TRINITY LIMITED
利邦控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 891)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

Highlights

	2016	2015
Revenue *(HK$ million)*	**1,777.0**	1,914.1
Gross profit *(HK$ million)*	**1,213.2**	1,385.2
Gross margin (%)	**68.3%**	72.4%
Core operating profit/(loss) [1] *(HK$ million)*	**(406.5)**	(273.4)
Loss attributable to shareholders *(HK$ million)*	**(441.5)**	(88.5)
Basic loss per share [2] (*HK cents*)	**(25.3)**	(5.1)

Notes:

1. *Core operating profit/(loss) includes profit/(loss) of the retail, wholesale and licensing businesses before net finance costs, income tax, gain on remeasurement of contingent purchase consideration payable for acquisition and material gains or losses which are of capital nature or non-operational related and share of results of associated companies*
2. *Basic loss per share = Loss attributable to shareholders / weighted average number of ordinary shares in issue*

CHAIRMAN'S STATEMENT

A year of continuing challenges

The trying retail environment of the past two years continues to impact the performance of many companies and Trinity Limited (the "Company") is no exception. While we see some signs that conditions are improving, these pressures are unlikely to disappear completely in 2017. Together, the Board, the leadership team and our dedicated staff are totally committed to moving the business in a positive direction, and I believe that the Company's strategy of returning 'Back to Basics' is the right one.

Throughout 2016 the Company and its subsidiaries (together the "Group" or "Trinity") were adversely affected by external factors including the changing consumption and travel patterns of China's consumers and the lingering effects of the Chinese government's austerity measures.

In the light of these considerable challenges, the Group's leadership team made a number of difficult decisions. They are working to consolidate our operations and create a more streamlined organisation. The Group's Chief Executive Officer, Mr Jeremy Hobbins, returned to Trinity to help lead this drive in June 2016. I am confident that with his experience and knowledge of Trinity, we have the right team with a clear view on what is required to succeed in the long term.

Focus on our core

The Group's priority is to go 'Back to Basics'. This means concentrating on our major brands, improving the effectiveness of our supply chain, maintaining a cost-efficient organisation and driving sales.

We are ensuring that our stable of heritage brands remains relevant to modern consumers. Especially we want to meet the needs of our core Chinese consumers where, when and however they wish to buy.

The value of our heritage brands should not be underestimated. In 2017 we believe that Kent & Curwen's relationship with fashion icon David Beckham will further build our business on a global stage, while the breadth of Cerruti 1881 as a global lifestyle brand and the premium position of Gieves & Hawkes are all major strengths.

The Group successfully launched an e-Commerce platform in 2016. China's e-Commerce market alone is set to be worth US$1.42 trillion by 2020, almost twice that of the US at US$779 billion[1]. We will continue to make expansion in this area a priority in 2017. In combination with our store network in Greater China and in key locations around the world, this platform enables us to reach Chinese consumers wherever they wish to buy.

A leaner organisation

Trinity's management team implemented a number of restructuring and cost-saving measures in 2016 that will better position the Group for the future.

Trinity's senior management team was streamlined and the Group also continued to optimise our supply chain network and close under-performing stores. In 2017 there will be further streamlining of our supply chain operations as we believe that these measures will contribute to the long-term health of the Group.

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[1] http://www.worldpay.com/global/insight/articles/2016-11/global-payments-report-2016

Building a positive future

The Board and management recognise that the Group's financial performance will continue to be affected by the challenging consumer environment and on-going structural changes in the retail industry in the short to medium term.

However, we believe that the measures that we have taken in 2016 will serve to improve the financial position of the Group in 2017 and beyond.

There is no doubt we will continue to face challenges in the future, yet I am confident that all the measures taken by the Group's leadership, working with our committed staff, will return the business to profitability.

I would like to thank them all again for their loyalty and perseverance.

Victor FUNG Kwok King
Chairman
Hong Kong, 16 March 2017

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Back to Basics

I rejoined Trinity as Chief Executive Officer in June 2016 and I was aware of the challenges that the business was facing. I also knew that we had the right team and the work ethic to deliver initiatives that would enable us to perform better in continued challenging times.

However due to the difficult marketplace and operational challenges we continue to face, the Group has reported an operating loss for the year. These results are very disappointing. To address this situation we are focusing on the ethos of 'Back to Basics' – we are concentrating on our core attributes and making our business more relevant to modern consumers.

In 2016 we initiated a number of restructuring and cost-saving measures that will better position the Group for the long term. We have restructured the organisation and clarified reporting lines by reducing the number of senior management positions, and we have cut back on external consultants. Importantly we are investing in the talent we have already had within Trinity.

China's consumers set the pace

Across our brands, the Chinese consumer remains our primary focus: 76 percent of China's urban population will be considered middle class by 2022[1] and we believe that their purchases both in and out of the country, online and offline, will fuel our growth in years to come. With their affinity for 'aspirational luxury', we are targeting this growing consumer base.

However sentiment in Hong Kong remains soft. Tourist visitors to Hong Kong declined 4.5 percent last year, while Mainland Chinese tourist numbers to the SAR fell by 6.7 percent[2], although there are initial signs of improvement of consumer sentiment in Macau and in the Chinese Mainland.

Heritage Brand leadership

Continuing the 'Back to Basics' theme, we have clarified and focused the direction of our heritage brands under the expert leadership of Raymond Clacher in London, for Gieves & Hawkes, Hardy Amies and Kent & Curwen, and Laurent Grosgogeat in Paris, for Cerruti 1881. We are also in the process of strengthening brand management within Asia to accelerate the decision-making process across the territories where we operate.

Gieves & Hawkes

Gieves & Hawkes was founded in 1771 and has 80 stores worldwide. This heritage brand is in the process of moving forward by balancing the past with the present. Gieves & Hawkes' flagship store at No 1 Savile Row, UK saw strong sales in 2016, partly as a result of the depreciation of sterling in the light of the Brexit result.

Cerruti 1881

In 2017 Cerruti 1881 celebrates the 50^{th} anniversary of the brand as it continues to enjoy creative recognition. The new A/W 2017 collection, which made its debut in a Paris show, was well received and in combination with a new flagship and key department store locations in Paris, we believe that this high level of visibility will benefit the brand moving forward. We place great value on our licensing relationships which contribute revenue and believe that Cerruti 1881 has significant potential as a lifestyle brand.

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[1] http://www.mckinsey.com/industries/retail/our-insights/mapping-chinas-middle-class

[2] http://www.discoverhongkong.com/common/images/about-hktb/pdf/tourism_stat_12_2016.pdf

Kent & Curwen

Kent & Curwen celebrated its 90th anniversary in 2016 and this was marked with the formal launch of the heritage brand's partnership with fashion icon David Beckham. Mr Beckham is directly involved in product development, market expansion, advertising and store aesthetics.

An initial Beckham capsule wardrobe collection enjoyed positive sales on luxury menswear platform Mr Porter which bodes well for future collections. The collection was Trinity's first wholly digital launch of a collection and we will continue to investigate similar opportunities. To further leverage the brand's strong London heritage, Kent & Curwen will open a flagship store in September 2017 in Covent Garden, alongside the roll out of the full Beckham collection in Asia.

Operational Efficiencies

We now have 321 stores after closing a number of under-performing locations and while the review of our stores and negotiations with landlords are an on-going process, we are very pleased with the progress made to date. Our store network in China and across the globe is in good shape and an asset to the business.

In 2016 we closed our Hong Kong casual wear production line, with the full closure of our Hong Kong factory completed in the first quarter of 2017. We believe that this decision along with other supply chain efficiencies will contribute to the long-term well-being of the Group.

In 2016 we sold our remaining interest in the Salvatore Ferragamo companies, withdrawing completely from joint ventures with Salvatore Ferragamo.

e-Commerce opportunities

We successfully completed the launch of our e-Commerce platform in 2016 and will continue to develop this in the coming year. We believe this will play a key role in generating revenue for our brands as third party platforms and our own branded webstores will enable us to reach a wider global audience and meet the online needs of the Chinese consumer. We currently have relationships with pioneering e-Commerce platforms Tmall, Farfetch and, as previously noted, Mr Porter and we are looking to expand this further.

Driving 'Back to Basics'

I returned as Chief Executive Officer at Trinity in June 2016. I regard the results for 2016 particularly unsatisfactory, however the management team and our talented people are highly motivated and totally committed to transforming the Company into a lean organisation that is well positioned to meet the challenges ahead. There is still much to do and these efforts will continue in 2017 as we further improve and streamline our business operations. By returning to our fundamentals, and ensuring that our heritage brands look forward, we will tackle these challenges head on. I would like to thank our hardworking teams, customers, partners and community for their continuing support.

Jeremy Paul Egerton HOBBINS
Chief Executive Officer
Hong Kong, 16 March 2017

DISCUSSION AND ANALYSIS

Key Performance Indicators	2016 HK$'000	2015 HK$'000
Revenue	1,776,962	1,914,053
Gross profit	1,213,238	1,385,157
Gross margin	68.3%	72.4%
Core operating profit/(loss)	(406,485)	(273,444)
Loss attributable to shareholders	(441,476)	(88,518)
Inventories	504,940	591,891
Inventory turnover days	356	416
Trade receivables	80,663	90,211
Trade payables	62,518	70,264
Net debt [1]	723,678	491,049
Return on equity [2]	-15.0%	-2.7%
Gearing ratio [3]	21.1%	13.3%

Notes:

1. *Net debt = Interest bearing bank borrowings and bank overdrafts less cash and cash equivalents*
2. *Return on equity = Loss attributable to shareholders / average of opening and closing balances on total equity as shown in the consolidated statement of financial position x 100%*
3. *Gearing ratio = Net debt / total capital x 100%; total capital is calculated as total equity plus net debt*

The above Key Performance Indicators (KPIs) are the common KPIs used in the retail industry. We select and adopt the above capital structure and business KPIs to assess our business performance.

Revenue

Revenue decreased by 7.2% to HK$1,777.0 million in 2016 from HK$1,914.1 million in 2015. Excluding the effect of exchange rate differences caused by the depreciation of the renminbi ("RMB"), sterling and euro versus the Hong Kong dollar, revenue decreased by 3.7%.

The Group's retail performance has been adversely affected by the on-going weakened state of the Hong Kong and Macau retail markets due to declining Chinese tourism and dampened consumer sentiment in the Chinese Mainland. The 2016 financial year was marked by contrasting halves; the Group reported retail revenue growth of 1.1% in the second half after a 18.7% decline in the first half. The improved retail sales trends in the second half of 2016 were mainly due to more promotional activities and product mix improvement. The full year retail sales and same-stores sales decreased by 9.8% and 6.0% respectively.

<u>Revenue by geographical location</u>

<u>Retail Sales</u>

Hong Kong & Macau

Retail sales in Hong Kong & Macau were HK$525.0 million, 5.6% lower than the previous year due to a decrease in visitors from the Chinese Mainland. Same-store sales reflected a similar trend, falling 4.7%.

Chinese Mainland

Retail sales in the Chinese Mainland were HK$739.9 million, representing a decrease of 12.5% compared to the previous year. The decrease was 7.9% after excluding the effect of exchange rate differences. In view of the dampened spending environment, we continued our efforts to consolidate our store network by closing unprofitable locations, delivering a net closure of 50 stores in the Chinese Mainland in 2015 and a further 31 stores in 2016. Same-store sales, excluding stores closed, declined by 3.4%.

Taiwan

Retail sentiment also remained weak in Taiwan resulting in a decrease of 13.1% in retail sales to HK$129.4 million compared to last year. The decline in same-store sales was 13.5%.

Europe

In Europe, retail sales in 2016 were HK$138.2 million, representing a decrease of 8.9% compared to 2015. Excluding the effect of exchange rate differences, revenue increased by 2.0%.

Wholesale and licensing

Greater China

Wholesale revenue in Greater China increased from HK$83.8 million in 2015 to HK$99.2 million in 2016.

Europe

We recorded revenue growth of 84.4% in wholesale business for the year, while licensing revenue decreased from HK$94.6 million to HK$85.1 million.

Gross profit

The gross profit was HK$1,213.2 million in 2016 compared to HK$1,385.2 million in the previous year, a decline of 12.4%.

The retail gross profit margins for Hong Kong & Macau, the Chinese Mainland and Taiwan in 2016 remained stable year-on-year and maintained at 70% in Greater China. In Hong Kong & Macau the gross profit margin was 71.0% (74.7% in 2015), in the Chinese Mainland it was 70.1% (73.5% in 2015) and in Taiwan, 65.9% (67.6% the previous year).

The decreases in retail gross profit margins were mainly due to more sales and promotional activities and inventory provision during the year.

In Europe, the retail gross profit margin increased from 54.3% in 2015 to 55.6% in 2016.

In Asia, the wholesale gross margin was 44.2% whilst in Europe it was 48.7% in 2016.

The overall gross profit margin was 68.3% in 2016, representing 4.1 percentage points decrease. This was mainly due to higher discounts, rising proportion of wholesale business and additional provision on inventory made during the year.

Segmental contributions

The segmental contributions for the Group were affected by market conditions. The segmental contributions for the Group declined to HK$156.2 million in 2016, a 25.8% decrease when compared to 2015. The segmental contributions for Asia were HK$94.6 million and for Europe, HK$61.6 million.

Other income

Other income decreased from HK$24.1 million in 2015 to HK$15.8 million in 2016. This was mainly due to a decrease in subsidies and claims received.

Selling, marketing and distribution expenses

As a result of management's continued efforts to improve cost efficiency and streamline the store network, selling, marketing and distribution expenses decreased by 5.5% to HK$1,114.8 million. The number of stores was reduced to 321 as of 31 December 2016, down from 349 stores as of 31 December 2015. Selling, marketing and distribution expenses, as a percentage of revenue, were stable compared with last year.

General and administrative expenses

General and administrative expenses amounted to HK$523.0 million, versus HK$484.3 million in 2015. Excluding the effect of the non-recurring costs arising from the restructuring of the management team and increase in provision and write-off of trade receivables, the general and administrative expenses decreased by 1.5%.

Other operating income/(expenses)

Other operating income amounted to HK$2.3 million in 2016 compared to expenses of HK$19.3 million in 2015. The movement was mainly due to depreciation of the RMB.

Core operating profit/(loss)

The Group's core operating loss was HK$406.5 million, as compared to HK$273.4 million in the previous year.

Other (losses)/gains

Other losses amounted to HK$7.7 million in 2016 compared to gains of HK$70.8 million in 2015. The other gains in 2015 mainly represented non-recurring compensation income from a landlord for surrendering indefinite lease right for a store in France.

Gain on remeasurement of contingent purchase consideration payable for acquisition

In 2015, the Group had a write back of HK$85.0 million on the contingent purchase consideration payable relating to the acquisition of Gieves & Hawkes in 2012, which did not recur in 2016.

Restructuring costs

Restructuring costs of HK$23.1 million were incurred due to the closure of the casual wear production line at our Hong Kong factory.

Net finance costs

Net finance costs were HK$19.0 million in 2016, whereas net finance costs of HK$15.6 million were reported in 2015. The increase was primarily due to increased bank borrowings.

Share of Loss of Associates

The share of loss of associates was HK$1.1 million, representing our share of the loss from our 20% interest in the Salvatore Ferragamo businesses in South Korea and other countries in Southeast Asia.

As announced on 20 December 2016, the Group has disposed of its 20% interest in the Salvatore Ferragamo businesses resulting in a gain of HK$16.5 million. Consequently, the Group ceased to have any interest in the Salvatore Ferragamo businesses.

Income Tax

Income tax expenses were HK$0.6 million, whereas an income tax credit of HK$40.4 million was reported in 2015. The increase is mainly due to lower recognition of credit on tax losses and the tax on the disposal of investments in the Salvatore Ferragamo businesses.

Loss attributable to Shareholders

The Group incurred a loss for the year of HK$441.5 million, which translates into a loss of 25.3 HK cents per share.

Working Capital Management

Inventory control continued to be a key element in working capital management. Our continuous focus on inventory management drove stock levels down from HK$591.9 million in December 2015 to HK$504.9 million in December 2016. Inventory turnover days were 356 days as at 31 December 2016, compared to 416 days as at 31 December 2015.

The Group's trade receivables as of December 2016 were HK$80.7 million, compared to HK$90.2 million in 2015. The Group's trade receivable turnover days were 18 days in 2016, compared with 26 days in 2015.

The Group's trade payables were HK$62.5 million in 2016, compared to HK$70.3 million in 2015. The Group's trade payable turnover days were 43 days in 2016, compared with 39 days in 2015.

Financial Position and Liquidity

Net cash outflow for the Group's operating activities was HK$260.3 million due to the increase in operating loss. Net cash inflow from investing activities was HK$27.5 million in 2016 was mainly due to the proceeds from disposal of the investments in Salvatore Ferragamo associates of HK$124.9 million partially offset by the purchase of property, plant and equipment of HK$75.1 million and the increase of HK$31.5 million in loan receivable from British Heritage Brands, Inc. ("BHB").

At the end of December 2016, cash and cash equivalents were HK$580.6 million and interest bearing bank borrowings and bank overdrafts were HK$1,304.3 million. The net debt of the Group was HK$723.7 million and the gearing ratio, equal to net debt divided by total capital, was 21.1%. The comparable position for June 2016 and December 2015 was 18.5% and 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.

Banking Facilities

The Group streamlined its banking requirements with core relationship banks during the year. As at 31 December 2016, the Group had bank lines of HK$2,353.7 million of which HK$610.0 million was in committed facilities while HK$1,743.7 million was uncommitted. The Group had drawn down HK$652.7 million in revolving loans and HK$610.0 million of the committed facilities. These, together with HK$72.5 million for trade financing and bank overdrafts amounted to a utilisation of 56.7% of the total facilities available at the end of the year. The undrawn facilities at year end amounted to HK$1,018.5 million.

Of the loans drawn down, HK$692.7 million would be repayable within one year and HK$570.0 million repayable between one and five years.

Credit Risk Management

The major credit risk of the business includes trade receivables from department stores and receivables from wholesale customers and licensees. The Group has established procedures to evaluate and monitor the credit risk of department stores, wholesale customers and licensees in order to control its exposure in this area. Appropriate actions have been taken to collect the overdue receivables.

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

Human Resources and Training

As at 31 December 2016, the total workforce for the Group was 2,633 employees, compared with 2,738 a year earlier, a 3.8% decrease from 2015. This reduction in headcount was mainly due to the closure of non-performing stores and the casual wear production line at our Hong Kong factory.

Our workforce comprises 681 employees in Hong Kong and Macau, 1,536 in the Chinese Mainland, 184 in Taiwan and 232 in other countries. Total staff costs were HK$616.1 million compared with HK$635.8 million in 2015. The decrease in staff costs were mainly due to the reduction in staff headcount and sales commission, however, this was offsetted by staff severance costs associated with the closure of the casual wear production line at the Hong Kong factory.

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

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

Relationships 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 product quality 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. Customers have access to information about the operation and development of the Group through the Company's website and social media platforms.

Sustainability

Trinity embraces sustainability as one of its core corporate values and the Group strives to operate with integrity in all areas involving the Environment, Community and Employees.

This year the Group will debut its first Environmental, Social and Governance ("ESG") report according to the ESG Reporting Guidelines of The Stock Exchange of Hong Kong Limited. Through this report Trinity will provide more information about how our operations demonstrate that the Group is a responsible corporate citizen. We consider it a priority to take a responsible stance towards relevant environmental and social aspects that are important and relevant to our business and stakeholders.

Our employees continue to be the backbone of everything the Group does to achieving sustainability goals. Trinity organised 72 community/charity/social events across Hong Kong, the Chinese Mainland, and Taiwan in 2016 and our colleagues contributed 1,384 hours of service to the community. Valuing the contribution made by colleagues through the years, Trinity, in celebration of the Fung Group's 110th Anniversary, organised an Open House event, inviting colleagues' families and friends to spend the afternoon at Trinity's headquarters. Trinity was honoured to have the presence of the awardees' families and friends at the annual Long Service Award Ceremony, where we paid tribute to all long serving staff. 110 years Celebration events also took place in other regional offices and were well attended by colleagues.

Trinity has developed environmental guidelines to minimise our impact on the environment. These guidelines highlight sustainable practices in all areas of Trinity's operations, whenever and wherever practicable. Trinity is minimising the use of resources by installing new printers that help reduce wastage of paper and designing promotional and seasonal display materials with the intention to be reused in our stores. Furniture is reused or repurposed when appropriate and Trinity will continue to reuse materials such as carton boxes when practicable. The Group is committed to further explore ways to support waste reduction to mitigate its impact to the environment.

The Group endeavours to work with suppliers with similar values, and it will push suppliers to improve their sustainability practices. We demand that our suppliers are in compliance with the Trinity Code of Conduct and Business Ethics and are committed to being a socially responsible corporate citizen. Based on our Vendor Compliance policy, suppliers are required to undergo a social compliance audit and if a "zero tolerance" issue is detected, the supplier will not be used.

2016 ANNUAL RESULTS

The Board of Directors (the "Board") of Trinity Limited (the "Company") announces the audited consolidated income statement and consolidated statement of comprehensive income of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2016 and the audited consolidated statement of financial position of the Group as at 31 December 2016 together with the comparative figures in 2015. The annual results have been reviewed by the Company's audit committee and agreed by the Company's external auditor.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	**2016 HK$'000**	2015 HK$'000
Revenue	2(a)	**1,776,962**	1,914,053
Cost of sales		**(563,724)**	(528,896)
Gross profit		**1,213,238**	1,385,157
Other income	4	**15,769**	24,124
Selling, marketing and distribution expenses		**(1,114,783)**	(1,179,098)
General and administrative expenses		**(523,003)**	(484,287)
Other operating income/(expenses)	5	**2,294**	(19,340)
Core operating profit/(loss)		**(406,485)**	(273,444)
Other (losses)/gains	6	**(7,731)**	70,810
Gain on disposal of investments in associates		**16,514**	-
Gain on remeasurement of contingent purchase consideration payable for acquisition		**-**	85,003
Restructuring costs	3	**(23,106)**	-
Operating loss	3	**(420,808)**	(117,631)
Net finance costs	7	**(19,026)**	(15,618)
Share of (loss)/profit of associates	2(a)	**(1,076)**	4,285
Loss before income tax		**(440,910)**	(128,964)
Income tax	8	**(566)**	40,446
Loss for the year attributable to shareholders of the Company		**(441,476)**	(88,518)
Basic loss per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	9(a)	**(25.3) cents**	(5.1) cents
Diluted loss per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	9(b)	**(25.3) cents**	(5.1) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016 HK$'000	2015 HK$'000
Loss for the year	**(441,476)**	(88,518)
Other comprehensive expenses		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	**1,622**	353
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of subsidiaries and associates	**(47,545)**	(50,360)
Exchange differences realised upon disposal of investments in associates	**(2,747)**	-
Other comprehensive expenses for the year, net of tax	**(48,670)**	(50,007)
Total comprehensive expenses for the year	**(490,146)**	(138,525)
Total comprehensive expenses attributable to:		
- Shareholders of the Company	**(490,146)**	(138,525)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	**31 December 2016 HK$'000**	31 December 2015 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**150,394**	172,175
Intangible assets		**3,252,541**	3,263,364
Investments in associates		**-**	125,727
Loan receivables	11	**142,225**	101,447
Derivative financial instruments	12	**6,022**	6,018
Deposits, prepayments and other receivables		**45,345**	49,897
Deferred income tax assets		**193,603**	193,091
		3,790,130	3,911,719
Current assets			
Inventories		**504,940**	591,891
Trade receivables	13	**80,663**	90,211
Deposits, prepayments and other receivables		**100,899**	190,640
Amounts due from related parties		**3,379**	949
Current income tax recoverables		**2,201**	12,212
Cash and cash equivalents (excluding bank overdrafts)		**580,574**	235,239
		1,272,656	1,121,142
Total assets		**5,062,786**	5,032,861
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**174,653**	174,653
Share premium		**2,376,850**	2,376,850
Reserves		**149,457**	639,095
Total equity		**2,700,960**	3,190,598
LIABILITIES			
Non-current liabilities			
Borrowings		**565,579**	160,000
Provision for long service payments		**6,309**	7,151
Retirement benefit obligations		**24,183**	29,524
Other payables and accruals		**188,702**	203,260
Contingent purchase consideration payable for acquisition		**181,758**	175,892
Deferred income tax liabilities		**287,790**	306,233
		1,254,321	882,060
Current liabilities			
Trade payables	14	**62,518**	70,264
Other payables and accruals		**287,283**	277,942
Derivative financial instruments	12	**3,306**	-
Amounts due to related parties		**7,962**	38,256
Current income tax liabilities		**7,763**	7,453
Borrowings		**738,673**	566,288
		1,107,505	960,203
Total liabilities		**2,361,826**	1,842,263
Total equity and liabilities		**5,062,786**	5,032,861

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	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 2016	**174,653**	**2,376,850**	**887,043**	**(247,948)**	**3,190,598**
Comprehensive expense					
Loss for the year	-	-	**(441,476)**	-	**(441,476)**
Other comprehensive expenses					
Remeasurements of post employment benefit obligations	-	-	**1,622**	-	**1,622**
Exchange differences on translation of subsidiaries and associates	-	-	**-**	**(47,545)**	**(47,545)**
Exchange differences realised upon disposal of investments in associates	-	-	**-**	**(2,747)**	**(2,747)**
Other comprehensive expenses for the year, net of tax	-	-	**1,622**	**(50,292)**	**(48,670)**
Total comprehensive expenses	-	-	**(439,854)**	**(50,292)**	**(490,146)**
Transactions with owners					
Employee share option scheme					
- value of employee services	**-**	**-**	**-**	**508**	**508**
- transfer to retained earnings	**-**	**-**	**2,888**	**(2,888)**	**-**
Transfer from retained earnings	**-**	**-**	**(7,842)**	**7,842**	**-**
Transfer of reserve upon disposal of investments in associates	-	-	**2,544**	**(2,544)**	**-**
Total transactions with owners	-	-	**(2,410)**	**2,918**	**508**
Balance at 31 December 2016	**174,653**	**2,376,850**	**444,779**	**(295,322)**	**2,700,960**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2016

	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	-	-	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	-	-	(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

Notes:

1. Basis of preparation and accounting policies

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

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

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

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

To conform with such management's assessment, the classification of certain items on the consolidated income statement for the year ended 31 December 2016 has been changed. Management considers the change in classification can provide more relevant financial information to the users to assess the business performance through the core operating results of the Group. The reclassification is applied retrospectively, and hence the effect of the reclassification in the certain comparative figures in the consolidated income statement for the year ended 31 December 2015 were comprised of a decrease in other income by HK$155,813,000 which is reclassified to gain on remeasurement of contingent purchase consideration payable for acquisition of HK$85,003,000 and other gains of HK$70,810,000.

(a) Adoption of amendments to existing standards effective in 2016

The Group has adopted the following amendments to existing standards which are mandatory for accounting periods beginning on or after 1 January 2016 and relevant to the Group:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
Annual Improvements Project	Annual Improvements 2012-2014 Reporting Cycle

1. **Basis of preparation and accounting policies (Continued)**

(a) Adoption of amendments to existing standards effective in 2016 (Continued)

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.

(b) New standard and amendments to existing standards effective in 2016 but not relevant to the Group

The following new standard and amendments to existing standards are mandatory for accounting periods beginning on or after 1 January 2016 but currently not relevant to the Group:

HKAS 16 and HKAS 41 (Amendments)	Bearer Plants
HKFRS 11 (Amendment)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

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

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been early adopted in the consolidated financial statements. These include the following which may be relevant to the Group.

HKAS 7 (Amendment)	Statement of Cash Flows: Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017)
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017)
HKFRS 2 (Amendment)	Share-based Payment: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018)
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 15	Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
HKFRS 16	Leases (effective for annual periods beginning on or after 1 January 2019)

All these new standards and amendments to existing standards are effective in the financial year of 2017 or years after 2017. 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. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

1. **Basis of preparation and accounting policies (Continued)**

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

As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9 (2014), Financial Instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial Instruments: Recognition and Measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group's financial statements are as follows:

(i) Classification and measurement

Based on preliminary assessment, the Group expects that the adoption of HKFRS 9 will affect Group's classification and measurement of the financial assets, including the convertible promissory note and will have impact on the Group's net assets, loss for the year and loss per share and total comprehensive income.

(ii) Impairment

This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(iii) Hedging

The Group expects that it will not adopt hedge accounting in near periods and therefore it may not have any impact on the Group upon the adoption of HKFRS 9.

HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. The Group is in the process of assessing the impacts of HKFRS 15 on the Group's consolidated financial statements.

HKFRS 16, Leases

HKFRS 16 will affect primarily the accounting for Group's operating leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised in the consolidated statement of financial position. The Group is in the process of assessing to what extent the operating lease commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss for the year and classification of cash flows.

2. Segment information

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China, Singapore 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 net finance costs and income tax ("Segmental contributions") for the year. 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.

(a) Segment results

The segment results for the year ended 31 December 2016 are as follows:

	Asia						Europe			
	HK & Macau		Chinese Mainland		Taiwan	Others				
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue	**525,016**	**452,861**	**739,879**	**95,653**	**129,406**	**6,923**	**138,204**	**53,266**	**118,101**	**2,259,309**
Inter-segment revenue	**-**	**(449,355)**	**-**	**-**	**-**	**-**	**-**	**-**	**(32,992)**	**(482,347)**
Segment revenue and revenue from external customers	**525,016**	**3,506**	**739,879**	**95,653**	**129,406**	**6,923**	**138,204**	**53,266**	**85,109**	**1,776,962**
Gross profit	**372,560**	**975**	**518,792**	**42,892**	**85,301**	**4,828**	**76,867**	**25,914**	**85,109**	**1,213,238**
Segmental contributions	**32,019**	**975**	**17,766**	**42,746**	**13,421**	**(12,306)**	**6,631**	**(6,160)**	**61,145**	**156,237**
Segmental contributions includes:										
Depreciation	**(18,694)**	**-**	**(44,287)**	**(146)**	**(3,474)**	**(1,281)**	**(8,425)**	**(548)**	**(63)**	**(76,918)**
Additional provision for impairment of property, plant and equipment	**(3,117)**	**-**	**692**	**-**	**(4)**	**-**	**-**	**-**	**-**	**(2,429)**
Write off of trade receivables	**-**	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,175)**	**(15,186)**
Share of loss of associates	**-**	**-**	**-**	**-**	**-**	**(1,076)**	**-**	**-**	**-**	**(1,076)**
Segment asset	**144,902**	**-**	**252,012**	**-**	**53,315**	**6,213**	**48,498**	**-**	**-**	**504,940**

2. Segment information (Continued)

(a) Segment results (Continued)

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

	Asia						Europe			
	HK & Macau		Chinese Mainland		Taiwan	Others				
	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Wholesale HK$'000	Retail HK$'000	Retail HK$'000	Retail HK$'000	Wholesale HK$'000	Licensing HK$'000	Total HK$'000
Total segment revenue	556,104	538,153	845,829	58,773	148,926	4,239	151,630	54,398	132,702	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	4,239	151,630	28,883	94,641	1,914,053
Gross profit	415,243	12,817	621,577	40,326	100,641	3,219	82,347	14,346	94,641	1,385,157
Segmental contributions	45,420	12,817	8,752	38,288	23,754	(5,822)	2,187	(1,731)	86,794	210,459
Segmental contributions includes:										
Depreciation	(24,904)	-	(74,177)	(2,035)	(4,873)	(720)	(9,680)	(619)	(91)	(117,099)
Share of profit of associates	-	-	-	-	-	4,285	-	-	-	4,285
Segment asset	171,020	-	323,178	-	46,826	5,111	45,756	-	-	591,891

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

	2016 HK$'000	2015 HK$'000
Segmental contributions for reportable segments	**156,237**	210,459
Add:		
Other income (Note 4)	**15,769**	24,124
Other operating income/(expenses) (Note 5)	**2,294**	(19,340)
Gain on remeasurement of contingent purchase consideration payable for acquisition	**-**	85,003
Other (losses)/gains (Note 6)	**(7,731)**	70,810
Gain on disposal of investments in associates	**16,514**	-
Less:		
Net finance costs (Note 7)	**(19,026)**	(15,618)
Employee benefit expenses	**(243,005)**	(212,265)
Rental and other operating expenses	**(42,904)**	(36,115)
Depreciation and amortisation	**(41,929)**	(9,875)
Advertising and promotion	**(119,487)**	(116,456)
Legal and professional fees	**(17,872)**	(17,004)
Product design, sourcing and related management expenses	**(73,615)**	(63,787)
Restructuring costs	**(23,106)**	-
Other unallocated expenses	**(43,049)**	(28,900)
Total Group's loss before income tax	**(440,910)**	(128,964)

2. Segment information (Continued)

(c) Geographic information

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, 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:

	2016	2015
	HK$'000	HK$'000
Hong Kong & Macau	**525,574**	576,793
Chinese Mainland	**838,494**	906,588
Taiwan	**129,406**	148,926
United Kingdom	**145,529**	149,315
Other countries	**137,959**	132,431
Total	**1,776,962**	1,914,053

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

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

	2016	2015
	HK$'000	HK$'000
Hong Kong & Macau	**765,045**	807,984
Chinese Mainland	**799,897**	799,985
Taiwan	**81,924**	82,046
United Kingdom	**838,870**	824,979
France	**666,375**	664,950
Singapore	**296,169**	313,873
South Korea	**-**	105,154
Malaysia	**-**	8,728
Thailand	**-**	3,464
Total	**3,448,280**	3,611,163

3. Operating loss

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

	2016 **HK$'000**	2015 HK$'000
Cost of inventories	**552,971**	533,131
Write off of inventories	**1,170**	4,213
Additional/(reversal of) provision for impairment of inventories (note (a))	**9,583**	(8,448)
Depreciation of property, plant and equipment	**89,132**	126,960
Amortisation of intangible assets (excluding licence)	**877**	14
Provision for impairment of property, plant and equipment	**2,429**	-
Loss/(gain) on disposal of property, plant and equipment – net	**6,307**	(4,677)
Write off of intangible asset	**-**	4,253
Operating lease rental expenses		
- minimum lease payment	**345,353**	387,948
- contingent rents	**137,531**	163,715
Additional/(reversal of) provision for impairment of trade receivables - net	**1,859**	(808)
Write off of trade receivables	**15,186**	-
Employee benefit expenses	**616,060**	635,800
Advertising and promotion expenses (note (b))	**136,920**	132,812
Royalty expenses		
- amortisation of licence	**28,838**	-
- contingent royalty expenses	**4,032**	5,232
Product design, sourcing and related management expenses	**73,615**	63,787
Restructuring costs (note (c))	**23,106**	-

Notes:

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

(b) Advertising and promotion expenses included employee benefit expenses and operating lease rental expenses of HK$14,372,000 (2015: HK$13,659,000) and HK$3,061,000 (2015: HK$2,697,000).

(c) Restructuring costs relating to casual wear production line at the Hong Kong factory included employee benefit expenses, operating lease rental expenses, reinstatement costs and loss on disposal of property, plant and equipment of HK$12,276,000, HK$4,549,000, HK$4,228,000 and HK$2,053,000 (2015: nil).

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

	2016 **HK$'000**	2015 HK$'000
Audit services	**5,856**	5,695
Non-audit services		
- taxation services	**1,393**	594
- other services	**396**	383
	7,645	6,672

Note: HK$5,839,000 (2015: HK$5,677,000) of the audit services fees and HK$1,789,000 (2015: HK$977,000) of non-audit services fees are payable to the Company's auditor.

4. Other income

	2016 HK$'000	2015 HK$'000
Subsidy income	**3,921**	10,965
Rental income from third parties	**3,405**	1,440
Rental income from related parties	**170**	672
Management fee income from related parties	**606**	476
Claims received	**1,108**	2,569
Sales commission	**360**	1,263
Others	**6,199**	6,739
	15,769	24,124

5. Other operating income/(expenses)

	2016 HK$'000	2015 HK$'000
Fair value losses on forward foreign exchange contracts	**(3,306)**	(1,633)
Net foreign exchange gains/(losses)	**5,600**	(17,707)
	2,294	(19,340)

6. Other (losses)/gains

	2016 HK$'000	2015 HK$'000
Gain on disposal of property	**-**	5,830
Compensation (expense)/income (note)	**(7,731)**	64,980
Other (losses)/gains	**(7,731)**	70,810

Note: In 2015, compensation income mainly 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.

7. Net finance costs

	2016 HK$'000	2015 HK$'000
Finance costs		
- Interest expenses on bank borrowings and overdrafts	**(21,391)**	(13,407)
- Notional interest expenses on contingent purchase consideration payable for acquisition	**(5,866)**	(8,420)
	(27,257)	(21,827)
Finance income		
- Interest income on bank deposits	**1,183**	922
- Interest income on loan receivables	**7,048**	5,287
	8,231	6,209
Net finance costs	**(19,026)**	(15,618)

8. Income tax

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 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.

	2016	2015
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**1,834**	5,346
- Overseas taxation	**21,691**	9,992
- Over provision in prior years	**(2,560)**	(3,978)
Deferred income tax	**(20,399)**	(51,806)
	566	(40,446)

9. Loss per share

(a) Basic

Basic loss per share is calculated by dividing loss attributable to shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2016	2015
Weighted average number of ordinary shares in issue	**1,746,529,000**	1,746,529,000
Loss attributable to shareholders of the Company (HK$'000)	**(441,476)**	(88,518)
Basic loss per share (HK cents per share)	**(25.3) cents**	(5.1) cents

(b) Diluted

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

No adjustment had been made to the basic loss per share for the year ended 31 December 2016 and 2015 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share.

10. Dividends

The Board does not recommend the payment of any final dividend for the year of 2016 (2015: nil).

11. Loan receivables

(a) On 21 March 2016, the Group entered into an amended and restated convertible promissory note purchase agreement and a new loan agreement with British Heritage Brands, Inc. ("BHB"). The convertible promissory note (denominated in US dollars) carries interest at 5% per annum maturing on 31 December 2027 with a principal amount of US$15.0 million. 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$9.0 million from 21 March 2016 to 31 December 2018 according to the new loan agreement. The new loan (denominated in US dollars) carries interest at 5% per annum maturing on 31 December 2018. The Group has contributed US$4.1 million to BHB for the new loan as at 31 December 2016.

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.

(b) The effective interest rate of the convertible promissory note at the end of reporting period was 5.45% (2015: 5.38%).

(c) As at 31 December 2016 and 2015, the carrying amount of the Group's loan receivables approximated their fair values.

12. Derivative financial instruments

	2016	2015
	HK$'000	HK$'000
Non-current assets		
Conversion right embedded in convertible promissory note	**6,022**	6,018
Current liabilities		
Forward exchange contracts	**3,306**	-

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 11.

13. Trade receivables

	2016	2015
	HK$'000	HK$'000
Trade receivables	**83,229**	91,048
Less: provision for impairment of trade receivables	**(2,566)**	(837)
Trade receivables – net	**80,663**	90,211

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

	2016	2015
	HK$'000	HK$'000
1 - 30 days	**38,431**	22,190
31 - 60 days	**22,589**	24,053
61 - 90 days	**5,512**	13,958
Over 90 days	**16,697**	30,847
	83,229	91,048

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

14. Trade payables

	2016	2015
	HK$'000	HK$'000
Trade payables	**62,518**	70,264

As at 31 December 2016 and 2015, 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:

	2016	2015
	HK$'000	HK$'000
1 - 30 days	**33,204**	18,721
31 - 60 days	**12,090**	14,473
61 - 90 days	**8,015**	10,063
Over 90 days	**9,209**	27,007
	62,518	70,264

15. Event after the reporting period

On 18 January 2017, the Group closed its business wear production line at the Hong Kong factory and the estimated restructuring costs are expected to be approximately HK$45 million, with a reduction in headcount of 182 employees.

CORPORATE GOVERNANCE

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

In order to reinforce independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. Their respective responsibilities are clearly established and defined by the Board in writing.

The Board has established the Audit Committee, Nomination Committee and Remuneration Committee (all chaired by Independent Non-executive Director) with defined terms of reference, which 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"). All these committees comprise a majority of Independent Non-executive Directors.

Full details on the Company's corporate governance practices are set out in the Company's 2016 Annual Report.

AUDIT COMMITTEE

The Audit Committee was established on 1 January 2009 to review the Group's financial information, risk management, internal controls and financial reporting systems, corporate governance matters, the Group's relationship with external auditor, and provide advice and make relevant recommendations to the Board.

The Audit Committee met four times in 2016 (with an average attendance rate of about 90%) 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 Group Chief Compliance and Risk Management Officer, is responsible for performing the internal audit according to the audit plan approved by the Audit Committee.

In 2016, the Committee's review covered the audit plans and reports from CGD and external auditor, external auditor's independence, the Group's accounting principles and practices, internal controls, risk management, financial reporting matters (including the annual and interim financial statements before recommending them to the Board for approval), listing rules and regulatory compliance, material connected transactions, and the adequacy of resources, qualification and experience of staff of the Group's internal audit and financial reporting functions, and their training programmes and budget.

The Audit Committee has reviewed the annual results for the year ended 31 December 2016.

RISK MANAGEMENT AND INTERNAL CONTROL

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 objective. It is also responsible for ensuring that the Group maintains a sound and effective system of risk management and internal controls, and for reviewing the adequacy and effectiveness of such system through the Audit Committee.

The CGD independently reviews the risk management and internal controls processes 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.

Based on the assessments made by the 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 2016, 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 attributable to the Group 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 internal audit and financial reporting functions are adequate.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted stringent 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 Directors and relevant employees on compliance with the Model Code for 2016. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2016.

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

COMPLIANCE WITH THE CG CODE OF THE LISTING RULES

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 throughout the year ended 31 December 2016.

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

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

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2016 (2015: nil).

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company ("AGM") will be held at Ground Floor, Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong on Wednesday, 7 June 2017 at 11:30 am.

The record date for determining members' right to attend and vote at the AGM is Thursday, 1 June 2017. Members who are entitled to attend and vote at the AGM are those whose names appear on the Register of Members of the Company as at the close of business on Thursday, 1 June 2017. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 pm on Thursday, 1 June 2017.

Notice of AGM will be available on the websites of the Company at *www.trinitygroup.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*, and despatched to the shareholders of the Company on or about Thursday, 13 April 2017.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at *www.trinitygroup.com* and Hong Kong Exchanges and Clearing Limited at *www.hkexnews.hk*. The 2016 Annual Report will be available on the same websites, and despatched to the shareholders of the Company on or about Thursday, 13 April 2017.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 16 March 2017

As at the date of this announcement, the Board comprises two executive directors, namely, Mr Jeremy Paul Egerton HOBBINS and Mr Srinivasan PARTHASARATHY; six non-executive directors, namely, Dr Victor FUNG Kwok King, GBM, GBS, CBE, Dr William FUNG Kwok Lun, SBS, OBE, JP, Ms Sabrina FUNG Wing Yee, Mr Terence FUNG Yue Ming, Mr Jean-Marc LOUBIER and Mr WONG Yat Ming; and four independent non-executive directors, namely, Mrs Eva CHENG LI Kam Fun, Mr Cassian CHEUNG Ka Sing, Mr Michael LEE Tze Hau and Mr Patrick SUN.

* *For identification purposes only*