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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 2015**

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

Key ratios:

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

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Staying on course in a challenging climate

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

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

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

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

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

Initiating long-term efficiencies

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

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

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

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

Repositioning as a global brand

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

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

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

Gieves & Hawkes

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

Cerruti 1881

Cerruti 1881 is an increasingly global brand of Italian heritage that currently enjoys in excess of EUR 10 million in royalty strength, with a wide range of products from men and women's fragrances to sunglasses. In order to continue the expansion of this brand, we have appointed Jason Basmajian as the Chief Creative Officer.

Kent & Curwen

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

Grasping new opportunities

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

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

Richard Samuel COHEN

Chief Executive Officer

Hong Kong, 21 March 2016

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 2015 and the audited consolidated statement of financial position of the Group as at 31 December 2015 together with the comparative figures in 2014. The annual results have been reviewed by the Company’s audit committee and the Company’s external auditor.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	2(a)	1,914,053	2,623,584
Cost of sales		(528,896)	(680,699)
Gross profit		1,385,157	1,942,885
Other income	4	179,937	98,871
Selling, marketing and distribution expenses		(1,179,098)	(1,329,073)
General and administrative expenses		(484,287)	(507,160)
Other losses – net	5	(19,340)	(32,764)
Operating (loss)/profit	3	(117,631)	172,759
Finance (costs)/income – net	6	(15,618)	3,649
Share of profit of associates	2(a)	4,285	7,790
(Loss)/profit before income tax		(128,964)	184,198
Income tax	7	40,446	(23,334)
(Loss)/profit for the year attributable to shareholders of the Company		(88,518)	160,864
Basic (loss)/earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	8(a)	(5.1) cents	9.3 cents
Diluted (loss)/earnings per share attributable to shareholders of the Company during the year (expressed in HK cents per share)	8(b)	(5.1) cents	9.3 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	31 December 2015 HK\$'000	31 December 2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		172,175	236,985
Intangible assets		3,263,364	3,054,502
Investments in associates		125,727	131,486
Loan receivable	10	101,447	71,930
Derivative financial instrument	11	6,018	6,023
Deposits, prepayments and other receivables		49,897	55,982
Deferred income tax assets		193,091	144,651
		3,911,719	3,701,559
Current assets			
Inventories		591,891	612,475
Trade receivables	12	90,211	179,978
Deposits, prepayments and other receivables		190,640	110,803
Amounts due from related parties		949	77
Current income tax recoverables		12,212	15,599
Cash and cash equivalents (excluding bank overdrafts)		235,239	522,677
		1,121,142	1,441,609
Total assets		5,032,861	5,143,168
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		174,653	174,653
Share premium		2,376,850	2,376,850
Reserves		639,095	845,108
Total equity		3,190,598	3,396,611
LIABILITIES			
Non-current liabilities			
Borrowing		160,000	-
Provision for long service payments		7,151	10,377
Retirement benefit obligations		29,524	31,221
Other payables and accruals		203,260	-
Contingent purchase consideration payable for acquisition		175,892	252,475
Deferred income tax liabilities		306,233	311,457
		882,060	605,530
Current liabilities			
Trade payables	13	70,264	43,870
Other payables and accruals		277,942	321,869
Amounts due to related parties		38,256	13,089
Current income tax liabilities		7,453	14,279
Borrowings		566,288	747,920
		960,203	1,141,027
Total liabilities		1,842,263	1,746,557
Total equity and liabilities		5,032,861	5,143,168

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

		Attributable to shareholders of the Company				
	Note	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 schemes						
- value of employee services		-	-	-	7,613	7,613
- transfer to retained earnings		-	-	5,233	(5,233)	-
2014 final dividends paid	9(b)	-	-	(75,101)	-	(75,101)
Total transactions with owners		-	-	(69,868)	2,380	(67,488)
Balance at 31 December 2015		174,653	2,376,850	887,043	(247,948)	3,190,598

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2015

	Note	Attributable to shareholders of the Company				Total HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Other reserves HK\$'000	
Balance at 1 January 2014		173,264	2,355,300	1,068,259	(157,188)	3,439,635
Comprehensive income						
Profit for the year		-	-	160,864	-	160,864
Other comprehensive expenses						
Remeasurements of post employment benefit obligations		-	-	(13,120)	-	(13,120)
Exchange differences on translation of subsidiaries and associates		-	-	-	(28,842)	(28,842)
Exchange differences realised upon liquidation of a subsidiary		-	-	-	(124)	(124)
Other comprehensive expenses for the year, net of tax		-	-	(13,120)	(28,966)	(42,086)
Total comprehensive (expenses)/income		-	-	147,744	(28,966)	118,778
Transactions with owners						
Employee share option schemes						
- value of employee services		-	-	-	4,337	4,337
- exercise of share options		1,389	21,550	-	-	22,939
- transfer to retained earnings		-	-	18,151	(18,151)	-
2013 final dividends paid	9(b)	-	-	(147,288)	-	(147,288)
2014 interim dividends paid	9(a)	-	-	(41,790)	-	(41,790)
Total transactions with owners		1,389	21,550	(170,927)	(13,814)	(161,802)
Balance at 31 December 2014		174,653	2,376,850	1,045,076	(199,968)	3,396,611

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”). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities including derivative financial instrument and contingent purchase consideration payable for acquisition, which are carried at fair values.

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.

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

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

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

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

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

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

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

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

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

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

2. Segment information

The Group is principally engaged in the retailing and wholesale of premium menswear in Greater China and Europe, as well as licensing its fully owned brands globally. The associates are retailers of luxury fashion and accessories in South Korea and various countries in Southeast Asia. The performance of the Group's retail stores is subject to seasonal fluctuations and certain holiday seasons.

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

Segment asset consists only of inventories.

(a) Segment results

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

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

2. Segment information (Continued)

(a) Segment results (Continued)

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

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

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

	2015 HK\$'000	2014 HK\$'000
Segmental contributions for reportable segments	111,613	453,542
Add:		
Other income (Note 4)	179,937	98,871
Other losses – net (Note 5)	(19,340)	(32,764)
Less:		
Finance (costs)/income – net (Note 6)	(15,618)	3,649
Employee benefit expenses	(209,886)	(232,655)
Rental and other operating expenses	(63,554)	(45,359)
Depreciation and amortisation	(12,029)	(14,404)
Legal and professional fees	(19,696)	(14,708)
Product design and related management expenses	(38,158)	(13,364)
Other unallocated expenses	(42,233)	(18,610)
Total Group's (loss)/profit before income tax	(128,964)	184,198

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:

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

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

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

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

3. Operating (loss)/profit

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

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

Notes:

- (a) The reversal of provision for impairment of inventories arose due to an increase in the estimated net realisable value of inventories after reassessment of the utilisation of available distribution channels and expected sales pattern.
- (b) Advertising and promotion expenses included employee benefit expenses and operating lease rental expenses of HK\$13,659,000 (2014: HK\$13,382,000) and HK\$2,697,000 (2014: HK\$1,531,000).

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

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

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

4. Other income

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

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

5. Other losses – net

	2015 HK\$'000	2014 HK\$'000
Fair value losses on forward foreign exchange contracts	(1,633)	(2,614)
Net foreign exchange losses	(17,707)	(30,150)
	<u>(19,340)</u>	<u>(32,764)</u>

6. Finance (costs)/income – net

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

7. Income tax

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

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

8. (Loss)/earnings per share

(a) Basic

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

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

(b) Diluted

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

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

9. Dividends

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

	2015 HK\$'000	2014 HK\$'000
No interim dividend (2014: 2.4 HK cents per ordinary share)	-	41,790
No proposed final dividend (2014: 4.3 HK cents per ordinary share)	-	75,101
	<u>-</u>	<u>116,891</u>

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

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

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

10. Loan receivable

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

On 21 March 2016, the Group entered into an amended and restated note purchase agreement with BHB to amend and restate certain terms of the Original Note. Further details are set out in Note 14.

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

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

11. Derivative financial instrument

	2015 HK\$'000	2014 HK\$'000
Non-current assets		
Conversion right embedded in convertible promissory note	6,018	6,023

The conversion right embedded in convertible promissory note referred to the Group's investment in an unlisted convertible promissory note issued by BHB mentioned in Note 10.

12. Trade receivables

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

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

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

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

13. Trade payables

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

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

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

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

14. Events after the reporting period

Loan receivable from British Heritage Brands, Inc.

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”), which represents our commitment and collaboration with BHB to expand “Kent & Curwen” in the United States, as well as significant opportunities for expansion in the North and South American markets. Under the amended and restated convertible promissory note purchase agreement, the Group could have an equity interest up to 75% after exercising the conversion right exercisable from 1 April 2018 to 31 March 2019 or upon the occurrence of certain events under the provisions of the restated convertible promissory note purchase agreement. The Group has agreed to lend to BHB a new loan up to US\$9 million from 21 March 2016 to 31 December 2018 according to the new loan agreement.

On the same day, the Group entered into a put/call agreement with Heritage Global Partners, LLC (“Heritage”), the sole shareholder of BHB, which allow Heritage to put its remaining 25% interest in BHB to Trinity 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 Trinity to acquire Heritage’s interest in BHB at fair value. The call option would be exercisable by Trinity at any time from 1 April 2024 onwards after the Group has become the owner of 75% of the equity interest in BHB.

Investment in Hardy Amies

On 21 March 2016, the Group entered into a business acquisition agreement with Hardy Amies London Limited (“HALL”) and No.14 Savile Row Management Limited (“No.14 SRM”). Pursuant to the terms of the business acquisition agreement, the Group will acquire the Hardy Amies business carried on by HALL and No.14 SRM and certain assets for a consideration of not more than GBP 1 million and sub-lease certain properties from HALL.

Besides, the Group also entered into licence agreements with HALL and Hardy Amies (International) Pte Limited (“HA Singapore”) for a term starting from 1 April 2016 and ending 31 December 2021. Under the terms of license agreements, HALL and HA Singapore will grant to the Group, among other things, the right to use the HARDY AMIES trademarks in the design, manufacture, distribution and retail of certain products under the “Hardy Amies” brand.

DISCUSSION AND ANALYSIS

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

Revenue

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

Gross profit

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

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses amounted to HK\$1,179.1 million, representing an 11.3% decrease over 2014. These significant savings were a result of management's continued efforts to improve efficiencies within the Group. We also continued to streamline the store network by closing non-performing stores. The store count is 349 as at 31 December 2015 compared to 399 stores as at 31 December 2014.

General and administrative expenses

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

Other income

Other income increased by HK\$81.0 million from HK\$99.0 million in 2014 to HK\$180.0 million in 2015. This was due to a fair value accounting adjustment on the contingent consideration payable relating to the acquisition of Gieves & Hawkes in 2012, as well as compensation income for the ending of a store lease in Europe.

Other losses – net

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

Finance costs – net

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

Share of Profit of Associates

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

Income Tax

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

Loss attributable to Shareholders

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

Working Capital Management

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

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

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

Financial Position and Liquidity

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

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

Credit Risk Management

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

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

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

Foreign Exchange and Interest Rate Management

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

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

Banking Facilities

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

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

Segmental Analysis

Revenue

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

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

Retail gross profit and segmental contributions

From 2014 to 2015, retail gross profit margins for the Chinese Mainland and Taiwan decreased from 76.6% to 73.5% and 73.3% to 67.6% respectively. However, for the same period, retail gross profit margins for Hong Kong & Macau increased from 73.9% to 74.7%. Retail gross profit margins changed mainly due to more aggressive sales and promotion campaigns offered to customers.

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

Human Resources and Training

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

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

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

Relationship with Suppliers and Customers

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

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

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

Sustainability

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

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

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

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

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

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

Environmental Policy and Performance

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

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

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

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

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

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

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

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

<u>For Hong Kong and Macau Region</u>	<u>2015</u>
Total Scope 1 Emission	40.6 tCO ₂ e
Total Scope 2 Emission (Factory, Warehouse, Offices & Retail Shops)	2,486.0 tCO ₂ e
Total Scope 1 & 2 Emission	2,526.6 tCO ₂ e

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

CORPORATE GOVERNANCE

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

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 of no less exacting than those 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 2015 Annual Report.

AUDIT COMMITTEE

The Audit Committee was established on 1 January 2009 to review the Group’s financial reporting, internal controls and corporate governance issues, to consider issues relating to the external auditor, and to provide advice and make relevant recommendations to the Board.

The Audit Committee met four times in 2015 (with a 100% attendance rate) to 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 & Risk Management Officer, is responsible for performing the internal audits of the Group.

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

The Audit Committee has reviewed the annual results for the year ended 31 December 2015.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognises the importance of internal controls to safeguard shareholders' interests and investments and the Group's assets, as well as to manage business risks. The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objective. It is also responsible 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.

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 2015, the Audit Committee is satisfied that:

- The risk management, internal controls systems as well as the internal audit function of the Group are in place and functioning effectively. They are designed to provide reasonable assurance that material assets are protected, business risks 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 accounting and financial reporting function 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 2015. No incident of non-compliance by Directors and relevant employees was noted by the Company in 2015.

The Company has adopted the Policy on Inside Information, and handles and disseminates inside information in accordance with the requirements of the Securities and 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 2015.

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 2015 (2014: 4.3 HK cents per share).

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 23 May 2016 at 11:30 am. The record date for determining members' right to attend and vote at the AGM is 20 May 2016. 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 20 May 2016.

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 19 April 2016.

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 2015 Annual Report will be available on the same websites, and despatched to the shareholders of the Company on or about 19 April 2016.

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 21 March 2016

As at the date of this announcement, the Board comprises two executive directors, namely, Mr Richard Samuel COHEN and Mr Danny LAU Sai Wing; five 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 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