. The team's knowledge of retail disciplines and methodologies continues to deliver value in all aspects of the Group's operations.

Behind the scenes a number of significant initiatives have improved our inventory control and our sourcing capabilities, alongside an internal restructuring to create efficiencies. This included the ongoing rationalisation of the size and location of our store portfolio in the Chinese Mainland, to achieve the optimum footprint in the region.

Progress has also been made with our e-commerce offering. We need to be where the consumer is both offline and online, and I look forward to seeing the realisation of the management team's e-commerce plan in the coming year.

In the 21st century, it is more important than ever that we continue to integrate environmentally-sustainable practices across our daily operations, and we continue to drive this forward in all aspects of our business.

[1] Global Wealth Report 2015, Credit Suisse Research Institute (October 2015)

I am confident however that the Group is on the right path and the work already undertaken in 2015 along with other initiatives currently underway will contribute towards a bright future.

Going global

Most significantly, real progress has been made towards internationalising our brand portfolio. I am particularly excited by the prospect of working with Mr David Beckham and look forward to seeing the results of his efforts with our brand Kent & Curwen. There is no doubt that David is an international celebrity that has universal appeal, but it is his contribution to the wider business and making Kent & Curwen a truly global brand where I believe he will have the biggest impact.

David's involvement in Kent & Curwen is a natural extension of the work that has gone into differentiating each of our heritage brands: Cerruti 1881, Kent & Curwen and Gieves & Hawkes. Today, each brand has its own unique story and a clear narrative.

Having succeeded in establishing a retail presence in Greater China, with 261 stores across cities in the Chinese Mainland; it is only by truly internationalising our brands that we will be able to capture the discretionary spend of our Chinese consumers who will increasingly be travelling overseas.

I am certain the Group has the talent and vision to meet the needs of the Chinese consumer not just in Greater China, but in New York, London, Paris and beyond.

Financial overview

The Group's total revenue for the year was HK$1.9 billion. Gross profit was HK$1.4 billion, compared with HK$1.9 billion in 2014. Loss attributable to shareholders was HK$89 million. Loss per share was 5.1 HK cents.

Trinity's performance in the past year has not lived up to expectations, but true to the values of the Fung Retailing Group, of which Trinity is a part, we remain focused on our long term version for the business.

The year ahead

Our expectation is that the global market will remain challenging in 2016.

I am confident however that the Group is on the right path and the work already undertaken in 2015 along with other initiatives currently underway will contribute towards a bright future.

I wish to thank the Board and our dedicated staff members as we work together to build Trinity into the success we know it can be.

Victor FUNG Kwok King
Chairman

Hong Kong, 21 March 2016

Sustainable strategy

Consistent with that strategy, we have initiated a number of business improvement and restructuring reforms that will better position the Group for the long term.

Richard Samuel COHEN
Chief Executive Officer

Staying on course in a challenging climate

Against the backdrop of a challenging macro-economic environment, at the close of 2015, Trinity Limited ("the Company") and its subsidiaries (together "the Group") continue to remain focused on our core strategy of "Targeting Globally, Thinking Locally". Consistent with that strategy, we have initiated a number of business improvement and restructuring reforms that will better position the Group for the long term.

Following our profit warning issued in June 2015, the Group has reported an operating loss for the year. This is disappointing but not unexpected. It is a result of both internal and external factors, including one-off costs associated with restructuring measures, as well as dampened consumer spending.

The Company foresaw the headwinds in the Chinese Mainland and worked to adapt and respond through a number of efficiency measures in 2015, including improvements to sourcing and inventory management. We believe that these measures, along with a reduction in store footprint, will contribute to the long term financial health of the Group.

However, the impact of dampened consumer spending on same store sales in the last quarter of 2015, which is traditionally the period when retail businesses generate most significant revenue, was more significant than the retail sector predicted. This meant the Company was unable to offset these losses with further cost-cutting, despite considerable efficiency savings achieved earlier in the year. In addition, a foreign exchange loss of HK$19.3 million was recorded mainly due to depreciation of the Renminbi.

Nevertheless our underlying medium- to long-term business strategy is sound and our brands remain valuable. Our management team has the relevant expertise and experience to steer through this volatile environment, and has worked tirelessly to ensure the Company is well positioned to weather the current market situation and thrive as the market gradually improves.

Initiating long-term efficiencies

In 2015 we undertook a restructuring exercise to consolidate key functions and further reduce staff costs. This exercise resulted in one-off full year costs of HK$59.6 million.

In foreseeing the difficult climate, we have also made considerable costs savings by closing non-performing stores. In addition, we have successfully reduced the value of our inventory, and reorganised our production and sourcing processes to ensure our brands are benefitting from the economies of scale that the Group provides.

As a result of planning ahead and initiating these measures, we have managed to maintain a positive EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) and have also delivered on our goal to maintain gross margins above 70%.

Going forward, we are focusing on realising our medium- to long-term strategy to better position the Group globally, including looking at new opportunities to expand in Europe, the US and the Middle East.

Whilst these measures have put us in a stronger position for the long term, we acknowledge that the process of implementing them during a contraction of the premium goods market in the Chinese Mainland, has detrimentally impacted our short-term performance.

Repositioning as a global brand

Moving forward, the Chinese consumer continues to be our primary focus. Whilst they may not be spending as much at home as in the past, the growing middle class is increasingly travelling abroad. As such, our medium- to long-term strategy is focused on generating sales from the brands globally, enabling us to engage with our core Chinese customers while they travel, and also reach out to new clientele. Indeed, our Europe operations remained profitable in 2015, a positive indicator of our medium- to long-term strategy in this market.

To better position Trinity on the global stage, in 2015 we have also spent time developing our omni-channel strategy, to ensure we can engage with our customers wherever they are. We have invested in key personnel to develop our e-commerce offering, including digital marketing which will enable us to reach out to a wider global audience. We expect to see significant benefits from these investments in the second half of 2016.

We have also continued to invest in our three wholly-owned brands, including in our marketing activities and creative teams.

Gieves & Hawkes

Gieves & Hawkes remains a bastion of classic British tailoring, launching a new marketing campaign in 2015 with the sophisticated English actor Mr Jack Huston. With seven stores in the UK as well as an e-commerce offering, the brand is well positioned to take advantage of the global market place as part of our strategy to generate increased sales abroad. Indeed, our flagship store at No. 1 Savile Row is one of the most prestigious locations for men's fashions and enjoyed 14.8% sales growth in 2015.

Cerruti 1881

Cerruti 1881 is an increasingly global brand of Italian heritage that currently enjoys in excess of EUR10 million in royalty strength, with a wide range of products from men and women's fragrances to sunglasses. In order to continue the expansion of this brand, we have appointed Mr Jason Basmajian as the Chief Creative Officer.

Kent & Curwen

Most significantly, in September 2015 we announced that the Group had signed an exclusive five-year agreement that will see Mr David Beckham play a multifaceted role in driving Kent & Curwen's business globally. As one of the world's most recognisable sports icons, Mr Beckham is well placed to support Kent & Curwen with our global expansion plans. Under the agreement, Mr David Beckham has already taken on a strategic advisory role across multiple aspects of the business, and is helping develop the branded collections with Kent & Curwen. In 2015 we also initiated the search of a new Creative Director for Kent & Curwen to work with Mr Beckham, which has recently been completed with the appointment of Mr Daniel Kearns. Whilst these measures were initiated in 2015, much of the impact will not be realised until later on in 2016.

Grasping new opportunities

This year was difficult. The retail environment in the Chinese Mainland is fast evolving, and it is clear that the market will continue to remain volatile in the medium term. However, Trinity is well placed to adapt to this environment. We will continue to restructure and streamline our manufacturing and supply chain functions to ensure we are well placed to manage the future market situation, notwithstanding restructuring costs to be incurred. We believe there are key international wholesale, franchising and retail opportunities for the Group.

Going forward, we are focusing on realising our medium- to long-term strategy to better position the Group globally, including looking at new opportunities to expand in Europe, the US and the Middle East. We have also learnt from the challenges we faced in the past years, and will continue to innovate and adapt to meet the changing demands of the Chinese consumer.

Richard Samuel COHEN
Chief Executive Officer

Hong Kong, 21 March 2016


KENT&CU
ENGLAN

Vigorous

Drawing on almost a century of British sporting heritage, Kent & Curwen blends relaxed sports-related menswear with modern sophistication. Since the introduction of the cricket sweater in the 1920's, Kent & Curwen has maintained it's refined outdoor ethos, impeccable cut and unique sporting heritage.

100 STORES | 48 CITIES

KENT&CURWEN
ENGLAND


KENT&CURWEN
ENGLAND
远洋
太古里
TAI
KOO
LI
成都

ABOVE

Kent & Curwen's innovative store concept in Sino-Ocean Taikoo Li, Chengdu

LEFT

Kent & Curwen Fall Winter 2015 Fashion Show – Sino-Ocean Taikoo Li, Chengdu

Prominence

Tradition and pedigree are synonymous with Gieves & Hawkes; one of Great Britain's most prestigious tailors. The fashion of royalty, Gieves & Hawkes addresses men who prefer the elegance and gentility of classic British sartorial style. Gieves & Hawkes is at the forefront of defining and evolving it's traditional identity, to meet the needs of the discerning gentleman the world over.

88 STORES | 49 CITIES

GIEVES & HAWKES

No.1 SAVILE ROW LONDON

SS16 Thematic Advertising Campaign


GIEVES & HAWKES

LEFT

Richard Lawson (right) demonstrates Gieves & Hawkes traditional tailor made approach in Shanghai, China

BELOW

Gieves and Hawkes classic look store in Galaxy Macau

Evolve

Cultivated with Italian panache and the spirit of la dolce vita, Cerruti 1881 is a jewel in the crown. While remaining true to the brand's distinctive ethos of fine fabrics, meticulous craftsmanship and intelligent design in its offerings, Cerruti 1881 has embraced innovation and creativity to become the quintessential contemporary menswear brand.

116 STORES | 58 CITIES

CERRUTI 1881

SS16 Thematic
Advertising Campaign

RIGHT

Cerruti 1881 Galaxy Macau store reflects the brand's unique European design

BELOW

Cerruti 1881 Fall Winter 2015 Fashion Show – Sino-Ocean Taikoo Li, Chengdu, China


CERRUTI 1881
CERRUTI 1881

SS16 Thematic
Advertising Campaign

Sophisticated

D'URBAN appeals to metropolitan men who appreciate refined dressing in sophisticated simplicity, quiet elegance and modern minimalism. Skillfully balancing European tailoring traditions with modern Asian sensibilities, the brand continues to appeal to the demands of the internationalised 21st century consumer.

37 STORES | 19 CITIES

D'URBAN

Discussion and Analysis

Key Performance Indicators	2015 HK$'000	2014 HK$'000
Revenue	**1,914,053**	2,623,584
Gross profit	**1,385,157**	1,942,885
Gross margin	**72.4%**	74.1%
(Loss)/profit attributable to shareholders of the Company	**(88,518)**	160,864
Inventories	**591,891**	612,475
Trade receivables	**90,211**	179,978
Trade payables	**70,264**	43,870
Net debt	**491,049**	225,243
Return on equity	**–2.7%**	4.7%
Gearing ratio	**13.3%**	6.2%

Revenue

Revenue decreased by 27% to HK$1.9 billion in 2015 from HK$2.6 billion in 2014. The Group's same-store sales were down a total of 26%, with a decrease of 16% in the first half of the year. This decline was primarily caused by the dampened consumer spending environment in Greater China.

Gross profit

The gross profit was HK$1.4 billion in 2015 compared to HK$1.9 billion in the previous year. The gross profit margin was 72.4% for 2015, representing a 1.7 percentage points decline. This was largely as a result of changes to inventory provision last year. Excluding the adjustments for inventory provisions, the gross profit margin increased by 0.3 percentage points comparing with 2014.

Selling, marketing and distribution expenses

Selling and marketing and distribution expenses amounted to HK$1,179.1 million, representing a 11.3% decrease over 2014. These significant savings were a result of management's continued efforts to improve efficiencies within the Group.

We also continued to streamline the store network by closing non-performing stores. The store count is 349 as at 31 December 2015 compared to 399 stores as at 31 December 2014.

General and administrative expenses

General and administrative expenses decreased by HK$22.9 million to HK$484.3 million in 2015. This was mainly due to the reduction of staff related costs arising from the restructuring exercise.

Other income

Other income increased by HK$81.0 million from HK$98.9 million in 2014 to HK$179.9 million in 2015. This was due to a fair value accounting adjustment on the contingent consideration payable relating to the acquisition of Gieves & Hawkes in 2012, as well as compensation income for the ending of a store lease in Europe.

Other losses – net

There was a foreign exchange loss of HK$19.3 million in 2015 compared to HK$32.8 million in 2014, due mainly to Renminbi ("RMB") depreciation.

Finance costs – net

Net finance costs declined by HK$19.3 million from net finance income of HK$3.6 million in 2014 to net finance costs of HK$15.6 million in 2015. The decrease was primarily due to a reduction in interest income on surplus RMB funds.

Share of Profit of Associates

Share of profit of associates declined from HK$7.8 million to HK$4.3 million as a result of the lower net profit sharing from our 20% stake in Ferragamo interests in South Korea and other countries in Southeast Asia.

Income Tax

Income tax showing a credit of HK$40.4 million as deferred tax assets were recognised on losses incurred before certain non-taxable income, such as fair value accounting adjustment on contingent purchase consideration payable.

Loss attributable to Shareholders

The Group incurred a loss of HK$88.5 million, which translated into a loss of 5.1 HK cents per share. Return on equity was –2.7% as at 31 December 2015 compared to 4.7% as at 31 December 2014, as a result of a decrease in underlying earnings.

Working Capital Management

The focus on inventory by the Group's management saw the value of inventory reduced to HK$591.9 million in December 2015 from HK$612.5 million in December 2014. This decrease was mainly attributable to a liquidation of inventory and reduced purchases in 2015. Inventory turnover days increased to 418 days in 2015 from the 343 days recorded in 2014, before inventory provision, mainly due to the dampened sales environment in Greater China.

The Group's trade receivables reduced to HK$90.2 million at 31 December 2015 from HK$180.0 million at 31 December 2014. The Group's trade receivable turnover days were 26 days in 2015, compared with 25 days in 2014.

Our management team has the relevant expertise and experience to steer through this volatile environment, and has worked tirelessly to ensure the Company is well positioned to weather the current market situation and thrive as the market gradually improves.

The Group's trade payables as at 31 December 2015 were HK$70.3 million, compared to HK$43.9 million at 31 December 2014. The Group's trade payable turnover days were 39 days in 2015, compared with 36 days in 2014. This was broadly attributable to the drop in cost of sales in 2015.

Financial Position and Liquidity

Net cash outflow for the Group's operating activities was HK$79.1 million. This level of cash outflow was due to a decline in operating profit.

The net debt of the Group was HK$491.0 million and the gearing ratio, equal to net debt divided by total capital, was 13.3%. Net debt is calculated as interest bearing bank borrowings and bank overdrafts less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated statement of financial position, plus net debt. The comparable positions for December 2014 and June 2015 are 6.2% and 9.1% respectively.

Credit Risk Management

Trade receivables from department stores and receivables from wholesale customers and licensees are the major credit risk of the business. The Group has established procedures to evaluate and monitor the credit risk of department stores, wholesale customers and licensees in order to control its exposure in this area.

At the end of December 2015, the Group's receivables ageing by invoice date over three months amounted to HK$30.8 million. Appropriate actions have been taken to collect the overdue receivables.

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

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 year.

Banking Facilities

The Group has secured bank lines of approximately HK$3,127.7 million for operational requirements and has utilised 23.7% of the available facility as at 31 December 2015.

A total of HK$650.8 million in revolving loans and fixed rate term loan (HK$490.8 million repayable within one year and HK$160.0 million repayable between one and five years) were utilised, and HK$91.8 million was deployed for trade financing and bank overdrafts at year end. The undrawn facilities at year end amounted to HK$2,385.1 million.

Segmental Analysis

Revenue

The retail business continued to be the principal source of revenue for the Group. The dampened sales environment in Greater China resulted in a HK$277.4 million decrease in sales in Hong Kong & Macau, a HK$425.0 million decrease in the Chinese Mainland and HK$48.0 million decrease in Taiwan. Same-store sales reflected a similar trend, with a reduction of HK$177.0 million in Hong Kong & Macau. In the Chinese Mainland and Taiwan, the decline in same-store sales was HK$216.2 million and HK$42.4 million respectively.

In Europe, revenue from the wholesale business grew in excess of 80%. The revenue from the licensing business in Europe recorded a decline of 15% as a result of an adverse exchange rate movement. It was stable in local currency terms.

Retail gross profit and segmental contributions

From 2014 to 2015, retail gross profit margins for the Chinese Mainland and Taiwan decreased from 76.6% to 73.5% and 73.3% to 67.6% respectively. However, for the same period, retail gross profit margins for Hong Kong &

Macau increased from 73.9% to 74.7%. Retail gross profit margins changed mainly due to more aggressive sales and promotion campaigns offered to customers.

The segmental contributions for the Group declined to HK$111.6 million in 2015. While the segmental contributions for Europe improved in 2015, Hong Kong & Macau, the Chinese Mainland and Taiwan were affected negatively by the aforesaid market conditions.

Human Resources and Training

As at 31 December 2015, the total workforce for the Group was 2,738 employees, compared with 3,330 a year earlier, an 18% decrease. This headcount reduction was largely due to the closure of non-performing stores and streamlining of office staff. Our workforce comprises 823 employees in Hong Kong & Macau; 1,568 on the Chinese Mainland; 171 in Taiwan, and 176 in other countries. Total staff costs were HK$635.8 million compared with HK$707.2 million in 2014. The staff cost reduction was mainly due to the decrease in headcount and sales commissions.

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

The Group continues to invest in human resources through training and development programmes for managers and staff at all levels, including employees reassigned as a result of our ongoing internal re-organisation. In addition, we conducted product and customer service training programmes for frontline staff across all brands in Greater China.

Relationship with Suppliers and Customers

The Group aims to develop long-term relationships with suppliers under a fair and open competition environment. We maintain the highest ethical standards in our supplier evaluation process. The contracting of services and the purchase of goods are based solely on need, quality and price. This ensures compliance with procurement policies and fosters positive and open competition. It also assures high products quality at all times to gain the confidence of customers, suppliers and the public.

The Group aims to provide customers with the highest quality products at fair prices which allow the Group a reasonable profit in relation to the value provided.

The Group provides responsive customer service to maintain customer satisfaction and co-operation. Customers have access to information about the operation and development of the Group through the Company's website and social media platforms.

Sustainability

The Group is committed to being a responsible corporate citizen and continues to embrace sustainability as one of its core corporate values. The Group focuses its sustainability efforts in three main areas – Environment, Community and Employees – and our employees continue to be instrumental in promoting and supporting our sustainability drive.

During the reporting year our colleagues participated close to 3,000 times in 38 different sustainability activities. 2015 marks the 8th consecutive year of Trinity's support for the Cancer Fund's Pink Day, with staff in the Greater China Region wearing pink for a day to raise money for the charity. Trinity also continued to support Movember for the second year running, a global movement to raise awareness of men's health issues. All donations collected were matched dollar-for-dollar by the Fung (1906) Foundation. Gieves & Hawkes also partnered with Pennies in support of the Queen Elizabeth Scholarship Trust and Walking with the Wounded in the UK, enabling customers to donate 75 pence to these charities for each in-store, online, or mobile transaction paid electronically.

Trinity also continues to encourage its staff to maintain a healthy work-life balance, with staff contributing a total of 2,380 hours to various social, community and employee wellness activities. Classes on 'how to make a miniature glass-garden' and 'laughter yoga' were organised for Hong Kong staff in 2015. Other wellness activities included an Ergonomic Health Talk, an Aromatherapy Massage Workshop, and a Breast Cancer Awareness Event.

As part of our continuous efforts to maintain high standards of occupational health and safety, we have implemented an improved set of Environmental, Health and Safety Training material, as well an improved training programme for retail staff that involves online materials and a short questionnaire to assess learning outcomes. By the end of 2015, nearly 1,000 colleagues had completed this training.

The Group also endeavours to work with suppliers with similar values and immediately terminates contracts with suppliers found breaching zero tolerance issues during our audit processes (e.g. employment of underage staff). We also ask our suppliers to sign our Code of Conduct to signify their awareness and commitment to our social compliance policy. We are committed to continuing to improve our vendor compliance scheme to ensure all our vendors are compliant.

We are also honoured to have successfully retained our membership of the Hang Seng Corporate Sustainability Benchmarking Index for the fifth consecutive year, receiving an AA rating on the index. We are committed to making continuous improvements in our sustainability drive by systematically monitoring our data, implementing proper reduction plans, and instigating new strategies to tackle new challenges.

Environmental Policy and Performance

Trinity recognises the vital importance of environmental protection. The Group is committed to proactively integrating responsible environmental practices throughout our operations, as well as working with partners who share similar values wherever practicable to mitigate our impact on the environment.

We comply with local and international regulations and have established a systematic approach to measuring, controlling and mitigating our environmental impacts by implementing an environment management system (EMS). We have also established Environmental Policies and Guidelines, which are available on our intranet to provide practical guidance for our staff. Our policies focus on the three 'r's of sustainability: to reduce, reuse and recycle throughout our operations including packaging, lighting and supplies and we encourage the use of environmentally-friendly supplies whenever practicable. For example, we use 100%-recycled paper in our Hong Kong Headquarters.

Our offices in Hong Kong and Beijing are LEED certified. In our warehouse, we have adopted environmentally-friendly carton boxes and carton boxes are reused as far as practicable before recycling. Also, we have converted all our primary plastic bags to biodegradable bags for packaging. For the second year running, the Group received a Gold Award in the Commercial Organisation and Shopping Centre category for the Yan Oi Tong Plastic Recycling Partnership Scheme 2014-2015, in recognition of our achievement to recycle over 3,600 kilograms of plastics in the participating year. A "No Shark Fin" policy has also been implemented to prohibit the consumption of shark fin at all business activities to minimise risk to marine life.

In April 2015, in support for the Hong Kong Government's drive to reduce the use of plastic bags through Plastic Shopping Bag Charging, the Group opted not to discard remaining paper shopping bags with minor plastic lamination but to reuse them. We also donate all money collected from charging for plastic bags to the Plastic Shopping Bag Collaborative Platform, an environmental fund that is jointly organised by The Conservancy Association, Greeners Action and Green Power, to support waste reduction initiatives in Hong Kong.

In support of global efforts to combat climate change, the Group sets targets to reduce its resource consumption in electricity and water, hence reducing carbon emissions. To improve the efficiency and capability of managing resource usage and carbon footprint data, we implemented a comprehensive online data management platform for Hong Kong in 2014 and expanded the coverage to other Greater China regions in 2015.

We have set targets to better measure and manage our carbon footprint by using 2012 as our baseline. The targets for 2015 are to:

- Reduce 5% of water consumption per head in Hong Kong;
- Reduce 5% of printing paper consumption per head in Hong Kong; and
- Reduce 5% of electricity consumption in our office and warehouse in Hong Kong.

Our combined Scopes 1 and 2 Green-House-Gas emissions for 2013 and 2014 were disclosed in the Fung Group's UNGC report for 2014. Our carbon emission data (for Scopes 1 and 2) have also been published on the EPD portal "Carbon Footprint Repository for Listed Companies in Hong Kong" for public access since 2013, covering data from 2012. In 2015, our carbon emission data for Hong Kong and Macau operations were as follows:

For Hong Kong and Macau Region	2015
Total Scope 1 Emission	**40.6 tCO_2e**
Total Scope 2 Emission (Factory, Warehouse, Offices & Retail Shops)	**2,486.0 tCO_2e**
Total Scope 1 & 2 Emission	**2,526.6 tCO_2e**

We will continue to take a step-by-step approach to managing and reducing our resource usage, including energy and water in our facilities. In addition, we will explore further opportunities to reduce the carbon footprint of our operations and product development. Our products are known for quality and design commensurate with the brand positioning, and we use suitable high-quality raw materials for all of our products. We do however need to explore further opportunities to source more environmentally-friendly raw materials for our products and set targets to help mitigate our impact without jeopardising the product quality our customers have come to expect.

Principal risks and uncertainties

The evolving economic and regulatory environments, together with the intensifying competition in premium menswear, exposes the Group to some risks. Set out below are the principal risks that currently impact the Group and the mitigating measures against those risks.

Fashion and Design

The premium menswear industry is susceptible to changes in fashion trends and fluctuations in consumer preferences and demands.

The Group counters these risks with in-depth analysis of our target customers and their tastes. Greater proximity to customers through the retail business also makes a major contribution toward quickly channeling information on trends and consumer behaviour into our collections.

Brand and reputation risk

The strength of our brands and their reputations are important to our business. There is a risk that our brands may be undermined or damaged by our actions or those of our partners. The counterfeit production of our brands or improper management of social media interactions could also have an adverse effect on our reputation.

In this regard, the Group places a high priority on protecting and maintaining brand image. Strategic measures are taken for this purpose, including but not limited to continuous monitoring of markets and media, clearly differentiated brand positioning supported by targeted marketing activities and a globally consistent brand presence. In addition, legal trademark protection and the prosecution of product piracy are important efforts we undertake to secure the brand image.

Store network

Our store network is one of the most important assets of the Group. As the prime locations for premium men's fashion are generally limited in the regions in which we operate, the availability of first tier locations and favourable lease terms is highly attributable to uncontrollable factors such as the economic environment and emerging brands.

To secure key locations, we have established a leasing team to focus on managing lease negotiations with landlords. Formal assessment procedures have been established to ensure all new, renewals or terminations of leases are properly approved by the senior management.

Macro-economic environment

The performance of the Group is highly correlated to the economic environment of our core market – Greater China. The recent economic slowdown, volatile stock market and changing political environment in the region has resulted in adverse effects on the retail industry. The rising volatility of RMB also exposes the Group to higher exchange risk.

To offset the risk, the Group is implementing a strategy of international diversification and is increasing its global presence.

To maintain the optimal inventory level under the current challenging environment, the Group has established a merchandise planning team to closely monitor the market and sales trends and control the buying budget. In addition, the Group has established a formal hedging policy to mitigate the exchange risk.

Evolving business model and distribution channels

The rising popularity of online shopping in Greater China has created new challenges to the premium fashion industry, which has traditionally centred largely around physical stores. To cater to changing consumer demand and capture the extensive opportunities online, a new e-commerce division has been set up to support the development of online distribution channels and digital marketing.

Compliance with relevant laws and regulations

Trinity promotes an organisational culture that encourages the highest ethical standards of business conduct and a commitment to compliance with prevailing laws and regulations wherever we operate.

Laws and regulations for the following aspects may have a material effect on the Group's principal activities.

Workplace Quality

The Group has fully complied with all occupational health and safety legislations and has offered an effective and safe working environment for our employees.

The Group complies with labour or other relevant legislations. We did not aware of any material non-compliance or breach of legislation relating to workplace quality.

Product Safety

The Group focuses on the quality and safety of products that could have great societal and environmental impact. We did not aware of any material non-compliance or breach of legislation relating to product safety.

Environmental Protection

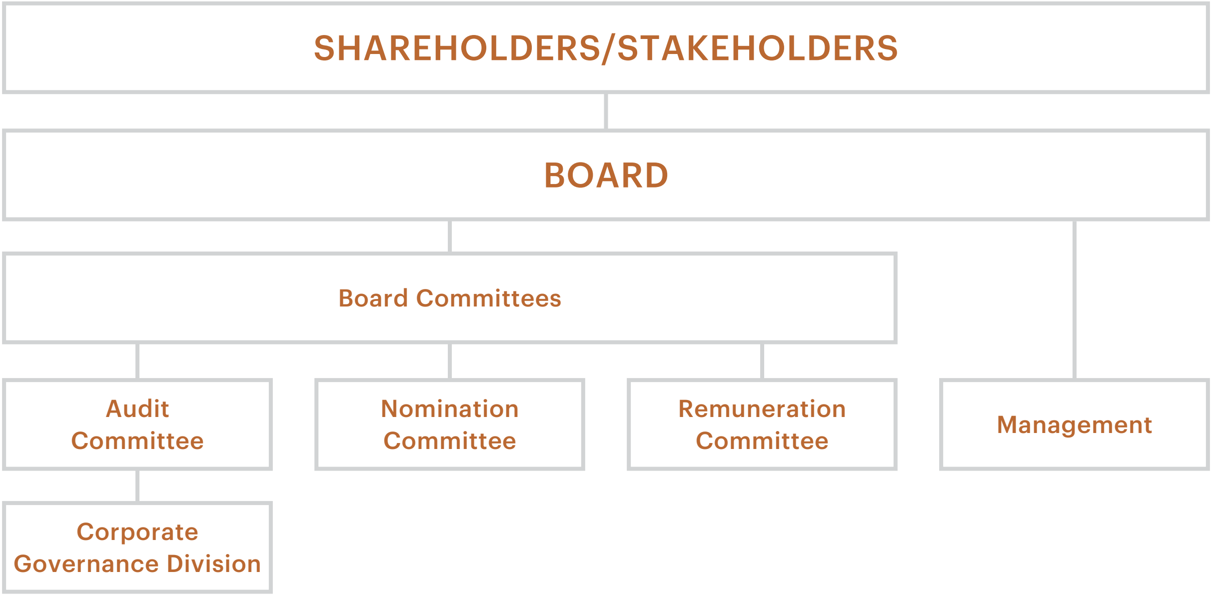
The Group is committed to upholding high environmental standards to fulfill relevant requirements under prevailing laws or regulations. We did not identify any material non-compliance.

Anti-competition

The Competition Ordinance ("the Ordinance") was passed by the Hong Kong Legislative Council in June 2012 and became effective as at 14 December 2015. The Group has complied with the Ordinance and is not aware of any material non-compliance or breach of legislation relating to anti-competition in other countries.

Corporate Governance Report

The Board of Directors and Management are committed to principles of good corporate governance consistent with prudent enhancement and management of shareholder value. These principles emphasise transparency, accountability and independence. Set out below are those principles of corporate governance as adopted by the Company that are consistent with the principles set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").



CORPORATE GOVERNANCE STRUCTURE

The Board is structured to ensure it is of high calibre and has a balance of skills, experience, and knowledge desirable for effective leadership of the Group and has a strong independent element, which can effectively exercise independent judgement.

The Board is composed of the Non-executive Chairman, two Executive Directors ("ED"), four Non-executive Directors ("NED") and four Independent Non-executive Directors ("INED"). Biographical details and relevant relationships of the Board members are set out in the Directors and Senior Management section on pages 52 to 61.

Roles and Responsibilities of the Board

The Board is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall Group strategy, major acquisitions and disposals, annual budgets, annual and interim results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions, and other significant operational and financial matters.

The role of the Chairman, held by Dr Victor FUNG Kwok King, is separate from that of the Chief Executive Officer ("CEO"), held by Mr Richard Samuel COHEN, in order to reinforce their respective independence, accountability, and responsibility, and to enhance the corporate governance of the Board. Their respective responsibilities are clearly established and defined by the Board in writing. The Chairman is responsible for strategic management of the Board, which includes ensuring that the Board is functioning properly and with good corporate governance practices and a culture of openness and debate whilst the CEO with the support from the senior management team is responsible for managing the Group's business, including the implementation of major strategies and initiatives adopted by the Board and within those authorities delegated by the Board.

The Non-executive Directors, including the Independent Non-executive Directors, offer diverse industry expertise but are not involved in the day-to-day management of the Group. They serve the important function of advising the Management on strategy and ensuring that the Board maintains high standards of financial and other reporting requirements, as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. All the Independent Non-executive Directors have experience in serving boards of listed companies and are able to provide independent advice to protect the interests of the minority shareholders of the Company.

The Directors ensure that they can give sufficient time and attention to the affairs of the Company. The Directors have disclosed to the Company, at the time of their appointment and on an annual basis, the number and nature of offices held in listed public companies or organisations and other significant commitments, with the identity of the public companies or organisations.

The Board and the Management

The Company's organisational structure is designed to maintain an appropriate balance of responsibility between the Board and the Management. While the Board is responsible for setting up the overall strategy, the general management and day-to-day decisions and matters are delegated to the Management, including but not limited to the following:

- preparation of interim financial information and annual financial statements for board approval before public reporting;
- execution of business strategies and initiatives adopted by the Board and monitoring of operating budgets;
- implementation of adequate systems of internal controls and risk management procedures;
- implementation of sustainability practices; and
- compliance with relevant statutory requirements and rules and regulations.

The Board and the Management fully understand their respective roles and are supportive of the development of a healthy corporate governance culture.

Independence of Independent Non-executive Directors

The Independent Non-executive Directors are required to confirm their independence upon their appointment and on an annual basis. The Board has received from each Independent Non-executive Director written confirmation of their independence in accordance with the relevant requirements of the Listing Rules for the year ended 31 December 2015. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence. The Company considers all of the Independent Non-executive Directors to be independent during the year ended 31 December 2015.

Corporate Governance Measures to Safeguard the Independent Shareholders' Interests

Directors are required to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board meetings. They will not vote on any resolution nor be counted in the quorum at any Board meeting for approving any transaction in which they have material interests. The Board will ensure that any material conflict or material potential conflict of interests will be reported to the Independent Non-executive Directors as soon as practicable when such conflict or potential conflict is discovered.

The Independent Non-executive Directors may in their absolute discretion determine whether a Director (together with any of his/her associates) has material interest in a business that is in material competition with or is potentially in material competition with the businesses of the Group. Any of the Independent Non-executive Directors may request such Director not to attend, or if already present, to absent himself/herself from the meeting where such matters are the subjects of discussion.

The Board has reviewed and confirmed that various corporate governance measures as stated in the Company's prospectus dated 21 October 2009 were duly complied with during the year ended 31 December 2015.

Information and Continuous Professional Development

All new Directors shall receive an induction briefing on the Group's structure, businesses and governance practices to enhance their knowledge and understanding on the Group's operation.

All Directors are kept informed on a periodic basis of major changes that may affect the Group's businesses, including relevant rules and regulations. The Board and each Director have separate and independent access to the Chairman, CEO, Chief Financial Officer ("CFO"), Group Chief Compliance and Risk Management Officer ("GCCRMO") and Company Secretary at all times to obtain relevant information for carrying out their duties as Directors of the Company.

In order to further enhance communication between the Chairman and the non-executive Directors, three separate meetings were held during 2015 between the Chairman and the Non-executive Directors (including Independent Non-executive Directors) to discuss business and related issues of the Group.

Procedures are also put in place for Directors and Board Committees to seek independent professional advice in performing their Directors' duties and at the Company's expense. No request for such independent professional advice was made by any Director in 2015.

All the Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities as Directors of the Company. During 2015, the Directors attended relevant training programmes provided by the Company and/or participated in other training sessions, forums or talks organised externally. Relevant training records have been received.

Appointment and Re-election of the Directors

All Non-executive Directors are appointed for a term of three years and all Directors are subject to retirement by rotation and re-election at annual general meeting ("AGM"). Under the Company's bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) are required to retire from office by rotation, provided that every Director is subject to retirement by rotation at least once every three years, and shall be eligible for re-election. In addition to the retirement by rotation, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall retire and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM of the Company and shall then retire and be eligible for re-election. During the AGM held in 2015, five Directors, namely Mr Cassian CHEUNG Ka Sing, Mrs Eva CHENG LI Kam Fun, Mr Patrick SUN, Mr WONG Yat Ming and Mr Richard Samuel COHEN, retired and offered themselves for re-appointment. Assuming no appointment or resignation of Directors between the date of this report and the forthcoming AGM, Dr Victor FUNG Kwok King, Mr Danny LAU Sai Wing, Mr Jean-Marc LOUBIER and Ms Sabrina FUNG Wing Yee will retire and, except for Mr Danny Lau, will offer themselves for re-election at the forthcoming AGM.

The Board endorsed a proposal to appoint Mr Srinivasan PARTHASARATHY, the CFO of the Group, as an Executive Director of the Company, and the proposal will be put forward at the forthcoming AGM for Shareholders' consideration and approval.

Independent Reporting of Corporate Governance Matters

The Board recognises the importance of the independent reporting of the corporate governance function. The GCCRMO (being Head of Corporate Compliance) attended all meetings of the Board and Board Committees in 2015 to advise on corporate governance matters covering risk management, internal controls, and relevant compliance issues relating to business operations, accounting, and financial reporting. A meeting between all Independent Non-executive Directors and an independent financial adviser was held in 2015 to consider and review a proposed licensing arrangement with a connected person (as defined in the Listing Rules) for a term exceeding three years.

Liability Insurance for the Directors

The Company has appropriate liability insurance put in place to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Board and Committee Meetings

The Board held seven meetings in 2015 (with an average attendance rate of 95%). Regular board meetings are scheduled a year ahead to facilitate high attendance of Directors and notice of meeting is sent at least 14 days before the meeting. The meeting agenda is set by the Group Chairman in consultation with members of the Board. Agenda and accompanying board papers are sent to all Directors at least three days before the intended meeting so as to give the Directors sufficient time to prepare before the meeting. Draft and final versions of minutes of board meetings with sufficient details are circulated to all Board members for comments and records respectively, within a reasonable time after each board meeting. The minutes of the board meetings are kept by the Company Secretary and available for inspection by Directors.

A summary of attendance at the meetings held in 2015 is set out in the following table:

	Number of meetings attended/held				
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual General Meeting
Non-executive Directors					
Dr Victor FUNG Kwok King[1]	7/7	–	2/2[2]	1/1	1/1
Dr William FUNG Kwok Lun	7/7	–	2/2	–	1/1
Sabrina FUNG Wing Yee	6/7	–	–	–	1/1
Jean-Marc LOUBIER	6/7	4/4	–	–	1/1
WONG Yat Ming	7/7	–	–	–	1/1
Independent Non-executive Directors					
Eva CHENG LI Kam Fun	6/7	4/4	–	1/1	1/1
Cassian CHEUNG Ka Sing	7/7	4/4	2/2	1/1	1/1
Michael LEE Tze Hau	7/7	4/4	2/2	1/1	1/1
Patrick SUN	7/7	4/4	2/2		1/1
Executive Directors					
Richard Samuel COHEN	7/7	4/4[2]	–	–	1/1
Bruno LI Kwok Ho[3]	2/3	2/2[2]	–	–	1/1
Danny LAU Sai Wing	7/7	–	–	–	1/1
Head of Corporate Compliance					
Srinivasan PARTHASARATHY[2,4]	3/3	2/2	1/1	1/1	1/1
Jason YEUNG Chi Wai [2,5]	4/4	2/2	1/1	–	–
Dates of Meeting	17/3/2015	16/3/2015	17/3/2015	17/3/2015	20/5/2015
	20/5/2015	19/5/2015	12/11/2015		
	22/6/2015	22/8/2015			
	27/8/2015	12/11/2015			
	15/9/2015				
	12/11/2015				
	22/12/2015				
Attendance rate	**95%**	**100%**	**100%**	**100%**	**100%**

1. Chairman of the Board
2. Attended by invitation as a non-member
3. Retired as Executive Director effective 1 July 2015
4. Ceased to be Head of Corporate Compliance and appointed as Group Chief Financial Officer effective 1 July 2015
5. Appointed as Group Chief Compliance and Risk Management Officer effective 1 July 2015

Board Committees

The Board has established the following committees on 1 January 2009 with defined terms of reference (available on the websites of the Company and The Stock Exchange of Hong Kong Limited), which are of no less exacting terms than those set out in the CG Code:

- Audit Committee
- Nomination Committee
- Remuneration Committee

All the three Committees comprise a majority of Independent Non-executive Directors and to further reinforce independence, all these Committees are chaired by Independent Non-executive Directors. All Committees are provided with sufficient resources to discharge their duties and have access to professional advice if considered necessary at the Company's expense. Draft and final versions of minutes of Committees' meetings are circulated to all respective members for comments and records within a reasonable time after each meeting. Minutes of all these meetings are made available to all Board members. Details and reports of the Committees are set out below.

Audit Committee

The Audit Committee was established on 1 January 2009. Its terms of reference cover the review of the Group's financial information, internal control, risk management and financial reporting systems, corporate governance issues, relationship with the external auditor, and providing advice and making relevant recommendations to the Board. All of the Committee members are Independent Non-executive Directors, except Mr Jean-Marc LOUBIER, who is a Non-executive Director:

Mr Patrick SUN *(Chairman)*
Mrs Eva CHENG LI Kam Fun
Mr Cassian CHEUNG Ka Sing
Mr Michael LEE Tze Hau
Mr Jean-Marc LOUBIER

All Committee members possess appropriate professional qualifications or accounting or related financial management expertise or industry expertise to advise on all the above matters.

The Audit Committee met four times in 2015 (with a 100% attendance rate) to consider and review with senior management, the Company's Corporate Governance Division ("CGD"), and external auditor, the internal audit plan, the Group's significant internal controls, risk management, and the financial matters as well as policies relating to corporate governance matters as set out in the Audit Committee's written terms of reference and make relevant recommendations to the Board. The CGD, under the supervision of the GCCRMO, is responsible for performing the internal audit of the Group.

In 2015, the Committee's review covered the audit plans and findings of the CGD and external auditor, external auditor's independence, the Group's accounting principles and practices, listing rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the annual and interim financial statements before recommending them to the Board for approval), and the adequacy of resources, qualification, and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has authority to investigate any activity within its terms of reference and has full access to and the cooperation of Management. It has direct access to the CGD and external auditor, and full discretion to invite any Management to attend its meetings.

The Audit Committee also ensures proper arrangements are in place for employees to report any concerns, including misconduct, impropriety, or fraud in financial reporting matters and accounting practices in confidence and without fear of recrimination. Under the Group's Whistle-blowing Policy, the employees are able to report any concerns to either senior management or the Audit Committee through the GCCRMO. Any shareholders or stakeholders can also report similar concerns by writing in confidence to our GCCRMO at the Company's business address in Hong Kong. In 2015, no incident of fraud or misconduct was reported from employees, shareholders or stakeholders that have material effect on the Group's financial statements and overall operations.

In order to further enhance independent reporting by the external auditor, PricewaterhouseCoopers ("PwC"), the Company's external auditor, was invited to attend all the Audit Committee meetings in 2015. During the year under review, two separate sessions were held between the Committee members and PwC to discuss audit and related issues of the Group. A policy on provision of non-audit services by the external auditor has been established since March 2009 to ensure that the external auditor is engaged to provide non-audit services only if they are more effective or economical than those available from other service providers and will not constitute adverse impact on their independence as an external auditor. Under this policy, certain specified non-audit services are prohibited. Other non-audit services (with a fee above a threshold) require prior approval of the Audit Committee. The permitted services conducted by PwC and the related fees for the year ended 31 December 2015 are as follows:

Services rendered	2015 HK$'000
Audit services	**5,677**
Non-audit services	
Taxation	**594**
Others	**383**
Total	**6,654**

The nature and ratio of annual fees to the external auditor for non-audit services and for audit services are subject to scrutiny by the Audit Committee. Prior to the commencement of the audit of the Company's 2015 financial statements, the Committee received written confirmation from PwC on its independence and objectivity as required by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Members of the Committee are satisfied with the audit fees, effectiveness of the audit process, as well as technical competence, professional ethics, independence and objectivity of PwC. The Committee has recommended to the Board the re-appointment of PwC as the Company's external auditor for the financial year ending 31 December 2016 at the coming AGM.

Nomination Committee

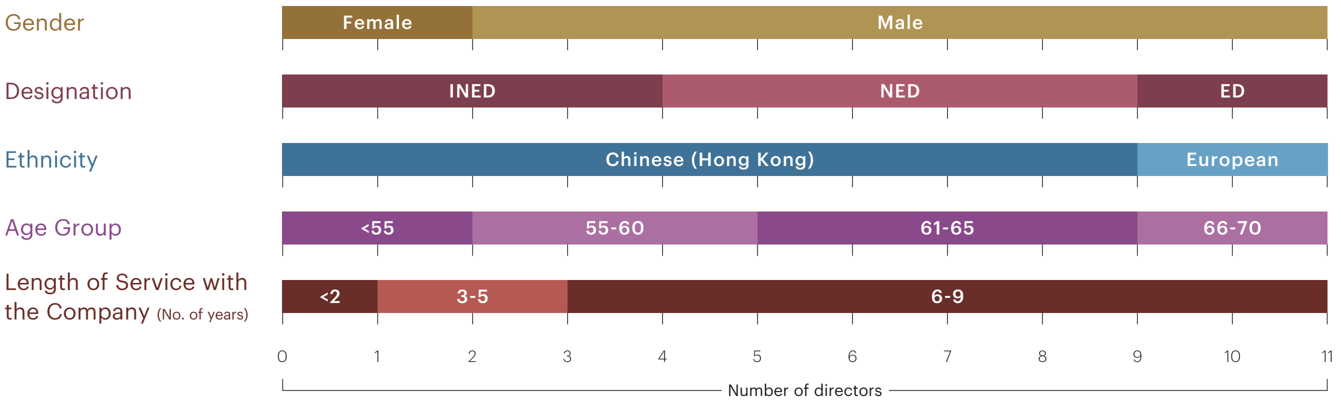
The Nomination Committee was established on 1 January 2009. All of the Committee members are Independent Non-executive Directors, except Dr William FUNG Kwok Lun, who is a Non-executive Director:

Mr Michael LEE Tze Hau *(Chairman)*
Mr Cassian CHEUNG Ka Sing
Dr William FUNG Kwok Lun
Mr Patrick SUN

The Committee's written terms of reference cover recommendations to the Board on the appointment of Directors, evaluation of board composition (including diversity), assessment of the independence of independent non-executive directors, monitoring of continuous professional development of Directors and senior executives, and the management of board succession with reference to certain guidelines as endorsed by the Committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, as well as time commitments of members. The Nomination Committee selects and recommends candidates for directorship, including the consideration of referrals and engagement of external recruitment professionals when necessary.

The Company recognises and embraces the benefits of having a diverse Board. A Board Diversity Policy was approved by the Board in May 2013. In reviewing Board composition, the Nomination Committee will consider the benefits of all aspects of diversity including, but not limited to, skills, regional and industry experience, background, ethnic background, age, culture and gender, so as to maintain an appropriate range and balance of skills, experience and background on the Board. Based on the latest review, the Nomination Committee considers the Board to be diverse in respect of the aforesaid evaluation criteria.

An analysis of the Board's composition as at 31 December 2015 is set out in the following chart:



The Nomination Committee met twice in 2015 (with a 100% attendance rate) to review the board composition, training and continuous professional development records, the re-appointment of the retiring directors at the Annual General Meeting held in May 2015, and the results on the Board performance evaluation as well as the independence of Independent Non-executive Directors.

Remuneration Committee

The Remuneration Committee was established on 1 January 2009. All the Committee members are Independent Non-executive Directors, except Dr Victor FUNG Kwok King, who is a Non-executive Director:

Mr Cassian CHEUNG Ka Sing *(Chairman)*
Mrs Eva CHENG LI Kam Fun
Dr Victor FUNG Kwok King
Mr Michael LEE Tze Hau

The Committee's responsibilities as set out in its written terms of reference include 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 individual executive directors and senior management, and the granting and allocation of share options under the Company's share option scheme.

The Remuneration Committee met once in 2015 (with a 100% attendance rate) reviewing the ways of remunerating the independent non-executive directors.

Remuneration Policy for Executive Directors

The primary goal of the remuneration policy on Executive Directors' packages is to enable the Company to motivate Executive Directors by linking their compensation to performance with reference to corporate and business streams' objectives. Under the policy, a Director is not allowed to approve his/her own remuneration.

The principal elements of the remuneration package of Executive Directors include:

- basic salary and allowances;
- bonus, calculated at a percentage of the Group's profit before interest and tax; and
- share options.

Details of the Executive Directors' emoluments are set out in Note 14(a) to the consolidated financial statements on pages 119 and 120.

Remuneration Policy for Non-executive Directors

The remuneration, comprising Directors' fees, of non-executive Directors is determined by the Board and approved by the Shareholders from time to time with reference to the range of remuneration of other companies listed on the Stock Exchange with similar market capitalisation. Reimbursement is allowed for out-of-pocket expenses incurred in connection with the performance of their duties including attendance at Company's meetings. Details of non-executive Directors' emoluments are set out in Note 14(a) to the consolidated financial statements on pages 119 and 120.

Company Secretary

The Company Secretary reports to the Chairman on Board governance matters. She is responsible for ensuring that Board policies and procedures are followed. All Board members have access to her advice and services. She also facilitates induction activities for new Directors and assists with the continuing professional development of Board members. In 2015, the Company Secretary undertook over 15 hours of professional training to update her skills and knowledge.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises the importance of internal controls to safeguard shareholders' interests and investments and the Group's assets, as well as to manage business risks. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives. It is also responsible for ensuring that the Group maintains a sound and effective system of risk management and internal control, and for reviewing the adequacy and effectiveness of such system through the Audit Committee. Such system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and aims to provide reasonable but not absolute assurance against material misstatement, loss, or fraud.

The Board has delegated to Management the design, implementation, and ongoing monitoring of such system of risk management and internal controls covering financial, operational and compliance controls. Qualified personnel throughout the Group maintain and monitor this system of controls on an ongoing basis.

The Board and the Management fully understand their respective roles and are supportive of the development of a sound and effective control environment.

Control Environment

The Group operates within an established risk management and internal control environment, which is consistent with the principles outlined in "Internal Control and Risk Management – A Basic Framework" issued by the HKICPA. The scope of internal controls of the Group relates to three major areas: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Group maintains a tailored governance framework with defined lines of responsibility and appropriate delegation of authority. An Operation Support Group ("OSG"), under the supervision of the CFO, was established to centralise the functions and controls exercised over treasury activities, financial and management reporting, human resources, administration and information technology, and is supplemented by written policies tailored to the needs of respective business units in the countries where the Group operates. These policies cover the Group's key risk management and internal control standards.

Financial Risk Management

The Board approves the Group's Three-Year Business Plan and annual budget, and reviews the Group's operating and financial performance and key performance indicators against the budget on a quarterly basis. Management closely monitors actual financial performance of the Group on a monthly basis. The Group adopts sound management practices in mitigating financial risks. Details of the Group's financial risk management (encompassing foreign exchange risk, credit risk, liquidity risk and interest rate risk) are set out in Note 4 to the consolidated financial statements on pages 98 to 107.

Regulatory Compliance Control Management

The Corporate Compliance Group (comprising the CGD and Corporate Secretarial Division), under the supervision of the GCCRMO, in conjunction with our external advisers, reviews the adherence to relevant laws and regulations, listing rules compliance, public disclosure requirements, and our standards of compliance practices.

Code of Conduct and 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, and Whistle-blowing Policy are 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 expected to comply with them at all times.

Directors' and relevant employees' Securities Transactions

The Group has adopted procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to possess inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific confirmation has been obtained from each Director and relevant employee to confirm compliance with the Model Code for 2015. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2015.

The Company has adopted the Policy on Inside Information, and handles and disseminates inside information in accordance with the requirements of the Securities and Future Ordinance and the Listing Rules.

Internal and External Audits

The CGD independently reviews the internal controls and evaluates their adequacy, effectiveness, and compliance. The Audit Committee reviews and endorses the execution of the CGD Internal Audit Plan that is strategically linked to the Group's Business Plan. The CGD Audit Plan is prepared under a risk-based assessment methodology and covers the Group's significant operations over a three-year cycle period.

The scope of work mainly covers financial, operational and compliance controls, risk management policies and procedures, and sustainability practices. The CGD has unrestricted access to all the information needed for review. Our GCCRMO reports major findings and recommendations to the Audit Committee on a regular basis. The implementation of all agreed recommendations is being followed up on a three-month basis and reported to the Audit Committee at each Committee meeting. In addition, the CGD visits the Group's local and overseas offices and selected stores, and meets with Management and retail staff on a regular basis to help embed the compliance culture in the Group's business practices when performing on-site reviews.

As part of the annual review of the effectiveness of the Group's system of internal controls, CGD independently reviews the Internal Control and Risk Management Self-Assessment Checklist completed by Management, and assesses the adequacy and effectiveness of risk management and internal controls implemented by Management.

The CGD also reviews the adequacy of resources, qualification, and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

Our external auditor, PwC, performs independent statutory audit on the Group's consolidated financial statements. As part of its audit engagement, PwC also reports to the Audit Committee any significant weaknesses in the Group's risk management and internal control system that may come to their attention during the course of their audit.

Based on the assessments made by Management, CGD, and also taking into the account the results of the work conducted by the external auditor for the purpose of their audit for 2015, the Audit Committee is satisfied that:

- the risk management, internal controls systems as well as the internal audit function of the Group are in place and functioning effectively. They are designed to provide reasonable assurance that material assets are protected, business risks are identified and monitored, material transactions are executed in accordance with Management's authorisation, and the financial statements are not materially misstated and are reliable for publication;
- there are ongoing processes in place for identifying, evaluating, and managing the significant risks faced by the Group; and
- the resources, qualifications, experience, training programmes and budget of the staff of the Group's accounting and financial reporting function are adequate.

Directors' and Senior Management Interests

Details of Directors' interests in the shares of the Company are set out in the Directors' Report section on pages 67 and 68. The shares held by each member of senior management are less than 2% of the issued share capital of the Company during the year ended 31 December 2015.

Directors' Responsibility and Auditor's Responsibility for Financial Statements

The Directors' responsibility for preparing the financial statements are set out on page 72 and the auditor's reporting responsibility is set out on page 73.

Compliance with the CG Code

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2015.

CORPORATE COMMUNICATION

The Company recognises the importance of communication with its internal and external stakeholders, in particular its employees and shareholders, in establishing a good corporate governance culture.

Investor relations and communication

The Company has pursued a policy of promoting investor relations and communication. In 2015, the Company participated in investor conferences during which it made corporate presentations, and held regular meetings with institutional shareholders, fund managers, and analysts. The Company also arranged analysts' briefings and road shows after its annual and interim results announcements.

As a channel to further promote effective communication, the Company maintains a website (www.trinitygroup.com) to disseminate announcements, shareholder information, and other relevant financial and non-financial information electronically on a timely basis. Webcasts of results presentations are also made available on the website. The Company is aware of its obligation under the Securities and Futures Ordinance and the Listing Rules, including the overriding principle that information which is expected to be inside information should be announced promptly and to prevent selective or inadvertent disclosure of inside information. Only selected members of Management are authorised to act as spokespersons and respond to related external enquiries.

The Company regards the AGM as an important event as it provides an opportunity for the Board to communicate with the shareholders. The Chairman of the Board, the Chairman of the Committees (in their absence, their duly appointed delegates) and external auditor attend the AGM to answer any questions from the shareholders. All Directors attended the AGM held in 2015. Active participation by the shareholders at the AGM is highly welcomed. Notices of AGM and related papers are sent to the shareholders no less than 20 clear business days before the meeting. Vote of shareholders at a general meeting is taken by poll and the results are published on the websites of the Company and the Stock Exchange.

In 2015, the Board confirmed that there was no change in the Company's bye-laws that affected the Company's operations and reporting practices. Key calendar events for shareholders' attention and share information, including market capitalisation as at 31 December 2015, are set out in the Information for Investors section on page 62.

Internal communication

Effective communication between Management and staff is vital to the Group's success. Executive Committee Meetings, Country Head Meetings and Operation Meetings are held regularly for senior executives to review the Group's operating results, performance, efficiency and effectiveness, and to formulate Group-wide policies and practices, as well as to report and discuss significant issues affecting the Group. Monthly financial updates prepared by finance team are distributed to senior executives. Management Forum, chaired by the CEO, is also organised at least twice a year for the Group's senior executive and managers, to create a sense of staff ownership of the Group's strategic objectives and to foster effective communications across the Group.

A corporate intranet has been established to facilitate easy access by staff to corporate information in relation to policies, codes of practice, and other staff communication. The Group also regularly publishes newsletters to provide staff with reports on the Group's latest developments, directives and initiatives, the Group's functions, staff movement, and staff recreational activities.

The Group recognises the importance of human capital to its growth and success, and in enhancing the good corporate governance culture of the Company. Details of our human resources and staff development and personal growth are set out in the Discussion and Analysis section on page 35.

SHAREHOLDERS' RIGHTS

Under the Company's bye-laws, on the written requisition of shareholder(s) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, the Board shall convene a special general meeting for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of the requisition. Any such proposal can be put forward in writing to the Board or the Company Secretary at the Company's principal place of business in Hong Kong.

Specific enquiries by shareholders requiring the Board's attention can be sent in writing to the Company Secretary at the Company's principal place of business in Hong Kong. Other general enquiries can be directed to the Company through the Company's website.

SUSTAINABILITY INITIATIVES

Being a socially responsible corporation, the Group is progressively integrating sustainability initiatives throughout its business while incorporating broader social and environmental matters into its day-to-day decision-making. Details of the Group's corporate social responsibility and sustainability initiatives are set out in the Discussion and Analysis section on pages 35 to 38.

Directors and Senior Management

from left to right

Executive Directors

Richard
Samuel Cohen

Danny
Lau Sai Wing

Senior Management

Srinivasan
Parthasarathy

Cody Kondo

Agnes Shen

from left to right

Senior Management

Michelle Ng Keng Chu

Raymond Mark Clacher

EXECUTIVE DIRECTORS

Richard Samuel COHEN
Chief Executive Officer

Aged 61, the Group's Chief Executive Officer appointed on 22 May 2014, and an Executive Director of the Company from 21 August 2014.

Mr Cohen has over 40 years' experience in the apparel industry and the retail market and held various senior positions in a number of prestigious international apparel and retail companies. Mr Cohen served on the worldwide executive committee of Ermenegildo Zegna Corp where he was President and CEO for North America for 16 years until 2004. He was also a senior executive with the Burberry Group wholesale and retail team in the United States during the 1980s. Prior to joining the Group, Mr Cohen was Senior Vice-President of Business Development at Saks Fifth Avenue.

Danny LAU Sai Wing
Chief Operating Officer

Aged 64, was appointed as Executive Director and the Group's Chief Operating Officer on 1 January 2011. He has been responsible for the supply chain management of the Group until December 2015 when he started to oversee the Group's retail business in Asia covering the Greater China region and Singapore.

Prior to joining the Group, he was an executive director of Li & Fung (Trading) Limited, which is a wholly-owned subsidiary of Li & Fung Limited, a company listed on the Main Board of the Stock Exchange, where he was in charge of the business stream specialising in sourcing for global apparel brands and apparel specialty stores in the United States. Mr Lau joined the Li & Fung group in 1981 and was an executive director of Li & Fung Limited from 1992 to 2009.

Mr Lau graduated from the University of Kansas with a Bachelor of Science Degree in Business and Accounting.

NON-EXECUTIVE DIRECTORS

Dr Victor FUNG Kwok King *GBM, GBS, CBE*
Non-executive Chairman

Aged 70, brother of Dr William Fung Kwok Lun and father of Ms Sabrina Fung Wing Yee, has been the Chairman of the Company and a Non-executive Director since December 2006. Dr Fung is Group Chairman of the Fung group, a Hong Kong-based multinational group which comprises major operating groups engaging in trading, logistics, distribution and retailing. They include publicly-listed Li & Fung Limited, Global Brands Group Holding Limited, Convenience Retail Asia Limited and the Company. Dr Fung has become Honorary Chairman of Li & Fung Limited after stepping down as its Group Chairman since May 2012. He is also a director of King Lun Holdings Limited, Fung Holdings (1937) Limited, Fung Retailing Limited and Fung Trinity Investments Limited, which are substantial shareholders of the Company. Dr Fung holds Bachelor's and Master's degrees in Electrical Engineering from the Massachusetts Institute of Technology, and a Doctorate in Business Economics from Harvard University.

Dr Fung is an independent non-executive director of Chow Tai Fook Jewellery Group Limited (Hong Kong) and Koç Holding A.Ş. (Turkey). Formerly, he was an independent non-executive director of Baosteel Group Corporation (October 2005 – January 2013) and BOC Hong Kong (Holdings) Limited (June 2002 – June 2014) and has retired from the board of China Petrochemical Corporation (People's Republic of China). In July 2015, Dr Fung was appointed as Chairman of the Advisory Board of the Asia Global Institute at The University of Hong Kong, a new multi-disciplinary think-tank to assume and carry forward the mission and operations of Fung Global Institute, of which Dr Fung was Founding Chairman (July 2010 – June 2015). In public service, Dr Fung is a member of the Chinese People's Political Consultative Conference. He is also a member of the Economic Development Commission of the Hong Kong Government, and Chairman of the Steering Committee on the Hong Kong Scholarship for Excellence Scheme. Dr Fung was Chairman of the Hong Kong Trade Development Council (1991–2000), the Hong Kong representative on the APEC Business Advisory Council (1996–2003), Chairman of the Hong Kong Airport Authority (1999–2008), Chairman of The Council of The University of Hong Kong (2001–2009), Chairman of the Greater Pearl River Delta Business Council (2004–2013), a member of the Commission on Strategic Development of the Hong Kong Government (2005–2012), Chairman of the International Chamber of Commerce (2008–2010), a member of WTO Panel on Defining Future of Trade (2012–2013) and a vice chairman of China Centre for International Economic Exchanges (2009–2014). In 2003 and 2010, the Hong Kong Government awarded Dr Fung the Gold Bauhinia Star and Grand Bauhinia Medal, respectively, for distinguished service to the community.

Dr William FUNG Kwok Lun *SBS, OBE, JP*
Non-executive Deputy Chairman

Aged 67, brother of Dr Victor Fung Kwok King and uncle of Ms Sabrina Fung Wing Yee, has been a Deputy Chairman of the Company and a Non-executive Director since December 2006. Dr Fung is the Group Chairman of Li & Fung Limited, Chairman and non-executive director of Global Brands Group Holding Limited and a non-executive director of Convenience Retail Asia Limited, all within the Fung group. He is a director of the substantial shareholders of the Company, namely, King Lun Holdings Limited, Fung Holdings (1937) Limited, Fung Retailing Limited and Fung Trinity Investments Limited.

He is past Chairman of the Hong Kong General Chamber of Commerce (1994–1996), the Hong Kong Exporters' Association (1989–1991) and the Hong Kong Committee for Pacific Economic Cooperation (1993–2002). In 2008, the Hong Kong Government awarded Dr Fung the Silver Bauhinia Star for distinguished service to the community. He graduated from Princeton University with a Bachelor of Science degree in Engineering and holds a Master of Business Administration degree from the Harvard Graduate School of Business. He was conferred the degrees of Doctor of Business Administration, *honoris causa*, by The Hong Kong University of Science & Technology and by The Hong Kong Polytechnic University. Currently, Dr Fung is an independent non-executive director of VTech Holdings Limited, Shui On Land Limited, Sun Hung Kai Properties Limited, The Hongkong and Shanghai Hotels, Limited and Singapore Airlines Limited.

Sabrina FUNG Wing Yee
Non-executive Director

Aged 44, daughter of Dr Victor Fung Kwok King and niece of Dr William Fung Kwok Lun, is a Non-executive Director. She was appointed as a Director in September 2007 and re-designated from the office of an Executive Director to a Non-executive Director in February 2014.

Ms Fung is an executive director of Fung Retailing Limited, a substantial shareholder of the Company. She is a director of Macy's China Limited, which is a joint venture between Macy's Inc and Fung Retailing Limited. She started her career at the private investment arm of Fung group in 2000 as Investment Manager running the family's investments and is the Investment Director of Fung Investment Management Limited. Prior to joining the Fung group, she worked for Brown Brothers Harriman & Co in New York and later held the position of Assistant Manager at its Hong Kong office until 1999. Ms Fung is experienced in the retail industry and also held positions in marketing and public relations for Salvatore Ferragamo Asia, merchandising and sourcing for Li & Fung (Trading) Limited and wholesale branding for Li & Fung USA.

Ms Fung graduated from Harvard University, with a Bachelor of Arts degree in Economics in 1993. She is a member of the Special Task Group of the Moral Education Concern Group, the Advisory Committee of the Tanoto Center for Asian Family Business and Entrepreneurship Studies at HKUST, the Hong Kong-Europe Business Council (HKEBC), and board of directors of the Faculty of Business and Economics of The University of Hong Kong respectively. In addition, Ms Fung is the Co-Chair of Asia Council of St Paul's School in New Hampshire, the US, and previously served on its Board of Trustees. She was a member of the Mainland Business Advisory Committee of Hong Kong Trade Development Council.

Jean-Marc LOUBIER

Non-executive Director

Aged 60, was appointed an Independent Non-executive Director on 1 June 2009 and re-designated as a Non-executive Director on 23 March 2011. He is the Chief Executive Officer of HKL Holding in Paris, France. He is also the Chief Executive Officer of RC Holdings SAS, which operates the footwear and accessories brand, Robert Clergerie. Mr Loubier is the President of First Heritage Brands Advisory SAS and Delvaux Design Coordination & Finance NV and the Chairman of Sonia Rykiel Creation et Diffusion de Modeles SA. He is a Board Member of Federation Francaise de la Couture et du Pret-a-Porter and a Vice President of Chambre Syndicale du Pret-a-Porter. He is also a Director of Comite Colbert, French Association of Luxury Companies. He was appointed as a supervisory board member of AdVini SA, a company listed on the Paris Stock Exchange, in 2015.

Mr Loubier was an independent non-executive director of Harry Winston Diamond Corporation (which is now known as "Dominion Diamond Corporation" after its sale of retail business), a company listed on the Toronto Stock Exchange and the New York Stock Exchange, from December 2010 to July 2013. He was the Chief Executive Officer of Escada AG, a company listed on the Frankfurt Stock Exchange, from 1 June 2007 to 30 June 2008 and was a member of its supervisory board and chairman of its strategy committee from November 2006 to May 2007. Previously, Mr Loubier held key managing positions for 16 years in the LVMH Group, where he joined Louis Vuitton Malletier in 1990 as Director of Communications, and was later the Executive Vice President until 2000. He was the President and Chief Executive Officer of Celine from 2000 to 2006. Mr Loubier has an extensive and profound international experience in the luxury, fashion, and retail industries.

Mr Loubier graduated from Institut d'Etudes Politiques de Paris, France, and obtained a Master of Business Administration degree from HEC (Hautes Etudes Commerciales), France, in 1983.

WONG Yat Ming

Non-executive Director

Aged 65, was re-designated as a Non-executive Director in May 2014. He was appointed a Director in December 2006 and was the Group Managing Director from June 2009 to May 2014. Mr Wong is an executive director of Fung Retailing Limited, a substantial shareholder of the Company, and also a managing director of Heritage Foods (Hong Kong) Limited and a director of Fung (1906) Foundation Limited.

Mr Wong joined the Fung group in 1999 as Regional Director of Fung Distribution International Limited. Previously, he was the Chief Executive, Consumer and Healthcare of Greater China of Inchcape Marketing Service, and a director of Inchcape Pacific Limited. He has more than 30 years of experience in the distribution of consumer products including fast-moving consumer products in the Asia-Pacific Region. He has ample experience in the marketing of consumer brands and successfully marketed many well-known consumer brands in the Asia-Pacific Region.

Mr Wong holds a Bachelor of Arts (Hons) degree in Economics and Philosophy from The University of Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Eva CHENG LI Kam Fun

Independent Non-executive Director

Aged 63, was appointed an Independent Non-executive Director on 1 November 2011. Mrs Cheng is an executive director of Our Hong Kong Foundation, which is a non-government, non-profit institute – a think tank dedicated to independent research focused on Hong Kong's near and long-term development needs.

Mrs Cheng began her career with Amway in Hong Kong in 1977 and was promoted to the rank of Corporate Executive Vice President of Amway in 2005. She had direct responsibility for all Amway markets in the Greater China and Southeast Asia regions. She is best known for leading Amway's entry into China in 1991, and served concurrently as Executive Chairwoman of Amway China Co. Ltd. until her retirement in the spring of 2011. Under her leadership, Amway China overcame significant regulatory and operating challenges and grew to become a business enterprise with over US$3 billion in revenues in 2010. In 2007, CNBC presented Mrs Cheng with the "China Talent Management Award". In 2008 and 2009, she was twice named by Forbes magazine as one of the "World's 100 Most Powerful Women". In 2010, Fortune magazine (Chinese edition) named her as one of the "25 Most Influential Business Women in China".

Mrs Cheng is the Founding Chairwoman & Honorary Chairwoman of the Amway Charity Foundation, Member of the Executive Committee of the All-China Women's Federation, and Member of the Guangdong Provincial Committee of Chinese People's Political Consultative Conference. She currently serves as independent non-executive director on other publicly listed company boards of Haier Electronics Group Co., Ltd. in Hong Kong, Amcor Limited in Australia and Nestlé S.A. in Switzerland. She was an independent non-executive director of Amway (Malaysia) Holdings Berhad (a listed company in Malaysia), Esprit Holdings Limited (a listed company in Hong Kong) and The Link Management Limited (the manager of The Link Real Estate Investment Trust which is listed in Hong Kong).

Mrs Cheng graduated from The University of Hong Kong and holds a Bachelor of Arts (Hons) Degree and a Master of Business Administration Degree.

Cassian CHEUNG Ka Sing

Independent Non-executive Director
Chairman of Remuneration Committee

Aged 60, was appointed an Independent Non-executive Director on 1 October 2008. Mr Cheung is an executive director and Group Chief Executive Officer of Next Digital Limited (formerly known as Next Media Limited), a company listed on the Main Board of the Stock Exchange, and he was appointed as its Interim Group Chairman in December 2014.

Mr Cheung was the President of Wal-Mart China Co Ltd from 2002 to 2005, where he led the expansion of Wal-Mart retail stores in China and managed a team of more than 20,000 associates. Prior to joining Wal-Mart, he was the President of Quaker Oats Asia, Inc, which managed amongst other brands, the Gatorade Sports Drinks and Quaker Cereals brands. Mr Cheung also worked in The Nestlé Company from 1978 until 1994, and was the Chief Operating Officer-PRC for Nestlé (China) Ltd from 1992 to 1994.

He is a member of the Global Advisory Board of the Kellogg School of Management at Northwestern University, and was the President of the Hong Kong Kellogg Alumni Club. He is also an advisory member of the Global Business program of the Business School of the Hong Kong University of Science and Technology ("HKUST"). Since 2005, Mr Cheung has been an adjunct professor at the Business and Management School of the HKUST, where he teaches management courses in both the Master of Business Administration program and the undergraduate Global Business program.

Mr Cheung received a Master of Business Administration degree from the Kellogg School of Management, Northwestern University and an honorary degree of Doctor of Humane Letters from Saint Joseph's College, Indiana, USA.

Michael LEE Tze Hau

Independent Non-executive Director
Chairman of Nomination Committee

Aged 54, was appointed an Independent Non-executive Director on 1 October 2008. Mr Lee is a director of Oxer Limited, a private investment company.

Mr Lee started his career in the investment industry in 1987 and has since held senior management positions in multinational investment companies including Indosuez Asia Investment Services Limited and Lloyd George Management. He also co-founded Asia Strategic Investment Management Limited in 1995.

He is a non-executive director of Hysan Development Company Limited and an independent non-executive director of Chen Hsong Holdings Limited, both of which are listed on the Stock Exchange. He is also a Steward of The Hong Kong Jockey Club. Mr Lee was a member of the Main Board and Growth Enterprise Market Listing Committee of The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission (HKEC Listing) Committee. He retired as an independent non-executive director of Hong Kong Exchanges and Clearing Limited and as the chairman and independent non-executive director of OTC Clearing Hong Kong Limited in April 2015.

Educated in the United States, Mr Lee holds a Bachelor of Arts degree from Bowdoin College and a Master of Business Administration degree from Boston University.

Patrick SUN

Independent Non-executive Director
Chairman of Audit Committee

Aged 57, was appointed an Independent Non-executive Director on 1 October 2008. He is currently an independent non-executive director of Sihuan Pharmaceutical Holdings Group Ltd, China NT Pharma Group Company Limited, China Railway Signal & Communication Corporation Limited and Kunlun Energy Company Limited, all of which are listed in Hong Kong. He is also an independent non-executive director of CRRC Corporation Limited and China Railway Construction Corporation Limited, both of which are listed on the Stock Exchanges of Hong Kong and Shanghai. He is a vice-chairman of The Chamber of Hong Kong Listed Companies and was its chairman (2013–2015) and Honorary Chief Executive Officer.

Mr Sun was an independent non-executive director and non-executive chairman of Solomon Systech (International) Limited, a non-executive director of Renhe Commercial Holdings Company Limited, an executive director of Value Convergence Holdings Limited and SW Kingsway Capital Holdings Limited (all of which are listed companies in Hong Kong), and an independent non-executive director of China Railway Group Limited (listed on the Stock Exchanges of Hong Kong and Shanghai), China CNR Corporation Limited (which was delisted in May 2015 due to merger with CRRC Corporation Limited) and The Link Management Limited (the manager of The Link Real Estate Investment Trust which is also listed in Hong Kong), the Senior Country Officer and Head of Investment Banking for Hong Kong of JP Morgan Chase, group executive director and Head of Investment Banking for Greater China at Jardine Fleming Holdings Limited. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee, Deputy Convenor of the Listing Committee of the Stock Exchange and a council member of the Stock Exchange.

Mr Sun graduated from the Wharton School of the University of Pennsylvania, the United States, with a Bachelor of Science degree in Economics in 1981. Mr Sun also completed the Stanford Executive Program of Stanford Business School, the United States, in 2000. Mr Sun is a fellow of the Association of Chartered Certified Accountants, the United Kingdom, and a fellow of the Hong Kong Institute of Certified Public Accountants.

GROUP CHIEF COMPLIANCE AND RISK MANAGEMENT OFFICER

Jason YEUNG Chi Wai

Aged 61, was appointed as the Group Chief Compliance and Risk Management Officer of the Company in July 2015. He is also the Group Chief Compliance and Risk Management Officer of Fung Holdings (1937) Limited, a substantial shareholder of the Company and its publicly listed companies in Hong Kong.

He has extensive experience in handling legal, compliance and regulatory matters, and worked previously in both the public and private sectors practising corporate, commercial and securities law.

Prior to joining the Fung group, he was Deputy Chief Executive (Personal Banking) of Bank of China (Hong Kong) Limited (BOCHK) with responsibility for the overall performance of the personal banking businesses of BOCHK.

Mr Yeung graduated from The University of Hong Kong with a Bachelor's degree in Social Sciences. He also graduated from The College of Law, United Kingdom and holds a Bachelor's degree in Law and a Master's degree in Business Administration from The University of Western Ontario, Canada.

SENIOR MANAGEMENT

Srinivasan PARTHASARATHY
Chief Financial Officer

Aged 58, is the Chief Financial Officer of the Group from 1 July 2015. He is responsible for overseeing the Group's finance, accounting, human resources and information technology functions.

From January 2012 to June 2015, he was the Group Chief Compliance Officer of Fung Holdings (1937) Limited, a substantial shareholder of the Company and also of the Fung Group of companies including publicly-listed Li & Fung Limited, Global Brands Group Holding Limited, Convenience Retail Asia Limited and the Company.

Mr Parthasarathy, who has more than 30 years of professional experience, has held various financial and commercial positions with the Fung Group since 1999, and the Inchcape group before that in Hong Kong, Singapore, the United Kingdom and the Middle East. He has previously served as chief financial officer of two listed companies in Singapore and Hong Kong.

Mr Parthasarathy is a Commerce Graduate of Bombay University and qualified as a Chartered Accountant in India, securing fourth position in the All India Merit Rankings. He is also a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom.

Cody KONDO
Chief Merchandising Officer

Aged 60, joined the Group in October 2014. He is the Group's Chief Merchandising Officer responsible for overseeing the design teams globally.

Mr Kondo has a wealth of experience in merchandising, branding, retailing management and organisation development, from decades spent with leading international retailers.

Immediately prior to joining the Group, Mr Kondo was with Saks Fifth Avenue in New York for 14 years. He was the Group Senior Vice President and General Merchandise Manager responsible for menswear. In the second part of his time at Saks, Mr Kondo was the Omni Group Senior Vice President and General Merchandise Manager of shoes, handbags and fine jewelry. While in that position, he led the pilot omni integration which eventually was adopted in all product categories. Before joining Saks, Mr Kondo was the Senior Vice President, Polo Retail Corporation of Ralph Lauren in New York from 1997-1999. He began his retail career at Nordstrom Inc. in the US in 1978 where he advanced through positions of increasing responsibility for 19 years, ultimately leading the Midwest and Northeast regions as Menswear General Merchandise Manager.

Mr Kondo has a Bachelor of Business Administration Degree from Brigham Young University, Utah, US.

Michelle NG Keng Chu
Executive Vice President – Asia Retail (China and Singapore)

Aged 56, Executive Vice President – Asia Retail (China and Singapore). Prior to her present role, she was the Executive Vice President – Singapore of LiFung Trinity Management (Singapore) Pte Ltd and Cerruti Investment Pte Ltd. She was responsible for developing Trinity's owned brands into ASEAN markets.

Ms Ng joined the Group on 1 April 2007. She started the Salvatore Ferragamo joint-venture in South Korea managing both the domestic and travel retail business as well as various markets in South East Asia until end of 2012. Previously Ms Ng formed Branded Lifestyle, the fashion retailing arm of the Fung Group and has more than 29 years experience in luxury and fashion management. Her past portfolio includes Mango, Calvin Klein Jeans, Country Road, and GANT. Prior to the Group, Ms Ng joined Inchcape Berhad in 1986 handling personal-care products, sports footwear, and luxury goods, including Sheaffer pens, Vacheron Constantin, Nina Ricci, and Givenchy watches as well as premium fashion labels including Ermenegildo Zegna and Karl Lagerfeld. Before Inchcape Berhad, she worked in Export Credit Insurance Corporation of Singapore, Mulpha Sdn Bhd (Malaysia) and IBM (United Kingdom).

Ms Ng holds a Bachelor of Arts (Hons) degree from Brighton University, United Kingdom.

Agnes SHEN
Executive Vice President – Asia Retail (Hong Kong, Macau and Taiwan)

Aged 61, is the Executive Vice President – Asia Retail (Hong Kong, Macau and Taiwan). She is also a director of two retail subsidiaries of the Company. Ms Shen joined Trinity Retail (H.K.) Limited in 1978. She was the Director of Merchandising responsible for product development, merchandising, and retail operations between 1987 and 1996. Prior to her present role, she was the Managing Director of Cerruti 1881 and the Executive Vice President – Retail Operations. Ms Shen has extensive knowledge of the premium menswear retail industry and the scope of her experience spans all aspects of the business.

Ms Shen holds a Bachelor of Science degree in Business Administration (Economics) from the University of San Francisco, the United States.

Raymond Mark CLACHER
Executive Vice President – Licensing

Aged 52, joined the Company in 2009. Prior to his current role, he was the Executive Vice President – Retail (Hong Kong & Macau); Taiwan and also the Managing Director of Gieves & Hawkes. Mr Clacher has a retail career spanning 30 years including senior management positions in Asia and Europe. He was the Commercial Director of Gieves Limited from 2006 until joining Trinity Limited in 2009. He was the Retail Operations Director for United Colors of Benetton from November 2000 to July 2002 and prior to that, held senior management positions with UK retail companies such as House of Fraser, BHS and Littlewoods.

Mr Clacher holds a national business diploma from the Business Education Council.

Information for Investors

Listing Information

Listing:	**Hong Kong Stock Exchange**
Stock Code:	**891**

Financial Calendar

21 March 2016
Announcement of 2015 Final Results

20 May 2016
Record Date for determining Members' right to attend Annual General Meeting

23 May 2016
Annual General Meeting

Share Registrar and Transfer Offices

Principal:

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Hong Kong Branch:

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone number: (852) 2980 1333
e-mail: is-enquiries@hk.tricorglobal.com

Share Information

Board lot size
2,000 shares

Shares outstanding as at 31 December 2015
1,746,528,883

Market capitalisation as at 31 December 2015
HK$2 billion

Enquiries Contact

Srinivasan PARTHASARATHY
Chief Financial Officer
Telephone number: (852) 2342 1151
Facsimile number: (852) 2343 4708
e-mail: info@trinitygroup.com

Trinity Limited
30/F, OCTA Tower
8 Lam Chak Street
Kowloon Bay, Kowloon
Hong Kong

Website

www.trinitygroup.com

Directors' Report

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2015.

Principal Activities and Business Review

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 40 to the consolidated financial statements. A fair review and analysis of the Group's business, including a discussion of principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of 2015 and an indication of likely future development in the Group's businesses, can be found in Chairman's Statement on pages 11 to 13, Chief Executive Officer's Overview on pages 15 to 17, Discussion and Analysis section on pages 32 to 38 and Notes 4.1 and 38 to the consolidated financial statements. These review and analysis form part of this Directors' report.

Geographical Analysis of Operations

An analysis of the Group's performance for the year by operating segment is set out in Note 6 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 75. The Directors do not recommend the payment of a final dividend.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in Notes 27 and 39 to the consolidated financial statements respectively.

Distributable Reserves

As at 31 December 2015, the Company's distributable reserves available for distribution to shareholders under the Companies Act 1981 of Bermuda (as amended) amounted to HK$782,086,000 (2014: HK$672,597,000).

Donations

Charitable and other donations made by the Group during the year amounted to HK$39,000 (2014: HK$252,000).

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in Note 26 to the consolidated financial statements.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's bye-laws ("Bye-laws") and there was no restriction against such rights under the laws of Bermuda.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 160.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

Share Option Scheme

The Company has in place a share option scheme adopted on 16 October 2009 ("Share Option Scheme" or "Post-IPO Share Option Scheme") to subscribe for its shares ("Shares"). Details of the Share Option Scheme are as follows:

(i) *Purpose*

The purpose is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to the qualifying grantees, and to promote long-term financial success of the Group by aligning the interests of the option holders to the Company's shareholders.

(ii) *Qualifying participants*

Any employee (whether full-time or part-time), executive or non-executive director, company secretary, secondee, consultant, agent, representative, adviser, customer, contractor, business partner, business ally, business alliance, joint venture partner of or supplier of goods or services to the Group or any affiliates ("Eligible Person"), or any trust for the benefit of an Eligible Person or his immediate family members, or any company controlled by an Eligible Person or his immediate family members.

(iii) *Maximum number of shares*

The total number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue as at 3 November 2009, being the date of commencement of dealings in the Shares on the Stock Exchange. The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme if this will result in such limit being exceeded. As at 31 December 2015, the number of Shares available for issue in respect thereof is 46,392,488, representing approximately 2.65% of the issued share capital of the Company as at the date of this report.

(iv) *Limit for each qualifying participant*

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to each qualifying participant must not exceed 1% of the Shares in issue.

(v) *Option period*

In respect of any particular option, such period as the Board may in its absolute discretion determine and specify, which shall be not more than 10 years from the date of grant of relevant option.

(vi) *Acceptance and payment on acceptance*

An offer of the grant of an option shall remain open for acceptance for a period of 28 days from the date of offer (or such period as the Board may specify in writing). HK$1.00 is payable by the grantee to the Company on acceptance of the offer.

(vii) *Subscription price*

The subscription price shall not be less than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share.

(viii) *Remaining life of the Share Option Scheme*

The Board shall be entitled at any time within 10 years commencing on 3 November 2009 to make an offer for the grant of an option.

As at 31 December 2015, options to subscribe for a total of 31,980,000 Shares under the Share Option Scheme remained valid and outstanding, representing approximately 1.83% of the total number of issued Shares as at the date of this report.

Share Options

Details of the share options granted under the Share Option Scheme which remained outstanding as at 31 December 2015 are as follows:

Category of Participants	Number of Share Options: As at 01/01/2015 *(Note 1)*	Granted	Exercised	Cancelled/ Lapsed *(Note 2)*	Transfer In	Transfer Out	As at 31/12/2015	Exercise Price HK$	Grant Date	Exercisable Period
Directors										
Richard Samuel COHEN	1,990,000	–	–	–	–	–	1,990,000	2.01	21/08/2014	01/04/2015–31/12/2016
	1,990,000	–	–	–	–	–	1,990,000	2.01	21/08/2014	01/01/2016–31/12/2017
	1,990,000	–	–	–	–	–	1,990,000	2.01	21/08/2014	01/01/2017–31/12/2018
Danny LAU Sai Wing	1,000,000	–	–	–	–	–	1,000,000	2.01	21/08/2014	01/04/2015–31/12/2016
	1,000,000	–	–	–	–	–	1,000,000	2.01	21/08/2014	01/01/2016–31/12/2017
	1,000,000	–	–	–	–	–	1,000,000	2.01	21/08/2014	01/01/2017–31/12/2018
Bruno LI Kwok Ho *	1,000,000	–	–	–	–	–	1,000,000	2.01	21/08/2014	01/04/2015–31/12/2016
	1,000,000	–	–	–	–	–	1,000,000	2.01	21/08/2014	01/01/2016–31/12/2017
	1,000,000	–	–	–	–	–	1,000,000	2.01	21/08/2014	01/01/2017–31/12/2018
Continuous Contract Employees	5,260,000	–	–	340,000	750,000	220,000	5,450,000	2.01	21/08/2014	01/04/2015–31/12/2016
	5,260,000	–	–	340,000	750,000	220,000	5,450,000	2.01	21/08/2014	01/01/2016–31/12/2017
	5,260,000	–	–	340,000	750,000	220,000	5,450,000	2.01	21/08/2014	01/01/2017–31/12/2018
	1,000,000	–	–	–	–	–	1,000,000	1.84	04/11/2014	01/04/2015–31/12/2016
	1,000,000	–	–	–	–	–	1,000,000	1.84	04/11/2014	01/01/2016–31/12/2017
	1,000,000	–	–	–	–	–	1,000,000	1.84	04/11/2014	01/01/2017–31/12/2018
Other Participants	750,000	–	–	–	220,000	750,000	220,000	2.01	21/08/2014	01/04/2015–31/12/2016
	750,000	–	–	–	220,000	750,000	220,000	2.01	21/08/2014	01/01/2016–31/12/2017
	750,000	–	–	–	220,000	750,000	220,000	2.01	21/08/2014	01/01/2017–31/12/2018
Total	33,000,000	–	–	1,020,000	2,910,000	2,910,000	31,980,000			

* *Retired as Director of the Company with effect from 1 July 2015*

Notes:

1. *As at 31 December 2014, there were 36,250,000 share options outstanding. Among these outstanding share options, 3,250,000 share options lapsed immediately upon the expiry of the exercisable period ended 31 December 2014 and subsequently, the total number of outstanding share options as at 1 January 2015 was 33,000,000.*
2. *By adding up 3,250,000 lapsed share options as mentioned in Note 1 above and 1,020,000 lapsed share options for the year ended 31 December 2015, the total number of lapsed share options during the year is 4,270,000.*
3. *The above options are recognised as expenses in the consolidated financial statements in accordance with the Company's accounting policy as set out in Note 3.19(v) to the consolidated financial statements. Other details of share options granted by the Company are set out in Note 26 to the consolidated financial information.*

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Richard Samuel COHEN *(Chief Executive Officer)*
Danny LAU Sai Wing *(Chief Operating Officer)*
Bruno LI Kwok Ho *(Chief Financial Officer)*
(retired on 1 July 2015)

Non-executive Directors

Dr Victor FUNG Kwok King *(Chairman)*
Dr William FUNG Kwok Lun *(Deputy Chairman)*
Sabrina FUNG Wing Yee
Jean-Marc LOUBIER
WONG Yat Ming

Independent Non-executive Directors

Eva CHENG LI Kam Fun
Cassian CHEUNG Ka Sing
Michael LEE Tze Hau
Patrick SUN

In accordance with Bye-law 84 of the Company's Bye-laws, Dr Victor FUNG Kwok King, Ms Sabrina FUNG Wing Yee, Mr Danny LAU Sai Wing and Mr Jean-Marc LOUBIER will retire by rotation at the forthcoming Annual General Meeting. Dr Victor FUNG Kwok King, Ms Sabrina FUNG Wing Yee and Mr Jean-Marc LOUBIER, being eligible, will offer themselves for re-election. Mr Danny LAU Sai Wing will not stand for re-election and will retire from the Board with effect from the conclusion of the Annual General Meeting, while he continues to act as the Chief Operating Officer of the Group.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company that is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, except as disclosed under Connected Transactions section on pages 70 and 71 and Note 37 "Related party transactions" to the consolidated financial statements.

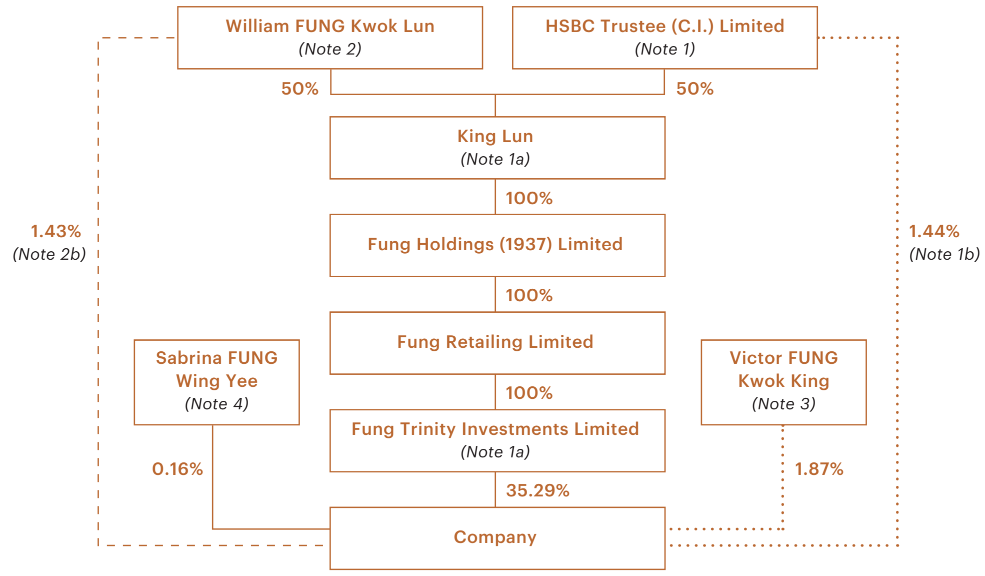
Directors' Interests and Short Positions in Securities

As at 31 December 2015, the Directors and chief executive of the Company and their 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 Securities and Futures Ordinance ("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 for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Long Position in Shares and Underlying Shares of the Company

	Number of Shares					
Directors	Personal Interest	Family Interest	Corporate/ Trust Interest	Equity Derivatives (share options)	Total	Approximate Percentage of Issued Share Capital (%)
Victor FUNG Kwok King	–	32,613,795 [3]	641,657,760 [1]	–	674,271,555 [3]	38.60
William FUNG Kwok Lun	10,428,000 [2]	–	630,913,760	–	641,341,760 [2]	36.72
Sabrina FUNG Wing Yee	2,800,000 [4]	–	641,657,760 [1]	–	644,457,760 [4]	36.89
Richard Samuel COHEN	–	–	–	5,970,000 [5]	5,970,000	0.34
Danny LAU Sai Wing	–	–	–	3,000,000 [5]	3,000,000	0.17
WONG Yat Ming	50,976,563	–	–	–	50,976,563	2.91

The following simplified chart illustrates the deemed interests of Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee:



Directors' Interests and Short Positions in Securities *(Continued)*

Notes:

1. *Each of Dr Victor FUNG Kwok King and Ms Sabrina FUNG Wing Yee (daughter of Dr Victor FUNG Kwok King and as his family member) was deemed to have interests in 641,657,760 Shares, which were held in the following manner:*
   a. *616,413,760 Shares were directly held by Fung Trinity Investments Limited, an indirect wholly-owned subsidiary of King Lun Holdings Limited ("King Lun"). King Lun was owned as to 50% by HSBC Trustee (C.I.) Limited as trustee of a trust ("Trustee") established for the benefit of the family members of Dr Victor FUNG Kwok King and as to 50% by Dr William FUNG Kwok Lun; and*
   b. *25,244,000 Shares were directly held by First Island Developments Limited, a company wholly owned by the Trustee.*
2. *Among a total of 641,341,760 Shares interested by Dr William FUNG Kwok Lun:*
   a. *616,413,760 Shares were under the same block of shares indirectly held by King Lun as mentioned in Note 1a above; and*
   b. *14,500,000 Shares were directly held by Step Dragon Enterprise Limited, a company beneficially owned by Dr William FUNG Kwok Lun; and 10,428,000 Shares were personally held by him.*
3. *32,613,795 Shares were directly held by a company owned by the spouse of Dr Victor FUNG Kwok King. Therefore, Dr Victor FUNG Kwok King was deemed to be interested in these Shares. By adding up the interests mentioned in Note 1 above, Dr Victor FUNG Kwok King was deemed to be interested in an aggregate of 674,271,555 Shares.*
4. *2,800,000 Shares were personally held by Ms Sabrina FUNG Wing Yee. By adding up the interests mentioned in Note 1 above, Ms Sabrina FUNG Wing Yee was deemed to be interested in an aggregate of 644,457,760 Shares.*
5. *These interests represented the interests in underlying shares in respect of the share options granted by the Company to these Directors as beneficial owners, details of which are set out in the Share Options section.*

The interests of the Directors and chief executive in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are detailed in the Share Options section.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company or their associates had any interests or short positions in any 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.

Save as disclosed above, at no time during the year, the Directors and chief executive (including their spouse and children under the age of 18) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company or its associated corporations required to be disclosed pursuant to the SFO.

Substantial Shareholders' Interests and Short Positions in Securities

As at 31 December 2015, other than the Directors and chief executive of the Company, the following persons had interests or short positions in the Shares as recorded in the register required to be kept under Section 336 of the SFO:

Shareholders	Capacity	Number of Shares	Approximate Percentage of Issued Share Capital (%)
Fung Trinity Investments Limited [1]	Beneficial owner	616,413,760	35.29
Fung Retailing Limited [1]	Interest of controlled corporation	616,413,760	35.29
Fung Holdings (1937) Limited [1]	Interest of controlled corporation	616,413,760	35.29
King Lun [1]	Interest of controlled corporation	616,413,760	35.29
HSBC Trustee (C.I.) Limited [2]	Trustee	641,657,760	36.73
Schroders Plc [3]	Investment manager	122,267,491	7.00

Notes:

1. *Fung Trinity Investments Limited was an indirect wholly-owned subsidiary of King Lun, with Fung Retailing Limited and Fung Holdings (1937) Limited as the intermediate holding companies along the chain of ownership. Therefore, Fung Retailing Limited, Fung Holdings (1937) Limited, and King Lun were all deemed to be interested in the 616,413,760 Shares held by Fung Trinity Investments Limited. Refer to the chart in the section headed "Directors' Interests and Short Positions in Securities".*
2. *HSBC Trustee (C.I.) Limited, the Trustee, owned 50% of the issued share capital of King Lun and was therefore deemed to be interested in the 616,413,760 Shares indirectly held by King Lun. In addition, the Trustee had deemed interest of the 25,244,000 Shares directly held by its wholly owned company, First Island Developments Limited. Refer to the chart in the section headed "Directors' Interests and Short Positions in Securities".*
3. *Schroders Plc was interested in these Shares through a chain of its controlled companies.*

Save as disclosed above, as at 31 December 2015, the Company had not been notified by any person, other than a Director or 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.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out on pages 55 to 61.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

During the year under review, the Group purchased or sold less than 30% of its goods and services from or to its five largest suppliers or customers, respectively.

Connected Transactions

During the year, the Group has engaged in the following continuing connected transactions:

(i) *Leasing and/or licensing arrangements*

On 19 November 2013, the Company renewed the master agreement with Fung Holdings (1937) Limited ("FH 1937") for a term of three years from 1 January 2014 to 31 December 2016 in respect of the property leasing and/or licensing arrangements with FH 1937 and its associates (together, "FH 1937 Group"). Rentals for the property leasing and/or licensing arrangements were negotiated between parties with reference to the then prevailing market rates and such transactions constituted continuing connected transactions under the Listing Rules. The Group incurred rentals of RMB3,567,000 (HK$4,418,000) for the year ended 31 December 2015.

(ii) *Logistics related services*

On 4 November 2014, the Company renewed the master agreement with FH 1937 in respect of the provision of logistics related services by FH 1937 Group to the Group in Hong Kong and the Chinese Mainland for a term of three years from 1 January 2015 to 31 December 2017. The provision of the logistics related services to the Group pursuant to the master agreement constituted continuing connected transactions under the Listing Rules. The Group incurred the service charges of HK$422,000 and RMB8,798,000 (HK$10,895,000) in Hong Kong and the Chinese Mainland, respectively, for the year ended 31 December 2015.

(iii) *Licence agreement*

On 15 September 2015, the Group entered into a licence agreement with a subsidiary of Global Brands Group Holding Limited (as licensor), an associate of FH 1937, and Mr David Beckham in relation to the grant to the Group certain rights to use the licensed property relating to Mr David Beckham in the promotion, design, manufacture and distribution of certain products under "Kent & Curwen" brand of the Group. The initial term of the said licence agreement is for the period from 15 September 2015 to 31 December 2020. An independent financial adviser has been engaged for providing its view on such term exceeding three years which is in the interest of the Company and is a normal business practice. This licensing arrangement constituted continuing connected transactions under the Listing Rules. The Group paid the royalty of HK$13,566,000 as a prepayment for the year ended 31 December 2015.

(iv) *Sourcing services for garments and fashion accessories*

On 13 November 2015, the Company entered into a master agreement with FH 1937 in respect of the provision of sourcing and related services for garments and fashion accessories by FH 1937 Group to the Group for a term of three years from 1 January 2015 to 31 December 2017. The provision of the sourcing and related services to the Group pursuant to the master agreement constituted continuing connected transactions under the Listing Rules. The Group incurred the service charges of HK$2,752,000 for the year ended 31 December 2015.

(v) *Sales of garments and fashion accessories*

On 22 December 2015, the Company entered into a master agreement with FH 1937 for the sales of garments and fashion accessories to FH 1937 Group from the Group for a term of three years from 1 January 2015 to 31 December 2017. The transactions contemplated pursuant to the master agreement constituted continuing connected transactions under the Listing Rules. The Group recorded total sales of HK$78,288,000 for the year ended 31 December 2015.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or, on terms no less favourable to the Group than terms available to or from independent third parties; and

(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to rule 14A.56 of the Listing Rules, the Board of Directors engaged the Company's auditor to perform certain procedures in respect of the continuing connected transactions set out above in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has, based on the procedures performed, issued an unqualified letter containing his findings and conclusions in respect of the continuing connected transactions to the Board of Directors.

Save as disclosed above, none of the transactions disclosed as related party transactions in Note 37 to the consolidated financial statements is a connected transaction or a continuing connected transaction which is subject to the reporting and disclosure requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Permitted Indemnity Provision

A permitted indemnity provision is currently in force for the benefit of the Directors of the Company and was in force throughout the year. The Company has maintained liability insurance to provide appropriate cover for the directors of the Company and its subsidiaries.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements for each financial period which give a true and fair view of the financial position of the Group and of the financial performance and cash flows for that period. In preparing these financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable; and have prepared the financial statements on the going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 21 March 2016

Independent Auditor's Report

羅兵咸永道

Independent Auditor's Report
To the Shareholders of Trinity Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Trinity Limited (the "Company") and its subsidiaries set out on pages 75 to 159, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21 March 2016

Consolidated Income Statement

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	6(a)	**1,914,053**	2,623,584
Cost of sales		**(528,896)**	(680,699)
Gross profit		**1,385,157**	1,942,885
Other income	8	**179,937**	98,871
Selling, marketing and distribution expenses		**(1,179,098)**	(1,329,073)
General and administrative expenses		**(484,287)**	(507,160)
Other losses – net	9	**(19,340)**	(32,764)
Operating (loss)/profit	7	**(117,631)**	172,759
Finance (costs)/income – net	10	**(15,618)**	3,649
Share of profit of associates	18	**4,285**	7,790
(Loss)/profit before income tax		**(128,964)**	184,198
Income tax	11	**40,446**	(23,334)
(Loss)/profit for the year attributable to shareholders of the Company		**(88,518)**	160,864
Basic (loss)/earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	12(a)	**(5.1) cents**	9.3 cents
Diluted (loss)/earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	12(b)	**(5.1) cents**	9.3 cents

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
(Loss)/profit for the year	**(88,518)**	160,864
Other comprehensive expenses		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**353**	(13,120)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries and associates	**(50,360)**	(28,842)
Exchange differences realised upon liquidation of a subsidiary	**–**	(124)
Other comprehensive expenses for the year, net of tax	**(50,007)**	(42,086)
Total comprehensive (expenses)/income for the year	**(138,525)**	118,778
Total comprehensive (expenses)/income attributable to:		
– Shareholders of the Company	**(138,525)**	118,778

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**172,175**	236,985
Intangible assets	17	**3,263,364**	3,054,502
Investments in associates	18	**125,727**	131,486
Loan receivable	19	**101,447**	71,930
Derivative financial instrument	20	**6,018**	6,023
Deposits, prepayments and other receivables	21	**49,897**	55,982
Deferred income tax assets	22	**193,091**	144,651
		3,911,719	3,701,559
Current assets			
Inventories	23	**591,891**	612,475
Trade receivables	24	**90,211**	179,978
Deposits, prepayments and other receivables	21	**190,640**	110,803
Amounts due from related parties	37(b)	**949**	77
Current income tax recoverables		**12,212**	15,599
Cash and cash equivalents (excluding bank overdrafts)	25	**235,239**	522,677
		1,121,142	1,441,609
Total assets		**5,032,861**	5,143,168
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	26	**174,653**	174,653
Share premium	26	**2,376,850**	2,376,850
Reserves	27	**639,095**	845,108
Total equity		**3,190,598**	3,396,611

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowing	33	**160,000**	–
Provision for long service payments	28	**7,151**	10,377
Retirement benefit obligations	29	**29,524**	31,221
Other payables and accruals	30	**203,260**	–
Contingent purchase consideration payable for acquisition	32	**175,892**	252,475
Deferred income tax liabilities	22	**306,233**	311,457
		882,060	605,530
Current liabilities			
Trade payables	31	**70,264**	43,870
Other payables and accruals	30	**277,942**	321,869
Amounts due to related parties	37(b)	**38,256**	13,089
Current income tax liabilities		**7,453**	14,279
Borrowings	33	**566,288**	747,920
		960,203	1,141,027
Total liabilities		**1,842,263**	1,746,557
Total equity and liabilities		**5,032,861**	5,143,168

Approved by the Board of Directors on 21 March 2016 and were signed on its behalf

Victor FUNG Kwok King
Director

Richard Samuel COHEN
Director

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Note	Attributable to shareholders of the Company				
		Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000
Balance at 1 January 2015		**174,653**	**2,376,850**	**1,045,076**	**(199,968)**	**3,396,611**
Comprehensive expense						
Loss for the year		–	–	(88,518)	–	(88,518)
Other comprehensive expenses						
Remeasurements of post employment benefit obligations	27	–	–	353	–	353
Exchange differences on translation of subsidiaries and associates	27	–	–	–	(50,360)	(50,360)
Other comprehensive expenses for the year, net of tax		–	–	353	(50,360)	(50,007)
Total comprehensive expenses		–	–	(88,165)	(50,360)	(138,525)
Transactions with owners						
Employee share option scheme						
– value of employee services	27	–	–	–	7,613	7,613
– transfer to retained earnings	27	–	–	5,233	(5,233)	–
2014 final dividends paid	15(b)	–	–	(75,101)	–	(75,101)
Total transactions with owners		–	–	(69,868)	2,380	(67,488)
Balance at 31 December 2015		**174,653**	**2,376,850**	**887,043**	**(247,948)**	**3,190,598**

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

	Note	Share capital HK$'000	Share premium HK$'000	Retained earnings HK$'000	Other reserves HK$'000	Total HK$'000
		Attributable to shareholders of the Company				
Balance at 1 January 2014		173,264	2,355,300	1,068,259	(157,188)	3,439,635
Comprehensive income						
Profit for the year		–	–	160,864	–	160,864
Other comprehensive expenses						
Remeasurements of post employment benefit obligations	27	–	–	(13,120)	–	(13,120)
Exchange differences on translation of subsidiaries and associates	27	–	–	–	(28,842)	(28,842)
Exchange differences realised upon liquidation of a subsidiary	27	–	–	–	(124)	(124)
Other comprehensive expenses for the year, net of tax		–	–	(13,120)	(28,966)	(42,086)
Total comprehensive (expenses)/income		–	–	147,744	(28,966)	118,778
Transactions with owners						
Employee share option schemes						
– value of employee services	27	–	–	–	4,337	4,337
– exercise of share options	26	1,389	21,550	–	–	22,939
– transfer to retained earnings	27	–	–	18,151	(18,151)	–
2013 final dividends paid	15(b)	–	–	(147,288)	–	(147,288)
2014 interim dividends paid	15(a)	–	–	(41,790)	–	(41,790)
Total transactions with owners		1,389	21,550	(170,927)	(13,814)	(161,802)
Balance at 31 December 2014		174,653	2,376,850	1,045,076	(199,968)	3,396,611

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Note	**2015 HK$'000**	2014 HK$'000
Cash flows from operating activities			
Cash (used in)/generated from operations	34	**(79,094)**	234,962
Interest paid on bank borrowings and overdrafts		**(13,254)**	(22,483)
Income tax paid		**(14,758)**	(68,832)
Net cash (used in)/generated from operating activities		**(107,106)**	143,647
Cash flows from investing activities			
Purchase of property, plant and equipment		**(60,163)**	(133,139)
Payments for intangible assets		**(6,881)**	–
Investments in convertible promissory note		**(29,076)**	–
Dividend received from an associate	18	**–**	6,265
Proceeds from disposal of property, plant and equipment		**6,377**	306
Interest income received		**4,855**	31,809
Net cash used in investing activities		**(84,888)**	(94,759)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	26	**–**	22,939
Proceeds from borrowings		**997,315**	813,116
Repayment of borrowings		**(1,032,880)**	(1,528,000)
Dividends paid	27	**(75,101)**	(189,078)
Net cash used in financing activities		**(110,666)**	(881,023)
Net decrease in cash and cash equivalents		**(302,660)**	(832,135)
Cash and cash equivalents at beginning of the year		**465,837**	1,319,342
Effect on foreign exchange rates changes		**(3,406)**	(21,370)
Cash and cash equivalents at end of the year	25	**159,771**	465,837

The notes on pages 82 to 159 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Trinity Limited (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 of Hong Kong Limited. The Company and its subsidiaries (together the "Group") are principally engaged in the retailing and wholesale of premium menswear in the Chinese Mainland, Hong Kong, Macau, Taiwan (the "Greater China"), Singapore and Europe, as well as licensing its fully owned brands globally. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at 30/F, OCTA Tower, 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong.

The consolidated financial statements are presented in thousand of units of Hong Kong dollars ("HK$" or "HKD"), unless otherwise stated.

2 Basis of preparation

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

3 Summary of principal accounting policies

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

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

(a) Adoption of amendments to existing standards effective in 2015

The Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2015 and relevant to the Group:

HKAS 19 (2011) (Amendment)	Employee Benefits: Defined Benefit Plans – Employee Contribution
Annual Improvements Project	Annual Improvements 2010-2012 Reporting Cycle
Annual Improvements Project	Annual Improvements 2011-2013 Reporting Cycle

The adoption of such amendments to existing standards and minor amendments to HKAS/HKFRS under the annual improvements projects of HKICPA does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group's accounting policies.

3 Summary of principal accounting policies *(Continued)*

(b) Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) 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 (Amendment)	Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
HKAS 16 and HKAS 41 (Amendments)	Bearer Plants (effective for annual periods beginning on or after 1 January 2016)
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method (effective for annual periods beginning on or after 1 January 2016)
HKFRS 9 (2014)	Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
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 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
HKFRS 11 (Amendment)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
HKFRS 14	Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
HKFRS 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
Annual Improvements Project	Annual Improvements 2012-2014 Reporting Cycle (effective for annual periods beginning on or after 1 January 2016)

All these new standards and amendments to existing standards are effective in the financial year of 2016 or years after 2016. The Group is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application.

3 Summary of principal accounting policies *(Continued)*

3.1 Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities, all intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

3.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Except for acquisition of entities or business under common control using merger accounting as explained in Note 3.1 of this section, the Group applies acquisition method to account for business combinations. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

3 Summary of principal accounting policies *(Continued)*

3.2 Consolidation *(Continued)*

(i) Subsidiaries *(Continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (Note 3.6(i)).

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less provision for impairment losses (Note 3.7). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

If the ownership interest in associates are reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive expenses is recognised in other comprehensive expenses with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associates equal or exceed its interest in the associates, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

The Group determines at the end of each reporting period whether there is any objective evidence that the investment in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognises the amount adjacent to 'share of profit of associates' in the consolidated income statement.

3 Summary of principal accounting policies *(Continued)*

3.2 Consolidation *(Continued)*

(ii) Associates *(Continued)*

Profits and losses resulting from transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management (chief operating decision makers). The Group's senior executive management are responsible for allocating resources and assessing performance of the operating segments.

3.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within 'other losses – net'.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

3 Summary of principal accounting policies *(Continued)*

3.4 Foreign currency translation *(Continued)*

(iii) Group companies *(Continued)*

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs less accumulated impairment losses to their residual values over their estimated useful lives, as follows:

– Buildings	10 years
– Leasehold improvements, furniture and fixtures	2–10 years
– Computers, equipment and air-conditioners	3–10 years
– Plant and machinery	3–10 years
– Motor vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.7).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'selling, marketing and distribution expenses' relating to store and 'general and administrative expenses' and 'other income' relating to office, staff quarter or factory in the consolidated income statement.

3 Summary of principal accounting policies *(Continued)*

3.6 Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Acquired trademarks and licences that have an indefinite useful life are carried at historical cost less accumulated impairment, if any, and are tested for impairment annually and when there is an indication of impairment.

Acquired licence represents the right to use certain licensed property in the promotion, design, manufacture and distribution of certain products under the brand owned by the Group. Acquired licenses are capitalised based on the present value of guaranteed royalty payments to be made subsequent to the inception of the licence contracts. Acquired licenses are amortised based on expected usage from the date of first commercial usage over the remaining licence period of approximately 5 years.

(iii) Computer software and website development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are (i) directly attributable to the design, development and testing of identifiable and unique software products controlled by the Group and (ii) incurred for website development mainly included the costs of acquiring website database, website application and infrastructure are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product or website so that it will be available for use;
- Management intends to complete the software product or website and use or sell it;
- The Group has an ability to use or sell the software product or website;
- It can be demonstrated how the software product or website will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- The expenditure attributable to the software product or website during its development can be reliably measured.

3 Summary of principal accounting policies *(Continued)*

3.6 Intangible assets *(Continued)*

(iii) Computer software and website development costs *(Continued)*

Development costs incurred for software product mainly include the employee costs.

Expenditure on research activities or other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software and website development costs recognised as assets are carried at cost less accumulated amortisation and impairment loss. Amortisation is calculated using the straight-line method over their estimated useful lives of not more than 7 years.

3.7 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life or assets not ready to use are not subject to amortisation and depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Impairment testing of the investments in subsidiaries and associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries and associates in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises purchase price, design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.9 Financial assets

The Group classifies its financial assets as loans and receivables and financial assets at fair value through profit or loss. The classification depends on the purposes for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

3 Summary of principal accounting policies *(Continued)*

3.9 Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprises as 'loan receivable' (Note 3.10), 'trade receivables' (Note 3.12), 'deposits, prepayments and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the consolidated statement of financial position. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial asset is impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. The Group's financial assets at fair value through profit or loss comprise as 'derivative financial instruments' (Note 3.11) in the consolidated statement of financial position.

3.10 Loan receivable

Loan receivable is recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3.11 Derivative financial instruments

Derivatives financial instruments include forward exchange contracts and conversion right embedded in convertible promissory note (Note 20) are initially recognised at fair value on the date a derivative contract is entered into with transaction costs recognised in the consolidated income statement and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised immediately in the consolidated income statement within 'Other losses – net'. Trading derivatives are classified as a current asset or liability.

3 Summary of principal accounting policies *(Continued)*

3.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within 'general and administrative expenses'.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'general and administrative expenses' in the consolidated income statement.

3.13 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

3.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

3 Summary of principal accounting policies *(Continued)*

3.16 Borrowings *(Continued)*

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Where guarantees in relation to loans of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

3.18 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current income tax recoverables which could not be offset against current income tax liabilities of another entity were presented under current assets.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3 Summary of principal accounting policies *(Continued)*

3.18 Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

Inside basis differences *(Continued)*

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.19 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3 Summary of principal accounting policies *(Continued)*

3.19 Employee benefits *(Continued)*

(ii) Pension obligations *(Continued)*

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated income statement.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

In respect of the employees of the Group in Hong Kong, the Group's net obligation in respect of long service payments on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit as calculated using the projected unit credit method is discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3 Summary of principal accounting policies *(Continued)*

3.19 Employee benefits *(Continued)*

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Share-based compensation

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instrument of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted:

– including any market performance conditions (for example, an entity's share price);

– excluding the impact of any service and non-market performance vesting conditions; and

– including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity (employee share-based compensation reserve). The amounts recognised in the employee share-based compensation reserve are transferred to the retained earnings when the options are exercised or options expire.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among Group entities

The grant by Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

3 Summary of principal accounting policies *(Continued)*

3.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods – retail

The Group operates a chain of retail stores selling menswear and accessories. Sales of goods are recognised when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card. Accumulated experience is used to estimate and provide for sales returns at the time of sale.

(ii) Royalty income from licensing

Royalty income is recognised based on sales made by the licensees and terms of the contract on an accruals basis.

(iii) Sales of goods – wholesale

Sales of goods are recognised when a Group entity has delivered products to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Revenue is adjusted for the value of expected returns. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

3 Summary of principal accounting policies *(Continued)*

3.21 Revenue recognition *(Continued)*

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(v) Administration, management fee and consultancy fee income

Administration, management fee and consultancy fee income is recognised when services are rendered.

(vi) Rental and licence fee income

Rental and licence fee income is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

3.22 Leases

(a) As the lessee of operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. As a lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) As the lessor of operating leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Lease income on operating lease is recognised over the term of the lease on a straight-line basis.

3.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board of Directors, where appropriate.

3.24 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 Summary of principal accounting policies *(Continued)*

3.25 Royalty expense

Royalty expense is recognised on an accrual basis when they are due on the sale of goods in the ordinary course of business.

3.26 Subsidy income

Subsidy income is financial assistance provided by local municipal government in the Chinese Mainland in the form of a transfer of resources to an enterprise to encourage business development in the local municipality and is recognised at its fair value where there is a reasonable assurance that the grants will be received and the Group has complied with all attached conditions.

4 Financial risk management and financial instruments

4.1 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.

Risk management is carried out by the Finance Department of the Group based on policies approved by the Board of Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign currency risk arising from various currencies, primarily with respect to Renminbi ("RMB"), Euro ("EUR"), Pound Sterling ("GBP"), Japanese Yen ("JPY") and Taiwan Dollars ("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. As at 31 December 2015, the Group had no outstanding forward contracts. As at 31 December 2014, the Group had three outstanding forward contracts with notional principal amounts of EUR2,605,595 (buying EUR at fixed exchange rate of 9.8803 HKD), GBP1,445,650 (buying GBP at fixed exchange rate of 12.6372 HKD), and JPY68,514,730 (buying JPY at fixed exchange rate of 0.07118 HKD).

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

4.1 Financial risk factors *(Continued)*

(a) Market risk *(Continued)*

(i) Foreign exchange risk *(Continued)*

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

At 31 December 2015, if HK dollar had weakened or strengthened by 5% against the RMB with all other variables held constant, loss for the year would have been HK$3,967,000 (2014: HK$34,059,000) respectively lower or higher, mainly as a result of foreign exchange losses or gains on translation of RMB denominated receivables, bank balances and trade payables recorded in the books of the Group's entities in Hong Kong and HKD denominated payables recorded in the books of the Group's entities in PRC.

(ii) Interest rate risk

The Group's interest rate risk arises from interest-bearing bank borrowings and bank overdrafts. Bank borrowings and bank overdrafts issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During the year, the Group's borrowings at variable rates were denominated in HKD, EUR, GBP and RMB.

If interest rates had increased/decreased by 10 basis points and all other variables were held constant, the Group's net loss would have increased/decreased by HK$581,000 (2014: HK$1,659,000) for the year ended 31 December 2015.

During the year, the Group has not used any financial instruments to hedge its exposure to interest rate risk as the Directors consider there was no significant interest rate risk.

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

4.1 Financial risk factors *(Continued)*

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables, deposits, prepayments and other receivables, cash and cash equivalents, amounts due from related parties and loan receivable. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

In respect of trade receivables, the majority of sales made by the Group are in the form of cash and credit cards. The Group's trade receivables comprise mainly of credit card sales and amounts owing from department stores in the Chinese Mainland and licensees in Europe with no recent history of material defaults. For those long term relationship customers, the Group offers credit terms up to 120 days. There is no recent history of material default in relation to those customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

In respect of cash and cash equivalents, the Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit ratings. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

Management does not expect any investment counterparty to fail to meet its obligation.

Rental deposits are placed with reputable landlords with no history of material default. Management does not expect any losses from the non-performance by these counterparties.

For the outstanding loan receivable from British Heritage Brands, Inc ("BHB") (Note 19), management performs regular reviews of its financial condition and assess if any provision would be required.

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

4.1 Financial risk factors *(Continued)*

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. The Finance Department maintains flexibility in funding by monitoring availability of committed credit lines.

Management maintains rolling forecasts of the Group's liquidity reserves which comprise undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining periods at the end of the reporting period to the contractual maturity dates.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Repayment period			
As at 31 December 2015	**Less than 1 year HK$'000**	**Between 1 and 2 years HK$'000**	**Between 2 and 5 years HK$'000**	**Over 5 years HK$'000**
Trade payables	**70,264**	–	–	–
Contingent purchase consideration payable for acquisition	–	–	–	**261,771**
Other payables and accruals	**140,385**	**38,761**	**166,670**	–
Amounts due to related parties	**38,256**	–	–	–
Borrowings	**571,910**	**43,615**	**120,740**	–
	820,815	**82,376**	**287,410**	**261,771**

	Repayment period			
As at 31 December 2014	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
Trade payables	43,870	–	–	–
Contingent purchase consideration payable for acquisition	–	–	23,410	336,938
Other payables and accruals	145,675	–	–	–
Amounts due to related parties	13,089	–	–	–
Borrowings	749,126	–	–	–
	951,760	–	23,410	336,938

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

4.2 Fair value estimation

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of the inputs to valuation techniques used to measure fair value. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

31 December 2015	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Assets				
Derivative financial instrument – conversion right embedded in convertible promissory note (Note 20)	–	–	**6,018**	**6,018**
Liabilities				
Contingent purchase consideration payable for acquisition (Note 32)	–	–	**175,892**	**175,892**

31 December 2014	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Derivative financial instrument – conversion right embedded in convertible promissory note (Note 20)	–	–	6,023	6,023
Liabilities				
Derivative financial instruments – forward exchange contracts	–	2,428	–	2,428
Contingent purchase consideration payable for acquisition (Note 32)	–	–	252,475	252,475
Total liabilities	–	2,428	252,475	254,903

There were no changes in valuation techniques and no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: nil).

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

4.2 Fair value estimation *(Continued)*

(a) Valuation techniques used to derive Level 2 fair values

Level 2 financial instruments comprise forward exchange contracts, which have been determined using forward exchange rates that are quoted in an active market. Since all significant inputs required to estimate the fair values are observable, the instruments are included in Level 2.

(b) Fair value measurements using significant unobservable inputs (Level 3)

Level 3 financial instruments comprise conversion right embedded in a convertible promissory note and contingent purchase consideration payable for acquisition.

The fair value of conversion right embedded in convertible promissory note is determined using binomial model based on the estimated performance of BHB. The valuation takes into account of the expected volatility of 30% with reference to the historical returns of comparable listed companies. The fair value measurement is positively correlated to the expected volatility. The Group's profit attributable to shareholders of the Company would increase/decrease and the conversion right would increase/decrease by HK$1,390,000 (2014: HK$1,491,000) and HK$1,420,000 (2014: HK$1,398,000) respectively if the expected volatility is 3.0% higher/lower at the end of the reporting period (2014: 3.0%).

The valuation technique used to determine contingent purchase consideration payable for acquisition 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, among other things, 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. The Group's profit attributable to shareholders of the Company would decrease/increase and the contingent purchase consideration payable would increase/decrease by HK$28,787,000 (2014: HK$37,448,000) and HK$25,833,000 (2014: HK$34,076,000) respectively if future revenue growth is 1.0 percentage point higher/lower than the estimation made by management at the end of the reporting period.

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

4.2 Fair value estimation *(Continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3) *(Continued)*

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Conversion right embedded in convertible promissory note (Note 20) HK$'000	Contingent purchase consideration payable for acquisition (Note 32) HK$'000
Opening net book amount at 1 January 2015	6,023	(252,475)
Remeasurement gains recognised in profit or loss	–	85,003
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(8,420)
Exchange differences	(5)	–
Closing net book amount at 31 December 2015	6,018	(175,892)
Total net (losses)/gains for the year included in profit or loss	(5)	76,583
Change in unrealised gains for the year included in profit or loss for liabilities held at the end of the year, under 'Other income'	–	85,003
Change in unrealised losses for the year included in profit or loss for liabilities held at the end of the year, under 'Finance costs'	–	(8,420)

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

4.2 Fair value estimation *(Continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3) *(Continued)*

	Conversion right embedded in convertible promissory note (Note 20) HK$'000	Contingent purchase consideration payable for acquisition (Note 32) HK$'000
Opening net book amount at 1 January 2014	6,024	(319,301)
Remeasurement gains recognised in profit or loss	–	77,475
Notional interest expenses on contingent purchase consideration payable for acquisition	–	(10,649)
Exchange differences	(1)	–
Closing net book amount at 31 December 2014	6,023	(252,475)
Total net (losses)/gains for the year included in profit or loss	(1)	66,826
Change in unrealised gains for the year included in profit or loss for liabilities held at the end of the year, under 'Other income'	–	77,475
Change in unrealised losses for the year included in profit or loss for liabilities held at the end of the year, under 'Finance costs'	–	(10,649)

Of the total net gains recognised in profit or loss in these years, all amounts are attributable to the change in unrealised net gains relating to those assets or liabilities held at the end of the year.

For exchange differences on conversion right embedded in convertible promissory note HK$5,000 (2014: HK$1,000) was included in 'Other losses – net' in the consolidated income statement.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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

4.2 Fair value estimation *(Continued)*

(c) Group's valuation processes

The Group's Finance Department performs the valuations of financial assets and liabilities required for financial reporting purposes, including Level 3 fair values based on policies approved by the Board of Directors. The Group's Finance Department reports directly to the Chief Financial Officer.

The main Level 3 inputs used by the Group include:

- The discount rate for conversion right embedded in convertible promissory note and estimated future performance of the BHB business. The discount rate is referenced to weighted average cost of capital of comparable listed companies. The estimated future performance of BHB business was determined with reference to senior management's best estimate.
- 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.

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

The carrying amounts of the Group's financial assets (loan receivable, trade receivables, deposits, prepayments and other receivables and amounts due from related parties) and financial liabilities (trade payables, other payables and accruals, amounts due to related parties and borrowings) approximate their fair values except for forward exchange contracts disclosed in Note 4.2 which have been grouped under 'other payables and accruals' as at 31 December 2014 in the consolidated statement of financial position and they were included in Level 2. There was no forward exchange contract outstanding as at 31 December 2015.

4.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst seeking to maximise benefits to shareholders and other stakeholders. The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends to be paid to shareholders, return capital to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (Note 33) less cash and cash equivalents (Note 25). Total capital is calculated as total equity, as shown in the consolidated statement of financial position, plus net debt.

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

4.3 Capital management *(Continued)*

The gearing ratios as at 31 December 2015 and 2014 were as follows:

	2015 HK$'000	2014 HK$'000
Long-term borrowing (Note 33)	**160,000**	–
Short-term borrowings (Note 33)	**566,288**	747,920
	726,288	747,920
Less: Cash and cash equivalents (Note 25)	**(235,239)**	(522,677)
Net debt	**491,049**	225,243
Total equity	**3,190,598**	3,396,611
Net debt	**491,049**	225,243
Total capital	**3,681,647**	3,621,854
Gearing ratio	**13.3%**	6.2%

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Note 4.2(b) contains the information about the assumptions and its risk factors relating to the valuation of contingent purchase consideration payable for acquisition. Other estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of intangibles – goodwill and trademarks

The Group tests annually or whenever there is an indicator of impairment whether goodwill and trademarks have suffered any impairment in accordance with the accounting policy stated in Note 3.7. The recoverable amounts of CGUs are determined based on fair value less costs of disposal calculations. These calculations require the use of estimates (Note 17).

(b) Useful life of trademarks

A portion of the Group's licences are classified as indefinite useful life intangible assets in accordance with HKAS 38 "Intangible Assets". This conclusion is supported by the fact that these licences are capable of being renewed indefinitely at insignificant cost, perpetual in duration, relate to well-known and long established menswear brands, and based on past and future financial performance of the Group and they are expected to generate positive cash flows indefinitely.

It is possible that this conclusion could change significantly as a result of changes in the premium menswear industry or competitors' actions in response to severe industry cycles. Under HKAS 38, the Group re-evaluates the useful life of intangibles each year to determine whether events and circumstances continue to support the view of indefinite useful life for these assets.

5 Critical accounting estimates and judgements *(Continued)*

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling the product. It could change significantly as a result of changes in consumer taste and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

(d) Allocation of purchase price amongst identifiable assets acquired, liabilities and contingent liabilities assumed in business combination

The Group accounts for the business combination in accordance with the accounting policy set out in Note 3.2(i). On initial recognition, it is required to recognise separately, at the date of initial recognition, the Group's share of identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria regardless of whether they have been previously recognised in acquiree's financial statements. The valuation in respect of the identifiable assets (including intangible assets recognised upon initial recognition during the year) and liabilities was referenced to the inflow of future economic benefits associated to the asset and the outflow of future economic resources required to settle the obligation based on fair value assessment which requires significant amount of judgement and estimate.

An independent professional valuer was engaged to assist in determining the fair values of identifiable assets, liabilities and contingent liabilities, if any.

(e) Estimated impairment of convertible promissory note

The fair value of convertible promissory note comprises two elements, namely, the loan receivable and the conversion right. The Group tests annually or whenever there is an indicator of impairment whether the loan receivable element has suffered any impairment in accordance with the accounting policies stated in Note 3.10 and Note 3.11. If an indication of impairment is identified, management prepares discounted cashflow to assess the difference between the carrying value and recoverable amount and makes provision for impairment loss. The valuation measurement requires, among other things, significant estimation of future performance of BHB business and significant judgement in relation to the time value of money. The conversion right element will be remeasured at fair value annually, with any resulting gain or loss recognised in the consolidated income statement.

(f) Employee benefits – share-based payments

The determination of the fair value of the share options granted requires estimates in determining the expected volatility of the share price, the dividends expected on the shares and the risk-free interest rate for the life of the options as stated in Note 26.

Where the outcome of the number of options that are exercisable is different, such difference will impact the consolidated income statement in the subsequent remaining vesting periods of the relevant share options.

(g) Estimated impairment of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivables are impaired. Management reassesses the provision at the end of each reporting period.

5 Critical accounting estimates and judgements *(Continued)*

(h) Income tax

The Group is subject to withholding and income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for withholding and income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the financial period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different. As at 31 December 2015, the Group's recognised deferred tax assets amounted to HK$142,187,000 (2014: HK$65,668,000). Management has performed an assessment on the recoverability of these deferred tax assets and consider that the realisation of these tax losses probable and no impairment provision is required as at year end.

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 associates are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

Management has determined the operating segments based on reports reviewed by the senior executive management of the Group that are used to make strategic decisions. Management considers the business from both geographic and business lines perspectives. Geographically, management considers the performance of the retail businesses in the Chinese Mainland, Hong Kong & Macau, 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 finance (costs)/income – net and income tax ("Segmental contributions") for the year. Corporate employee benefit expenses and overhead, finance (costs)/income, other income and other losses – net are not allocated to segments. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders. During the year, certain amendments and reclassifications (allocation of certain expenses from individual segment to corporate management overheads) were made to the management reports presented to the senior executive management in order to better reflect the composition and performance of each segment. Prior year comparatives have been restated accordingly.

Segment asset consists only of inventories.

6 Segment information *(Continued)*

(a) Segment results

The segment results for the year ended 31 December 2015 are as follows:

	HK & Macau		Chinese Mainland		Taiwan	Europe			Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	556,104	538,153	845,829	58,773	148,926	151,630	54,398	132,702	4,239	2,490,754
Inter-segment revenue	–	(513,125)	–	–	–	–	(25,515)	(38,061)	–	(576,701)
Segment revenue and revenue from external customers	556,104	25,028	845,829	58,773	148,926	151,630	28,883	94,641	4,239	1,914,053
Gross profit	415,243	12,817	621,577	40,326	100,641	82,347	14,346	94,641	3,219	1,385,157
Segmental contributions	(13,601)	12,817	(2,369)	38,289	22,978	(12,303)	(6,161)	75,754	(3,791)	111,613
Segmental contributions includes:										
Depreciation	(22,750)	–	(74,177)	(2,035)	(4,873)	(9,680)	(619)	(91)	(720)	(114,945)
Share of profit of associates	–	–	–	–	–	–	–	–	4,285	4,285
Segment asset	171,020	–	323,178	–	46,826	45,756	–	–	5,111	591,891

6 Segment information *(Continued)*

(a) Segment results (Continued)

The segment results for the year ended 31 December 2014 were as follows:

	HK & Macau		Chinese Mainland		Taiwan	Europe			Others	
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Retail HK$'000	Total HK$'000
Total segment revenue	833,503	804,693	1,270,853	17,125	196,900	176,713	76,523	153,638	–	3,529,948
Inter-segment revenue	–	(797,414)	–	–	–	–	(66,193)	(42,757)	–	(906,364)
Segment revenue and revenue from external customers	833,503	7,279	1,270,853	17,125	196,900	176,713	10,330	110,881	–	2,623,584
Gross profit	615,941	2,004	973,034	2,145	144,348	93,421	1,111	110,881	–	1,942,885
Segmental contributions	130,309	2,004	218,808	226	52,139	(19,862)	(9,323)	71,451	7,790	453,542
Segmental contributions includes:										
Depreciation	(22,964)	–	(108,856)	(1,769)	(3,986)	(12,495)	(378)	(162)	–	(150,610)
Reversal of provision for impairment of property, plant and equipment	–	–	–	–	–	340	–	–	–	340
Share of profit of associates	–	–	–	–	–	–	–	–	7,790	7,790
Segment asset	196,036	–	319,403	–	47,230	49,806	–	–	–	612,475

6 Segment information *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Segmental contributions for reportable segments	**111,613**	453,542
Add:		
Other income (Note 8)	**179,937**	98,871
Other losses – net (Note 9)	**(19,340)**	(32,764)
Less:		
Finance (costs)/income – net (Note 10)	**(15,618)**	3,649
Employee benefit expenses	**(209,886)**	(232,655)
Rental and other operating expenses	**(63,554)**	(45,359)
Depreciation and amortisation	**(12,029)**	(14,404)
Legal and professional fees	**(19,696)**	(14,708)
Product design and related management expenses	**(38,158)**	(13,364)
Other unallocated expenses	**(42,233)**	(18,610)
Total Group's (loss)/profit before income tax	**(128,964)**	184,198

(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, intangible assets, deposits, prepayments and other receivables and investments in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered or the licensing services were provided.

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

	2015 HK$'000	2014 HK$'000
Hong Kong & Macau	**576,793**	833,503
Chinese Mainland	**906,588**	1,287,978
Taiwan	**148,926**	196,900
United Kingdom	**149,315**	166,332
Other countries	**132,431**	138,871
Total	**1,914,053**	2,623,584

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

6 Segment information *(Continued)*

(c) Geographic information (Continued)

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

	2015 HK$'000	2014 HK$'000
Hong Kong & Macau	**807,984**	590,514
Chinese Mainland	**799,985**	841,825
Taiwan	**82,046**	84,472
United Kingdom	**824,979**	795,295
France	**664,950**	690,670
Singapore	**313,873**	356,763
South Korea	**105,154**	104,600
Malaysia	**8,728**	10,331
Thailand	**3,464**	4,485
Total	**3,611,163**	3,478,955

7 Operating (loss)/profit

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

	2015 HK$'000	2014 HK$'000
Cost of inventories recognised as expenses included in cost of sales (Note 23)	**533,131**	738,095
Write off of inventories (Note 23)	**4,213**	6,694
Reversal of provision for impairment of inventories (Note 23) & (note (a))	**(8,448)**	(64,090)
Depreciation of property, plant and equipment (Note 16)	**126,960**	165,014
Amortisation of intangible assets (Note 17)	**14**	–
Reversal of provision for impairment of property, plant and equipment (Note 16)	**–**	(340)
(Gain)/loss on disposal of property, plant and equipment – net	**(4,677)**	6,678
Write off of intangible asset (Note 17)	**4,253**	–
Operating lease rental expense – minimum lease payment	**387,948**	358,472
Operating lease rental expense – contingent rents	**163,715**	266,580
Reversal of provision for impairment of trade receivables – net (Note 24)	**(808)**	(78)
Employee benefit expenses (Note 13)	**635,800**	707,154
Advertising and promotion expenses (note(b))	**132,812**	149,964
Royalty expenses	**5,232**	7,445

Notes:

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

(b) Advertising and promotion expenses included employee benefit expenses and operating lease rental expenses of HK$13,659,000 (2014: HK$13,382,000) and HK$2,697,000 (2014: HK$1,531,000).

7 Operating (loss)/profit *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Audit services	**5,695**	5,486
Non-audit services		
– taxation services	**594**	1,019
– other services	**383**	426
	6,672	6,931

Note: HK$5,677,000 (2014: HK$5,467,000) of the audit services fees and HK$977,000 (2014: HK$1,445,000) of non-audit services fees are payable to the Company's auditor.

8 Other income

	2015 HK$'000	2014 HK$'000
Subsidy income	**10,965**	6,976
Rental and licence fee income from third parties	**1,440**	3,432
Rental and licence fee income from related parties (Note 37(a))	**672**	1,871
Management fee income from related parties (Note 37(a))	**476**	1,225
Claims received	**2,569**	2,475
Sales commission	**1,263**	987
Gains on remeasurement of contingent purchase consideration payable for acquisition	**85,003**	77,475
Compensation income (note)	**64,980**	–
Gain on disposal of property, plant and equipment	**5,830**	–
Others	**6,739**	4,430
	179,937	98,871

Note: Compensation income included the compensation receivable of HK$61,469,000 from the landlord for surrendering the indefinite operating lease right for a Group's store in France (Note 17).

9 Other losses – net

	2015 HK$'000	2014 HK$'000
Fair value losses on forward foreign exchange contracts	**(1,633)**	(2,614)
Net foreign exchange losses	**(17,707)**	(30,150)
Other losses – net	**(19,340)**	(32,764)

10 Finance (costs)/income – net

	2015 HK$'000	2014 HK$'000
Finance costs		
– Interest expenses on bank borrowings and overdrafts	**(13,407)**	(22,331)
– Notional interest expenses on contingent purchase consideration payable for acquisition	**(8,420)**	(10,649)
Finance costs	**(21,827)**	(32,980)
Finance income		
– Interest income on bank deposits	**922**	32,412
– Interest income on loan receivable	**5,287**	4,217
Finance income	**6,209**	36,629
Finance (costs)/income – net	**(15,618)**	3,649

11 Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

	2015 HK$'000	2014 HK$'000
Current income tax		
– Hong Kong profits tax	**5,346**	16,279
– Overseas taxation	**9,992**	18,957
– Over provision in prior years	**(3,978)**	(12,964)
Deferred income tax (Note 22)	**(51,806)**	1,062
	(40,446)	23,334

11 Income tax *(Continued)*

The tax (credit)/charge on the Group's (loss)/profit before tax differs from the theoretical amount that would arise using weighted average tax rate applicable to (losses)/profits of the consolidated entities as follows:

	2015 **HK$'000**	2014 HK$'000
(Loss)/profit before income tax	**(128,964)**	184,198
Tax calculated at domestic tax rates applicable to (losses)/profits in the respective countries	**(20,923)**	23,415
Withholding tax on distributable profits, royalty income and interest income	**6,012**	4,083
Income not subject to tax	**(24,555)**	(33,873)
(Over)/under provision in prior years	**(3,978)**	187
Effect of unrecognised tax losses	**(13,921)**	4,657
Expenses not deductible for tax purposes	**16,919**	24,865
Income tax	**(40,446)**	23,334

The weighted average applicable tax rate for the year was 16.2% (2014: 12.7%). The increase is caused by a change in the mix of profitability of the Group's subsidiaries in the respective countries.

The subsidiaries incorporated in the Chinese Mainland are subject to income tax rate at 25% (2014: 25%).

12 (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 year.

	2015	2014
Weighted average number of ordinary shares in issue	**1,746,529,000**	1,737,002,000
(Loss)/profit attributable to shareholders of the Company (HK$'000)	**(88,518)**	160,864
Basic (loss)/earnings per share (HK cents per share)	**(5.1) cents**	9.3 cents

(b) Diluted

The calculation of diluted (loss)/earnings per share is based on the loss attributable to shareholders of the Company of HK$88,518,000 (2014: profit of HK$160,864,000) and the weighted average number of 1,746,529,000 ordinary shares in issue (as at 31 December 2014: 1,738,816,000 ordinary shares in issue after adjusting for the effect of all dilutive potential ordinary shares under the Company's share option schemes).

The calculation of diluted loss per share amount for the year ended 31 December 2015 (5.1 HK cents) did not include the potential effect of the deemed issue of shares under the Company's share option scheme as it had an anti-dilutive effect on the basic loss per share amount during the year (2014: diluted earnings per share 9.3 HK cents).

13 Employee benefit expenses

The aggregate amounts of staff costs including directors' emoluments are as follows:

	2015 HK$'000	2014 HK$'000
Wages, salaries and bonus	**538,837**	595,757
Pension costs – defined benefit plans	**1,162**	2,029
Pension costs – defined contribution plans	**11,149**	12,353
Social security and benefits	**77,039**	92,678
Employee share option benefit	**7,613**	4,337
Total	**635,800**	707,154

There were no forfeited contributions during the year (2014: nil).

(a) The emoluments of senior management including directors of the Group fall within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
– HK$500,001 to HK$1,000,000	**–**	2
– HK$1,000,001 to HK$1,500,000	**–**	2
– HK$2,000,001 to HK$2,500,000	**2**	1
– HK$2,500,001 to HK$3,000,000	**1**	1
– HK$3,000,001 to HK$3,500,000	**1**	1
– HK$3,500,001 to HK$4,000,000	**2**	3
– HK$4,000,001 to HK$4,500,000	**–**	2
– HK$4,500,001 to HK$5,000,000	**1**	–
– HK$6,000,001 to HK$6,500,000	**1**	2
– HK$7,500,001 to HK$8,000,000	**1**	–
	9	14

13 Employee benefit expenses *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 include two (2014: three) directors whose emoluments are reflected in the analysis shown in Note 14. The emoluments payable to the remaining three highest paid individuals (2014: two) during the year are as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries, housing allowances, other allowances and benefits-in-kind	**12,269**	7,777
Bonuses	**1,889**	1,697
Employer's contribution to pension scheme	**231**	123
Employee share option benefit	**1,041**	182
	15,430	9,779

During the year, no amount was paid or payable by the Group to the Directors set out in Note 14(a) and any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil).

The emoluments of the highest paid individuals of the Group fall within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
– HK$3,500,001 to HK$4,000,000	**1**	–
– HK$4,000,001 to HK$4,500,000	**–**	1
– HK$4,500,001 to HK$5,000,000	**1**	–
– HK$5,500,001 to HK$6,000,000	**–**	1
– HK$6,000,001 to HK$6,500,000	**1**	–
	3	2

14 Benefits and interests of Directors

(a) The remuneration of each director is set out below:

(i) For the year ended 31 December 2015:

	Fees HK$'000	Salary HK$'000 or equivalent	Bonuses* HK$'000 or equivalent	Other benefits** HK$'000 or equivalent	Share options HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors							
Richard Samuel COHEN[1] (Chief Executive Officer)	200	3,877	388	1,980	1,368	–	7,813
Bruno LI Kwok Ho[2]	99	1,306	–	449	540	2	2,396
Danny LAU Sai Wing	200	3,000	–	965	688	18	4,871
Non-executive Directors							
Victor FUNG Kwok King	250	–	–	–	–	–	250
William FUNG Kwok Lun	250	–	–	–	–	–	250
WONG Yat Ming[3]	200	–	–	–	–	–	200
Sabrina FUNG Wing Yee[4]	200	–	–	–	–	–	200
Jean-Marc LOUBIER	300	–	–	–	–	–	300
Independent Non-executive Directors							
Cassian CHEUNG Ka Sing	430	–	–	–	–	–	430
Michael LEE Tze Hau	430	–	–	–	–	–	430
Patrick SUN	390	–	–	–	–	–	390
Eva CHENG LI Kam Fun	350	–	–	–	–	–	350
	3,299	8,183	388	3,394	2,596	20	17,880

14 Benefits and interests of Directors *(Continued)*

(a) The remuneration of each director is set out below: (Continued)

(ii) For the year ended 31 December 2014:

	Fees HK$'000	Salary HK$'000 or equivalent	Bonuses* HK$'000 or equivalent	Other benefits** HK$'000 or equivalent	Share options HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors							
Richard Samuel COHEN[1] (Chief Executive Officer)	73	2,367	1,385	1,829	822	–	6,476
Bruno LI Kwok Ho[2]	200	1,766	1,444	564	413	17	4,404
Danny LAU Sai Wing	200	3,000	1,805	979	413	17	6,414
Non-executive Directors							
Victor FUNG Kwok King	250	–	–	–	–	–	250
William FUNG Kwok Lun	250	–	–	–	–	–	250
WONG Yat Ming[3]	200	1,310	940	435	–	6	2,891
Sabrina FUNG Wing Yee[4]	200	305	–	11	–	4	520
Jose Hosea CHENG Hor Yin[5]	191	–	–	–	–	–	191
Jean-Marc LOUBIER	300	–	–	–	–	–	300
Independent Non-executive Directors							
Cassian CHEUNG Ka Sing	430	–	–	–	–	–	430
Michael LEE Tze Hau	430	–	–	–	–	–	430
Patrick SUN	390	–	–	–	–	–	390
Eva CHENG LI Kam Fun	350	–	–	–	–	–	350
	3,464	8,748	5,574	3,818	1,648	44	23,296

Notes:

1. *Mr Richard Samuel COHEN has been appointed as the Chief Executive Officer with effect from 22 May 2014 and as an Executive Director with effect from 21 August 2014.*
2. *Mr Bruno LI Kwok Ho retired as an Executive Director with effect from 1 July 2015.*
3. *Mr WONG Yat Ming has been re-designated from an Executive Director to a Non-executive Director with effect from 22 May 2014.*
4. *Ms Sabrina FUNG Wing Yee has been re-designated from an Executive Director to a Non-executive Director with effect from 18 February 2014.*
5. *Mr Jose Hosea CHENG Hor Yin has resigned as a Non-executive Director with effect from 21 August 2014.*

* *In 2015, the bonuses are discretionary bonuses which are approved by the Remuneration Committee while the 2014 bonuses are contractual in nature.*
** *Other benefits include insurance premium and housing allowance.*

14 Benefits and interests of Directors *(Continued)*

(b) Directors' material interests in transactions, arrangements or contracts

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, except as disclosed under Connected Transactions section of the Directors' Report on pages 70 and 71 and Note 37 "Related party transactions" to the consolidated financial statements.

15 Dividends

(a) Dividends attributable to the year are as follows:

	2015 HK$'000	2014 HK$'000
No interim dividend (2014: 2.4 HK cents per ordinary share)	–	41,790
No proposed final dividend (2014: 4.3 HK cents per ordinary share)	–	75,101
	–	116,891

The Board of Directors do not recommend a final dividend for the year of 2015 (2014: 4.3 HK cents per ordinary share).

(b) Dividends attributable to the previous year, approved and paid during the year are as follows:

	2015 HK$'000	2014 HK$'000
Final dividend approved and paid (2015: 4.3 HK cents; 2014: 8.5 HK cents) per ordinary share	**75,101**	147,288

16 Property, plant and equipment

	Buildings HK$'000	Leasehold improvements, furniture and fixtures HK$'000	Computers, equipment and air-conditioners HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2015						
Cost	1,716	541,781	65,049	12,818	2,239	623,603
Accumulated depreciation and impairment	(1,716)	(316,249)	(55,817)	(11,451)	(1,385)	(386,618)
Net book amount	–	225,532	9,232	1,367	854	236,985
Year ended 31 December 2015						
Opening net book amount	–	225,532	9,232	1,367	854	236,985
Exchange differences	–	(6,235)	(206)	–	–	(6,441)
Additions	–	67,374	2,917	–	–	70,291
Disposals	–	(1,698)	(2)	–	–	(1,700)
Depreciation (Note 7)	–	(121,485)	(4,746)	(429)	(300)	(126,960)
Closing net book amount	–	163,488	7,195	938	554	172,175
At 31 December 2015						
Cost	–	470,290	65,733	12,818	2,239	551,080
Accumulated depreciation and impairment	–	(306,802)	(58,538)	(11,880)	(1,685)	(378,905)
Net book amount	–	163,488	7,195	938	554	172,175

16 Property, plant and equipment *(Continued)*

	Buildings HK$'000	Leasehold improvements, furniture and fixtures HK$'000	Computers, equipment and air-conditioners HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2014						
Cost	1,716	592,387	63,022	12,862	1,631	671,618
Accumulated depreciation and impairment	(1,518)	(327,501)	(51,880)	(10,817)	(1,330)	(393,046)
Net book amount	198	264,886	11,142	2,045	301	278,572
Year ended 31 December 2014						
Opening net book amount	198	264,886	11,142	2,045	301	278,572
Exchange differences	–	(7,191)	(225)	–	–	(7,416)
Additions	–	131,998	4,721	–	768	137,487
Disposals	–	(6,955)	(29)	–	–	(6,984)
Reversal of impairment provision (Note 7)	–	254	86	–	–	340
Depreciation (Note 7)	(198)	(157,460)	(6,463)	(678)	(215)	(165,014)
Closing net book amount	–	225,532	9,232	1,367	854	236,985
At 31 December 2014						
Cost	1,716	541,781	65,049	12,818	2,239	623,603
Accumulated depreciation and impairment	(1,716)	(316,249)	(55,817)	(11,451)	(1,385)	(386,618)
Net book amount	–	225,532	9,232	1,367	854	236,985

The table below shows the amount of depreciation expenses included in cost of sales, selling, marketing and distribution expenses and general and administrative expenses:

	2015 HK$'000	2014 HK$'000
Cost of sales	**3,092**	3,368
Selling, marketing and distribution expenses	**109,869**	146,173
General and administrative expenses	**13,999**	15,473
Total	**126,960**	165,014

The recoverable amount of the property, plant and equipment is its value in use, which amounted to HK$172,175,000 (2014: HK$236,985,000).

For the year ended 31 December 2014, the Group reversed an impairment provision of HK$340,000, mainly due to increase in the amount of estimated future cash flows and the reversals of impairment provision are included in selling, marketing and distribution expenses.

17 Intangible assets

	Trademarks and licences (with indefinite useful lives) (note (a)) HK$'000	Licences (with definite useful lives) HK$'000	Goodwill HK$'000	Internally generated software development costs HK$'000	Website development costs HK$'000	Others HK$'000	Total HK$'000
At 1 January 2015							
Cost	**1,777,672**	**–**	**1,271,751**	**–**	**–**	**5,079**	**3,054,502**
Accumulated amortisation	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net book amount	**1,777,672**	**–**	**1,271,751**	**–**	**–**	**5,079**	**3,054,502**
Year ended 31 December 2015							
Opening net book amount	**1,777,672**	**–**	**1,271,751**	**–**	**–**	**5,079**	**3,054,502**
Exchange difference	**(23,662)**	**–**	**–**	**–**	**–**	**(429)**	**(24,091)**
Addition (note (b))	**–**	**230,339**	**–**	**6,008**	**854**	**19**	**237,220**
Write off (note (c))	**–**	**–**	**–**	**–**	**–**	**(4,253)**	**(4,253)**
Amortisation (Note 7)	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Closing net book amount	**1,754,010**	**230,339**	**1,271,751**	**5,994**	**854**	**416**	**3,263,364**
At 31 December 2015							
Cost	**1,754,010**	**230,339**	**1,271,751**	**6,008**	**854**	**416**	**3,263,378**
Accumulated amortisation	**–**	**–**	**–**	**(14)**	**–**	**–**	**(14)**
Net book amount	**1,754,010**	**230,339**	**1,271,751**	**5,994**	**854**	**416**	**3,263,364**
At 1 January 2014							
Cost	1,803,297	–	1,271,751	–	–	5,764	3,080,812
Accumulated amortisation	–	–	–	–	–	–	–
Net book amount	1,803,297	–	1,271,751	–	–	5,764	3,080,812
Year ended 31 December 2014							
Opening net book amount	1,803,297	–	1,271,751	–	–	5,764	3,080,812
Exchange difference	(25,625)	–	–	–	–	(685)	(26,310)
Closing net book amount	1,777,672	–	1,271,751	–	–	5,079	3,054,502
At 31 December 2014							
Cost	1,777,672	–	1,271,751	–	–	5,079	3,054,502
Accumulated amortisation	–	–	–	–	–	–	–
Net book amount	1,777,672	–	1,271,751	–	–	5,079	3,054,502

Notes:

(a) *Indefinite life trademarks mainly represent the Group's rights and titles in respect of the worldwide Kent & Curwen trademark, the worldwide Cerruti trademark and Gieves & Hawkes trademark acquired through business combinations in prior years.*

(b) *The addition of definite life licence for the year ended 31 December 2015 represents the right to use certain licensed property relating to Mr David Beckham in the promotion, design, manufacture and distribution of certain products under Kent & Curwen brand for the period from 15 September 2015 to 31 December 2020.*

(c) *Write off of intangible asset for the year ended 31 December 2015 relates to the write-off of the indefinite lease right for a store in France capitalised in prior years. The compensation details are disclosed in Note 8.*

An amortisation charge of HK$14,000 (2014: nil) is included in general and administrative expenses.

17 Intangible assets *(Continued)*

Impairment tests for goodwill, trademarks and licences with indefinite useful lives

Goodwill is allocated to the Group's operating segments which comprise a group of CGUs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

All of the Group's goodwill is allocated to the relevant operating segments. An analysis of goodwill allocated to each operating segment as at 31 December 2015 and 31 December 2014 is presented below.

	HK$'000
Goodwill	
Chinese Mainland	724,898
Hong Kong	470,548
Taiwan	76,305
Total	1,271,751

Impairment tests for goodwill

In accordance with HKAS 36 "Impairment of Assets", the Group completed its annual impairment tests for goodwill allocated to the Group's various CGUs identified according to the operating segment by comparing their recoverable amount to their carrying amount as at the end of the reporting period. The recoverable amount of a CGU is determined based on fair value less costs of disposal calculation. These calculations use cash flow projections based on financial budget covering a five-year projection. Cash flows beyond the five-year period are extrapolated in perpetuity using a stable growth rate of 3.0% (2014: 3.0%) which does not exceed industry growth forecasts. The discount rate used is approximately 11.2% (post-tax) (2014: 9.6%) and reflects market assessments of the time value and the specific risks relating to the industry. This assessment was based on past performance and management's cash flow projections derived from the latest expected revenue growth and profitability of the business in the Chinese Mainland, Hong Kong and Taiwan. Judgement is required to determine these key assumptions and a downward deviation of these assumptions will affect the cash flow projections negatively and may result in an impairment to goodwill. Given the market will continue to remain volatile in the medium term, management remains confident of the long term potential of the Group.

The key assumptions used in fair value less costs of disposal calculations are as follows:

	Operating profit/(loss) margin (note (i))		Growth rate (note (ii))		Discount rate (note (iii))	
	2015	2014	**2015**	2014	**2015**	2014
Hong Kong	**(5.9)% – 17.6%**	8.0% – 20.0%	**3.0%**	3.0%	**11.2%**	9.6%
Chinese Mainland	**3.1% – 23.0%**	10.0% – 22.0%	**3.0%**	3.0%	**11.2%**	9.6%
Taiwan	**5.3% – 19.2%**	9.4%	**3.0%**	3.0%	**11.2%**	9.6%

Notes:

(i) Budgeted operating profit margin
(ii) Terminal growth rate beyond five-year budget period
(iii) Post-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU within the operating segment.

17 Intangible assets *(Continued)*

Trademarks and licences with indefinite useful lives

The trademarks and licences acquired are deemed to have indefinite useful lives because they relate to well known and long established menswear brands that do not have any term of expiry or their renewal would be probable and would not involve significant costs, taking into account the history of renewals and the relationship with the contracting parties. The carrying amount of these trademarks and licences is not amortised and there is no foreseeable limit on the period of time over which it is expected to generate positive cash flows. Management has performed an annual impairment test of the carrying amount of each trademark as a corporate asset based on a fair value less costs of disposal calculation. This valuation uses cash flow projections based on financial estimates covering a five-year period, expected royalty rates deriving from respective trademarks and a post-tax discount rate of 11.2% (2014: 9.6%). The cash flows beyond the five-year period are extrapolated using a growth rate of 3.0% (2014: 3.0%). This growth rate does not exceed the long-term average growth rate for apparel markets in which the Group operates. Management has considered the above assumptions and valuation and has also taken into account the business expansion plan going forward and concluded that no impairment is required.

18 Investments in associates

	2015 HK$'000	2014 HK$'000
At 1 January	**131,486**	135,167
Share of profit of associates	**4,285**	7,790
Dividend received	**–**	(6,265)
Exchange differences	**(10,044)**	(5,206)
At 31 December	**125,727**	131,486

Set out below are the associates of the Group as at 31 December 2015, which, in the opinion of the directors, are material to the Group. The associates as listed below have share capital consisting ordinary shares and preference shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Nature of investments in associates 2015 and 2014

Name of entity	Particulars of issued shares held	Place of business/ country of incorporation	% of ownership interest
Ferragamo (Malaysia) Sdn Bhd	1,300,000 ordinary shares of RM 1 each	Malaysia	20
Ferragamo (Thailand) Limited	770,500 ordinary shares of Baht 100 each 229,500 preference shares of Baht 100 each (10 preference shares for 1 vote)	Thailand	20
Ferragamo (Singapore) Pte Ltd	4,600,000 ordinary shares of SGD1 each	Singapore	20
Ferragamo Korea Ltd	658,240 ordinary shares of KRW 5,000 each	Korea	20

The above entities are collectively known as "Ferragamo entities".

18 Investments in associates *(Continued)*

Nature of investments in associates 2015 and 2014 *(Continued)*

Nature of the relationship

These entities are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia, enabling the Group to have exposure to this market through local expertise.

Ferragamo entities are private companies and there is no quoted market price available for their shares.

There are no contingent liabilities relating to the Group's interest in Ferragamo entities.

Set out below are the summarised financial information for Ferragamo entities.

	Ferragamo (Malaysia) Sdn Bhd As at 31 December		Ferragamo (Thailand) Limited As at 31 December		Ferragamo (Singapore) Pte Ltd As at 31 December		Ferragamo Korea Limited As at 31 December		Total As at 31 December	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Summarised statement of financial position										
Current assets	**50,083**	62,153	**52,117**	50,280	**181,141**	158,720	**537,923**	554,631	**821,264**	825,784
Non-current assets	**17,877**	26,572	**12,032**	15,798	**25,637**	38,780	**177,373**	187,717	**232,919**	268,867
Current liabilities	**(23,535)**	(35,027)	**(46,387)**	(42,916)	**(157,742)**	(128,548)	**(189,526)**	(215,784)	**(417,190)**	(422,275)
Non-current liabilities	**(788)**	(2,042)	**(441)**	(736)	**(7,134)**	(8,604)	**–**	(3,566)	**(8,363)**	(14,948)
Net assets	**43,637**	51,656	**17,321**	22,426	**41,902**	60,348	**525,770**	522,998	**628,630**	657,428
Summarised statement of comprehensive income										
Revenue	**85,754**	82,909	**43,102**	35,716	**259,694**	265,936	**999,903**	1,038,446	**1,388,453**	1,423,007
Depreciation and amortisation	**(4,978)**	(3,489)	**(3,423)**	(3,447)	**(11,584)**	(12,430)	**(20,509)**	(17,632)	**(40,494)**	(36,998)
Interest income	**3,073**	1,525	**233**	228	**1,152**	1,093	**37**	99	**4,495**	2,945
Interest expense	**(3,137)**	(1,732)	**(1,876)**	(1,529)	**(3,332)**	(3,665)	**–**	–	**(8,345)**	(6,926)
Profit/(loss) before tax from continuing operations	**2,846**	2,672	**(3,240)**	(3,394)	**(14,918)**	(8,342)	**48,731**	62,033	**33,419**	52,969
Income tax (expense)/credit	**(1,014)**	(2,091)	**(37)**	32	**3**	1,484	**(10,947)**	(13,445)	**(11,995)**	(14,020)
Post-tax profit/(loss) from continuing operations	**1,832**	581	**(3,277)**	(3,362)	**(14,915)**	(6,858)	**37,784**	48,588	**21,424**	38,949
Other comprehensive income	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total comprehensive income	**1,832**	581	**(3,277)**	(3,362)	**(14,915)**	(6,858)	**37,784**	48,588	**21,424**	38,949
Dividends received from associates	**–**	–	**–**	–	**–**	–	**–**	6,265	**–**	6,265

The information above reflects the amounts presented in the financial statements of the Ferragamo entities (and not Trinity Limited's share of those amounts) adjusted for differences in accounting policies between the Group and the Ferragamo entities.

18 Investments in associates *(Continued)*

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associates.

Summarised financial information	Ferragamo (Malaysia) Sdn Bhd 2015 HK$'000	2014 HK$'000	Ferragamo (Thailand) Limited 2015 HK$'000	2014 HK$'000	Ferragamo (Singapore) Pte Ltd 2015 HK$'000	2014 HK$'000	Ferragamo Korea Limited 2015 HK$'000	2014 HK$'000	Total 2015 HK$'000	2014 HK$'000
Opening net assets	51,656	54,344	22,426	25,801	60,348	69,770	522,998	525,917	657,428	675,832
Profit/(loss) for the year	1,832	581	(3,277)	(3,362)	(14,915)	(6,858)	37,784	48,588	21,424	38,949
Dividend received	–	–	–	–	–	–	–	(31,325)	–	(31,325)
Exchange differences	(9,851)	(3,269)	(1,828)	(13)	(3,531)	(2,564)	(35,012)	(20,182)	(50,222)	(26,028)
Closing net assets	43,637	51,656	17,321	22,426	41,902	60,348	525,770	522,998	628,630	657,428
Interest in associates (20%)	8,728	10,331	3,464	4,485	8,381	12,070	105,154	104,600	125,727	131,486
Carrying value	8,728	10,331	3,464	4,485	8,381	12,070	105,154	104,600	125,727	131,486

19 Loan receivable

	2015 HK$'000	2014 HK$'000
Non-current assets		
Loan receivable	101,447	71,930
Less: provision for impairment of loan receivable	–	–
Loan receivable – net	101,447	71,930

19 Loan receivable *(Continued)*

(a) On 21 August 2013, the Group entered into a convertible promissory note transaction with BHB ("Original Note"). Under the terms of the agreement, the Group would contribute a maximum aggregate amount of USD15.0 million. The convertible promissory note (denominated in US dollars) carries interest at 5% per annum maturing on 31 December 2027 with a right of conversion up to 23.94% equity interest of BHB during the period commencing on the earlier of either (i) the date on which sum of all payments made by the Group equals the maximum aggregate amount of the convertible promissory note; or (ii) 1 January 2016, and ending on the day occurring 90 days following the date of delivery to the Group of the annual audited financial statements of BHB for the fiscal year 2018.

On 21 March 2016, the Group entered into an amended and restated note purchase agreement with BHB to amend and restate certain terms of the Original Note. Further details are set out in Note 38.

(b) The effective interest rate of the convertible promissory note at the end of reporting period was 5.38% (2014: 5.38%).

(c) As at 31 December 2015 and 2014, the carrying amount of the Group's loan receivable approximated its fair value.

20 Derivative financial instrument

	2015 **HK$'000**	2014 HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note (Note 4.2(b))	**6,018**	6,023

The conversion right embedded in convertible promissory note referred to the Group's investment in an unlisted convertible promissory note issued by BHB mentioned in Note 19.

21 Deposits, prepayments and other receivables

	2015 HK$'000	2014 HK$'000
Non-current assets		
Rental deposits	**49,897**	55,982
Current assets		
Rental deposits	**40,196**	39,978
Prepayments	**35,491**	25,837
Other receivables (note)	**114,953**	44,988
	190,640	110,803
Total	**240,537**	166,785

Note: Included in other receivables, there was a compensation receivable from the landbid for surrendering the indefinite operating lease right for a Group's store in France (2014: nil).

The carrying amounts of deposits, prepayments and other receivables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
EUR	**89,033**	28,224
HKD	**76,570**	55,916
RMB	**41,533**	46,931
GBP	**17,201**	18,856
Macao Patacas ("MOP")	**10,759**	10,733
USD	**2,492**	–
Singapore dollars ("SGD")	**1,980**	5,088
TWD	**969**	1,037
	240,537	166,785

As at 31 December 2015 and 2014, the carrying amounts of the Group's deposits, prepayments and other receivables approximated their fair values.

22 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2015 HK$'000	2014 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**160,307**	72,332
– Deferred income tax assets to be recovered within 12 months	**32,784**	72,319
	193,091	144,651
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	**(285,299)**	(309,891)
– Deferred income tax liabilities to be settled within 12 months	**(20,934)**	(1,566)
	(306,233)	(311,457)

The gross movements in the net deferred income tax assets and (liabilities) balance are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	**(166,806)**	(194,489)
Credited/(charged) to consolidated income statement (Note 11)	**51,806**	(1,062)
Utilisation for the year	**–**	23,247
Exchange differences	**1,858**	5,498
At 31 December	**(113,142)**	(166,806)

Deferred income tax assets are recognised for deductible temporary differences and tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$20,131,000 (2014: HK$34,052,000) in respect of losses amounting to HK$66,593,000 (2014: HK$116,525,000) that can be carried forward against future taxable income. The unrecognised tax losses of HK$63,280,000 (2014: HK$116,525,000) can be carried forward indefinitely. Losses amounting to HK$3,313,000 (2014: nil) will expire at the end of 2018.

22 Deferred income tax *(Continued)*

The movements of deferred income tax liabilities during the year are as follows:

	Intangible assets-trademarks HK$'000	Accelerated tax depreciation allowances HK$'000	Undistributed profits of subsidiaries and associates HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	269,389	28,929	45,754	1,087	345,159
Charged/(credited) to the consolidated income statement	–	1,458	(1,872)	(1,075)	(1,489)
Utilisation for the year	–	–	(23,247)	–	(23,247)
Exchange differences	(6,797)	(884)	(1,285)	–	(8,966)
At 31 December 2014	262,592	29,503	19,350	12	311,457
Charged/(credited) to the consolidated income statement	**–**	**795**	**1,648**	**–**	**2,443**
Exchange differences	**(5,166)**	**(1,066)**	**(1,435)**	**–**	**(7,667)**
At 31 December 2015	**257,426**	**29,232**	**19,563**	**12**	**306,233**

The movements of deferred income tax assets during the year are as follows:

	Impairment of assets HK$'000	Decelerated tax depreciation allowances HK$'000	Provisions and accruals HK$'000	Unrealised profit on inventories HK$'000	Unutilised tax loss HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	2,785	2,845	8,770	79,649	49,085	7,536	150,670
Credited/(charged) to the consolidated income statement	–	1,845	1,444	(23,507)	19,218	(1,551)	(2,551)
Exchange differences	–	–	(356)	–	(2,635)	(477)	(3,468)
At 31 December 2014	2,785	4,690	9,858	56,142	65,668	5,508	144,651
Credited/(charged) to the consolidated income statement	**–**	**1,631**	**(522)**	**(28,370)**	**81,824**	**(314)**	**54,249**
Exchange differences	**(100)**	**(35)**	**(1)**	**–**	**(5,305)**	**(368)**	**(5,809)**
At 31 December 2015	**2,685**	**6,286**	**9,335**	**27,772**	**142,187**	**4,826**	**193,091**

23 Inventories

	2015 HK$'000	2014 HK$'000
Raw materials	**22,357**	41,313
Work-in-progress	**14,744**	8,261
Finished goods	**554,790**	562,901
Total	**591,891**	612,475

The cost of inventories, write off of inventories and reversal of provision for impairment of inventories recognised as expense and included in 'cost of sales' amounted to HK$533,131,000 (2014: HK$738,095,000), HK$4,213,000 (2014: HK$6,694,000) and HK$8,448,000 (2014: HK$64,090,000) respectively (Note 7).

24 Trade receivables

	2015 HK$'000	2014 HK$'000
Trade receivables	**91,048**	181,700
Less: provision for impairment of trade receivables	**(837)**	(1,722)
Trade receivables – net	**90,211**	179,978

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 60 days from the invoice date. Licensing income is generally collectible within 120 days from the invoice date. The ageing analysis by invoice date of trade receivables of the Group is as follows:

	2015 HK$'000	2014 HK$'000
1-30 days	**22,190**	110,565
31-60 days	**24,053**	51,367
61-90 days	**13,958**	6,569
Over 90 days	**30,847**	13,199
	91,048	181,700

24 Trade receivables *(Continued)*

The ageing analysis by due date of trade receivables of the Group is as follows:

	2015 HK$'000	2014 HK$'000
Current	**35,485**	150,983
1-30 days	**19,972**	12,642
31-60 days	**1,308**	6,592
61-90 days	**6,408**	616
Over 90 days	**27,875**	10,867
	91,048	181,700

Trade receivables that do not have signs of financial problems or not long outstanding are not considered impaired. Trade receivables of HK$54,682,000 (2014: HK$42,508,000) as at 31 December 2015 were past due but not impaired. These relate to a number of independent department stores and licensees for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	2015 HK$'000	2014 HK$'000
Past due		
Up to 3 months	**27,644**	38,142
4 to 12 months	**19,427**	4,105
Over 12 months	**7,611**	261
	54,682	42,508

Trade receivables of HK$837,000 (2014: HK$1,722,000) as at 31 December 2015 were impaired and fully provided for. The individually impaired receivables mainly arise from department stores in the Chinese Mainland and licensees in Europe, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2015 HK$'000	2014 HK$'000
Up to 3 months	**–**	190
4 to 12 months	**321**	504
Over 12 months	**516**	1,028
	837	1,722

24 Trade receivables *(Continued)*

Movements in the provision for impairment of trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	1,722	1,907
Additional provision	250	1,313
Unused amounts reversed as collected	(1,058)	(1,391)
Exchange differences	(77)	(107)
At 31 December	837	1,722

The creation and release of provision for impaired receivables have been included in 'general and administrative expenses' in the consolidated income statement (Note 7). Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

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

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
EUR	40,043	11,367
RMB	22,997	99,527
GBP	10,955	11,441
TWD	7,536	33,871
MOP	5,641	9,294
HKD	2,116	13,017
USD	1,715	3,183
SGD	45	–
	91,048	181,700

25 Cash and cash equivalents

	2015 HK$'000	2014 HK$'000
Cash at bank and in hand	**222,303**	433,094
Short-term bank deposits (note (i))	**12,936**	89,583
Cash and cash equivalents (excluding bank overdrafts)	**235,239**	522,677

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

	2015 HK$'000	2014 HK$'000
Cash and cash equivalents	**235,239**	522,677
Bank overdrafts (Note 33)	**(75,468)**	(56,840)
Cash and cash equivalents – net	**159,771**	465,837
Maximum exposure to credit risk	**234,292**	521,288

The maximum exposure to credit risk refers to the cash balances held at financial institutions, and excludes cash on hand held at the retail stores and offices of the Group.

As at 31 December 2015, cash and bank balances amounting to HK$144,697,000 (2014: HK$138,326,000) were deposited in the bank accounts in the Chinese Mainland and Taiwan where exchange control applies.

Note (i): The table below shows the effective interest rate and average maturity days of the Group's short-term bank deposits:

	2015	*2014*
Effective interest rate	***0.86%***	*3.05%*
Average maturity days of deposits	***59***	*30*

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
RMB	**99,917**	72,281
HKD	**50,103**	370,108
TWD	**48,233**	47,044
EUR	**14,372**	1,442
USD	**11,434**	10,711
MOP	**4,972**	6,898
SGD	**3,499**	5,181
GBP	**2,075**	8,921
Others	**634**	91
	235,239	522,677

26 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 1 January 2014	4,000,000	1,732,637	173,264	2,355,300	2,528,564
Exercise of share options (note)	–	13,892	1,389	21,550	22,939
At 31 December 2014	4,000,000	1,746,529	174,653	2,376,850	2,551,503
Exercise of share options (note)	–	–	–	–	–
At 31 December 2015	**4,000,000**	**1,746,529**	**174,653**	**2,376,850**	**2,551,503**

Note:

No ordinary shares were issued during the year ended 31 December 2015. During the year ended 31 December 2014, 13,870,000 and 22,000 ordinary shares were issued at an exercise price of HK$1.65 and HK$2.45 per share, respectively, to the share option holders pursuant to the share option schemes.

Share Option Schemes

Pursuant to the Share Option Schemes adopted by the Company on 16 October 2009, the Board of Directors may, at its discretion, grant options to any qualifying participants (including but not limited to any employee, whether full-time or part-time employee, executive or non-executive Directors, of the Company or any affiliates as defined in the Share Option Schemes) which entitle the holders of options to subscribe for shares in the Company. The total number of shares that may be issued upon exercise of all options to be granted under the Share Option Schemes and any other schemes must not in aggregate exceed 10% of the shares in issue as at 3 November 2009, the listing date, or 30% of the shares in issue from time to time.

Movements in the number of such share options granted, and their related weighted average exercise prices during the year are as follows:

	Number of options	Weighted average exercise price HK$
At 1 January 2014	25,916,000	2.58
Share options granted on 21 August 2014	30,000,000	2.01
Share options granted on 4 November 2014	3,000,000	1.84
Exercised	(13,892,000)	1.65
Cancelled/Lapsed	(8,306,000)	2.35
Forfeited	(468,000)	3.90
At 31 December 2014	36,250,000	2.44
Lapsed	(3,250,000)	6.92
At 1 January 2015	**33,000,000**	**1.99**
Forfeited	**(1,020,000)**	**2.01**
At 31 December 2015	**31,980,000**	**1.99**

26 Share capital, share premium and share options *(Continued)*

Share Option Schemes *(Continued)*

At the end of the year, there were 31,980,000 (2014: 36,250,000) outstanding share options and out of which, 10,660,000 share options were exercisable (2014: 3,250,000). On 1 January 2015, 3,250,000 share options lapsed upon the expiry of the exercisable period ended 31 December 2014 and therefore the number of outstanding share options on 1 January 2015 was 33,000,000. Aggregating the 3,250,000 lapsed share options and 1,020,000 share options forfeited during the year, the total number of lapsed/forfeited share options was 4,270,000 at 31 December 2015. The Company has no legal or constructive obligation to settle the share options in cash.

The outstanding share options as at 31 December 2015 were granted under the Post-IPO Share Option Scheme.

Share options outstanding at the end of the year have the following exercisable periods and exercise prices:

Exercisable periods	Exercise price	2015	2014
1 January 2013 to 31 December 2014	HK$8.08	–	1,510,000
1 January 2013 to 31 December 2014	HK$7.71	–	250,000
1 January 2013 to 31 December 2014	HK$5.61	–	1,490,000
1 April 2015 to 31 December 2016	HK$2.01	**9,660,000**	10,000,000
1 January 2016 to 31 December 2017	HK$2.01	**9,660,000**	10,000,000
1 January 2017 to 31 December 2018	HK$2.01	**9,660,000**	10,000,000
1 April 2015 to 31 December 2016	HK$1.84	**1,000,000**	1,000,000
1 January 2016 to 31 December 2017	HK$1.84	**1,000,000**	1,000,000
1 January 2017 to 31 December 2018	HK$1.84	**1,000,000**	1,000,000
At 31 December		**31,980,000**	36,250,000

The weighted average share price at the date of exercise of share options exercised during 2014 was approximately HK$2.16. No share options were exercised during the year ended 31 December 2015.

The share options outstanding at 31 December 2015 had a weighted average remaining contractual life of 2.01 years (2014: 2.73 years).

The fair values of options granted were determined using the Black-Scholes valuation model.

Expected volatility was determined based on the historical price volatility of shares of the Company or comparable companies to the Company. Changes in the subjective input assumptions may materially affect their fair value estimates.

During the year ended 31 December 2015, the Company had not granted any share options. During the year ended 31 December 2014, the Company granted 33,000,000 share options in aggregate of which 11,970,000 options were granted to three Executive Directors.

27 Reserves

	Note	Retained earnings HK$'000	Merger reserves HK$'000 (note (a))	Other reserve HK$'000 (note (b))	Statutory reserves HK$'000 (note (c))	Translation reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
Balance at 1 January 2015		**1,045,076**	**(217,064)**	**(37,623)**	**5,949**	**39,648**	**9,122**	**845,108**
Comprehensive expense								
Loss for the year		(88,518)	–	–	–	–	–	(88,518)
Other comprehensive expenses								
Remeasurements of post employment benefit obligations		353	–	–	–	–	–	353
Exchange differences on translation of subsidiaries and associates		–	–	–	–	(50,360)	–	(50,360)
Other comprehensive expenses for the year, net of tax		353	–	–	–	(50,360)	–	(50,007)
Total comprehensive expenses		(88,165)	–	–	–	(50,360)	–	(138,525)
Transactions with owners								
Employee share option scheme								
– value of employee services		–	–	–	–	–	7,613	7,613
– transfer to retained earnings		5,233	–	–	–	–	(5,233)	–
2014 final dividends paid	15(b)	(75,101)	–	–	–	–	–	(75,101)
Total transactions with owners		(69,868)	–	–	–	–	2,380	(67,488)
Balance at 31 December 2015		**887,043**	**(217,064)**	**(37,623)**	**5,949**	**(10,712)**	**11,502**	**639,095**

27 Reserves *(Continued)*

	Note	Retained earnings HK$'000	Merger reserves HK$'000 (note (a))	Other reserve HK$'000 (note (b))	Statutory reserves HK$'000 (note (c))	Translation reserve HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
Balance at 1 January 2014		1,068,259	(217,064)	(37,623)	5,949	68,614	22,936	911,071
Comprehensive income								
Profit for the year		160,864	–	–	–	–	–	160,864
Other comprehensive expenses								
Remeasurements of post employment benefit obligations		(13,120)	–	–	–	–	–	(13,120)
Exchange differences on translation of subsidiaries and associates		–	–	–	–	(28,842)	–	(28,842)
Exchange differences realised upon liquidation of a subsidiary		–	–	–	–	(124)	–	(124)
Other comprehensive expenses for the year, net of tax		(13,120)	–	–	–	(28,966)	–	(42,086)
Total comprehensive (expenses)/income		147,744	–	–	–	(28,966)	–	118,778
Transactions with owners								
Employee share option schemes								
– value of employee services		–	–	–	–	–	4,337	4,337
– transfer to retained earnings		18,151	–	–	–	–	(18,151)	–
2013 final dividends paid	15(b)	(147,288)	–	–	–	–	–	(147,288)
2014 interim dividends paid	15(a)	(41,790)	–	–	–	–	–	(41,790)
Total transactions with owners		(170,927)	–	–	–	–	(13,814)	(184,741)
Balance at 31 December 2014		1,045,076	(217,064)	(37,623)	5,949	39,648	9,122	845,108

Notes:

(a) *Merger reserves mainly represent the differences between the sum of the nominal value and share premium of the subsidiaries acquired under common control and the nominal value of shares of the Company issued in exchange on the purchase considerations.*

(b) *Other reserve resulted from the remaining acquisition of non-controlling interest.*

(c) *In accordance with the relevant rules and regulations in the Chinese Mainland, the Republic of Korea and Macau, the Group's subsidiaries registered in the respective countries are required to appropriate a certain percentage of the statutory profit after tax to the statutory general reserve fund until such reserve fund reaches certain percentage of the respective registered capital. Subject to certain restrictions set out in the relevant regulations in respective countries and in the subsidiaries' articles of association, the statutory general reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital. The fund cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.*

28 Provision for long service payments

The movements of provision for long service payments are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	10,377	8,722
(Credited)/charged to the consolidated income statement	(2,637)	1,655
Payments made during the year	(589)	–
At 31 December	7,151	10,377

The Group provides for future long service payments expected to be made to employees under the Hong Kong Employment Ordinance.

29 Retirement benefit obligations

	2015 HK$'000	2014 HK$'000
Statement of financial position obligations for:		
– Pension benefits	29,524	31,221

	2015 HK$'000	2014 HK$'000
Income statement charge for:		
– Pension benefits (included in general and administrative expenses)	1,082	687
Remeasurements for:		
– Pension benefits (included in other comprehensive (income)/expenses)	(353)	13,120

The Group operates defined benefit pension plans in Taiwan and the United Kingdom respectively. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. (i) Taiwan: The latest independent actuarial valuation of the plan was prepared by Mercer (Taiwan) Limited, which is a member of the American Academy of Actuaries, based on the projected unit credit method as at 31 December 2015. (ii) United Kingdom: The latest independent actuarial valuation of the plan was prepared by Barnett Waddingham LLP, which is a member of the Institute and Faculty of Actuaries, based on the projected unit credit method as at 31 December 2015.

All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country. For the Taiwan and UK plans, responsibility for governance of the plans – including investment decisions and contribution schedules – lies mainly on the board of trustees.

29 Retirement benefit obligations *(Continued)*

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2015 HK$'000	2014 HK$'000
Present value of funded obligations	**119,182**	126,545
Fair value of plan assets	**(89,658)**	(95,324)
Liability in the consolidated statement of financial position	**29,524**	31,221

The movement in the net defined benefit obligation over the year is as follows:

	Present value of obligation HK$'000	Fair value of plan assets HK$'000	Total HK$'000
At 1 January 2015	**126,545**	**(95,324)**	**31,221**
Current service cost	**274**	**–**	**274**
Interest expense/(income)	**4,058**	**(3,250)**	**808**
	4,332	**(3,250)**	**1,082**
Remeasurements:			
– Return on plan assets, excluding interest income	**–**	**1,834**	**1,834**
– Gain from change in financial assumptions	**(1,758)**	**–**	**(1,758)**
– Gain from change in demographic assumptions	**(810)**	**–**	**(810)**
– Experience losses	**381**	**–**	**381**
	(2,187)	**1,834**	**(353)**
Contributions:			
– Employers	**–**	**(1,083)**	**(1,083)**
Payments from plans:			
– Benefit payments	**(3,300)**	**3,300**	**–**
Exchange differences	**(6,208)**	**4,865**	**(1,343)**
At 31 December 2015	**119,182**	**(89,658)**	**29,524**

29 Retirement benefit obligations *(Continued)*

The movement in the net defined benefit obligation over the year is as follows: *(Continued)*

	Present value of obligation HK$'000	Fair value of plan assets HK$'000	Total HK$'000
At 1 January 2014	105,675	(83,640)	22,035
Current service cost	286	–	286
Interest expense/(income)	12,861	(12,460)	401
	13,147	(12,460)	687
Remeasurements:			
– Return on plan assets, excluding interest income	–	(10,803)	(10,803)
– Loss from change in financial assumptions	24,652	–	24,652
– Gain from change in demographic assumptions	(230)	–	(230)
– Experience gains	(499)	–	(499)
	23,923	(10,803)	13,120
Contributions:			
– Employers	–	(2,691)	(2,691)
Payments from plans:			
– Benefit payments	(8,567)	8,567	–
Exchange differences	(7,633)	5,703	(1,930)
At 31 December 2014	126,545	(95,324)	31,221

The defined benefit obligation and plan assets are composed by country as follows:

	2015			2014		
	Taiwan HK$'000	**UK HK$'000**	**Total HK$'000**	Taiwan HK$'000	UK HK$'000	Total HK$'000
Present value of obligation	**23,622**	**95,560**	**119,182**	22,509	104,036	126,545
Fair value of plan assets	**(5,378)**	**(84,280)**	**(89,658)**	(5,435)	(89,889)	(95,324)
Total	**18,244**	**11,280**	**29,524**	17,074	14,147	31,221

29 Retirement benefit obligations *(Continued)*

The significant actuarial assumptions were as follows:

	2015		2014	
	Taiwan	UK	Taiwan	UK
Discount rate	**1.45% – 1.50%**	**3.90%**	1.90%	3.60%
Future salary growth rate and/or inflation	**2.25%**	**2.50%**	2.25%	2.40%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. For Taiwan plans, pensioners are entitled to receive a lump sum amount upon retiring at age 65 or retiring at an earlier age when certain criteria are met. As such, assumptions translating into an average life expectancy in years for a pensioner retiring at age 65 are not applicable for Taiwan plans. For UK plan, these assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2015		2014	
	Taiwan	UK	Taiwan	UK
Retiring at the end of the year:				
– Male	**N/A**	**22**	N/A	22
– Female	**N/A**	**24**	N/A	24
Retiring 20 years after the end of year:				
– Male	**N/A**	**23**	N/A	23
– Female	**N/A**	**25**	N/A	26

The sensitivity of the retirement benefit obligations in Taiwan and UK plans to changes in the weighted principal assumption is:

		Impact on retirement benefit obligations			
	Change in assumption	Increase in assumption 2015	2014	Decrease in assumption 2015	2014
(i) Taiwan plans:					
– Discount rate	0.50%	**Decrease by 1.95% – 2.0%**	Decrease by 2.40%	**Increase by 0.95% – 1.0%**	Increase by 1.40%
– Future salary growth rate	0.50%	**Increase by 2.75%**	Increase by 2.75%	**Decrease by 1.75%**	Decrease by 1.75%
(ii) UK plan:					
– Discount rate	0.10%	**Decrease by 13.95%**	Decrease by 12.80%	**Increase by 13.95%**	Increase by 12.80%
– Inflation	0.10%	**Increase by 10.18%**	Increase by 9.04%	**Decrease by 10.18%**	Decrease by 9.04%

29 Retirement benefit obligations *(Continued)*

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the consolidated statement of financial position.

Plan assets are comprised as follows:

	2015		2014	
	Un-quoted HK$'000	%	Un-quoted HK$'000	%
Equities	41,297	46%	44,045	46%
Bonds and Gilts	15,170	17%	17,079	18%
Diversified Growth Fund	22,756	25%	23,371	25%
Property	843	1%	899	1%
Cash	9,592	11%	9,930	10%
Total	89,658	100%	95,324	100%

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	It is legally required that the pension funds need to be deposited at the Bank of Taiwan. The plan assets are operated by the Taiwan government with minimum guaranteed return and individual company has no discretion on investment strategy. The UK plan holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
Interest rate risk	The UK plan's liabilities are assessed using market yield on high quality corporate bonds to discount the liabilities. As the plan holds assets such as equities the value of the assets and liabilities may not move in the same way.

Investments are held as cash in Taiwan. Investments are held as equities, bonds and gilts, diversified growth fund, property and cash in UK.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 2% of pensionable salaries in the Taiwan. The Group considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly. For UK plan, it closed the defined benefit scheme to new entrants and introduced a defined contribution scheme for all employees joining after May 2001.

29 Retirement benefit obligations *(Continued)*

Expected contributions to post-employment benefit plans for the year ending 31 December 2016 are HK$1,221,400 (2015: HK$814,000).

The weighted average duration of the defined benefit obligation are 12.8 years (2014: 13.6 years) for Taiwan plans and 17.0 years (2014: 17.0 years) for UK plan.

Expected maturity analysis of undiscounted pension benefits for Taiwan plans in the future 10 years:

At 31 December 2015	**Less than a year HK$'000**	**Between 1-2 years HK$'000**	**Between 2-5 years HK$'000**	**Between 5-10 years HK$'000**	**Total HK$'000**
Pension benefits	**240**	**294**	**2,192**	**5,141**	**7,867**

At 31 December 2014	Less than a year HK$'000	Between 1-2 years HK$'000	Between 2-5 years HK$'000	Between 5-10 years HK$'000	Total HK$'000
Pension benefits	124	256	2,409	5,139	7,928

30 Other payables and accruals

	2015 HK$'000	2014 HK$'000
Non-current		
Royalties payable (note (i))	**203,260**	–
Current		
Royalties payable	**18,098**	6,780
Value-added-tax payable	**26,138**	44,057
Sales deposits received	**31,575**	37,619
Lease incentive	**12,736**	23,596
Other payables	**49,485**	44,055
Accrued expenses (note (ii))	**139,910**	165,762
	277,942	321,869
Total	**481,202**	321,869

Notes:

(i) The royalties payable represents the present value of guaranteed minimum royalty which was capitalised as a definite life licence as disclosed in Note 17 and was reduced by prepayment of minimum royalty as disclosed in Note 37 (a)(iii).

(ii) Accrued expenses include employee benefits cost amounted to HK$68,853,000 as at 31 December 2015 (2014: HK$79,258,000).

As at 31 December 2015 and 2014, the carrying amounts of the Group's other payables and accruals approximated their fair values.

31 Trade payables

	2015 HK$'000	2014 HK$'000
Trade payables	**70,264**	43,870

As at 31 December 2015 and 2014, the carrying amounts of the Group's trade payables approximated their fair values.

The credit period granted by creditors generally ranges from 30 to 90 days. Ageing analysis by invoice date of trade payables is as follows:

	2015 HK$'000	2014 HK$'000
1–30 days	**18,721**	17,043
31–60 days	**14,473**	6,238
61–90 days	**10,063**	4,279
Over 90 days	**27,007**	16,310
	70,264	43,870

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2015 HK$'000	2014 HK$'000
EUR	**26,593**	9,656
RMB	**15,082**	11,574
GBP	**10,305**	17,096
HKD	**9,855**	3,809
USD	**5,622**	219
JPY	**2,807**	1,516
	70,264	43,870

32 Contingent purchase consideration payable for acquisition

	2015 HK$'000	2014 HK$'000
Total contingent purchase consideration payable for acquisition (note)	**175,892**	252,475
Less: current portion of contingent purchase consideration payable for acquisition	**–**	–
Non-current portion of contingent purchase consideration payable for acquisition	**175,892**	252,475

Note: Balances represent management's best estimation of the fair values of contingent purchase consideration payable for the acquisition as detailed in Note 4.2(b). Final amount of consideration settlement would be determined based on future performance of the acquired business.

33 Borrowings

	2015 HK$'000	2014 HK$'000
Non-current		
Bank borrowing	160,000	–
Current		
Bank overdrafts (Note 25)	75,468	56,840
Bank borrowings	490,820	691,080
	566,288	747,920
Total borrowings	726,288	747,920

(a) The Group's bank borrowings are repayable as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year	490,820	691,080
Between 1 and 2 years	40,000	–
Between 2 and 5 years	120,000	–
	650,820	691,080

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

	2015 HK$'000	2014 HK$'000
HKD	600,000	600,000
EUR	75,380	54,788
GBP	50,908	39,800
RMB	–	53,332
	726,288	747,920

(c) The Group's current borrowings are subject to floating interest rates and the contractual repricing dates at the end of the reporting periods are within 6 months. The Group's non-current borrowing is subject to fixed interest rate. The effective interest rates at the end of reporting period were as follows:

	2015	2014
HKD	1.78%	1.33%
EUR	1.46%	1.62%
GBP	1.85%	1.56%
RMB	6.07%	6.19%

(d) The fair values of borrowings approximated their carrying amounts.

(e) As at 31 December 2015, the Group has unutilised banking facilities amounted to HK$2,385 million (2014: HK$1,815 million).

34 Cash (used in)/generated from operations

Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations

	2015 HK$'000	2014 HK$'000
(Loss)/profit before income tax	**(128,964)**	184,198
Adjustments for:		
– Share of profit of associates (Note 18)	**(4,285)**	(7,790)
– Remeasurement gain on convertible promissory note	**(166)**	–
– Interest income (Note 10)	**(6,209)**	(36,629)
– Interest expense (Note 10)	**21,827**	32,980
– Depreciation of property, plant and equipment (Note 16)	**126,960**	165,014
– Amortisation of intangible assets (Note 17)	**14**	–
– Write off of intangible asset (Note 7)	**4,253**	–
– Reversal of provision for impairment of property, plant and equipment (Note 16)	**–**	(340)
– Net (gain)/loss on disposal of property, plant and equipment (Note 7)	**(4,677)**	6,678
– Reversal of provision for impairment of trade receivables – net (Note 24)	**(808)**	(78)
– Net contributions to long service payment provision and retirement benefit obligation	**(3,227)**	(349)
– Employee share option benefit (Note 27)	**7,613**	4,337
– Gains on remeasurement of contingent purchase consideration payable for acquisition	**(85,003)**	(77,475)
– Foreign exchange losses	**17,864**	20,892
Changes in working capital:		
– Inventories	**(8,124)**	68,935
– Trade and other receivables	**6,818**	(2,702)
– Trade and other payables	**(47,353)**	(116,760)
– Balances with related parties	**24,373**	(5,949)
Cash (used in)/generated from operations	**(79,094)**	234,962

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise of:

	2015 HK$'000	2014 HK$'000
Net book amount (Note 16)	**1,700**	6,984
Net gain/(loss) on disposal of property, plant and equipment	**4,677**	(6,678)
Proceeds from disposal of property, plant and equipment	**6,377**	306

34 Cash (used in)/generated from operations *(Continued)*

Reconciliation of (loss)/profit before income tax to cash (used in)/generated from operations *(Continued)*

The table below shows the amount of net gain/(loss) on disposal of property, plant and equipment included in general and administrative expenses and other income:

	2015 HK$'000	2014 HK$'000
General and administrative expenses	**(1,153)**	(6,678)
Other income	**5,830**	–
Total	**4,677**	(6,678)

Non-cash transactions

The principal non-cash transaction is the capitalisation of minimum royalties payable (HK$230,339,000) as a definite life licence as disclosed in Note 17.

35 Contingent liabilities

Save as disclosed elsewhere in this report, the Group had no significant contingent liabilities as at 31 December 2015 and 2014.

36 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 24 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:

	2015 HK$'000	2014 HK$'000
No later than 1 year	**320,141**	375,151
Later than 1 year but no later than 5 years	**308,114**	495,951
Later than 5 years	**55,226**	93,434
	683,481	964,536

36 Commitments *(Continued)*

(b) Commitments under operating leases – group company as lessor

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

	2015 HK$'000	2014 HK$'000
No later than 1 year	**3,107**	3,298
Later than 1 year but no later than 5 years	**5,437**	2,401
	8,544	5,699

(c) Capital commitments

	2015 HK$'000	2014 HK$'000
Contracted but not provided for:		
Within 1 year	**4,462**	1,922
Later than 1 year but no later than 2 years	**132**	–
	4,594	1,922

(d) Other commitments

	2015 HK$'000	2014 HK$'000
Contracted but not provided for:		
Within 1 year	**2,222**	5,994
Later than 1 year but no later than 2 years	**2,790**	1,559
	5,012	7,553

37 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 Fung Holdings (1937) Limited, a substantial shareholder of the Company (collectively, the "Substantial Shareholder Group").

37 Related party transactions *(Continued)*

(a) Significant related party transactions *(Continued)*

The Group's connected or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") are disclosed in the Connected Transactions section of the Directors' Report on pages 70 and 71. Other than the related party transactions disclosed elsewhere, significant related party transactions of the Group during the year were as follows:

	Note	2015 HK$'000	2014 HK$'000
(I) Transactions with the Substantial Shareholder Group			
Purchase of goods	(ii)	5,263	8,426
Sales of garments and fashion accessories		78,288	–
Sub-contracting fee expense for production of product parts	(i)	33,460	36,777
Management fee income for provision of accounting, information system and human resources services (Note 8)	(ii)	476	202
Management fee income for provision of warehouse and logistics services (Note 8)	(ii)	–	1,023
Service fee expense for provision of corporate compliance services, legal services and other administrative expenses	(ii)	5,483	5,424
Service charges for provision of logistics related services		11,317	13,317
Sourcing services fee for garments and fashion accessories		2,752	145
Reimbursement of operating cost for provision of sourcing services	(ii)	8,587	–
Rental and licence fee income (Note 8)	(ii)	569	1,826
Rentals for property leasing and/or licensing		4,418	4,115
Reimbursement of administrative expenses on recruitment	(ii)	–	2,378
(II) Transactions with other related parties			
Rental income received from an associate of a director of a subsidiary of the Company (Note 8)	(ii)	103	45
Consultancy and advisory service fee paid to directors of subsidiaries of the Company	(ii)	1,048	1,127
Consultancy and advisory services expense paid to a company controlled by a director of the Company		–	2,120
Advertising and promotion expense paid to an associate of a director of the Company	(ii)	419	807

Notes:

(i) During the year, the Group had incurred expenses in respect of sub-contracting services for production of product parts by associated companies of the Substantial Shareholder Group. And three Non-executive Directors of the Company, namely, Dr Victor FUNG Kwok King, Dr William FUNG Kwok Lun and Ms Sabrina FUNG Wing Yee, had deemed interests therein.

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

(iii) During the year, the Group paid the minimum royalty of HK$13,566,000 as a prepayment for the year ended 31 December 2015 in relation to the grant to the Group certain rights to use the licensed property relating to Mr David Beckham.

37 Related party transactions *(Continued)*

(b) Year-end balance with related parties

	2015 HK$'000	2014 HK$'000
Due from		
Substantial Shareholder Group	**949**	77
Due to		
Substantial Shareholder Group	**38,209**	13,089
Other related party	**47**	–
	38,256	13,089

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

(c) The compensation paid or payable to key management personnel of the Group, including amounts paid to certain directors and certain of the highest paid employees as disclosed in Note 13 and Note 14, is as follows:

	2015 HK$'000	2014 HK$'000
Salaries, bonuses and other short-term employee benefits	**32,783**	41,845
Pension costs – defined contribution plans	**299**	519
Employee share option benefit	**4,141**	2,400
Total	**37,223**	44,764

(d) Save as disclosed above and directors' remuneration and individuals with highest emoluments as set out in Note 13 and Note 14 to the consolidated financial statements, the Group has no other material related party transactions during the year.

38 Events after the reporting period

Loan receivable from BHB

On 21 March 2016, the Group entered into an amended and restated convertible promissory note purchase agreement and a new loan agreement with BHB, which represents our commitment and collaboration with BHB to expand "Kent & Curwen" in the United States, as well as significant opportunities for expansion in the North and South American markets. Under the amended and restated convertible promissory note purchase agreement, the Group could have an equity interest in BHB up to 75% after exercising the conversion right exercisable from 1 April 2018 to 31 March 2019 or upon the occurrence of certain events under the provisions of the restated convertible promissory note purchase agreement. The Group has agreed to lend to BHB a new loan up to US$9 million from 21 March 2016 to 31 December 2018 according to the new loan agreement.

On the same day, the Group entered into a put/call agreement with Heritage Global Partners, LLC ("Heritage"), the sole shareholder of BHB, which allow Heritage to put its remaining 25% interest in BHB to the Group at fair value. The put option would be exercisable between 1 April 2019 and 31 March 2024 by Heritage after the Group has become the owner of 75% of the equity interest in BHB. Heritage would grant a call option to the Group to acquire Heritage's interest in BHB at fair value. The call option would be exercisable by the Group at any time from 1 April 2024 onwards after the Group has become the owner of 75% of the equity interest in BHB.

Investment in Hardy Amies

On 21 March 2016, the Group entered into a business acquisition agreement with Hardy Amies London Limited ("HALL") and No.14 Savile Row Management Limited ("No.14 SRM"). Pursuant to the terms of the business acquisition agreement, the Group will acquire the Hardy Amies business carried on by HALL and No.14 SRM and certain assets for a consideration of not more than GBP1 million and sub-lease certain properties from HALL.

Under the business acquisition agreement, the Group will enter into licence agreements with HALL and Hardy Amies (International) Pte Limited ("HA Singapore") for a term starting from 1 April 2016 and ending 31 December 2021. Under the terms of the respective licence agreements, each of HALL and HA Singapore will grant to the Group, among other things, the right to use the HARDY AMIES trademarks in the design, manufacture, distribution and retail of certain products under the "Hardy Amies" brand.

39 Statement of financial position and reserves movement of the Company

(a) Statement of financial position of the Company

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**2,688,097**	2,681,694
Current assets			
Prepayments and other receivable		**4,090**	3,817
Amounts due from subsidiaries		**1,278,194**	1,167,644
Cash and cash equivalents		**356**	9,253
		1,282,640	1,180,714
Total assets		**3,970,737**	3,862,408
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	26	**174,653**	174,653
Share premium	26	**2,376,850**	2,376,850
Reserves		**782,086**	672,597
Total equity		**3,333,589**	3,224,100
LIABILITIES			
Non-current liabilities			
Contingent purchase consideration payable for acquisition		**175,892**	252,475
Current liabilities			
Other payables and accruals		**6,242**	5,441
Amounts due to subsidiaries		**455,014**	380,392
		461,256	385,833
Total liabilities		**637,148**	638,308
Total equity and liabilities		**3,970,737**	3,862,408

Approved by the Board of Directors on 21 March 2016 and were signed on its behalf

Victor FUNG Kwok King
Director

Richard Samuel COHEN
Director

39 Statement of financial position and reserves movement of the Company *(Continued)*

(b) Reserves movement of the Company

	Retained earnings HK$'000	Employee share-based compensation reserve HK$'000	Total HK$'000
Balance at 1 January 2015	**663,475**	**9,122**	**672,597**
Profit for the year	**176,977**	**–**	**176,977**
Employee share option scheme			
– value of employee services	**–**	**7,613**	**7,613**
– transfer to retained earnings	**5,233**	**(5,233)**	**–**
2014 final dividends paid	**(75,101)**	**–**	**(75,101)**
Balance at 31 December 2015	**770,584**	**11,502**	**782,086**
Balance at 1 January 2014	580,418	22,936	603,354
Profit for the year	253,984	–	253,984
Employee share option schemes			
– value of employee services	–	4,337	4,337
– transfer to retained earnings	18,151	(18,151)	–
2013 final dividends paid	(147,288)	–	(147,288)
2014 interim dividends paid	(41,790)	–	(41,790)
Balance at 31 December 2014	663,475	9,122	672,597

40 Details of subsidiaries

As at 31 December 2015, the Company has direct and indirect interest in the following subsidiaries:

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Particulars of issued share capital/ paid-in capital	Interest held	
					directly	indirectly
Trinity International Brands Holdings Limited	8 December 2006	British Virgin Islands	Investment holding	USD1	100%	–
Trinity Brands Limited	12 May 2006	British Virgin Islands	Investment holding	USD1	100%	–
Trinity Services Holdings Limited	8 December 2006	British Virgin Islands	Investment holding	USD1	100%	–
Marvinbond Limited	8 June 1993	British Virgin Islands	Investment holding	USD1	100%	–
Cerruti 1881 SAS	23 March 1967	France	Trading of garments & licensing	EUR11,485,166	–	100%
Cerruti Investment Pte. Ltd.	28 January 2011	Singapore	Trading of garments & holding of trademarks	SGD300,000	–	100%
Champion Distributions Limited	6 August 1997	Hong Kong	Investment holding & licensing	HK$1,000,000	–	100%
逸貿服飾銷售(上海)有限公司 (Champion Fashion Distributions (Shanghai) Limited) (note)	27 June 2005	PRC	Inactive	RMB3,000,000	–	100%
卓誼(澳門)有限公司 (COL (Macau) Limited)	14 March 2007	Macau	Trading of garments	MOP100,000	–	100%
Concord Distributions Limited	25 June 1997	Hong Kong	Investment holding	HK$1,000,000	–	100%
永盈服飾銷售(上海)有限公司 (Concord Fashion Distributions (Shanghai) Limited) (note)	18 May 2005	PRC	Inactive	RMB3,000,000	–	100%
利永(澳門)有限公司 (DBN (Macau) Limited)	16 August 2012	Macau	Inactive	MOP25,000	–	100%
Ferrinch (L) Limited	5 August 1996	Federal Territory of Labuan, Malaysia	Investment holding	USD3,001,500	–	100%

40 Details of subsidiaries *(Continued)*

As at 31 December 2015, the Company has direct and indirect interest in the following subsidiaries: *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Particulars of issued share capital/ paid-in capital	Interest held	
					directly	indirectly
Gieves and Hawkes International (BVI) Limited	23 January 2001	British Virgin Islands	Investment holding & holding of trademarks & licensing	USD1	–	100%
Gieves Limited	6 October 1971	England and Wales	Wholesaling, retailing & tailoring businesses	GBP10,100	–	100%
Gieves & Hawkes International Limited	15 March 1984	England and Wales	Trademark licensing	GBP250,000	–	100%
Gieves & Hawkes Limited	18 October 1979	England and Wales	Investment holding	GBP5,111,097	–	100%
Golden Palace Global Inc.	4 July 2000	British Virgin Islands	Investment holding	USD2	–	100%
Golden Palace Global (H.K.) Limited	30 July 2003	Hong Kong	Investment holding	HK$1,000,000	–	100%
永圖貿易(上海)有限公司 (Golden Palace Global Trading (Shanghai) Co., Ltd.) (note)	29 December 2000	PRC	Inactive	USD200,000	–	100%
LiFung Trinity Management (Singapore) Pte Ltd	21 March 2007	Singapore	Trading of garments, holding of trademarks & provision of business management & consultancy services	SGD300,000	–	100%
Million Venture Inc.	28 August 2000	British Virgin Islands	Investment holding	USD2	–	100%
Million Venture (H.K.) Limited	30 July 2003	Hong Kong	Investment holding	HK$1,000,000	–	100%
逸倫貿易(上海)有限公司 (Million Venture Trading (Shanghai) Co., Ltd.) (note)	29 December 2000	PRC	Inactive	USD200,000	–	100%
Toga Investments France SARL	20 July 2006	France	Investment holding	EUR27,004,728	–	100%

40 Details of subsidiaries *(Continued)*

As at 31 December 2015, the Company has direct and indirect interest in the following subsidiaries: *(Continued)*

Company name	Date of incorporation	Place of incorporation/ operations	Principal activities	Particulars of issued share capital/ paid-in capital	Interest held	
					directly	indirectly
Trinity China Distributions (B.V.I.) Limited	23 July 2003	British Virgin Islands	Investment holding	HK$5,001,000	–	100%
Trinity China Distributions (H.K.) Limited	28 July 2003	Hong Kong	Investment holding & trading of garments	HK$5,000,000	–	100%
利永(上海)時裝商貿有限公司 (Trinity China Distributions (Shanghai) Limited) (note)	27 October 2006	PRC	Inactive	RMB3,000,000	–	100%
利宜貿易(上海)有限公司 (Trinity China Distributions Trading (Shanghai) Limited) (note)	29 December 2000	PRC	Inactive	USD200,000	–	100%
利邦(上海)服裝貿易有限公司 (Trinity Distributions & Retails (Shanghai) Limited) (note)	27 October 2006	PRC	Trading of garments	RMB160,000,000	–	100%
Trinity Fashions Limited	21 December 2006	Hong Kong	Investment holding	HK$5,000,000	–	100%
Trinity Fashion Swiss SAGL	31 August 2015	Switzerland	Inactive	CHF250,000	–	100%
Trinity International Brands Limited	18 May 2006	Hong Kong	Investment holding & trading of garments	HK$5,000,000	–	100%
Trinity (Business Wear) Limited	2 February 1973	Hong Kong	Garment manufacturing	HK$3,900,000	–	100%
Trinity (Management Services) Limited	6 April 2006	Hong Kong	Provision of management services	HK$1	–	100%
Trinity Luxury Brands Holdings Limited	11 October 1999	British Virgin Islands	Investment holding	USD1	–	100%
Trinity Retail Limited	24 July 1979	Hong Kong	Trading of garments	HK$500,000	–	100%
Trinity Retail (H.K.) Limited	8 December 1978	Hong Kong	Trading of garments & licensing	HK$25,000,000	–	100%
Trubest Limited	25 June 1997	Hong Kong	Trading of garments	HK$200,000	–	100%

Note: These companies are foreign-owned enterprises registered in the PRC.

Financial Summary

The following table summarises the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
Consolidated results					
Revenue	2,607,281	2,800,671	2,695,935	2,623,584	**1,914,053**
Operating profit/(loss)	613,460	583,109	362,984	172,759	**(117,631)**
Profit/(loss) before income tax	676,917	637,116	369,449	184,198	**(128,964)**
Income tax	(163,887)	(96,997)	(61,241)	(23,334)	**40,446**
Profit/(loss) for the year	513,030	540,119	308,208	160,864	**(88,518)**
Attributable to:					
Shareholders of the Company	513,030	540,119	308,208	160,864	**(88,518)**
Assets					
Non-current assets	2,992,803	3,734,549	3,778,328	3,701,559	**3,911,719**
Current assets	1,697,174	1,966,522	2,337,814	1,441,609	**1,121,142**
Total assets	4,689,977	5,701,071	6,116,142	5,143,168	**5,032,861**
Equity and liabilities					
Total equity	3,252,586	3,461,242	3,439,635	3,396,611	**3,190,598**
Liabilities					
Non-current liabilities	288,043	704,484	695,217	605,530	**882,060**
Current liabilities	1,149,348	1,535,345	1,981,290	1,141,027	**960,203**
Total liabilities	1,437,391	2,239,829	2,676,507	1,746,557	**1,842,263**
Total equity and liabilities	4,689,977	5,701,071	6,116,142	5,143,168	**5,032,861**

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