LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2015	2014
	US$'000	*US$'000*
Revenue	**1,113,451**	1,224,228
Operating profit	**16,871**	18,612
Profit attributable to owners of the Company	**12,769**	21,574
Profit margin (ratio of profit attributable to owners of the Company to revenue)	**1.1%**	1.8%
Basic earnings per share *(US cents)*	**1.2**	2.1

The board of directors (the "Board") of Luen Thai Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group" or "Luen Thai") for the year ended 31 December 2015.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	**2015** *US$'000*	2014 *US$'000*
Revenue	3	**1,113,451**	1,224,228
Cost of sales		**(943,314)**	(1,008,145)
Gross profit		**170,137**	216,083
Impairment loss on goodwill and write-off of customer relationships		**—**	(20,960)
Other income — rental income		**1,207**	1,240
Other losses — net	4	**(5,571)**	(2,828)
Selling and distribution expenses		**(3,991)**	(3,551)
General and administrative expenses		**(144,911)**	(171,372)
Operating profit		**16,871**	18,612
Finance income	6	**3,056**	4,678
Finance costs	6	**(2,137)**	(3,102)
Finance income — net	6	**919**	1,576
Share of profit of an associated company		**6**	28
Share of losses of joint ventures		**(269)**	(860)
Profit before income tax		**17,527**	19,356
Income tax expense	7	**(4,065)**	(2,931)
Profit for the year		**13,462**	16,425
Profit attributable to:			
Owners of the Company		**12,769**	21,574
Non-controlling interests		**693**	(5,149)
		13,462	16,425
Earnings per share attributable to owners of the Company for the year *(expressed in US cents per share)*			
Basic earnings per share	8	**1.2**	2.1
Diluted earnings per share	8	**1.2**	2.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	US$'000	*US$'000*
Profit for the year	**13,462**	16,425
Other comprehensive income/(loss):		
Item that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on retirement benefit obligations	**684**	(1,420)
Item that may be reclassified to profit or loss:		
Currency translation differences	**(737)**	(2,082)
Total comprehensive income for the year, net of income tax	**13,409**	12,923
Attributable to:		
Owners of the Company	**12,715**	18,077
Non-controlling interests	**694**	(5,154)
	13,409	12,923

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	As at 31 December **2015** *US$'000*	2014 *US$'000*
ASSETS			
Non-current assets			
Land use rights		**10,695**	11,205
Property, plant and equipment		**104,351**	111,344
Investment properties		**6,504**	6,827
Intangible assets		**47,513**	50,110
Interest in an associated company		**412**	432
Interests in joint ventures		**14,590**	12,847
Amount due from a joint venture		**7,747**	7,601
Deferred income tax assets		**938**	1,130
Other non-current assets		**6,681**	6,785
Total non-current assets		**199,431**	208,281
Current assets			
Inventories		**92,778**	110,270
Trade and other receivables	10	**207,436**	229,323
Prepaid income tax		**6,080**	5,413
Derivative financial instruments		**78**	183
Cash and bank balances		**178,275**	217,547
Total current assets		**484,647**	562,736
Total assets		**684,078**	771,017
EQUITY			
Equity attributable to owners of the Company			
Share capital		**10,341**	10,341
Other reserves	12	**131,867**	135,752
Retained earnings		**238,432**	234,402
		380,640	380,495
Non-controlling interests		**1,927**	2,312
Total equity		**382,567**	382,807

	Note	As at 31 December 2015 US$'000	2014 US$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**2,459**	3,330
Other payables	11	**1,593**	—
Retirement benefit obligations		**9,338**	9,189
Deferred income tax liabilities		**5,519**	5,704
Total non-current liabilities		**18,909**	18,223
Current liabilities			
Trade and other payables	11	**201,731**	220,212
Borrowings		**73,469**	141,853
Derivative financial instruments		**17**	126
Current income tax liabilities		**7,385**	7,796
Total current liabilities		**282,602**	369,987
Total liabilities		**301,511**	388,210
Total equity and liabilities		**684,078**	771,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and real estate development. The Group has manufacturing plants in the People's Republic of China (the "PRC"), Cambodia, the Philippines, Vietnam and Indonesia.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

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

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following Standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

- Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The adoption of the amendment has no significant impact to the Group's results and financial position.

- Amendments from annual improvements to HKFRSs — 2010–2012 Cycle, on HKFRS 8, "Operating segments", HKAS 16, "Property, plant and equipment" and HKAS 38, "Intangible assets" and HKAS 24, "Related party disclosures". The adoption of the improvements made in the 2010–2012 Cycle has no significant impact to the Group's results and financial position.

- Amendments from annual improvements to HKFRSs — 2011–2013 Cycle, on HKFRS 3, "Business combinations", HKFRS 13, "Fair value measurement" and HKAS 40, "Investment property". The adoption of the improvements made in the 2011–2013 Cycle has no significant impact to the Group's results and financial position.

(b) New Standards and interpretation not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following:

- Amendment to HKFRS 11, "Joint arrangements", on accounting for acquisitions of interests in joint operations requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a "business", as defined in HKFRS 3, "Business combinations". Specifically, an investor will need to measure identifiable assets and liabilities at fair value, expense acquisition-related costs, recognize deferred tax and recognize the residual as goodwill. All other principles of business combination accounting apply unless they conflict with HKFRS 11. The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained. The Group is yet to assess the full impact of the amendment and intends to adopt the amendment no later than the accounting period beginning on or after 1 January 2016.

- Amendments to HKFRS 10 and HKAS 28 on sale or contribution of assets between an investor and its associate or joint venture address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group is yet to assess the full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2016.

- Amendment to HKAS 27 on equity method in separate financial statements allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group is yet to assess the full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2016.

- Amendments from annual improvements to HKFRSs — 2012–2014 Cycle, on HKFRS 5, "Non-current assets held for sale and discontinued operations", HKFRS 7, "Financial instruments: Disclosures", HKAS 19, "Employee benefits" and HKAS 34, "Interim financial reporting". The Group is yet to assess the full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2016.

- Amendments to HKAS 1 "Disclosure initiative" clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. The key areas addressed by the changes are as follows:

  - *Materiality:* an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material;

  - *Disaggregation and subtotals:* the amendments clarify what additional subtotals are acceptable and how they should be presented;

  - *Notes:* an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users;

  - *Accounting policies:* how to identify a significant accounting policy that should be disclosed;

  - *Other comprehensive income from equity accounted investments:* other comprehensive income of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not.

  The Group is yet to assess the full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2016.

- HKFRS 15 "Revenue from contracts with customers" establishes a comprehensive framework for: determining when to recognise revenue and how much revenue to recognise through a 5-step approach (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. HKFRS 15 replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "construction contracts", and the related Interpretations on revenue recognition: HK(IFRIC) 13 "Customer loyalty programmes", HK(IFRIC) 15 "Agreements for the construction of real estate", HK(IFRIC) 18 "Transfers of assets from customers" and SIC-31 "Revenue — Barter transactions involving advertising services". The Group is yet to assess the full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2018.

- HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess the full impact of the amendments and intends to adopt the amendments no later than the accounting period beginning on or after 1 January 2018.

There are no other HKASs, HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new 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.

3. SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and also real estate development. Revenue consists of sales revenue from casual and fashion apparel, life-style apparel, sweaters, accessories, and income from the provision of freight forwarding and logistics services.

The executive directors have been identified as the chief operating decision maker. The executive directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of casual and fashion apparel, life-style apparel, sweaters, accessories, freight forwarding and logistics services and real estate development.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2015 and 2014 is as follows:

	Casual and fashion apparel	Life-style apparel	Sweaters	Accessories	Freight forwarding/ logistics services	Real estate	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the year ended 31 December 2015							
Total segment revenue	**924,634**	**58,535**	**107,222**	**389,729**	**21,910**	**—**	**1,502,030**
Inter-segment revenue	**(308,354)**	**(2,587)**	**(653)**	**(76,352)**	**(633)**	**—**	**(388,579)**
Revenue (from external customers)	**616,280**	**55,948**	**106,569**	**313,377**	**21,277**	**—**	**1,113,451**
Segment profit for the year	**267**	**1,267**	**3,665**	**15,555**	**3,008**	**1,323**	**25,085**
Profit for the year includes:							
Depreciation and amortization	**(12,327)**	**(220)**	**(2,204)**	**(4,762)**	**(913)**	**—**	**(20,426)**
Provision for inventory obsolescence	**(500)**	**—**	**—**	**(1,169)**	**—**	**—**	**(1,669)**
(Provision for)/reversal of impairment of trade and bills receivable	**(237)**	**260**	**73**	**(311)**	**(201)**	**—**	**(416)**
Reversal of provision for material claims	**—**	**2,961**	**—**	**—**	**—**	**—**	**2,961**
Share of profit of an associated company	**—**	**—**	**—**	**—**	**6**	**—**	**6**
Share of (losses)/profits of joint ventures	**(1,691)**	**—**	**—**	**—**	**—**	**1,422**	**(269)**
Income tax expense	**(1,618)**	**(285)**	**(1,231)**	**(615)**	**(316)**	**—**	**(4,065)**

	Casual and fashion apparel	Life-style apparel	Sweaters	Accessories	Freight forwarding/ logistics services	Real estate	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
For the year ended 31 December 2014							
Total segment revenue	1,013,349	91,086	112,980	379,662	21,212	—	1,618,289
Inter-segment revenue	(306,074)	(1,183)	(15,943)	(70,341)	(520)	—	(394,061)
Revenue (from external customers)	707,275	89,903	97,037	309,321	20,692	—	1,224,228
Segment profit/(loss) for the year	27,816	(20,688)	3,086	12,340	2,317	1,684	26,555
Profit/(loss) for the year includes:							
Depreciation and amortization	(14,742)	(1,553)	(2,194)	(5,486)	(963)	—	(24,938)
Reversal of provision/(provision for) inventory obsolescence	(1,964)	—	—	194	—	—	(1,770)
Provision for impairment of trade and bills receivable	(393)	(1,567)	(46)	(235)	(134)	—	(2,375)
Provision for material claims	—	(2,992)	—	—	—	—	(2,992)
Impairment of goodwill and write-off of customer relationships	—	(16,826)	—	(4,134)	—	—	(20,960)
Share of profit of an associated company	—	—	—	—	28	—	28
Share of losses of joint ventures	(833)	—	—	—	—	(27)	(860)
Income tax (expense)/credit	(2,424)	1,434	(1,421)	(295)	(225)	—	(2,931)

Revenues between segments are carried out in accordance with the terms mutually agreed between the respective parties. The revenue from external parties is derived from numerous external customers and the revenue reported to management is measured in a manner consistent with that in the consolidated income statement. Management assesses the performance of the operating segments based on a measure of profit before corporate expenses for the year.

A reconciliation of total segment profit to the profit for the year is provided as follows:

	2015	2014
	US$'000	*US$'000*
Segment profit for the year	**25,085**	26,555
Corporate expenses *(Note)*	**(11,623)**	(10,130)
Profit for the year	**13,462**	16,425

Note: Corporate expenses represent general corporate expenses such as executive salaries and other unallocated general and administrative expenses

	2015	2014
	US$'000	*US$'000*
Analysis of revenue by category		
Sales of garment, textile products and accessories	**1,088,046**	1,195,034
Freight forwarding and logistics service fee	**19,499**	20,692
Others	**5,906**	8,502
Total revenue	**1,113,451**	1,224,228

The Group's revenue is mainly derived from customers located in the United States of America (the "United States"), Europe, Japan, Canada and the PRC, while the Group's business activities are conducted predominantly in Hong Kong, Macao, the PRC, the Philippines, Vietnam, Cambodia and the United States.

	2015	2014
	US$'000	*US$'000*
Analysis of revenue by geographical location		
United States	**581,092**	621,592
Europe	**248,787**	271,861
PRC (including Hong Kong and Macao)	**85,163**	109,333
Japan	**78,508**	86,135
Canada	**24,627**	34,703
Others	**95,274**	100,604
	1,113,451	1,224,228

Revenue is allocated based on the countries where the Group's customers are located.

Revenue of approximately US$177,770,000 (2014: US$162,844,000), US$132,353,000 (2014: US$135,613,000) and US$115,626,000 (2014: US$134,124,000) are derived from three (2014: three) single external customers whose sales account for more than 10% of the total year revenue. These revenues are attributable to the segments of casual and fashion apparel and accessories.

4. OTHER LOSSES — NET

	2015	2014
	US$'000	*US$'000*
Fair value gains on derivative financial instruments		
— net gains on forward foreign exchange contracts	**78**	575
— net gains on interest rate swaps	**11**	—
Net losses on forward foreign exchange contracts	**—**	(29)
Net foreign exchange losses	**(5,660)**	(3,374)
	(5,571)	(2,828)

5. EXPENSES BY NATURE

	2015	2014
	US$'000	*US$'000*
Raw materials and consumables used	**710,316**	783,864
Changes in inventories of finished goods and work in progress	**7,665**	10,992
Employee benefit expenses	**263,319**	253,247
Losses/(gains) on disposals of property, plant and equipment — net	**95**	(134)
Auditors' remuneration		
— Audit services	**882**	1,347
— Non-audit services	**204**	347
Amortization of land use rights	**315**	326
Amortization of intangible assets	**2,597**	4,267
Depreciation of property, plant and equipment	**16,713**	19,587
Depreciation of investment properties	**801**	758
Provision for impairment of trade and bills receivable	**416**	2,375
(Reversal of)/provision for material claims	**(2,961)**	2,992
Provision for inventory obsolescence	**1,669**	1,770
Operating leases		
— Office premises and warehouses	**10,211**	9,767
— Plant and machinery	**584**	559
Transportation expenses	**6,292**	6,955
Communication, supplies and utilities	**28,616**	30,618
Other expenses	**44,482**	53,431
	1,092,216	1,183,068

6. FINANCE INCOME — NET

	2015	2014
	US$'000	*US$'000*
Interest expense on bank loans and overdrafts	**(2,137)**	(3,102)
Finance costs	**(2,137)**	(3,102)
Interest income from bank deposits	**1,134**	2,013
Effective interest income from amount due from a joint venture	**1,922**	2,665
Finance income	**3,056**	4,678
Finance income — net	**919**	1,576

7. INCOME TAX EXPENSE

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

	2015	2014
	US$'000	*US$'000*
Current income tax	**4,117**	4,735
(Over)/under-provision in prior years	**(59)**	197
Deferred income tax	**7**	(2,001)
Income tax expense	**4,065**	2,931

Note:

(i) The Inland Revenue Department ("IRD") has been reviewing the eligibility of a Hong Kong incorporated subsidiary's 50% or 100% offshore profits claim for previous years as well as reviewing the business and operations of a Macao incorporated subsidiary on the basis of where its operations were carried out.

In respect of the Hong Kong incorporated subsidiary, the IRD tentatively disallowed the 50% or 100% offshore profits claim for the previous years and issued notices of additional assessments/assessments for the years of assessment 2000/01 to 2012/13 on the basis of no 50:50 apportionment for 2000/01 to 2011/12 and no 100% offshore profit for 2012/13 with the amount of US$3,812,000.

In respect of the Macao incorporated subsidiary, the IRD has issued estimated assessments for the years of assessment 2005/06 to 2008/09 based on this subsidiary's profit before taxation with the amount of US$3,902,000.

These subsidiaries have lodged objection against the above assessments by the statutory deadlines and pending settlement of the objection, they have paid a total sum of US$5,721,000 in the form of tax reserve certificates in respect of the tax in dispute as mentioned above and the amount paid was included in prepayments in the consolidated statement of financial position as at 31 December 2015.

Management have thoroughly revisited the situations and concluded that there are grounds for the Hong Kong incorporated subsidiary to sustain its 50% or 100% offshore tax filing position and for the Macao incorporated subsidiary to argue that its entire profits are not subject to Hong Kong profits tax based on their business operations. In fact, any additional taxation claims in relation to periods prior to June 2004 will be indemnified and reimbursed entirely by certain shareholders of the Company in accordance with the deeds of the indemnity dated 27 June 2004 in connection with the group reorganisation in contemplation of the listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

(ii) During the year, an overseas tax authority performed a comprehensive assessment on an overseas incorporated subsidiary's tax position for the years ended 31 December 2011 and 2012 and issued a tax assessment to demand an additional tax payment of US$3,585,000. This subsidiary has lodged an objection letter to this overseas tax authority. Management believe that they have grounds to defend their tax position since there are various interpretations of tax rules in that country and this overseas subsidiary did not provide a clear calculation basis for the additional tax payment. As a result, no additional tax provision was made as at 31 December 2015.

Moreover, pursuant to the deeds of undertaking dated 11 March 2013 in connection with the acquisition of this subsidiary's parent company in 2013 (the "Acquisition"), any additional taxation resulting from the subsidiary in relation to periods prior to the Acquisition will be indemnified and reimbursed entirely by its former shareholders.

8. EARNINGS PER SHARE

(a) Basic

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

	2015	2014
	US$'000	*US$'000*
Profit attributable to owners of the Company	**12,769**	21,574
Weighted average number of ordinary shares in issue *(thousands)*	**1,034,113**	1,034,113
Basic earnings per share *(US cents per share)*	**1.2**	2.1

(b) Diluted

Diluted earnings per share for the year ended 31 December 2015 and 2014 is the same as the basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

9. DIVIDENDS

	2015	2014
	US$'000	*US$'000*
Interim dividend paid of US0.213 cent or equivalent to HK1.65 cents (2014: US0.476 cent) per ordinary share	**2,203**	4,922
Proposed final dividend of US0.157 cent or equivalent to HK1.22 cents (2014: US0.632 cent) per ordinary share	**1,624**	6,536
	3,827	11,458

The directors have recommended the payment of a final dividend of US0.157 cent per ordinary share, totaling US$1,624,000. Such dividend is to be approved by the shareholders at the forthcoming annual general meeting ("AGM"). These financial statements do not reflect this proposed dividend.

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	US$'000	*US$'000*
Trade and bills receivable — net	**162,004**	178,813
Deposits, prepayments and other receivables	**19,103**	26,164
Amounts due from joint ventures	**24,328**	21,221
Amounts due from related companies	**2,001**	3,125
	207,436	229,323

	2015	2014
	US$'000	*US$'000*
Trade and bills receivable	**164,257**	181,360
Less: provision for impairment	**(2,253)**	(2,547)
Trade and bills receivable — net	**162,004**	178,813

The carrying amounts of trade and bills receivable approximate their fair value.

The Group normally grants credit terms to its customers up to 120 days. The ageing analysis of the trade and bills receivable based on due date, net of provision, is as follows:

	2015	2014
	US$'000	*US$'000*
Current	**121,427**	146,092
1 to 30 days	**24,945**	20,829
31 to 60 days	**8,304**	6,746
61 to 90 days	**1,634**	1,479
91 to 120 days	**889**	1,589
Over 120 days	**4,805**	2,078
Amounts past due but not impaired	**40,577**	32,721
	162,004	178,813

11. TRADE AND OTHER PAYABLES

	2015	2014
	US$'000	*US$'000*
Trade and bills payable	**94,046**	103,907
Other payables and accruals	**103,919**	113,519
Amounts due to related joint ventures	**3,235**	56
Amounts due to related companies	**2,124**	2,730
	203,324	220,212
Less: Non-current	**(1,593)**	—
Trade and other payables, current	**201,731**	220,212

At 31 December 2015 and 2014, the ageing analysis of the trade and bills payable based on invoice date is as follows:

	2015	2014
	US$'000	*US$'000*
0 to 30 days	**77,666**	94,357
31 to 60 days	**6,590**	6,737
61 to 90 days	**2,374**	2,199
Over 90 days	**7,416**	614
	94,046	103,907

12. OTHER RESERVES

	Share premium	Capital reserve	Other capital reserves	Employment benefits reserve	Exchange reserve	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2014	124,039	11,722	(4,799)	698	7,589	139,249
Currency translation differences	—	—	—	—	(2,082)	(2,082)
Actuarial losses on retirement benefit obligations	—	—	—	(1,415)	—	(1,415)
At 31 December 2014	124,039	11,722	(4,799)	(717)	5,507	135,752
At 1 January 2015	**124,039**	**11,722**	**(4,799)**	**(717)**	**5,507**	**135,752**
Currency translation differences	**—**	**—**	**—**	**—**	**(731)**	**(731)**
Acquisition of additional interests in a subsidiary	**—**	**(3,831)**	**—**	**—**	**—**	**(3,831)**
Actuarial gains on retirement benefit obligations	**—**	**—**	**—**	**677**	**—**	**677**
At 31 December 2015	**124,039**	**7,891**	**(4,799)**	**(40)**	**4,776**	**131,867**

MANAGEMENT DISCUSSION & ANALYSIS

Result Review

For the year under review, the global economy continued to be volatile. The economic growth rate of China was slowed to a 25-year low of 6.9 percent, the pace of economic recovery in the United States remained slow, and similarly the prolonged and severe economic downturn in Europe impacted the export market adversely. As a result, the operating environment for manufacturing industries was noticeably difficult, and the Group was no exception.

The Group's production volume decreased by approximately 16.6% to 111 million units of apparel and accessories while the Group's revenue decreased by approximately 9.0% to approximately US$1,113,451,000 for the year ended 31 December 2015. Such decrease in production volume is due mainly to the reduction in orders placed by customers and the reduction of output in Cambodia factories under the Ocean Sky Global (S) Pte. Ltd. and its subsidiaries (collectively, the "Ocean Sky Group") within the Casual and Fashion Apparel Division.

The overall gross profit margin in 2015 was approximately 15.3% which is about 2.4 percentage point lower than that of 2014. The net profit attributable to owners of the Company decreased to approximately US$12,769,000 as compared to approximately US$21,574,000 in 2014, representing a decrease of approximately US$8,805,000. Such decrease was mainly attributable to the unsatisfactory performance of the factories in Cambodia under the Ocean Sky Group within the Casual and Fashion Apparel Division.

Segmental Review

Apparel and Accessories businesses represented the Group's most significant source of revenue, which accounted for approximately 69.9% and 28.1% respectively of the Group's total revenue for the year under review.

Apparel Supply Chain Management Services

The Casual and Fashion Apparel Division recorded a segment profit of approximately US$267,000 as compared to a segment profit of approximately US$27,816,000 in 2014. Such significant decline in the segment result was primarily attributable to the unsatisfactory performance of the Ocean Sky Group in Cambodia due to the revamping of their factory operation and redeployment of employees in Cambodia, resulting in a drop in the gross margin and hence the segment profit under the Casual and Fashion Apparel Division of the Group.

During the year under review, the segment profit of the Life-style Apparel Division was approximately US$1,267,000, while a segment loss of approximately US$20,688,000 was recorded in last year. The Board believes that the Life-style Apparel Division will continue to stabilize due to the implementation of certain cost cutting initiatives starting in 2015.

The Sweaters Division has reported a segment profit of approximately US$3,665,000 for 2015, representing an increase of approximately 18.8% when compared to that of 2014, which is in line with the growth in revenue in this Division.

Accessories Supply Chain Management Services

During the year under review, due to the escalating production costs in China, there was a decrease of luxury bags orders placed in our China factories. In anticipation of the actual implementation of GSP Update for the Production Diversification and Trade Enhancement Act (commonly referred to as GSP UPDATE) which will most likely be on second half of 2016, customers' sourcing strategies are shifting towards countries (including Philippines and Cambodia) with duty advantage. Due to the Group's effort in expansion of accessories capacity in the Philippines, more accessories orders were received in our Philippines factories during the year under review. As a result, the revenue of Accessories Division reported a slight increase despite the decrease in orders in our China factories. In view of the GSP UPDATE, this trend is likely to be continued in 2016.

The Accessories Division has reported a segment profit of approximately US$15,555,000, representing an increase of approximately US$3,215,000 when compared to the corresponding period last year.

Real Estate

Real Estate Division represents our real estate project jointly operated with Sunshine 100 Real Estate Group Co., Limited ("Sunshine 100") in Qingyuan, China ("Qingyuan Project"). For the year under review, the Real Estate Division has reported a segment profit of approximately US$1,323,000, representing a decrease of approximately US$361,000, as compared to a segment profit of approximately US$1,684,000 for the last corresponding year. Despite the Group shared a profit from the Qingyuan Project in 2015, the decrease in segment profit is mainly due to decrease in interest income accrued from the consideration receivable coupled with the impact of devaluation of RMB during the year under review.

Logistics

The Group's freight forwarding and logistics services recorded a segment profit of approximately US$3,008,000 for the year under review, representing an increase of approximately 29.8% over 2014.

Markets

Geographically, the United States was the Group's key export market for the year under review, accounting for approximately 52.2% of the total revenue of the Group in 2015. The revenue derived from customers in the United States is approximately US$581,092,000, representing a decrease of approximately US$40,500,000 over 2014.

Europe continued to be the second largest export market of the Group in 2015. Europe accounted for approximately 22.3% of the Group's total revenue in 2015. The revenue derived from customers in Europe is approximately US$248,787,000, representing a decrease of approximately US$23,074,000 over that recorded for 2014.

Asia market (comprising mainly the PRC and Japan) made up approximately 14.7% of the Group's total revenue in 2015.

Acquisitions and Joint Ventures

It has been one of the Group's strategies to strengthen its core business by way of selective value-enhancing acquisitions and joint ventures. During the year under review, the Group has completed the following transactions:

On 15 February 2015, Luen Thai International Group Limited ("LTIG"), a wholly owned subsidiary of the Company, entered into a subscription agreement with Duc Hanh Garment Joint Stock Company ("DHG"), pursuant to which LTIG has subscribed for subscription shares for a consideration of 54,229,000,000 Vietnam Dong which is equivalent to approximately US$2,540,000. DHG is principally engaged in the production, importation and exportation of garments in Vietnam. The subscription in DHG was completed on 16 June 2015.

The Company initially held an indirect 60% equity interest in On Time International Limited ("On Time") which in turn holds a number of subsidiaries. As disclosed in the Company's announcement dated 15 June 2015, the Company, through its wholly-owned subsidiary, acquired the remaining 40% equity interest of On Time from the other shareholder of On Time, who was a connected person of the Company, for a cash consideration of US$5,000,000. On Time is a private company incorporated under the laws of the British Virgin Islands. After completion of the acquisition on the same date, On Time became an indirect wholly owned subsidiary of the Company. The On Time Group is principally engaged in the design, sourcing and distribution on a worldwide basis of garments and other accessories products.

The Company is in preliminary discussions with different potential acquisition targets with a view to expanding capacities and diversifying our product range on consumer products manufacturing. None of these discussions has materialized into any binding commitment to the Group at this stage.

Future Plans and Prospect

Increase in Accessories Capacities

As the GSP UPDATE has been passed, this will create new manufacturing opportunities for GSP eligible nations. Cambodia and Philippines will become more competitive as they will enjoy the duty benefits for trading with China, Japan, European Union and the United States. Certain accessories customers have already prepared to adjust their sourcing strategies in view of this new trade preference development.

In order to cope with the requirement of our customers, the Group will continue to expand the facilities for the production of luxury bags in the Philippines. In addition, there is a rearrangement in relation to the use of the facilities in Cambodia such that substantial part of the apparel manufacturing capacities in Cambodia is used for computer bags and backpack manufacturing instead. The Board believes that this expansion and re-alignment of production capacities will inevitably increase the cost of the Group in the short term. However, the Board believes that such expansion and alignment should enable the Group to grasp the opportunity of the trade preference for the growth and development of the accessories production business in the medium term.

Retail Operations

As stated in the 2015 interim report, the Group decided to substantially expand its retail operations by entering into a license and distribution agreement (the "Agreement") with one of the well-known branded customers (the "Licensor"), pursuant to which the Licensor would grant license and authorize a subsidiary of the Company to manufacture, purchase and/or distribute certain apparel and footwear products bearing a trademark of the Licensor through directly operated retail stores, wholesale and concession channels of the aforementioned subsidiary in the PRC (inclusive of Hong Kong and Macau), Taiwan and certain other countries in Asia.

The Agreement was signed on 15 September 2015 and the retail business was commenced in October 2015 accordingly. A flagship store in Huaihai Road in Shanghai has been opened. The results of this retail business are grouped under the Casual and Fashion Apparel Division. While this business is relatively immaterial to the Group at the moment, the Board expects that this move could turn a new page for the retail business of the Group in the foreseeable future.

Challenging Operating Environment

Looking ahead, in view of the keen competition in the garment manufacturing industry and the uncertainties of the global business environment, the Group expects that the coming year will continue to be very challenging. For instance, the United States signed the Trans-Pacific Partnership ("TPP") trade agreement with several countries including Vietnam on 4 February 2016. Once the TPP is formally implemented, the garment and textile export from Vietnam to the United States will be able to enjoy reduced or even zero duty rate. While the industry sees this as an opportunity, the implementation of TPP has also posed a lot of uncertainties and challenges to all manufacturers as all the adjustments and changes to fit in the details of the TPP requirements are challenging and not easy to adapt.

In view of the various trade preferences including TPP and GSP UPDATE, there will be more pressure from customers to move their orders outside China to countries with duty advantage. The Group therefore needs to manage the level loading of the mature factories in China as there may not be full utilization of these factories while at the same time running new capacities in the Philippines and Cambodia with lower efficiency. To gear up for the challenges, the Group will increase its production capacities in the Philippines and Vietnam either through internal expansion or joint ventures. Such efforts should enable the Group to mitigate the rising production cost in China and it also enables the Group to attract new customers and the demand of existing customers. The Board believes that China still maintains its edge for certain complex products requiring skilled labour and short lead time and the Group will also look for new customers whose products are suitable for production in China to mitigate the impact of reduced orders placed in our China factories.

Investor Relations and communications

The Group acknowledges the importance of communication with our shareholders. The Group has a policy of proactively promoting investor relations through meetings with analysts and investors, and participation in investors ' conferences, company interviews and manufacturing plant visits. The annual general meeting will be called by giving not less than 20 clear business days' notice and our Directors shall be available at the annual general meeting to answer questions on the Group's businesses.

The Group encourages dual communication with both private and institutional investors and responds to their enquiries in an informative and timely manner. The Group has established various forms of communication channels to improve its transparency, including proactive and timely issuance of press releases so as to inform investors of our latest corporate developments. The Group regularly updates its corporate information on the Company's website (www.luenthai.com) in both English and Chinese on a timely basis to all concerned parties.

Contingent Liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Human Resources and Corporate Social Responsibility

Luen Thai continues to be an employer of choice through focused and strategic human resources strategies and social responsibility programmes that are aligned with the Company's growth and changing needs. Improved governance and strengthened partnership serve as the foundation for all these initiatives as Luen Thai maintains its position as a leader in Corporate Social Responsibility in the apparel manufacturing industry.

With over 39,000 employees around the world, Luen Thai continuously strives to foster open communications with employees through various channels. Under its employee care initiatives, Luen Thai has provided safe and enjoyable work and living environments, equitable compensation and benefit schemes, and opportunities for career growth through a variety of formal and informal learning and development programmes; and a strong corporate culture where employee' contributions are recognized and rewarded.

As a global corporate citizen, Luen Thai is conducting business and developing a sustainable business strategy with a long term view, which creates a positive impact for our worldwide supply chain and the surrounding environment. We not only focus on profit maximization, but must also understand the needs and concerns of other stakeholders.

Financial Results and Liquidity

As at 31 December 2015, the total amount of cash and bank deposits of the Group was approximately US$178,275,000, representing a decrease of approximately US$39,272,000 as compared to that as at 31 December 2014. The Group's total bank borrowings as at 31 December 2015 was approximately US$75,928,000, representing a decrease of approximately US$69,255,000 as compared to that as at 31 December 2014.

As at 31 December 2015, based on the scheduled repayments set out in the relevant loan agreements with banks, the maturity profile of the Group's bank borrowings spread over five years with approximately US$73,469,000 repayable within one year, approximately US$150,000 in the second year and approximately US$2,309,000 in the third to fifth year.

Gearing ratio of the Company is defined as the net debt (represented by bank borrowings net of cash and bank balances) divided by shareholders' equity. As at 31 December 2015, the Group is in a net cash position. Hence, no gearing ratio is presented.

Foreign Exchange Risk Management

The Group adopts a prudent policy to hedge against the fluctuations in exchange rates. Most of the Group's operating activities are denominated in US dollar, Euro, Hong Kong dollar, Vietnam Dong, Cambodian Riel, Chinese Yuan and Philippine Peso. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. It is committed to ensuring high standards of corporate governance in the interests of shareholders and takes care to identify practices designed to achieve effective oversight, transparency and ethical behavior.

Throughout the year ended 31 December 2015, the Company was in compliance with the Corporate Governance Code as set out in the Appendix 14 of the Listing Rules. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

Full details on the subject of corporate governance are set out in the Company's 2015 annual report.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference that set out the authorities and duties of the Committee adopted by the Board.

The Audit Committee's review covers the accounting principles and practices adopted by the Group, audit plans and findings of the internal and external auditors, and financial matters including the review of consolidated financial statements of the Group for the year ended 31 December 2015.

FINAL DIVIDEND

An interim dividend of US0.213 cent per share was paid to the shareholders during the year and the Directors recommend the payment of a final dividend of US0.157 cent per share (or equivalent to HK1.22 cents) to the shareholders on the register of members on 3 June 2016 totaling to approximately US$1,624,000.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 23 May 2016 to 26 May 2016 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the AGM of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 20 May 2016.

In addition, the Board has resolved to recommend the payment of a final dividend of HK1.22 cents per share for members whose names appear on the Register of Members of the Company on 3 June 2016. The Register of Members of the Company will also be closed from 1 June 2016 to 3 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to approval at the AGM of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 31 May 2016.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://luenthai.quamir.com.

The annual report of the Company for year ended 31 December 2015 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

By order of the Board
Tan Henry
Chief Executive Officer

Hong Kong, 24 March 2016

As at the date of this announcement, the Board comprises Dr. Tan Siu Lin, Dr. Tan Henry, Mr. Tan Cho Lung, Raymond and Ms. Mok Siu Wan, Anne as executive Directors; Mr. Tan Willie and Mr. Lu Chin Chu as non-executive Directors; Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as independent non-executive Directors.