Tristate Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 458)

ANNOUNCEMENT OF 2015 ANNUAL RESULTS

FINANCIAL SUMMARY OF 2015 ANNUAL RESULTS

- Revenue of HK$2,516 million
- Loss attributable to equity shareholders of HK$46 million
- Loss per share of HK$0.17

RESULTS

The board of directors (the "Board") of Tristate Holdings Limited (the "Company") presents the consolidated results of the Company and its subsidiaries (together, the "Group"/"Tristate") for the year ended 31 December 2015 together with comparative figures for 2014.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2015

	Note	**2015** ***HK$'000***	2014 *HK$'000*
Revenue	2, 3	**2,515,738**	3,580,029
Cost of sales		**(1,934,316)**	(2,488,627)
Gross profit		**581,422**	1,091,402
Other income and other gains	4	**188,021**	10,039
Selling and distribution expenses		**(227,265)**	(381,579)
General and administrative expenses		**(541,363)**	(622,659)
Net gain on disposal of a subsidiary	5	**–**	137,272
Net gain on disposal of freehold land and building	6	**–**	30,172
Impairment of goodwill	7	**–**	(20,893)
Restructuring costs	5	**(15,675)**	(9,270)
(Loss)/profit from operations	8	**(14,860)**	234,484
Finance income	9	**13,953**	14,741
Finance costs	9	**(8,510)**	(12,686)
(Loss)/profit before tax		**(9,417)**	236,539
Income tax expense	10	**(36,274)**	(88,241)
(Loss)/profit for the year		**(45,691)**	148,298
Attributable to:			
Equity shareholders of the Company		**(45,669)**	148,277
Non-controlling interests		**(22)**	21
(Loss)/profit for the year		**(45,691)**	148,298
(Loss)/earnings per share attributable to equity shareholders of the Company:			
Basic	12	**HK$(0.17)**	HK$0.55
Diluted	12	**HK$(0.17)**	HK$0.55

Details of dividends payable to equity shareholders of the Company are set out in Note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(45,691)**	148,298
Other comprehensive income, net of nil tax unless specified:		
Items that may be reclassified subsequently to profit or loss		
Fair value losses on cash flow hedges		
Losses arising during the year	**(37,253)**	(36,651)
Transferred to and included in the following line items in the consolidated statement of profit and loss:		
Cost of sales	**4,185**	391
General and administrative expenses	**3,265**	7,576
Exchange difference on translation of financial statements of overseas subsidiaries		
Losses arising during the year	**(80,634)**	(8,903)
Reclassification adjustment for translation reserve transferred to consolidated statement of profit and loss:		
Upon disposal of a subsidiary	**–**	3,742
Upon liquidation of a subsidiary	**838**	–
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans and long service payment liabilities	**(1,429)**	(3,878)
Income tax effect	**720**	872
Other comprehensive income, net of tax	**(110,308)**	(36,851)
Total comprehensive income for the year	**(155,999)**	111,447
Attributable to:		
Equity shareholders of the Company	**(155,977)**	111,426
Non-controlling interests	**(22)**	21
	(155,999)	111,447

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**As at 31 December 2015** *HK$'000*	As at 31 December 2014 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**402,893**	478,432
Leasehold land and land use rights		**143,356**	161,486
Intangible assets		**185,822**	94,528
Other long-term assets		**20,629**	24,240
Prepayments and other receivables		**30,452**	–
Deferred tax assets		**29,874**	33,777
Defined benefit plan assets		**8,043**	7,080
Forward foreign exchange contracts		**–**	3,389
Investment in an associate		**–**	–
		821,069	802,932
CURRENT ASSETS			
Inventories		**273,804**	580,122
Accounts receivable and bills receivable	13	**314,590**	456,164
Forward foreign exchange contracts		**–**	794
Prepayments and other receivables		**146,631**	280,836
Cash and bank balances		**666,134**	723,444
		1,401,159	2,041,360
CURRENT LIABILITIES			
Accounts payable and bills payable	14	**92,830**	174,832
Accruals and other payables		**276,932**	500,745
Forward foreign exchange contracts		**13,917**	5,370
Current tax liabilities		**34,505**	50,943
Bank borrowings		**325,294**	443,800
		743,478	1,175,690
NET CURRENT ASSETS		**657,681**	865,670
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,478,750**	1,668,602
NON-CURRENT LIABILITIES			
Retirement benefits and other post retirement obligations		**21,416**	19,998
License fees payable		**–**	24,380
Deferred tax liabilities		**45,942**	58,780
Forward foreign exchange contracts		**29,546**	12,473
		96,904	115,631
NET ASSETS		**1,381,846**	1,552,971
CAPITAL AND RESERVES			
Share capital		**27,161**	27,119
Reserves		**1,354,371**	1,525,516
Total equity attributable to equity shareholders of the Company		**1,381,532**	1,552,635
Non-controlling interests		**314**	336
TOTAL EQUITY		**1,381,846**	1,552,971

Notes:

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated results set out in this announcement do not constitute the Group's annual consolidated financial statements for the year ended 31 December 2015 but are extracted from those financial statements.

The basis of preparation and principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in an associate.

The financial statements have been prepared under the historical cost basis except that the derivative financial instruments are stated at their fair values.

The preparation of financial statements in conformity with HKFRS 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 has adopted the following amendments to HKFRS that are effective for the first time for the Group's financial year beginning 1 January 2015 and are relevant to the Group's operations. The impact on the Group's accounting policies upon adoption is set out below:

HKAS 19 (Amendment), "Employee Benefits: Defined benefit plans: Employee contributions". The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on the financial statements as the defined benefit plans operated/participated by the Group are wholly funded by contributions from the Group and do not involve contribution from employees or third parties.

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle. These two cycles of annual improvements contain amendments to other standards. Among them, HKAS 24, "Related party disclosures" has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SEGMENT INFORMATION

Reportable segments are reported in a manner consistent with internal reports of the Group that are regularly reviewed by the chief operating decision makers (the Chief Executive Officer and Senior Management collectively) in order to assess performance and allocate resources. The Group manages its business by business units, which are organised by business lines and geography. The Group identified two reportable segments: (i) garment manufacturing, and (ii) branded product distribution, retail and trading. The chief operating decision makers assess the performance of the reportable segments and allocate resources between segments based on the measure of profit or loss generated. This measurement basis is equivalent to (loss)/profit after tax for the year of that reportable segment.

Segment assets include all tangible, intangible assets and current assets employed by the segments. Segment liabilities include all current liabilities and non-current liabilities managed directly by the segments. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders. The segment information is as follows:

	Garment manufacturing		**Branded product distribution, retail and trading**		**Unallocated**		**Total**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue	**1,973,005**	2,134,318	**588,202**	1,480,731	**–**	–	**2,561,207**	3,615,049
Less: Inter-segment revenue	**(45,469)**	(35,020)	**–**	–	**–**	–	**(45,469)**	(35,020)
Revenue	**1,927,536**	2,099,298	**588,202**	1,480,731	**–**	–	**2,515,738**	3,580,029
Reportable segment profit/(loss) before tax	**4,278**	(39,665)	**21,275**	151,715	**(19,295)**	(12,792)	**6,258**	99,258
Income tax expense	**(7,874)**	(7,428)	**(32,672)**	(62,200)	**4,272**	3,463	**(36,274)**	(66,165)
Reportable segment (loss)/profit for the year	**(3,596)**	(47,093)	**(11,397)**	89,515	**(15,023)**	(9,329)	**(30,016)**	33,093
Net gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	137,272	**–**	137,272
Income tax on disposal of a subsidiary	**–**	–	**–**	–	**–**	(14,180)	**–**	(14,180)
Net gain on disposal of freehold land and building	**–**	–	**–**	–	**–**	30,172	**–**	30,172
Income taxes resulted from disposal of freehold land and building	**–**	–	**–**	–	**–**	(7,896)	**–**	(7,896)
Impairment of goodwill	**–**	(20,893)	**–**	–	**–**	–	**–**	(20,893)
Restructuring costs	**(15,675)**	(9,270)	**–**	–	**–**	–	**(15,675)**	(9,270)
(Loss)/profit for the year							**(45,691)**	148,298

2. SEGMENT INFORMATION (Continued)

	Garment manufacturing		Branded product distribution, retail and trading		Unallocated *(Note (1))*		Total	
	As at 31 December 2015 ***HK$'000***	As at 31 December 2014 *HK$'000*	**As at 31 December 2015** ***HK$'000***	As at 31 December 2014 *HK$'000*	**As at 31 December 2015** ***HK$'000***	As at 31 December 2014 *HK$'000*	**As at 31 December 2015** ***HK$'000***	As at 31 December 2014 *HK$'000*
Segment assets	**850,792**	976,513	**511,931**	759,882	**859,505**	1,107,897	**2,222,228**	2,844,292
Segment liabilities	**293,063**	353,593	**222,025**	476,928	**325,294**	460,800	**840,382**	1,291,321

	2015 ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*
Finance income	**–**	–	**–**	–	**13,953**	14,741	**13,953**	14,741
Finance costs	**–**	–	**(1,486)**	(4,534)	**(7,024)**	(8,152)	**(8,510)**	(12,686)
Amortisation of leasehold land and land use rights	**(248)**	(428)	**–**	–	**(2,951)**	(3,742)	**(3,199)**	(4,170)
Amortisation of license rights and service right	**–**	–	**(74,656)**	(62,033)	**–**	–	**(74,656)**	(62,033)
Depreciation on property, plant and equipment	**(39,788)**	(38,884)	**(10,067)**	(9,454)	**(27,834)**	(30,195)	**(77,689)**	(78,533)
Reversal of/(provision for) impairment of receivables, net	**666**	(265)	**–**	–	**–**	–	**666**	(265)
(Write-down)/reversal of write-down of inventories to net realisable value, net	**(14,058)**	(10,590)	**(15,082)**	19,262	**–**	–	**(29,140)**	8,672
Additions to non-current assets	**16,216**	33,710	**169,094**	14,341	**2,756**	6,119	**188,066**	54,170

The principal activities of the Group are (i) garment manufacturing and (ii) branded product distribution, retail and trading. The Group's revenue is mainly derived from customers located in the People's Republic of China (the "PRC"), the United States of America ("US") and the United Kingdom ("UK"), while the Group's production facilities, trademark and other assets are located predominantly in the PRC, Luxembourg and Thailand. The PRC includes the Mainland China, Hong Kong and Macau. An analysis of the Group's revenue by location of customers and an analysis of the Group's non-current assets by location of assets are as follows:

	PRC		US		UK		Other countries		Total	
	2015 ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*
Revenue	**929,759**	1,834,822	**839,119**	947,793	**587,390**	591,714	**159,470**	205,700	**2,515,738**	3,580,029

Included in revenue derived from the PRC was HK$389,411,000 (2014: HK$392,361,000) which was generated in Hong Kong.

For the year ended 31 December 2015, revenue from two customers in the garment manufacturing segment each accounted for more than 10% of the Group's total revenue and they represented approximately 15% and 13% of the total revenue respectively. For the year ended 31 December 2014, revenues from two customers in the garment manufacturing segment each accounted for more than 10% of the Group's total revenue and they represented approximately 11% and 10% of the total revenue respectively.

2. SEGMENT INFORMATION (Continued)

	PRC		Luxembourg		Thailand		Other locations		Total	
	As at 31 December 2015	As at 31 December 2014	**As at 31 December 2015**	As at 31 December 2014	**As at 31 December 2015**	As at 31 December 2014	**As at 31 December 2015**	As at 31 December 2014	**As at 31 December 2015**	As at 31 December 2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Non-current assets *(Note (2))*	**504,198**	636,610	**165,950**	–	**59,082**	69,609	**53,922**	55,856	**783,152**	762,075

Included in non-current assets located in the PRC was HK$42,785,000 (2014: HK$127,205,000) which was related to assets located in Hong Kong.

Notes:

(1) Unallocated assets and liabilities mainly include centrally-managed cash and bank balances, bank borrowings, land use rights and buildings for corporate purposes.

(2) Non-current assets exclude deferred tax assets and defined benefit plan assets.

3. REVENUE

	2015	2014
	HK$'000	*HK$'000*
Sales of goods	**2,515,738**	3,579,643
Commission income	**–**	386
	2,515,738	3,580,029

4. OTHER INCOME AND OTHER GAINS

	2015	2014
	HK$'000	*HK$'000*
Net (loss)/gain on disposals of property, plant and equipment	**(154)**	2,096
Consultancy and transitional services fee income from Jack Wolfskin Trading (Shanghai) Co., Ltd. *(Note (i))*	**178,856**	–
Government subsidies *(Note (ii))*	**3,310**	3,490
Sundry income	**6,009**	4,453
	188,021	10,039

Notes:

(i) Shanghai Tristate Enterprises Co., Ltd., a wholly-owned subsidiary of the Group, provided consultancy and transitional services to Jack Wolfskin Trading (Shanghai) Co., Ltd. after the early termination of the distribution license for Jack Wolfskin products in the PRC starting from 27 March 2015.

(ii) The Group received HK$3,310,000 (2014: HK$3,490,000) government subsidies from the PRC government during the year ended 31 December 2015. There were no unfulfilled conditions and other contingencies attached to the receipts of these government subsidies. There is no assurance that the Group will continue to receive such government subsidies in the future.

5. NET GAIN ON DISPOSAL OF A SUBSIDIARY/RESTRUCTURING COSTS

Restructuring costs in the year ended 31 December 2015 represented labour rationalisation costs of HK$15,675,000 incurred by Hefei Tristate Garment Manufacturing Company Limited during its production upgrade for producing outerwear products.

During the year ended 31 December 2013, the Group started to close down the factory operation of a subsidiary namely, Chochuen Garment (Shenzhen) Co., Ltd. ("Chochuen") and provided restructuring costs of HK$46,597,000 in the 2013 consolidated statement of profit and loss. In the year ended 31 December 2014, closure costs of HK$9,270,000 were incurred and after the cessation of operation of Chochuen, the Group disposed of Chochuen at a consideration of HK$171,800,000 and recognised a net pre-tax gain on disposal of HK$137,272,000.

6. NET GAIN ON DISPOSAL OF FREEHOLD LAND AND BUILDING

During the year ended 31 December 2014, the Group disposed of an office property in Taiwan at New Taiwan Dollars 123,215,000 (equivalent to HK$32,032,000) and realised a net pre-tax gain on disposal of HK$30,172,000.

7. IMPAIRMENT OF GOODWILL

Goodwill is allocated to a cash-generating unit ("CGU") under the garment manufacturing segment. The recoverable amount of the CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. As at 31 December 2014, due to the foreseeable difficult operating environment and unsatisfactory results of that CGU, management performed an impairment assessment and full impairment has been made.

8. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
Amortisation of leasehold land and land use rights	**3,199**	4,170
Amortisation of license rights and service right	**74,656**	62,033
Depreciation on property, plant and equipment	**77,689**	78,533
Impairment of goodwill	**–**	20,893
(Reversal of)/provision for impairment of receivables, net	**(666)**	265
Cost of inventories	**1,963,456**	2,479,955
Write-down/(reversal of write-down) of inventories to net realisable value, net	**29,140**	(8,672)
Employee benefit expenses	**837,105**	906,804
Less: Amounts included in restructuring costs	**(15,675)**	–
	821,430	906,804
Net loss/(gain) on disposals of property, plant and equipment	**154**	(2,096)
Net gain on disposal of freehold land and building	**–**	(30,172)
Net gain on disposal of a subsidiary	**–**	(137,272)
Net exchange gain	**(1,585)**	(1,203)
Minimum operating lease payments in respect of land and buildings	**73,233**	72,313
Contingent operating lease payments in respect of land and buildings	**9,722**	10,559
Auditors' remuneration	**3,332**	5,291

9. FINANCE INCOME/FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**13,953**	14,741
Finance costs		
Interest on bank borrowings	**7,024**	8,152
Imputed interest on license fees payable	**1,486**	4,534
	8,510	12,686

10. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**1,024**	1,437
Non-Hong Kong tax	**45,479**	72,059
(Over-provisions)/under-provisions of prior years	**(2,194)**	50
	44,309	73,546
Deferred tax	**(8,035)**	14,695
	36,274	88,241

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year. Income taxes on non-Hong Kong profits have been calculated on the estimated assessable profits for the year at the tax rates prevailing in the countries/places in which the Group operates.

11. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim dividend paid – Nil (2014: Nil) per share	**–**	–
Final dividend proposed – Nil (2014: HK$0.06) per share	**–**	16,271
	–	16,271

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK$0.06 per share, totalling HK$16,271,000). The proposed dividend in 2014 has not been dealt with as dividend payable as at 31 December 2014 and is reflected as an appropriation of retained earnings for the year ended 31 December 2015.

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the consolidated (loss)/profit attributable to equity shareholders of the Company by the weighted average number of shares in issue for the year.

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity shareholders of the Company	**(45,669)**	148,277
Weighted average number of ordinary shares in issue	**271,415,669**	270,907,352
Basic (loss)/earnings per share	**HK$(0.17)**	HK$0.55

12. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option scheme.

During the year ended 31 December 2015, the conversion of all potential ordinary shares outstanding would have an anti-dilutive effect on the loss per share. Hence, there was no dilutive effect on calculation of the diluted loss per share for the year ended 31 December 2015.

	2015	2014
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity shareholders of the Company	**(45,669)**	148,277
Weighted average number of ordinary shares in issue	**271,415,669**	270,907,352
Effect of share options	**–**	164,005
Weighted average number of ordinary shares for diluted earnings per share	**271,415,669**	271,071,357
Diluted (loss)/earnings per share	**HK$(0.17)**	HK$0.55

13. ACCOUNTS RECEIVABLE AND BILLS RECEIVABLE

As of the end of the reporting period, the aging of accounts receivable and bills receivable based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Less than 3 months	**312,877**	450,774
3 months to 6 months	**1,713**	5,390
Over 6 months	**1,031**	2,052
	315,621	458,216
Less: Provision for impairment	**(1,031)**	(2,052)
	314,590	456,164

The majority of accounts receivables are with customers having an appropriate credit history and are on open account. The Group grants its customers credit terms mainly ranging from 30 to 60 days.

The carrying amounts of the accounts receivable and bills receivable approximate their fair values. The maximum exposure to credit risk is the fair value of the above receivables. The Group does not hold any collateral as security.

14. ACCOUNTS PAYABLE AND BILLS PAYABLE

The aging of accounts payable and bills payable based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Less than 3 months	**82,438**	167,296
3 months to 6 months	**6,332**	3,941
Over 6 months	**4,060**	3,595
	92,830	174,832

The majority of payment terms with suppliers are within 60 days.

The carrying amounts of accounts payable and bills payable approximate their fair values.

15. CAPITAL COMMITMENTS

The Group had no capital commitments as at 31 December 2015 and 2014.

In this Management Discussion and Analysis, we present the business review and a discussion on the financial performance of the Group for the year ended 31 December 2015.

OVERVIEW

For the year ended 31 December 2015, the Group recorded a loss attributable to equity shareholders of HK$46 million (2014: profit of HK$148 million). EBIT before non-recurring items amounted to HK$0.8 million (2014: HK$97 million). Notwithstanding the improvement in our garment manufacturing business, the change from profit in 2014 to loss attributable to equity shareholders in 2015 is mainly due to lack of non-recurring post-tax gain on disposal of a subsidiary, Chochuen Garment (Shenzhen) Co., Ltd. of HK$123 million recorded in 2014; worsen China retail market for our branded product business, as well as start up costs for our new proprietary brands Cissonne and EFM (Engineered for Motion) launched in 2014.

The year 2015 is a challenging year for the garment and apparel industry. Amid such market condition, Tristate has achieved our plan in developing brand portfolio and gradually improving our garment manufacturing business.

In developing brand portfolio, the Group acquired a well known global premium Italian men's sportswear brand "C.P. Company" in November 2015 at a consideration of EUR19.2 million. Founded in 1975 by Mr. Massimo Osti, the "Godfather of Sportswear", C.P. Company has a strong Italian heritage with innovative designs which pursuit for personality. The Group will start to distribute C.P. Company products from Fall/Winter 2016, while Spring/Summer 2017 as our first designed collection.

As stated in the Group's 2014 annual report, the early termination of the license granted to the Group for the distribution of Jack Wolfskin products in the PRC took effect on 27 March 2015. Upon the license termination, the Group ceased to distribute Jack Wolfskin products in the PRC. The Jack Wolfskin PRC distribution business has been a steady income contributor to the Group, with revenue totalling HK$204 million in 2015 up to the termination date (full year 2014: HK$972 million). Shanghai Tristate Enterprises Co., Ltd. ("Shanghai Tristate"), a subsidiary of the Group, has started to provide consultancy services to Jack Wolfskin Trading (Shanghai) Co., Ltd. ("JW PRC Co") from the termination date to 31 December 2017, to advise and assist JW PRC Co on the development, procurement, sale and marketing of the Jack Wolfskin products in the PRC, as well as in relation to the management of the Jack Wolfskin PRC business. Shanghai Tristate shall receive consultancy fee amounting to substantially the entire pre-tax earnings of JW PRC Co for the period from the termination date to 31 December 2015, and on certain agreed percentages of the gross profits of JW PRC Co in 2016 and 2017. In addition, Shanghai Tristate receives monthly fees for the provision of certain transitional services to JW PRC Co to facilitate the transition of the Jack Wolfskin PRC business. Following the license termination, the Group is no longer required to finance the working capital requirement for the Jack Wolfskin PRC business.

On garment manufacturing, in accordance with our plan, our Hefei factory has completed rationalisation of production headcount and focusing in manufacturing outerwear products. Together with our R&D center Trinovation Lab, garment dyeing and other technological capabilities inside this factory compound, this competitive production base is well equipped to serve our global premium customers and receiving positive response.

FINANCIAL HIGHLIGHTS

	Note	**2015**	2014	Change
Operating results (HK$ million)				
Revenue		**2,516**	3,580	–30%
Gross profit		**581**	1,091	–47%
EBIT before non-recurring items	1	**1**	97	–99%
Non-recurring (loss)/profit before tax		**(16)**	137	–112%
(Loss)/profit from operations after non-recurring items		**(15)**	234	–106%
(Loss)/profit attributable to equity shareholders		**(46)**	148	–131%
Segment results (HK$ million)				
Garment manufacturing segment results before non-recurring items and tax		**4**	(40)	+110%
Garment manufacturing segment results after non-recurring items and tax		**(19)**	(77)	+75%
Branded product business segment results before tax		**21**	152	–86%
Branded product business segment results after tax		**(11)**	90	–112%
Financial position (HK$ million)				
Current assets		**1,401**	2,041	–31%
Current liabilities		**743**	1,176	–37%
Cash and bank balances		**666**	723	–8%
Bank borrowings		**325**	444	–27%
Total equity		**1,382**	1,553	–11%
Cash flow and capital expenditure (HK$ million)				
Cash generated from operations		**196**	87	+125%
Capital expenditure				
Property, plant and equipment		**22**	54	–59%
Trademark		**166**	–	N/A
Key ratios				
Gross profit margin		**23.1%**	30.5%	–7.4 pp
Operating profit margin before non-recurring items		**0.1%**	2.7%	–2.6 pp
Net (loss)/profit margin		**(1.8%)**	4.1%	–5.9 pp
Return on average equity (ROE)	2	**(3.1%)**	9.9%	–13.0 pp

Notes:

1. Non-recurring items represent net gain on disposal of a subsidiary, net gain on disposal of freehold land and building, impairment of goodwill and restructuring costs as included in the consolidated statement of profit and loss.

2. ROE is calculated as (loss)/profit attributable to equity shareholders over average total equity for the current and prior year.

FINANCIAL REVIEW

Revenue

Total revenue of the Group for the year 2015 was HK$2,516 million (2014: HK$3,580 million), representing a decrease of 30% as compared with 2014.

Revenue of the branded product distribution, retail and trading segment was HK$588 million as compared with HK$1,481 million in 2014. The decrease is mainly due to the early termination of Jack Wolfskin license and the decline in revenue of HASKI and Nautica. The challenging retail market in China brought conservative perspective to our distribution network and low sell-through by our franchisees, noticeably in the fourth quarter of 2015. Consultancy and transitional services fees income from JW PRC Co are recorded under other income and other gains.

During the year ended 31 December 2015, the Group has a net reduction of 58 points-of-sale ("POS") for HASKI and the total number of POS for the branded product distribution and retail business was 353 at end of 2015 (2014: 1,160 including Jack Wolfskin). The Group has officially opened a directly-managed HASKI flagship store on Tmall.

The decreases in top line as well as our footprint were driven by the overall retail landscape and tough market environment for premium branded apparel in Mainland China and Hong Kong that affected nearly all market participants. Ongoing challenges at retail in China come from various factors including a shifting retail landscape where the rise of e-commerce has put tremendous pressure on our traditional sales channels; changing spending patterns where today's consumers are inclined to spend more of their discretionary income on experiential goods and services rather than material items such as apparel; downward pressure on premium retail pricing once again mainly caused by the rise of e-commerce which features a very promotional nature in China; and a general economic malaise that can be attributed to China's lowest levels of GDP growth in the past two decades.

Cissonne's ladies wears are inspired by ballerina elegance. The use of simple and neat tailoring fits very closely to women – stretchy, flexible, lightweight, slim looking and stylish. Cissonne received much acclaim about its high-quality fabrics, special features and the popular mother-daughter costume collection. In 2015, Cissonne has stores in Shanghai Kerry Centre, Shanghai Zhen Ning Road and Hangzhou Tower Shopping City. Beijing store will be opened in May 2016.

EFM is produced exclusively by Tristate's Trinovation Lab and represents the luxury technical menswear innovation, pushing the designer's signature values of comfort and urban minimalism to new levels. Most recently, EFM was highlighted by fashion trend reporting megasite WGSN as the embodiment of luxury active performance wear, confirming our market positioning as an industry leader. In 2015, EFM established new partnerships with apparel retailers – including influential international accounts located in New York, Berlin and Rotterdam. In January 2016, Mr. Donrad Duncan, creative director and founder of EFM, was awarded Fashion Group International's 2016 Rising Star Award for Menswear. This award recognises and honors up-and-coming individuals in the fashion and design industries each year.

Revenue from the garment manufacturing segment was HK$1,928 million as compared with HK$2,099 million in 2014. Revenue from higher margin global fashion brands customers (which cover mainly more complicated outerwear categories) was down by 8% in 2015 as compared with 2014. This was mainly attributable to change in production base and drop in outlet orders by customers. In 2015, global fashion brands customers accounted for 59% (2014: 59%) of the segment revenue. In general, the increase in sales of outerwear products shifted our peak production season to the second and third quarters while sales income are skewed towards Fall/Winter seasons. Sales to national brands customers decreased by 9% in 2015 as we have reduced our capacity for categories with challenging price.

Geographically, major markets of the Group are the PRC, the US and the UK, which accounted for 37% (2014: 51%), 33% (2014: 26%) and 23% (2014: 17%) respectively of the Group's total revenue. The change in geographical sales proportion is mainly due to the early termination of Jack Wolfskin business in the PRC.

The Group's business has been increasingly skewed towards the second half year mainly due to the seasonality effect of Fall/Winter and holiday seasons shipment of outerwear products and wholesale sales. The Group expects that the pattern of a larger proportion of sales and earnings record in the second half of the year will continue in the future.

Gross Profit

During the year, the Group's overall gross profit recorded at HK$581 million (2014: HK$1,091 million), representing a gross profit margin of 23.1% (2014: 30.5%). The decrease in gross profit was mainly attributable to reduced turnover following the early termination of Jack Wolfskin license. Despite the garment manufacturing business saw gross profit margin increase, the overall gross profit margin was impacted by the drop of higher-margin branded product wholesale business following the license termination.

In branded product business, the year-on-year gross profit margin for Nautica has been stable in 2015. However, due to the tough 2015 winter season sell-through for HASKI, additional provisions have been made for inventories, sales incentives to franchisees, goods exchange and returns. This has caused the reduction in gross profit margin of the segment.

Gross profit margin of the garment manufacturing segment was better than the previous year despite a drop in revenue, which is due to the sales mix of higher margin products increased, continued production process improvements and lower production cost after labour rationalisation carried out in our Hefei factory (see discussion on restructuring costs below).

Selling and Distribution Expenses

Selling and distribution expenses comprise mainly advertising and promotion, royalty and shop expenses of the branded product distribution, retail and trading business. Selling and distribution expenses decreased as compared to 2014 mainly due to royalty and advertising expenses dropped following the Jack Wolfskin license termination in March 2015.

General and Administrative Expenses

General and administrative expenses dropped by 13% to HK$541 million as compared with HK$623 million in 2014 mainly due to Jack Wolfskin license termination and cost control.

Restructuring Costs

Restructuring costs represent labour rationalisation cost of HK$16 million incurred by Hefei factory during its production upgrade for producing outerwear products.

Segment Results

In 2015, our branded product business segment performance dropped as compared with the previous year. Macro-economic environment in China continued to worsen, causing revenue and contribution decline in our overall China branded product business, including our consultancy service fee income from JW PRC Co. Additional provisions on inventories and returns have been made for HASKI in view of the market situation. Also, during 2015, the Group took up the start-up costs for our new global premium contemporary lifestyle brands, Cissonne and EFM, both launched in 2014.

Segment results for garment manufacturing business improved in 2015 due to improvement in gross profit and savings in selling and administrative expenses.

Working Capital

Unlike previous years, the Group is no longer required to finance the working capital requirement for the Jack Wolfskin PRC business. As a result, the Group's working capital elements as included under current assets and current liabilities were reduced as compared with the previous year.

There were no material acquisitions or disposals of subsidiaries or associated companies during the year and up to the date of this announcement and no important events affecting the Group have occurred since 31 December 2015 and up to the date of this announcement.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, cash and bank balances amounted to HK$666 million (2014: HK$723 million) which mainly represented Renminbi bank deposits in the PRC and US dollars bank balances. Short-term bank borrowings of the Group amounted to HK$325 million as at 31 December 2015 (2014: HK$444 million). Such borrowings were mainly denominated in US dollars. As at 31 December 2015, HK$313 million (2014: HK$434 million) and HK$12 million (2014: HK$10 million) of the short-term bank borrowings were interest bearing at fixed rates and floating rates, respectively. The Group maintained sufficient banking facilities and did not have any long-term bank borrowings outstanding as at 31 December 2015. As at 31 December 2015 and 2014, banking facilities extended to the Group were not secured with the Group's assets. The gearing ratio of the Group is calculated as net borrowings divided by total capital. Net borrowings were calculated as total bank borrowings less cash and bank balances, while total capital comprised total equity plus net borrowings. The Group did not have net borrowings as at 31 December 2015, and accordingly, no information on gearing ratio as at that date is provided.

Cashflow from operation increased mainly due to cost savings from branded product business following Jack Wolfskin license termination and improve in margin from garment manufacturing business.

Shareholders' equity at 31 December 2015 decreased mainly due to exchange difference on translating the financial statements of subsidiaries in the PRC and Thailand following the currency depreciation of Renminbi and Thai Baht during 2015, loss attributable to equity shareholders for the current year and changes in hedging reserve for the forward contracts.

Most of the Group's receipts and payments are denominated in US dollars, Hong Kong dollars, Renminbi and Euro. Management monitors the related foreign exchange risk exposure by entering into forward foreign exchange contracts. During the year ended 31 December 2015, the Group had forward foreign exchange contracts to hedge against the foreign exchange exposures arising from US dollars denominated processing income for factories in the PRC and Euro for royalty payments to a licensor. The volatility of the exchange rate of Renminbi and Euro has yet to stabilise. Management evaluates the Group's foreign currency exposure on a continuing basis and takes actions to minimise the Group's exposure whenever necessary.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no material capital commitments or contingent liabilities as at 31 December 2015 which would require a substantial use of the Group's present cash resources or external funding.

HUMAN RESOURCES

The Group had about 11,680 employees as at 31 December 2015 (2014: 12,680). Fair and competitive remuneration packages and benefits are offered to employees. Those employees with outstanding performance were also awarded discretionary bonuses and share options.

OUTLOOK

2016 will be another challenging year. Despite macro-economic challenges and short-term market volatilities, Tristate will stay focused on our strategy to create greater synergy between our unique manufacturing expertise and product innovation capability, and build a group of global brands being recognised for their product-centric innovation and cultural authenticity.

For branded business, we have integrated and consolidated our two premium men's brands (C.P. Company and EFM) into one business unit in 2016. In fact, both brands are a good complement targeting different consumer segment in the premium men's smart casual brands. This integration gives business synergy for brand development as well as offers better resources in every functions. In early 2016, we have established our design and product development center in Veneto, Italy and our sales and distribution center in Lugano, Switzerland. Both these locations serve as key hubs for this business unit. The Italy center can further collaborate with Trinovation Lab and Tristate in-house fulfillment to deliver more innovative products for our brand development.

For C.P. Company brand, Fall/Winter 2016 is our first sales season. The core markets are UK, Japan, Korea and Italy, while Germany, Benelux and Scandinavia are the growing markets. In January 2016, our Fall/Winter 2016 collection was presented to the distributors and agents in Milan and received positive feedback.

In the first quarter of 2016, EFM will engage in a highly targeted and aggressive sales campaign, in which we shall be participating in the CFDA New York Fashion Week: Men's, as well as several high end trade shows. EFM products have been well received and we shall further distribute EFM products to new markets.

In 2016, Cissonne will build to promote and stand out from the market. We shall focus on the excellence of product, visual merchandising and POS system, and reach out to the market through concept stores and collaboration with media. For products, Trinovation Lab continues to support excellent fabric innovation as well as construction innovation to make our products unique in the market place, and competitive in the premium world. 2016 will add three additional stores, two are for commercial objective, and one will be our flagship in Beijing.

For premium active brands for China mass market, Nautica and HASKI, HASKI will more focus on online sales through Tmall and VIPS, with a reduced number of POS. While e-commerce continues to see top line growth, average-unit-retail is down and profitability in this channel is being reduced due to deeper discounts and rising retail cost, such as marketing expenses and delivery fees. Also, for our China branded business in general, inventory positions at both the brand level and in the trade must be reconciled; supply chains must be organised to provide the right products at the right places at the right price and at the right time; new retail formats and experiences must be constantly enhanced; and marketing strategies must be geared to speak to and interact with consumers through a plethora of new media platforms.

Our garment manufacturing business has improved in 2015. 2016 is still a soft market for the global apparel industry. We shall continue to improve profitability by expanding our business with global fashion brands customers for producing complicated outerwear products. This growth strategy meets our product strength and manufacturing capabilities. We now have outerwear products produced in our China and Thailand factories while dress up business for mass market at competitive pricing focus in low cost Indochina production base – Vietnam and Myanmar. For outerwear production, our Hefei factory has completed production headcount rationalisation and focusing in producing outerwear products. We target to significantly reduce the factory's full year operating loss in 2016, with a turnaround in the second half 2016. We shall continue to apply our unique manufacturing system in our factories to guarantee quality consistency, high productivity and finally cost efficiency. For dress up tailoring business, our Myanmar factory will be fully loaded in 2016 with increased orders. We consolidate the dress up resources of the Group for a more effective organisation, starting from sales, sampling, production into one Indochina operation. We also plan to expand sourcing services to existing dress up customers and upgrade our Vietnam capabilities to produce more sophisticated tailoring products.

With these strategic initiatives, the Group will continue to exercise tight cost control and drive operating efficiency and productivity in our operations. We believe our directions and actions are on track and target a moderate improvement year on year for our manufacturing business.

We are cautious, and at the same time, invest for the future. The acquisition of C.P. Company brought the Group's branded business to a new phase. We shall continue to create synergy between brand development, our unique manufacturing expertise and product innovation. The Group has its competitive strengths and talented professionals and continued innovation, we are confident that we shall be able to rise to the challenges ahead.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces risks and uncertainties that could affect the Group's businesses and financial performance. The Group believes effective risk management is critical to achieve our business strategy. Key risk factors and uncertainties affecting the Group are outlined below.

Global and Macro-economic Risks

The principal business activities of the Group are branded product distribution and garment manufacturing with worldwide customers located in Europe, the US and Asia. The industries in which the Group operates are affected by the economic conditions and consumer spending behavior in these countries. Geographic spread of customers and multiple sales channels will mitigate localised economic risks.

Risk of Business Partner's Change in Business Strategy

Business partner's change in business strategy may result in loss in revenue of the Group. Garment manufacturing customer's strategy change in sourcing locations and competitive pricing may cause the Group loss of orders and revenue. Brand owners of our licensed brands change in market entry and licensing strategy may cause the Group to lose distribution rights in licensing the products. Our factories locate in a wide geography and serve a wide product range with different price level will mitigate business partner's change in business strategy. The Group's ongoing strategy in developing branded business will help to mitigate the impact of change in business strategy of licensed brands owners.

Risks of Increased Cost

Increased cost will impact the profitability of our business. For our branded product business, we have our own sourcing team with diversified supply network to handle material sourcing. For garment manufacturing business, our Group effectively earns cut and make profit. Increased cost in fabric material has little impact to the Group. On the other hand, labour and factory operating cost increase will impact profitability. The Group's diversification of factories in various countries in Asia, continued increase in sales of outerwear products and production process improvements will help to offset the rise in wages and staff costs.

Financing and Treasury Risks

The Group funds its current and future operations from internal sources of liquidity and bank borrowings. As at 31 December 2015, cash and bank balances amounted to HK$666 million. The Group has bank deposits in the PRC. The conversion of these Renminbi denominated balances into foreign currencies and the remittance of funds out of the PRC is subject to the rules and regulations of foreign exchange in the PRC. The Group has experienced no restrictions on distribution and transfer of funds from the PRC. The Group maintained sufficient banking facilities and did not have term loan or long-term bank borrowings. Short-term bank borrowings of the Group amounted to HK$325 million as at 31 December 2015. The Group tends to have higher seasonal borrowings around the mid-year to finance the inventory requirements for the second half year.

The Group operates internationally and is thus exposed to foreign exchange risk arising from various currency exposures. The Group earns revenues, incurs costs and makes investments in various foreign currencies. The Group manages significant foreign exchange risk against the respective subsidiaries' functional currencies arising from future commercial transactions, recognised assets, liabilities and net investment in foreign operations principally by means of forward foreign exchange contracts. Our hedging strategy may not be effective in reducing all exchange risks.

Regulation Risks

The Group is increasingly subject to a broad and changing legal, tax, and regulatory requirements in the various jurisdictions the Group operates. New and changing policies or applications by governments may pose a risk to the Group's returns and/or subject the Group to legal challenge. The Group continually monitors changes in local government policies and legislation.

RELATIONSHIP WITH BUSINESS PARTNERS AND STAKEHOLDERS

Relationship with Customers

The Group maintains long-term relationships with customers of our garment manufacturing and branded product distribution business. The Group has developed multi-products strategy and also strengthened our scope of services to our global brands customers. The Group has no concentration or a high level of dependency on individual customer.

Relationship with Suppliers

The Group maintains long-term relationships with suppliers and subcontractors. The Group has no concentration or a high level of dependency on a small groups of suppliers. The suppliers of our garment manufacturing business are generally nominated by customers. For suppliers of our sourcing business, we communicate with them all the way through for them to understand our policies and requirements.

Relationship with Employees

The Group recognises and supports the culture of attracting, motivating and retaining talents. The Group provides competitive compensation and benefits for its employees. Remuneration packages are generally structured by reference to market and individual merits. Salaries are normally reviewed on an annual basis based on individual performance and financial performance of the Group. Those employees with outstanding performance are also awarded discretionary bonuses and share options. The Group promotes open communications, encourages continuous learning and supports different kind of training on leadership development programme.

Social Performance

The Group has been committed being a responsible social citizen and supports various charitable events, including making donations in relation to education, disaster reliefs and for the less-privileged, in particular supports local society needs where our group companies locate for the long term. In 2015, the Company participated in the Caring Company Scheme and collaborated with The Salvation Army on various charitable activities, such as fund raising and volunteer works. The Company is awarded the Caring Company Logo 2015/16.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As a socially responsible entity, the Group is committed to fostering long-term relationships with its shareholders, employees, customers and business partners. With these values in mind, we strive to deliver the best possible services and products and continue to uphold the highest standards on social accountability, environment, health and safety.

Workplace Quality

The Group believes that continued business success relies on good staff relations and support of our employees. The Group is committed to the health, safety and welfare of our employees. All major customers of our garment manufacturing business carry out regular audits on corporate social responsibilities to ensure all relevant laws and regulations are enforced in all our operations.

Health and Safety of Products

The Group places the highest importance on the welfare of people and for the benefit of society. The Group is committed to design and manufacture products which are safe and adhere to the required health and safety standards. We have stringent quality control system to ensure products meet the safety requirements. Our garment manufacturing customers also have active programme dedicated to reducing the environmental impact of their supply chains, including eliminate the release of chemicals that have safety and environmental impact. One of our global customers has pledged to remove all suspect toxic chemicals from its factories by 2020.

Environmental Policies and Performance

The Group is committed to creating a sustainable and greener environment and continues to explore ways to reduce carbon emission, conserve energy and reduce wastage. Our eco-friendly "green" factory in Hefei was accredited with a LEED silver rating, a high level certification for energy efficiency and overall environmental impact awarded by the U.S. Green Building Council. We have also implemented various environmental and sustainability initiatives in our factories, including energy efficient lighting, dual flush toilets and low flow fixtures, waste recycling system, water curtain air-conditioning as well as replacing traditional clutch motors with more energy efficient servo motors. Activities to raise awareness of sustainability are also organised. We are committed to uphold high environmental standards and meet relevant requirements under applicable laws or ordinances during the manufacturing processes. We did not identify non-compliance or breach of relevant standards, rules and regulations on air and greenhouse gas emission, discharges into water and land, generation of hazardous or non-hazardous wastes.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, except for the deviation from code provisions A.2.1, A.5 and A.6.7.

Considered reasons for the deviation from code provisions A.2.1, A.5 and A.6.7 were set out in the Company's last published interim report for the six months ended 30 June 2015. Further information of the Company's corporate governance practices will be set out in the Corporate Governance Report of the Company's annual report for the year ended 31 December 2015, which will be available for publication as soon as practicable.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the year.

PROPOSED FINAL DIVIDEND

No interim dividend was paid for the six months ended 30 June 2015 (2014: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: HK$0.06 per share, totalling HK$16,271,000).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 3 June 2016 to Monday, 6 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Monday, 6 June 2016 (the "2016 AGM"), all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 2 June 2016.

ANNUAL GENERAL MEETING

The 2016 AGM will be held at Room 5A, 5th Floor, 66-72 Lei Muk Road, Kwai Chung, New Territories, Hong Kong at 10:00 a.m. on Monday, 6 June 2016. The notice of 2016 AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

SCOPE OF WORK OF KPMG

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements and the annual report of the Group for the year ended 31 December 2015 with the management of the Group and recommended them to the Board for approval.

On behalf of the Board
WANG Kin Chung, Peter
Chairman and Chief Executive Officer

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprises one Executive Director, Mr. WANG Kin Chung, Peter; three Non-Executive Directors, namely Ms. WANG KOO Yik Chun, Ms. MAK WANG Wing Yee, Winnie and Dr. WANG Shui Chung, Patrick; and three Independent Non-Executive Directors, namely Mr. LO Kai Yiu, Anthony, Mr. James Christopher KRALIK and Mr. Peter TAN.