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SAMSONITE INTERNATIONAL S.A.

新秀麗國際有限公司

**13-15 Avenue de la Liberté, L-1931 Luxembourg
R.C.S. LUXEMBOURG: B 159.469**

(Incorporated in Luxembourg with limited liability)

(Stock code: 1910)

Final Results Announcement for the Year Ended December 31, 2016

Financial Highlights

For the year ended December 31, 2016, the Group's:

- Net sales increased to a record level of US\$2,810.5 million, reflecting an increase of 17.3% on a constant currency basis⁽¹⁾ from the previous year. US Dollar reported net sales increased by 15.5%. Excluding amounts attributable to the *Tumi* brand, which was acquired on August 1, 2016, net sales increased by US\$145.9 million, or 6.0%, on a constant currency basis and US Dollar reported net sales increased by US\$102.2 million, or 4.2%.
- Operating profit increased by US\$31.0 million, or 10.0%, on a constant currency basis year-on-year. US Dollar reported operating profit increased by US\$22.3 million, or 7.2%, to US\$331.2 million. Excluding acquisition-related costs, operating profit increased by US\$68.3 million, or 21.5%, on a constant currency basis and US Dollar reported operating profit increased by US\$59.6 million, or 18.8%.
- The Group's reported effective tax rate for the year ended December 31, 2016 was (0.8)%, or an income tax benefit of US\$2.2 million. During 2016, the Group purchased an annuity to liquidate its principal defined benefit pension plan in the U.S. In conjunction with this liquidation, the Group recorded a US\$56.8 million tax benefit related to the derecognition of deferred tax liabilities that originated from contributions to the pension plan in prior years. In addition, the enacted future tax rate in Luxembourg decreased by 321 basis points to 26.0%, which resulted in a favorable tax adjustment of US\$8.8 million to the Group's deferred tax liabilities. Excluding these tax benefits, as well as the tax benefit resulting from the Tumi acquisition-related costs, the Group's effective tax rate was 27.8%.
- Profit for the year increased by US\$63.0 million, or 29.0%, on a constant currency basis year-on-year. US Dollar reported profit for the year increased by US\$57.8 million, or 26.6%, to US\$274.8 million. Excluding the tax-effected acquisition-related costs and the tax benefit realized on the pension plan liquidation, the Group's profit for the year increased by US\$28.5 million, or 12.8%, on a constant currency basis and US Dollar reported profit for the year increased by US\$23.4 million, or 10.5%, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.
- Profit attributable to the equity holders increased by US\$63.2 million, or 32.0%, on a constant currency basis from the previous year. US Dollar reported profit attributable to the equity holders increased by US\$58.0 million, or 29.4%, to US\$255.7 million. Excluding the tax-effected acquisition-related costs and the tax benefit realized on the pension plan liquidation, the Group's profit attributable to equity holders increased by US\$28.7 million, or 14.1%, on a constant currency basis and US Dollar reported profit attributable to the equity holders increased by US\$23.6 million, or 11.6%, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

- Adjusted Net Income⁽³⁾, a non-IFRS measure, increased by US\$44.4 million, or 20.5%, on a constant currency basis year-on-year. US Dollar reported Adjusted Net Income increased by US\$41.0 million, or 18.9%, to US\$257.9 million, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.
- Adjusted EBITDA⁽⁴⁾, a non-IFRS measure, increased by US\$91.5 million, or 22.8%, on a constant currency basis from the previous year. US Dollar reported Adjusted EBITDA increased by US\$84.5 million, or 21.1%, to US\$485.6 million due to the inclusion of Tumi. Excluding the Adjusted EBITDA attributable to Tumi, US Dollar reported Adjusted EBITDA was US\$421.3 million, an increase of US\$20.1 million, or 5.0%, and by 6.8% on a constant currency basis.
- Adjusted EBITDA margin⁽⁵⁾, a non-IFRS measure, increased to 17.3% from 16.5%. Excluding the Adjusted EBITDA and net sales attributable to Tumi, Adjusted EBITDA margin increased to 16.6% from 16.5%.
- The Group generated US\$260.8 million of cash from operating activities during 2016 compared to US\$259.0 million during 2015, an increase of US\$1.7 million from the previous year, despite a US\$34.2 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, and the US\$37.3 million increase in acquisition-related costs recorded in 2016. As of December 31, 2016, the Group had cash and cash equivalents of US\$368.5 million and outstanding financial debt of US\$1,939.7 million (excluding deferred financing costs of US\$64.3 million), putting the Group in a net debt position of US\$1,571.2 million.
- On March 15, 2017, the Company's Board of Directors recommended that a cash distribution in the amount of US\$97.0 million, or approximately US\$0.0687 per share, be made to the Company's shareholders, a 4.3% increase from the US\$93.0 million distribution paid in 2016. The distribution will be subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.
- **2016 Acquisition:**
 - On March 3, 2016, the Group entered into an agreement and plan of merger (the "Merger Agreement") with Tumi Holdings, Inc. ("Tumi Holdings"), pursuant to which the Company agreed to acquire Tumi Holdings for a cash consideration of US\$26.75 per outstanding common share of Tumi Holdings, without interest. The acquisition was completed on August 1, 2016. The total consideration paid under the Merger Agreement amounted to approximately US\$1,830.8 million. As a result of the completion of the acquisition pursuant to the Merger Agreement, Tumi Holdings became an indirect, wholly-owned subsidiary of the Company. On December 30, 2016, Tumi Holdings was merged with and into its wholly-owned subsidiary Tumi, Inc., with Tumi, Inc. surviving the merger.

Tumi is a leading global premium lifestyle brand offering a comprehensive line of business bags, travel luggage and accessories. The brand is consistently recognized as "best in class" for the high quality, durability, functionality and innovative design of its products, which range from its iconic black ballistic business cases and travel luggage synonymous with the modern business professional, to travel accessories, women's bags and outdoor apparel.

The financial results of the Group as of and for the year ended December 31, 2016 include Tumi Holdings' financial results from August 1, 2016, the date of acquisition, through December 31, 2016.

<i>(Expressed in millions of US Dollars, except per share data)</i>	Year ended December 31,		Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽¹⁾
	2016	2015		
Net sales	2,810.5	2,432.5	15.5%	17.3%
Operating profit	331.2	308.9	7.2%	10.0%
Operating profit excluding acquisition-related costs ⁽²⁾	377.4	317.7	18.8%	21.5%
Profit for the year	274.8	217.0	26.6%	29.0%
Profit attributable to the equity holders	255.7	197.6	29.4%	32.0%
Adjusted Net Income ⁽³⁾	257.9	216.9	18.9%	20.5%
Adjusted EBITDA ⁽⁴⁾	485.6	401.2	21.1%	22.8%
Adjusted EBITDA Margin ⁽⁵⁾	17.3%	16.5%		
Basic and diluted earnings per share <i>(Expressed in US Dollars per share)</i>	0.181	0.140	29.3%	32.1%
Adjusted basic earnings per share ⁽⁶⁾ <i>(Expressed in US Dollars per share)</i>	0.183	0.154	18.8%	20.1%
Adjusted diluted earnings per share ⁽⁶⁾ <i>(Expressed in US Dollars per share)</i>	0.182	0.154	18.2%	20.1%

Notes

- (1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.
- (2) Acquisition-related costs amounted to US\$46.2 million and US\$8.9 million for the years ended December 31, 2016 and 2015, respectively.
- (3) Adjusted Net Income, a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact the Group's US Dollar reported profit for the year, which the Group believes helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. See "Management Discussion and Analysis - Adjusted Net Income" for a reconciliation from the Group's profit for the year to Adjusted Net Income.
- (4) Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), a non-IFRS measure, eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, which the Group believes is useful in gaining a more complete understanding of its operational performance and of the underlying trends of its business. See "Management Discussion and Analysis - Adjusted EBITDA" for a reconciliation from the Group's profit for the year to Adjusted EBITDA.
- (5) Adjusted EBITDA margin, a non-IFRS measure, is calculated by dividing Adjusted EBITDA by net sales.
- (6) Adjusted basic and diluted earnings per share, both non-IFRS measures, are calculated by dividing Adjusted Net Income by the weighted average number of shares outstanding during the year.

The Group has presented certain non-IFRS measures in the financial highlights section above because each of these measures provides additional information that management believes is useful in gaining a more complete understanding of the Group's operational performance and of the trends impacting its business to securities analysts, investors and other interested parties. These non-IFRS financial measures, as calculated herein, may not be comparable to similarly named measures used by other companies, and should not be considered as measures comparable to IFRS measures in the Group's consolidated income statement for the year. Non-IFRS measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's financial results as reported under IFRS.

The Board of Directors of Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is pleased to announce the consolidated final results of the Group for the year ended December 31, 2016 together with comparative figures for the year ended December 31, 2015. The following financial information, including comparative figures, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Chairman's Statement

Looking back over 2016, the acquisition of Tumi has undoubtedly been the year's most significant event, and arguably the most important acquisition in our company's 100-plus year history. As our overall results incorporate a first, part-year contribution from Tumi, my intention will be to look more closely at what has been going on in organic terms, as this will give a clearer picture of the Company's progress. It is encouraging that the second half of the year has been much stronger than the first half, especially in the two major markets of the U.S. and China. Whilst 2016 did not present currency challenges on the scale of 2015, there remained some US Dollar appreciation pressures in a number of key trading territories. Also, although consumer sentiment improved during the course of the year, 2016 has been an uneven year in terms of global growth and demand, due to a mixture of political and economic uncertainty. Against this backdrop we are very satisfied with the results of the business, and I believe we have further strengthened the position of the Company in the global travel lifestyle marketplace.

The headline results are as follows: including *Tumi*, net sales advanced by 15.5% to a record US\$2,810.5 million and the Group's reported profit attributable to the equity holders increased by 29.4% to US\$255.7 million. However, this profit measure was significantly affected by, on the negative side, the costs of the Tumi acquisition, and on the positive side by a one-off tax benefit arising from the liquidation of the Group's U.S. pension plan. Adjusting these out, the profit increase came to 11.6%.

In line with previous years, I would like to draw attention to the two performance measures of Adjusted EBITDA and Adjusted Net Income. These are non-IFRS measures, but they do, in our view, present a clear picture of the underlying performance of the business, as they adjust out various one-off charges (in the main related to acquisitions) and certain other non-cash charges and adjustments unrelated to operating performance. Adjusted EBITDA increased by 21.1% to US\$485.6 million, and Adjusted Net Income advanced 18.9% to US\$257.9 million. The latter figure is especially noteworthy as it is struck after the financing costs of the Tumi acquisition.

Looking at the performance of the business excluding *Tumi*, we were pleased with the 6.0% growth in constant currency net sales, and also on the same basis, the increase in Adjusted EBITDA of 6.8% to US\$421.3 million. This was a creditable result, given overall economic conditions, and better than we might have expected at the half-year point. As Ramesh points out in his report, China, our second largest market, which was flat in terms of net sales growth in the first half, turned in constant currency growth of 11.4% in the second half. We did see evidence of an uptick in the North American business as well: sales were up 7.2% in the second half which helped the overall increase for the year to 3.8% after a virtually flat first half. Whilst *Speck* has contributed substantially to this improvement, mainly due to new product introductions, there is also evidence that the retail store comparative growth is moving into positive territory. Whilst there remains considerable turmoil in the market as some of our larger wholesale customers adapt to the shift toward e-commerce, the range of initiatives we have in place for the coming year gives us confidence that we will see a better climate for growth in 2017.

There were headwinds in three other markets in Asia in 2016: South Korea is one of the most intensively and successfully operated markets for the business, and this exposes us particularly to changes in overall consumer sentiment and general economic conditions. These have been a challenge, but we do expect some improvement in the coming months. Secondly, uncertainty in India around the withdrawal of high denomination notes from circulation has not helped another market where our shares are high: again, we have a number of initiatives that should see advances in 2017. Finally, although Hong Kong is not one of the largest Asian markets, the loss of tourist throughput in a predominantly retail market has been painful for profitability in 2016. As the year closed we did see signs of some stabilisation, and therefore prospects for next year should be better. It's also worth pointing out that as a result of slower growth and channel shifts in the two key markets of China and South Korea, we've seen a halt to the previously strong growth track of *American Tourister* in Asia. We have subsequently made changes to our marketing and product strategy which we believe will have a positive impact in the near term.

In Europe, we have made good advances with the *American Tourister* brand partly as a result of increased marketing investment, but also due to an exciting and dynamic product range. As Ramesh reports, we have had a good year in Europe barring the impact of terrorist attacks in France, which has been slow to return to normal levels of activity. The previous acquisitions of Rolling Luggage and Chic Accent have made a good contribution to net sales and the bottom line, and also shifted our business more in the direction of direct-to-consumer. Whilst we are not yet seeing any substantial impact in terms of profits earned in our Latin America business, this has been a year of very exciting progress: excluding the impact of foreign currency translation, our net sales increased by 17.4%. Chile remains the bedrock of the business, but we are seeing some real movement in the key markets of Mexico and Brazil, driven by the retail expansion and further development of the *American Tourister* brand.

As Ramesh notes in his report, our strategy to diversify the Group in terms of brands, product categories and distribution channels is making good progress. Although 2016 was a blip for *American Tourister* in China and South

Korea, the brand continued to record double-digit growth in many markets, and other brands - *Lipault*, *Gregory*, *Speck* and *Hartmann*, all grew in excess of 15.0%. We are also particularly excited by the homegrown mass market brand *Kamiliant*, which has gone from a virtually standing start to US\$21.9 million in net sales during 2016. Turning to product categories, constant currency net sales for the non-travel categories increased by a combined 9.1% (excluding *Tumi*), faster than the core travel category at 4.5%. As we invest more behind the business, casual and accessories categories, and also as a result of the shift towards direct-to-consumer, we expect to see further progress in this area. Finally, in terms of distribution channels the march of e-commerce continues unabated: it now represents almost 10.0% of the business, and we are accelerating our efforts to get in front of this curve. There is much to do, and in order to attain full potential of our brands in this channel, we know that investments may need to be made whose return is uncertain in the short term, but we will do what it takes to build a #1 position globally in this channel. We do know that our bricks-and-mortar estate needs to work hand-in-hand with e-commerce, and we intend to further invest in direct-to-consumer channels. 2016 was not an exciting year for retail comparative sales (+2.5% on a constant currency basis), but with an improving outlook in some of our bigger markets, we expect better results in the coming year.

This brings me to Tumi. There has been no better example of Ramesh's leadership skills in bringing the two companies together, and then applying his knowledge of the business to make the right calls in terms of people and structure. It is true that Samsonite and Tumi share many common values, and this has helped the integration process. But only the relentless attention to detail, and careful assessment of people and plans, has led us to the truly exciting position we find ourselves in today. As we have mentioned on several occasions, this is a real complementary fit, and at an operating level I believe we have made good decisions in maintaining a centrally-driven brand and design function, delivered by regions in terms of sales and marketing. Tumi is an outstanding business, and I would like to thank the team there for being willing to work so well with the Samsonite people to get the best long-term result for the Group. Of course, there has been some initial restructuring, but we are now focused on a strong growth path for the future, not only in the U.S., which will benefit from increased investment in marketing spend, but also in several key markets in Asia, where we are much ahead of original plans to take back direct control of distribution. In summary, Tumi is not just a case of an acquisition going according to plan, but one that is performing better than we expected in most departments.

One of the goals of our management team is to maintain a clear and consistent strategy, with appropriate flexibility in execution, and Ramesh recapitulates this in his report. As I mentioned earlier in this commentary, 2016 has been another year of sluggish overall trading conditions, and this has led us to a conservative stance on marketing spend. In fact, we did manage to increase our spend by 10.1% in constant currency terms to US\$143.8 million, although as a percentage of net sales it fell slightly from 5.4% last year to 5.1% of net sales in 2016. It is worth reiterating that we consider investment behind our brands as a key long-term driver of growth, and after a couple of years in which spend has had to be trimmed, it is our intention to raise the percentage in coming years, and our plans for 2017 fully take this into account.

One important goal of our management team is generating strong operating cash flow, subject, of course, to meeting our overall growth objectives. In 2016 overall operating cash flow was US\$260.8 million, compared to US\$259.0 million in 2015, despite a US\$34.2 million increase in cash paid for interest and the US\$37.3 million increase in acquisition-related costs associated with the Tumi acquisition. Net working capital efficiency of 12.6% was a slight deterioration on 2015, mainly due to the addition of Tumi, but this will be subject to various improvement initiatives in coming months. At year-end, the Group had a net debt position of US\$1,571.2 million and following the refinancing of the Senior Credit Facilities in February 2017, our cash interest cost is expected to fall by approximately \$16.0 million in the first year. Clearly the reduced financing costs will contribute positively to post-acquisition earnings per share.

Your Board continues to follow a progressive dividend policy that broadly links payments to increases in earnings. During the year, profit attributable to the equity holders (excluding the non-cash income tax benefit recognized upon liquidation of the U.S. pension plan) rose by 3.3% on a constant currency basis. The Board has therefore recommended a cash distribution to shareholders for 2017 of US\$97.0 million, an increase of 4.3% on the previous year, and representing approximately US\$0.0687 per share.

As ever, Ramesh and his dedicated executive team have turned in a performance of great resilience in the face of indifferent trading conditions, and have laid the foundations for further long-term growth. I would like to thank them all, and especially the finance team under Kyle Gendreau, who has done so much to get a complex transaction completed, but also on obtaining the most favourable financing terms possible. I would like to pay tribute also to the work of Fabio Rugarli, who returns to Italy after running our European business successfully since 2009, and to wish Arne Borrey, his successor, every good fortune. During the year, we also said goodbye to Miguel Ko, who stepped down from the Board as a result of growing commitments in his home territory of Singapore. He has been a genuine heavyweight in the Boardroom, and we will miss him. However, it is with great pleasure that we welcome Jerome

Griffith, the former CEO of Tumi, and currently of Lands' End. His credentials in terms of industry knowledge and successful operating performance need no further elaboration.

In closing, I would note that 2016 was a year of political surprises, and 2017 may be no different. However, the world will carry on traveling, and this will drive our business forward. I am fully confident that we end this year even better equipped to meet the needs of our customers on the move, with a full array of brands, exciting and extensive product ranges, the most comprehensive distribution channel coverage and in almost every country of the world.

Timothy Charles Parker
Chairman

March 15, 2017

Chief Executive Officer's Statement

2016 was Samsonite's most momentous year since our IPO in 2011. The acquisition of Tumi Holdings, Inc., announced on March 4, 2016, was successfully completed on August 1, 2016. This fulfilled a long-held ambition for Samsonite. Tumi, with its leading position in the premium business bag and travel luggage segments, is a perfect strategic fit and a truly transformational acquisition for Samsonite. This transaction further strengthens our multi-brand platform to drive long-term growth across a broad range of price points and product categories, following the strategy first initiated eight years ago by our Chairman, Tim Parker.

Including amounts attributable to the *Tumi* brand, the Group's net sales increased by US\$420.4 million, or 17.3%, on a constant currency basis, to a new record of US\$2,810.5 million. North America (+26.8%⁽¹⁾), Europe (+16.1%⁽¹⁾) and Asia (+9.9%⁽¹⁾) all benefited from the inclusion of *Tumi*. The Group's US Dollar reported net sales increased by US\$378.0 million, or 15.5%, reflecting the negative foreign currency translation impact due to the continued strength of the US Dollar.

The Group's reported profit attributable to the equity holders increased by US\$58.0 million, or 29.4%, to US\$255.7 million for the year ended December 31, 2016. Excluding the tax-effected acquisition-related costs and the income tax benefit realized on the liquidation of the Group's principal defined benefit pension plan in the U.S., the Group's reported profit attributable to the equity holders increased by US\$23.6 million, or 11.6%, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

Adjusted EBITDA and Adjusted Net Income are two key performance indicators that we focus on. We believe these two non-IFRS measures, which eliminate the effects of a number of costs, charges and credits (such as the costs related to the Tumi acquisition) and certain other non-cash charges along with their respective tax effects, provide a much clearer indication of the underlying performance of our business. For the year ended December 31, 2016, the Group's reported Adjusted EBITDA increased by US\$84.5 million, or 21.1%, to US\$485.6 million, while reported Adjusted Net Income increased by US\$41.0 million, or 18.9%, to US\$257.9 million.

The Group generated strong operating cash flow of US\$260.8 million in 2016 compared to US\$259.0 million recorded in the previous year, despite a US\$34.2 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition, and the US\$37.3 million increase in acquisition-related costs. Net working capital efficiency came in at 12.6% for 2016, a slight deterioration from the 11.8% level achieved the year before as a result of the current year impact from the addition of Tumi. We are confident that this will improve in the near term with the completion of systems and back office integration of Tumi. During the year, we raised US\$2,425.0 million in Senior Credit Facilities (including a US\$500.0 million revolving credit facility which remains largely undrawn) to complete the acquisition of Tumi, had capital expenditures of US\$69.6 million, and paid US\$93.0 million in cash distributions to shareholders. As of December 31, 2016, the Group had cash and cash equivalents of US\$368.5 million and US\$1,939.7 million in financial debt outstanding, putting the Group in a net debt position of US\$1,571.2 million. On February 2, 2017, we completed the refinancing of the Senior Credit Facilities, which is expected to result in a reduction in cash interest payments in the first full year after refinancing of approximately US\$16 million. I'd like to extend a big thank you to our CFO, Kyle Gendreau, for making this possible.

Even though the acquisition of Tumi has been an important driver for the Group's performance in 2016, our organic business also delivered solid growth. Excluding *Tumi*, the Group's net sales on a constant currency basis increased by US\$145.9 million, or 6.0%, and US Dollar reported net sales increased by US\$102.2 million, or 4.2%. All of our regions delivered solid constant currency net sales growth in 2016, despite the challenging economic and trading environment. In particular, our two largest markets, the U.S. and China, both saw US Dollar reported net sales growth pick up in the second half of 2016 after a relatively soft first half. Excluding the Adjusted EBITDA attributable to Tumi, reported Adjusted EBITDA was US\$421.3 million, an increase of US\$20.1 million, or 5.0%.

Excluding the *Tumi* brand, Asia, our largest region, delivered a constant currency net sales increase of 4.0% in 2016. US Dollar reported net sales increased by 2.3% to US\$969.8 million. The growth was driven mainly by Japan and Australia, where constant currency net sales rose by 12.2% and 21.5%, respectively. Both countries saw good growth in the core *Samsonite* and *American Tourister* brands, augmented by further expansion of our acquired brands (*Gregory* in Japan and *High Sierra* in Australia). China, our largest market in Asia, had a slow start to 2016. Net sales on a constant currency basis were more or less flat in the first half of 2016 due to shifts in consumers' channel preferences, with trading conditions especially challenging in the TV home shopping and department store channels as consumers continued to migrate online. However, on the back of strong growth of *Samsonite* and *Samsonite Red* in the business-to-business and e-commerce channels, China enjoyed a strong rebound with constant currency net sales increasing by 11.4% in the second half of 2016, and by 5.3% for the full year. I have no doubt that over the medium to long-term, China will continue to be the locomotive for the region's growth. This growth was partially offset

by an 11.5% constant currency net sales decline in Hong Kong (which includes Macau) due to lower Chinese tourist arrivals. However, the situation in Hong Kong has shown early signs of stabilizing, with constant currency net sales down only 7.4% in the second half of 2016 compared to the 15.6% decline recorded in the first half. South Korea saw constant currency net sales dip by 1.0% due to weak consumer sentiment, while India was affected by the government's demonetization initiative and recorded a 0.5% decrease in constant currency net sales for the year ended December 31, 2016.

North America (which includes the United States and Canada), had a slow first half to 2016, with US Dollar reported net sales increasing by 0.2% (0.5% on a constant currency basis). However, sales growth improved in the second half. Excluding *Tumi*, US Dollar reported net sales increased by 7.2% (7.3% on a constant currency basis) in the second half of 2016. As a result, excluding *Tumi*, US Dollar reported net sales increased by US\$30.4 million, or 3.8%, and net sales on a constant currency basis increased by US\$31.8 million, or 3.9%, to US\$841.7 million for the year ended December 31, 2016. This increase was primarily driven by the *Speck* brand, which saw its US Dollar reported and constant currency net sales in North America increase by 14.9%, lifted in part by new product launches relating to certain new electronic devices that were introduced during the year, together with robust growth in net sales of protective phone cases as a result of significantly expanded distribution. Excluding net sales attributable to the *Tumi* and *Speck* brands in North America, net sales on a constant currency basis and on a US Dollar reported basis increased by 2.0% and 1.9%, respectively, driven primarily by increased sales of the *Samsonite*, *American Tourister* and *Lipault* brands.

Europe was once again the Group's star performer. Despite challenging economic conditions, the region delivered solid top-line growth, with net sales up by 10.3% year-on-year on a constant currency basis, while US Dollar reported net sales rose by US\$40.0 million, or 7.3%, to US\$584.8 million for the year ended December 31, 2016, excluding *Tumi*. Europe's strong performance was driven by both *Samsonite* and *American Tourister*, whose constant currency net sales increased by 7.8% and 21.9%, respectively. Excluding *Tumi*, *American Tourister* comprised 13.1% of the Group's 2016 net sales in Europe, up from 11.7% the previous year, as a result of the brand's successful region-wide rollout. Excluding net sales attributable to the *Tumi* brand, with the exception of France, where net sales were down 6.2% due to the negative effects of terrorist attacks earlier in 2016, all of our major markets in Europe reported solid constant currency growth: Russia (+23.2%), the United Kingdom (+21.3%), Germany (+15.7%), Spain (+12.2%) and Italy (+11.3%).

Latin America also delivered strong growth considering the negative economic impact on the region from continued weakness in commodity prices and volatile currencies. Excluding foreign currency effects, the Group's net sales in Latin America for the year ended December 31, 2016 increased by 17.4%, year-on-year. This was spearheaded by double-digit net sales growth of *Samsonite*, *American Tourister* and the women's handbag brand *Secret*. US Dollar reported net sales for the region increased by US\$10.1 million, or 8.4%, to US\$130.6 million, due to the continued strength of the US Dollar. Chile, our largest market in Latin America with 45.6% of the region's net sales, recorded constant currency net sales growth of 6.8%. Mexico, our number two market with 31.7% of the region's net sales, recorded strong constant currency net sales growth of 26.0%. Net sales in Brazil increased by 25.5% on a constant currency basis, driven by continued retail expansion. The Group has been historically under-represented in Brazil and continues to invest in the country to drive future net sales growth and market share gains.

Most of our brands performed well in 2016. Excluding foreign currency effects, net sales of the *Samsonite* brand increased by 5.9% year-on-year, with all regions reporting constant currency net sales increases of the brand: Asia (+7.1%), North America (+1.8%), Europe (+7.8%) and Latin America (+18.9%). US Dollar reported net sales grew by 3.9% to US\$1,548.8 million. On a constant currency basis, *American Tourister* saw good growth in Europe (+21.9%), North America (+3.1%) and Latin America (+98.5%), yet this was offset by a 7.3% decline in Asia due to lower sales in China and South Korea, where constant currency net sales were down year-on-year due to shifts in consumers' channel preferences. The overall result was a slight decrease in *American Tourister* constant currency net sales of 1.0% in 2016. US Dollar reported net sales of the *American Tourister* brand decreased by US\$17.7 million, or 3.2%, to US\$531.5 million. The Group has subsequently made changes to its marketing and product strategy which it believes will have a positive impact in the near term. The *Lipault* brand continued to gain good traction in both Europe and Asia. We have also assumed direct distribution of the brand in North America. As a result, *Lipault's* constant currency net sales more than doubled for the year ended December 31, 2016, and we see good opportunity to leverage the brand's Parisian DNA to gain a bigger foothold among female consumers. The *Gregory* (+22.7%), *Hartmann* (+21.4%) and *Speck* (+15.1%) brands all achieved double-digit top-line growth in 2016 on a constant currency basis. Excluding foreign currency effects, *High Sierra's* net sales decreased by 2.9%, due to a 13.7% decrease in Asia driven by a decrease in India, partially offset by a 1.6% increase in North America. In Asia, the value-conscious, entry-level brand *Kamiliant* continued to gain traction, with reported net sales rising to US\$21.9 million during the year ended December 31, 2016, compared to US\$2.8 million in the previous year. This strong performance validated our belief in the vast untapped potential of the entry price segment, and 2017 will see us further expand *Kamiliant* distribution across Asia.

Excluding *Tumi*, net sales in the travel category, the Group's traditional area of strength, grew by 4.5% year-on-year in 2016 on a constant currency basis. Country-specific product designs and locally relevant marketing strategies continued to be the key factors contributing to our success in the travel category. Excluding *Tumi*, constant currency net sales in the casual product category increased by 6.1% on the back of strong growth of the *Gregory* and *Samsonite* brands. Meanwhile, excluding *Tumi*, the business product category saw constant currency net sales rise by 3.8% driven by growth in Asia and Europe, partially offset by a decrease in North America due to lower sales of protective laptop cases under the *Speck* brand. Excluding *Tumi*, constant currency net sales in the accessories category increased by 26.4%. This was driven by the combination of an increase in net sales of *Speck*-branded protective phone cases together with the full-year impact of sales made through the Rolling Luggage and Chic Accent retail chains that were acquired during 2015. Overall, excluding *Tumi* and on a constant currency basis, net sales in the non-travel product categories grew by a combined 9.1%, a product of the Group investing resources to support the growth of its non-travel business. Among non-travel products, backpacks clearly represent a significant opportunity for us, and we will continue to invest to grow this business.

Excluding the impact from the acquisition of *Tumi*, e-commerce continued to see the strongest growth among our distribution channels. Excluding *Tumi* and on a constant currency basis, total e-commerce net sales increased by 19.7% in 2016, with net sales to e-retailers (which are included within the wholesale channel) increasing by 21.5% and net sales in the Group's direct-to-consumer e-commerce business (which are included within the direct-to-consumer channel) increasing by 17.2%. As a result, e-commerce's contribution to the Group's US Dollar reported net sales rose to 9.6% in 2016 compared to 8.5% in 2015. Excluding *Tumi* and on a constant currency basis, net sales in the wholesale channel increased by 4.5%, while net sales in the direct-to-consumer channel increased by 11.8% year-on-year. The growth in the direct-to-consumer channel was driven by the addition of 74 net new company-operated Samsonite retail stores in 2016 and the full-year impact of 162 net new stores added in 2015 (including 31 Rolling Luggage stores and 30 Chic Accent stores that were added through the acquisition of those two retail chains in 2015), together with the continued strong growth of the Group's direct-to-consumer e-commerce business. On a same store, constant currency basis, retail net sales increased by 0.8% in North America (where constant currency same store net sales have rebounded from a decline of 4.4% in the first half of 2016 to an increase of 5.2% in the second half of 2016). Europe and Latin America also recorded constant currency same store net sales growth of 7.6% and 9.4%, respectively. This increase was partially offset by a constant currency same store net sales decline of 4.8% year-on-year in Asia due to fewer visitors from Mainland China to Hong Kong (including Macau) and South Korea, as well as generally weak consumer sentiment in certain other countries in the region. Overall, the Group recorded a 2.5% increase in constant currency same store net sales for the year ended December 31, 2016.

This very encouraging set of results, achieved against a backdrop of currency pressures and difficult trading conditions in many of our main markets around the world, is a testament to the effectiveness of our strategy and the strength of our machine. To reiterate, there are three key drivers for the Group's long-term growth: our multi-brand, multi-category and multi-channel strategy; our investment in marketing to support our brands; and our decentralized management structure. The goal of our multi-brand, multi-category and multi-channel strategy is to build a well-balanced business around a portfolio of diverse yet complementary brands, offering our customers a competitive mix of products in both travel and non-travel categories that are sold through multiple distribution channels. With the *Tumi* brand joining the Samsonite family, we are now well-positioned to expand our presence in every segment of the bag and travel luggage market, and are truly well on our way to achieving our goal of transforming Samsonite from being largely a single brand, single category travel luggage company, into a multi-brand, multi-category and multi-channel global travel lifestyle company.

The *Tumi* acquisition is truly a transformational moment in our hundred-year-plus history. The loyalty that the *Tumi* brand enjoys was one of its major attractions for us, and we continue to be surprised by the intense devotion and pride of the *Tumi* customer. This reinforced our commitment to protect the *Tumi* brand's unique DNA, taking great care not to adopt a 'not invented here' mindset as we carry out the integration. At the same time, we were pleasantly surprised to find both organizations sharing many core principles: unparalleled quality, superior functionality and durability, design excellence, technical innovation and world-class customer service. These factors enabled the integration to proceed far more quickly and smoothly than we had originally expected, with initial cost savings from the elimination of C-suite and other redundancies already being realized. Systems and back office integration are on track to be completed later this year, which will help us achieve further synergies in areas such as working capital efficiency. In the five months from the completion of the acquisition on August 1 to December 31, 2016, *Tumi* reported net sales of US\$275.8 million and Adjusted EBITDA of US\$64.3 million.

Today the *Tumi* business is still mainly concentrated on the U.S. market, with its customers largely hailing from the finance or consulting industries. Awareness of the brand outside its core markets and customer groups is very low, and in certain important markets like China, almost non-existent. To realize the full potential of the *Tumi* brand will require us building up distribution and brand awareness. On the distribution side, *Tumi* has been steadily expanding its store network, and had also acquired its joint venture in Japan in January 2016. We have continued to execute

Tumi's store roll-out plan, adding nine net new stores in the five months ended December 31, 2016, to the 202 company-operated stores that we acquired. We are also actively working to gain control of the wholesale and retail distribution of *Tumi* products in key markets around the world. As a matter of fact, we have assumed direct control of the wholesale and retail distribution of *Tumi* products in South Korea with effect from January 1, 2017, and we are making good progress in our negotiations with Tumi's distributors in other markets. With control of our distribution, we intend to leverage the Group's on-the-ground resources and market knowledge to further expand Tumi's presence on the global stage.

In addition to gaining control and expanding distribution of *Tumi* products, we also need to invest in communications and brand awareness, and to that end we have significantly increased marketing spend for the *Tumi* brand post-acquisition. Indeed, we consider our consistent investment in our brands to be the second key driver of long-term growth. The Group's sizeable marketing spend serves the dual purpose of helping us both build brand awareness and drive net sales growth when times are positive, while providing us with a buffer when we are faced with challenging economic and trading conditions. The Group spent US\$143.8 million on marketing in 2016, an increase of 8.9% compared to 2015. As a percentage of sales, total marketing spend was 5.1% compared to 5.4% in 2015. On a constant currency basis, marketing expenses increased by 10.1% year-on-year. The reduction in marketing spend as a percentage of sales reflects more normalized spending on the *American Tourister* brand in Europe following two years of investment to enhance awareness and drive growth of the brand across the region. Nevertheless, with our scale and global reach, as well as through our deployment of targeted and focused advertising and promotional campaigns, we were able to maintain a high level of awareness for our brands among consumers worldwide. We intend to increase our investment in marketing in 2017, both in absolute dollar terms and as a percentage of net sales, partly to support the global expansion of the *Tumi* brand, and also to improve our marketing support for *Samsonite*, *American Tourister* and our other brands. This will help us achieve our goal of building sustainable brand strength and creating intangible value that will pull in the consumer.

Alongside the acquisition of Tumi, another change that is having a profound impact on our business is consumer's growing preference for searching and shopping online. This is evidenced in how the growth in e-commerce has significantly outpaced our other channels over the last few years: e-commerce's contribution has grown from 5.6% of the Group's US Dollar reported net sales in 2013 to 9.6% in 2016 (excluding Tumi), increasing by a CAGR of 29.0% during that period. Including *Tumi*, e-commerce contributed 9.5% of the Group's 2016 net sales. Another effect from the rapid growth of e-commerce is its widespread disruption to our distribution partners, including TV home shopping channels in China and South Korea, and bricks-and-mortar retailers around the world.

There is no doubt that the shift towards e-commerce poses the biggest challenge that our business has faced in a long time. However, if managed well, this could also be our biggest opportunity. Indeed, with our portfolio of brands and our scale, Samsonite has the potential to become a significant player in the bags and luggage e-commerce channel. To achieve this goal, we intend to increase the contribution of direct-to-consumer e-commerce by implementing an omni-channel strategy, ensuring sales on our own brand sites are a direct extension of our bricks-and-mortar retail operations. At the same time, we aim to maintain a balance through proactive engagement with both e-retailers and traditional bricks-and-mortar retailers (who are also building their e-commerce business).

While e-commerce is a global priority for the Group, in view of the varying consumer preferences and channel dynamics in individual markets, it is still up to each of the regional presidents and their management teams to drive the business forward. Our decentralized management structure is perhaps the most important driver of our long-term growth. This structure empowers our people to make independent decisions within a broad framework, enabling us to respond nimbly and quickly to varying challenges and opportunities in individual markets. I am confident that our experienced and motivated regional and country management teams will continue to execute as a team and grow our business. I would like to take this opportunity to thank Tim Parker, our Chairman, for his wise leadership and invaluable counsel. I would also like to thank my fellow senior management team members, especially our CFO, Kyle Gendreau, and General Counsel, John Livingston, for their tireless efforts in making the Tumi acquisition a reality, as well as Rob Cooper who is doing a great job integrating and growing the Tumi business. A great vote of thanks also goes to the rest of the senior management team including Lynne Berard, Subrata Dutta, Roberto Guzmán, Frank Ma and Leo Suh for their unwavering camaraderie and consistently vigorous efforts in navigating the business to deliver a set of extremely satisfying results in an otherwise difficult trading environment. Lastly, I'd like to express my appreciation to Fabio Rugarli for his past leadership of the European business, and to extend a warm welcome to Arne Borrey who has taken up the role of President, Europe. Fabio will now focus on driving the growth of the Group's business in Italy and will also play a strategic role in developing new business initiatives.

After a successful yet challenging 2016, I see more opportunities than risks in 2017 for our business. With the *Tumi* brand now a member of the Samsonite family, we have a credible presence in every segment of the bag and travel luggage markets, allowing us significantly greater scope to grow our business. The Group's multi-brand, multi-category and multi-channel strategy, its consistent investment in marketing and decentralized management structure

have served us well, and we will continue to rely on these strengths to take our business to the next level in the months and years ahead. Trading conditions in most markets are showing early signs of improvement. We are also fortunate that travel and tourism continues to post steady growth. Demand for international tourism remained robust in 2016 despite challenges. International tourist arrivals grew by 3.9%⁽²⁾ to reach a total of 1,235 million in 2016, according to the UNWTO. Some 46 million more tourists travelled internationally last year compared to 2015, and, based on current trends, UNWTO projects international tourist arrivals worldwide to continue to grow at a rate of 3% to 4% in 2017. Over the long-term, global tourism is estimated to grow by 3.3%⁽³⁾ annually from 2011 to 2030, and the worldwide luggage market forecast to grow at an annual rate of 6.1%⁽⁴⁾ between 2017 and 2021, the foundations for our future growth are solid. With all these excellent opportunities ahead of us, I am sure that - together - we will make our journey forward to build Samsonite into the “World’s Leading Global Travel Lifestyle Company” an invigorating and rewarding one.

Ramesh Dungarmal Tainwala

Chief Executive Officer

March 15, 2017

Notes

- (1) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.
- (2) Source: United Nations World Tourism Organization (UNWTO) World Tourism Barometer, January 2017 Issue.
- (3) Source: UNWTO World Tourism Tourism Highlights 2016 Edition.
- (4) Source: Global Luggage Market 2017 - 2021, Technavio, 2016.

Independent Auditors' Report

To the Board of Directors and Shareholders
Samsonite International S.A.:

Opinion

We have audited the consolidated financial statements of Samsonite International S.A. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the American Institute of Certified Public Accountants' *Code of Professional Conduct* (AICPA Code) and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the AICPA Code and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Acquisition of Tumi Holdings Inc. (note 5)	
<p>In August 2016, pursuant to a merger agreement negotiated between the boards of directors of the Group and Tumi Holdings Inc. (Tumi), the Group completed its acquisition of Tumi for cash consideration of approximately US\$1,830.8 million. This acquisition is significant to the Group's operations and financial results.</p> <p>Purchase accounting for this transaction includes complex and judgmental estimates and related assumptions necessary for management to determine the fair values of the assets acquired and liabilities assumed, and to allocate purchase consideration to goodwill and separately identifiable intangible assets such as customer contracts and relationships. Significant assumptions include, for example, royalty rates, discount rates, customer attrition rates, revenue growth rates and projected cash flows.</p> <p>Based on the significance of the acquisition and the complex, judgmental estimation process, this was a key area of audit focus.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We read the merger agreement and related agreements to understand the key terms and conditions of the transaction; • We assessed the design and implementation of relevant controls over the authorization process for the acquisition, reconciliation of underlying data and assumptions, and preparation and review of forecasted information utilized by management to establish the fair values of the assets acquired and liabilities assumed; • We performed substantive audit procedures over a selection of assets and liabilities as of the acquisition date as well as procedures focused on appropriate revenue and expense cutoff; • In order to validate the key terms and conditions impacting the accounting for the transaction, we obtained and read the documents filed by Tumi with the U.S. Securities and Exchange Commission (SEC) related to the acquisition, including the proxy statements filed on Schedule 14A, and other pertinent information as well as the reporting and filings by the Group with The Stock Exchange of Hong Kong Limited; • We obtained and read the valuation report which was prepared by an independent professional services firm and evaluated the assumptions and methodologies used to determine the fair values; • With the assistance of our economic valuation specialists, we evaluated certain assumptions by comparing them to external benchmarks and/or independently performing recalculations of the assumptions, based on our knowledge of the Group and the industry; and • We assessed the adequacy of the Group's presentation and disclosures in respect of this acquisition and the related financing.
Tax accounting (note 18)	
<p>As of December 31, 2016, the Group has recognized current tax liabilities of US\$93.6 million, deferred tax assets of US\$56.0 million and deferred tax liabilities of US\$456.5 million. In addition, the Group has unrecognized deferred tax assets of US\$67.7 million including US\$63.5 million of tax loss carry forwards, some of which begin to expire beginning in 2019, because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from these deferred tax assets.</p> <p>The Group operates in multiple jurisdictions throughout the world. As a result, the Group is subject to periodic challenges by various national and local tax authorities on a range of tax matters during the normal course of business, including transfer pricing and transaction related tax matters. Based on these factors, the accounting for tax uncertainties requires significant management judgment. In addition, the recognition and recoverability of deferred tax assets in North America, Europe, Asia and Latin America requires significant</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We assessed the design and implementation of controls over the identification and determination of temporary differences and tax loss carry forwards giving rise to deferred tax assets or liabilities as well as the accounting for tax uncertainties; • With the assistance of our tax specialists in the relevant jurisdictions, we evaluated the appropriateness of the current tax provision, the determination and completeness of income tax uncertainties and the recognition and measurement of deferred tax assets and liabilities; • We assessed the recoverability of deferred tax assets, including net operating losses and other deferred tax attributes. This included performing procedures to understand, among other things, how losses arose and where they are located, assessing any restrictions on future use, assessing the availability of future income to utilize those losses and determining whether and when those losses expire;

<p>management judgment, particularly in regards to the amount of net operating losses recognized.</p> <p>Based on the significant judgments required, we identified these areas of the tax provision as a key audit matter.</p>	<ul style="list-style-type: none"> • We evaluated transfer pricing documentation completed by third-party specialists engaged by the Group as part of our procedures related to the accounting for tax uncertainties; and • We evaluated the appropriateness of the related disclosures in note 18 to the consolidated financial statements.
<p>Revenue recognition (note 3(o))</p>	
<p>The amount of revenue recognized in the year on the sale of the Groups' products is dependent on the point in time the ownership transfers from the Group to the customer.</p> <p>The transfer of ownership includes consideration of terms and conditions present in customer contracts, purchase orders or sales orders. This may also be impacted by local regulatory considerations or mode of transport. Since the Group's sales occur in various countries throughout the world, there is an inherent risk around the consistent application of the Group's revenue recognition policies when considering these factors.</p> <p>Based on these noted risks, we identified revenue transactions recorded at or near year end as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • With the assistance of our Information Technology (IT) specialists, we tested the IT environment in which material ordering and billing and other relevant support systems reside, including change control procedures in place around systems that bill revenue streams; • We tested the design, implementation and operating effectiveness of certain controls over the revenue cycle as part of determining our level of substantive testwork; • We tested a sample of revenue transactions from throughout the year for compliance with the revenue recognition criteria, including transfer of risk of loss. This included a sample of transactions near year end; • We read certain contractual arrangements with key customers enabling us to understand key terms and conditions negotiated, including the provisions for risk of loss, incentives and return rights; • We tested a sample of manual journal entries recorded to revenue during the month ended December 31, 2016; • In order to identify potential material adjustments to 2016 revenue, we tested a sample of credit memos issued subsequent to December 31, 2016; • We performed substantive procedures for year-end reserves for selected markdown allowances, returns and discounts; and • We reconciled, on a sample basis, cash receipts back to the customer invoice and purchase order.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with auditing standards generally accepted in the United States of America and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the United States of America and ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe those matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is David B. Wilson.

KPMG LLP

Boston, Massachusetts
March 15, 2017

Consolidated Income Statement

Year ended December 31,

(Expressed in thousands of US Dollars, except per share data)	Note	2016	2015
Net sales	4	2,810,497	2,432,477
Cost of sales		(1,289,545)	(1,153,513)
Gross profit		1,520,952	1,278,964
Distribution expenses		(818,432)	(665,762)
Marketing expenses		(143,785)	(132,068)
General and administrative expenses		(177,933)	(154,465)
Other expenses	5 (c)	(49,601)	(17,798)
Operating profit		331,201	308,871
Finance income	19	1,253	868
Finance costs	19	(59,789)	(18,679)
Net finance costs	19	(58,536)	(17,811)
Profit before income tax	20	272,665	291,060
Income tax benefit (expense)	18	2,160	(74,043)
Profit for the year		274,825	217,017
Profit attributable to equity holders		255,667	197,639
Profit attributable to non-controlling interests	23 (c)	19,158	19,378
Profit for the year		274,825	217,017
Earnings per share			
Basic and diluted earnings per share			
(Expressed in US Dollars per share)	12	0.181	0.140

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

(Expressed in thousands of US Dollars)	Note	Year ended December 31, 2016	2015
Profit for the year		274,825	217,017
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss:			
Deferred tax impact of the SERIP Plan Liquidation	14 (b)	(53,899)	—
Remeasurements on defined benefit plans, net of tax	14 , 18 (c)	(8,354)	(530)
		(62,253)	(530)
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of foreign exchange forward contracts, net of tax	18 (c)	(657)	(1,690)
Changes in fair value of interest rate swaps, net of tax	13 (a) , 18 (c)	11,431	—
Foreign currency translation gains (losses) for foreign operations	19	(23,118)	(35,272)
		(12,344)	(36,962)
Other comprehensive income loss		(74,597)	(37,492)
Total comprehensive income for the year		200,228	179,525
Total comprehensive income attributable to equity holders		181,352	163,751
Total comprehensive income attributable to non-controlling interests		18,876	15,774
Total comprehensive income for the year		200,228	179,525

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Financial Position

(Expressed in thousands of US Dollars)	Note	December 31, 2016	2015
Non-Current Assets			
Property, plant and equipment	6	281,990	186,083
Goodwill	7 (a)	1,238,910	297,360
Other intangible assets	7 (b)	1,733,061	762,411
Deferred tax assets	18 (d)	56,007	50,752
Derivative financial instruments	13 (a)	16,149	—
Other assets and receivables	8 (a)	32,926	25,159
Total non-current assets		<u>3,359,043</u>	<u>1,321,765</u>
Current Assets			
Inventories	9	421,334	349,076
Trade and other receivables	10	357,790	283,495
Prepaid expenses and other assets	8 (b)	142,833	80,702
Cash and cash equivalents	11	368,540	180,803
Total current assets		<u>1,290,497</u>	<u>894,076</u>
Total assets		<u>4,649,540</u>	<u>2,215,841</u>
Equity and Liabilities			
Equity:			
Share capital	23 (b)	14,113	14,098
Reserves	23 (b)	1,452,941	1,345,456
Total equity attributable to equity holders		<u>1,467,054</u>	<u>1,359,554</u>
Non-controlling interests	23 (c)	43,933	39,832
Total equity		<u>1,510,987</u>	<u>1,399,386</u>
Non-Current Liabilities			
Loans and borrowings	13 (a)	1,805,561	57
Employee benefits	14	28,680	38,523
Non-controlling interest put options	23 (c)	64,746	55,829
Deferred tax liabilities	18 (d)	456,540	106,240
Other liabilities		7,140	4,403
Total non-current liabilities		<u>2,362,667</u>	<u>205,052</u>
Current Liabilities			
Loans and borrowings	13 (b)	23,994	62,724
Current portion of long-term debt	13 (b)	45,813	—
Employee benefits	14	78,680	59,139
Trade and other payables	17	533,772	442,141
Current tax liabilities	18	93,627	47,399
Total current liabilities		<u>775,886</u>	<u>611,403</u>
Total liabilities		<u>3,138,553</u>	<u>816,455</u>
Total equity and liabilities		<u>4,649,540</u>	<u>2,215,841</u>
Net current assets		<u>514,611</u>	<u>282,673</u>
Total assets less current liabilities		<u>3,873,654</u>	<u>1,604,438</u>

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves			Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
				Additional paid-in capital	Translation reserve	Other reserves				
Year ended December 31, 2015:										
Balance, January 1, 2015		1,408,026,456	14,080	964,992	(38,775)	(64,257)	393,648	1,269,688	37,752	1,307,440
Profit for the year		—	—	—	—	—	197,639	197,639	19,378	217,017
Other comprehensive income (loss):										
Remeasurements on defined benefit plans, net of tax	14 (b)	—	—	—	—	(533)	—	(533)	3	(530)
Changes in fair value of cash flow hedges, net of tax	18 (c)	—	—	—	—	(1,689)	—	(1,689)	(1)	(1,690)
Foreign currency translation losses	19	—	—	—	(31,666)	—	—	(31,666)	(3,606)	(35,272)
Total comprehensive income (loss) for the year		—	—	—	(31,666)	(2,222)	197,639	163,751	15,774	179,525
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	—	—	—	—	—	1,775	1,775	—	1,775
Cash distributions to equity holders	12	—	—	—	—	—	(88,000)	(88,000)	—	(88,000)
Share-based compensation expense	14 (a)	—	—	—	—	15,215	—	15,215	—	15,215
Exercise of stock options	14 (a)	1,807,069	18	6,229	—	(1,804)	—	4,443	—	4,443
Acquisition of non-controlling interest	23 (c)	—	—	—	(1,102)	—	(6,216)	(7,318)	(2,085)	(9,403)
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(11,609)	(11,609)
Balance, December 31, 2015		1,409,833,525	14,098	971,221	(71,543)	(53,068)	498,846	1,359,554	39,832	1,399,386

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)

(Expressed in thousands of US Dollars, except number of shares)	Note	Number of shares	Share capital	Reserves			Retained earnings	Total equity attributable to equity holders	Non-controlling interests	Total equity
				Additional paid-in capital	Translation reserve	Other reserves				
Year ended December 31, 2016:										
Balance, January 1, 2016		1,409,833,525	14,098	971,221	(71,543)	(53,068)	498,846	1,359,554	39,832	1,399,386
Profit for the year		—	—	—	—	—	255,667	255,667	19,158	274,825
Other comprehensive income (loss):										
Liquidation of defined benefit plan	14 (b)	—	—	—	—	141,747	(141,747)	—	—	—
Deferred tax impact of the SERIP Plan Liquidation	14 (b)	—	—	—	—	(53,899)	—	(53,899)	—	(53,899)
Remeasurements on defined benefit plans, net of tax	14 (b)	—	—	—	—	(8,384)	—	(8,384)	30	(8,354)
Changes in fair value of foreign exchange forward contracts, net of tax	18 (c)	—	—	—	—	(628)	—	(628)	(29)	(657)
Changes in fair value of interest rate swaps, net of tax	13 (a) , 18 (c)	—	—	—	—	11,431	—	11,431	—	11,431
Foreign currency translation gains (losses)	19	—	—	—	(22,835)	—	—	(22,835)	(283)	(23,118)
Total comprehensive income (loss) for the year		—	—	—	(22,835)	90,267	113,920	181,352	18,876	200,228
Transactions with owners recorded directly in equity:										
Change in fair value of put options	21	—	—	—	—	—	202	202	—	202
Cash distributions to equity holders	12	—	—	—	—	—	(93,000)	(93,000)	—	(93,000)
Share-based compensation expense	14 (a)	—	—	—	—	15,490	—	15,490	—	15,490
Exercise of stock options	14 (a)	1,455,376	15	4,830	—	(1,389)	—	3,456	—	3,456
Dividends paid to non-controlling interests		—	—	—	—	—	—	—	(14,775)	(14,775)
Balance, December 31, 2016		1,411,288,901	14,113	976,051	(94,378)	51,300	519,968	1,467,054	43,933	1,510,987

The accompanying notes form part of the consolidated financial statements.

Consolidated Statement of Cash Flows

(Expressed in thousands of US Dollars)	Note	Year ended December 31,	
		2016	2015
Cash flows from operating activities:			
Profit for the year		274,825	217,017
Adjustments to reconcile profit to net cash generated from operating activities:			
Gain on sale and disposal of assets, net		1,593	10
Depreciation	6	66,785	48,985
Amortization of intangible assets	7 (b)	22,456	10,590
Net change in defined benefit pension plans	14 (b)	(21,652)	(8,809)
Change in fair value of put options	21 (g)	9,119	5,772
Non-cash share-based compensation	14 (a)	15,490	15,215
Interest expense on financial liabilities	19	43,691	3,160
Income tax (benefit) expense	18	(2,160)	74,043
		<u>410,147</u>	<u>365,983</u>
Changes in operating assets and liabilities (excluding allocated purchase price in business combinations):			
Trade and other receivables		(55,132)	(10,528)
Inventories		31,469	(31,783)
Other current assets		(9,719)	(5,968)
Trade and other payables		(8,363)	35,774
Other assets and liabilities, net		3,611	(9,290)
Cash generated from operating activities		<u>372,013</u>	<u>344,188</u>
Interest paid		(36,055)	(1,900)
Income tax paid		(75,203)	(83,265)
Net cash generated from operating activities		<u>260,755</u>	<u>259,023</u>
Cash flows from investing activities:			
Purchases of property, plant and equipment	6	(69,579)	(68,477)
Other intangible asset additions	7	(6,197)	—
Acquisition of businesses, net of cash acquired	5	(1,685,281)	(30,138)
Other proceeds (uses)		1,691	(5,437)
Net cash used in investing activities		<u>(1,759,366)</u>	<u>(104,052)</u>
Cash flows from financing activities:			
Proceeds from issuance of Senior Credit Facilities	13	1,925,000	—
Payments of long-term debt	13	(9,500)	—
Payments from current loans and borrowings, net	13	(45,211)	(1,111)
Acquisition of non-controlling interest	23 (c)	—	(15,716)
Payment of deferred financing costs	13	(69,499)	—
Proceeds from the exercise of share options	14	4,845	6,247
Cash distributions to equity holders	12	(93,000)	(88,000)
Dividend payments to non-controlling interests	23	(14,775)	(11,609)
Net cash generated from (used in) financing activities		<u>1,697,860</u>	<u>(110,189)</u>
Net increase in cash and cash equivalents		199,249	44,782
Cash and cash equivalents, at January 1		180,803	140,423
Effect of exchange rate changes on cash and cash equivalents		(11,512)	(4,402)
Cash and cash equivalents, at December 31	11	<u>368,540</u>	<u>180,803</u>

The accompanying notes form part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Background

Samsonite International S.A. (the “Company”), together with its consolidated subsidiaries (the “Group”), is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*[®], *Tumi*[®], *American Tourister*[®], *Hartmann*[®], *High Sierra*[®], *Gregory*[®], *Speck*[®], *Lipault*[®] and *Kamiliant*[®] brand names as well as other owned and licensed brand names. The Group sells its products through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in Asia, North America, Europe and Latin America.

The Company’s ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company was incorporated in Luxembourg on March 8, 2011 as a public limited liability company (a *société anonyme*), whose registered office is 13-15 Avenue de la Liberté, L-1931 Luxembourg.

Details of the principal subsidiaries of the Group are set out in note 23.

2. Basis of Preparation

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), which collective term includes all International Accounting Standards (“IAS”) and related interpretations, as issued by the International Accounting Standards Board (the “IASB”).

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the consolidated financial statements, the Group has adopted all these new and revised IFRSs for all periods presented, except for any new standards or interpretations that are not yet mandatorily effective for the accounting period ended December 31, 2016. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended December 31, 2016 are set out in note 3(v).

These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies below, where material, have been applied consistently to all periods presented in the consolidated financial statements.

The consolidated financial statements were authorized for issue by the Board of Directors (the “Board”) on March 15, 2017.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position as set out in the accounting policies below:

- derivative financial instruments are measured at fair value.
- the defined benefit liability is recognized as the net total of the plan assets, plus recognized past service cost and recognized actuarial losses, less recognized actuarial gains and the present value of the defined benefit obligation.

(c) Functional and Presentation Currency

The financial statements are measured using the currency of the primary economic environment in which the Group operates (“functional currency”). The functional currencies of the significant subsidiaries within the Group are the currencies of the primary economic environment and key business processes of these subsidiaries and include, but are not limited to, United States Dollars, Euros, Renminbi and Indian Rupee.

Unless otherwise stated, the consolidated financial statements are presented in the United States Dollar (“USD”), which is the functional and presentation currency of the Company.

(d) Use of Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS 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 and to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. No significant changes occurred during the current reporting period of estimates reported in prior periods.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 3(o) - Revenue recognition
- Note 5 - Business combinations
- Note 6 - Property, plant and equipment
- Note 7 - Goodwill and other intangible assets
- Note 9 - Inventories
- Note 10 - Trade and other receivables
- Note 14(a) - Share-based payments
- Note 14(b) - Pension plans and defined benefit schemes
- Note 18 - Income taxes
- Note 21(g) - Fair value of financial instruments
- Note 23(c) - Non-controlling interests

Information about assumptions and estimation uncertainties that may have an effect on the consolidated financial statements resulting in a material adjustment within the next financial year is included in the following notes:

- Note 5 - Business combinations
- Note 7 - Goodwill and other intangible assets
- Note 14(b) - Pension plans and defined benefit schemes
- Note 16 - Contingent liabilities
- Note 18 - Income taxes (utilization of tax losses)
- Note 21 - Financial risk management and financial instruments

(e) Changes in Accounting Policies

The IASB has issued a number of new, revised and amended IFRSs. For the purpose of preparing the consolidated financial statements for the year ended December 31, 2016, there were no new or revised IFRSs yet effective.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Group to all periods presented, where material, in these consolidated financial statements.

(a) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial information of subsidiaries is included in the consolidated financial statements from the date on which control commences until the date on which control ceases. All significant intercompany balances and transactions have been eliminated in consolidation.

(ii) Non-controlling Interests

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from total equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of the total profit for the year and total comprehensive income for the year between non-controlling interests and equity holders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with the resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the new cost basis on initial recognition of a financial asset or an associate.

(iii) Business Combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is obtained by the Group. In assessing control, the Group takes into consideration substantive potential voting rights.

The Group measures goodwill at the acquisition date as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured at the acquisition date. If the net fair value is greater than the consideration transferred, then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships, if applicable. Such amounts generally are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards ("replacement awards") are required to be exchanged for awards held by the acquiree's employees ("acquiree's awards") and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

(b) Foreign Currency Translation

(i) Foreign Currency Transactions

Foreign currency transactions are translated using foreign exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of qualifying cash flow hedges, which are recognized in other comprehensive income. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign Operations

The assets and liabilities of the Group's foreign subsidiaries are translated into USD at period end exchange rates. Equity accounts denominated in foreign currencies are translated into USD at historical exchange rates. Income and expense accounts are translated at average monthly exchange rates. All foreign currency differences arising from the translation of the financial statements of foreign operations are recorded in the foreign currency translation reserve in the consolidated statement of position. The net exchange gains or losses resulting from translating at varied exchange rates are recorded as a component of other comprehensive income and accumulated in equity and attributed to non-controlling interests, as appropriate.

(c) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's segment reporting is based on geographical areas, representative of how the Group's business is managed and its operating results are evaluated. The Group's operations are organized as follows: (i) "Asia"; (ii) "North America"; (iii) "Europe"; (iv) "Latin America", and (v) "Corporate".

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax assets and liabilities, and licensing activities from the license of brand names owned by the Group.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

(d) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Assets under finance leases are stated at the present value of the future minimum lease payments. Improvements which extend the life of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss on the date of retirement or disposal.

Depreciation and amortization are provided on the straight-line method over the estimated useful life of the asset or the lease term, if applicable, as follows:

- Buildings 20 to 30 years
- Machinery, equipment and other 3 to 10 years
- Leasehold improvements Lesser of useful life or the lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate. Land owned by the Group with freehold interest is not depreciated.

The Group capitalizes the costs of purchased software and costs to configure, install and test software and includes these costs within machinery, equipment and other in the consolidated statement of financial position. Software assessment and evaluation, process reengineering, data conversion, training, maintenance and ongoing software support costs are expensed as incurred.

(e) Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill that arises upon the acquisition of a business is included in intangible assets. For measurement of goodwill at initial recognition, see note 3(a)(iii). Subsequent to initial recognition, goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, which are expected to benefit from the synergies of the combination and are tested annually for impairment.

(ii) Intangible Assets (other than Goodwill)

Intangible assets primarily consist of tradenames, customer relationships, patents and key money. No recognized intangible assets have been generated internally.

Intangible assets which are considered to have an indefinite life, such as tradenames, are measured at cost less accumulated impairment losses and are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset may be impaired. *Samsonite*[®], *Tumi*[®], *American Tourister*[®], *Hartmann*[®], *High Sierra*[®], *Gregory*[®], *Speck*[®] and *Lipault*[®] are the significant tradenames of the Group. It is anticipated that the economic benefits associated with these tradenames will continue for an indefinite period. The conclusion that the tradenames are an indefinite lived asset is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortization of intangible assets with finite lives as set out below.

Intangible assets which have a finite life are amortized and measured at cost less accumulated amortization and accumulated impairment losses. Amortization expense is recognized in profit or loss on a straight-line basis over the estimated useful lives from the date that they are available for use, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives are as follows:

- Customer relationships 10 to 20 years
- Key money 3 to 10 years
- Patents 1 to 10 years

Intangible assets having a finite life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Estimated useful lives of intangible assets are reviewed annually and adjusted if applicable.

(f) Impairment

(i) Financial Assets (Including Trade and Other Receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment, the Group uses historical trends, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(ii) Non-financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For those CGUs or group of CGUs to which goodwill has been allocated and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of

other assets or groups of assets (the “CGU”). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment before aggregation ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes to the asset or CGU.

The Group’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset may be allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the group of units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss that has been recognized on goodwill is not reversed in subsequent periods if estimates used to determine the recoverable amount change. For other assets, impairment losses that have been recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Inventories

Inventories are carried at the lower of cost or net realizable value. Cost is calculated using the weighted average method. The cost of inventory includes expenditures incurred in acquiring the inventories, production costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as expenses in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(h) Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes and generally approximates carrying value.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash held at banks, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(j) Trade and Other Payables

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

(k) Interest-bearing Borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and the redemption value being recognized in profit or loss over the period of the borrowings, together with any interest payable and deferred financing costs, using the effective interest method.

(l) Financial Instruments

(i) Non-derivative Financial Assets and Liabilities

The Group initially recognizes receivables and deposits on the date that they are originated.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, receivables are measured at cost, less any impairment losses. Receivables are comprised of trade and other receivables.

The Group initially recognizes debt instruments issued on the date that they are originated. The Group derecognizes a financial liability when its contractual obligations are discharged, canceled or expire.

The Group has the following non-derivative financial liabilities: loans and borrowings and trade and other payables. Both loans and borrowings and trade and other payables are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to their initial recognition, loans and borrowings are accounted for at amortized cost using the effective interest method.

(ii) Derivative Financial Instruments

The Group holds derivative financial instruments to hedge certain of its foreign currency risk and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss. For derivatives designated in hedging relationships, changes in the fair value are either offset through profit or loss against the change in fair value of the hedged item attributable to the risk being hedged or recognized in hedging reserves that are reported directly in equity (deficit) until the hedged item is recognized in profit or loss and, at that time, the related hedging gain or loss is removed from equity (deficit) and is used to offset the change in value of the hedged item.

Other than agreements with holders of non-controlling interests, there were no derivatives embedded in host contracts during the periods presented. The Group has certain put option agreements that are classified as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), in the consolidated statement of financial position, as the Group has a potential obligation to settle the option in cash in the future. The amount recognized initially is the fair value of the redeemable non-controlling interests and subsequently remeasured at each reporting date based on a price to earnings multiple discounted to the reporting date. For agreements entered into prior to the adoption of IFRS 3, *Business Combinations* ("IFRS 3"), on January 1, 2008, subsequent changes in liabilities are recognized in profit or loss. For agreements entered into after January 1, 2008, subsequent changes in liabilities are recognized through equity.

Derivatives are recognized initially at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

The Group periodically enters into derivative contracts that it designates as a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). For all hedging relationships, the Group formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the hedged item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed prospectively and retrospectively, and a description of the method of measuring ineffectiveness. The Group also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items by determining whether the actual results of each hedge are within a range of 80% to 125%. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and presented in the hedging reserve in equity, and reclassified into profit or loss in the same period or periods during which the hedged transaction affects profit or loss. Gains and losses on the derivative representing hedge ineffectiveness are excluded from the assessment of effectiveness and are recognized immediately in profit or loss.

The Group discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, the derivative is de-designated as a hedging instrument because it is unlikely that a forecasted transaction will occur, or management determines that designation of the derivative as a hedging instrument is no longer appropriate.

When a derivative financial instrument is not held for trading, and is not designated in a qualified hedging relationship, all changes in fair value are recognized immediately through profit or loss. If the forecasted transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(m) Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is based on a high grade bond yield curve under which the benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value. IAS 19, *Employee Benefits* ("IAS19") limits the measurement of the defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, which is defined as the present value of any economic benefits available in the form of refunds from the plan or redirections in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

Certain subsidiaries of the Group have pension plans and post-retirement health benefit plans which provide retirement benefits for eligible employees, generally measured by length of service, compensation and other factors. The Group follows the recognition, measurement, presentation and disclosure provisions of IAS 19. Under IAS 19, remeasurements, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income and are not subsequently reclassified into profit or loss. The measurement date for all pension and other employee benefit plans is the Group's fiscal year end.

Under IAS 19, the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. Consequently, the net interest cost on the net defined benefit liability (asset) now comprises:

- Interest cost on the defined benefit obligation;
- Interest income on plan assets; and
- Interest on the effect of asset ceiling.

(iii) Other Long-Term Employee Benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on a high grade bond yield curve under which the benefits are projected and discounted at spot rates along the curve. The discount rate is then determined as a single rate yielding the same present value. Any actuarial gains and losses are recognized in other comprehensive income in the period in which they arise. Actuarial valuations are obtained annually at the end of the fiscal year.

(iv) Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

(v) Short-Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(vi) Share-based Compensation

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For equity-settled share-based payment awards with market performance conditions or non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(n) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, if they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(o) Revenue Recognition

Revenues from wholesale product sales are recognized when (i) evidence of a sales arrangement at a fixed or determinable price exists (usually in the form of a sales order), (ii) collectability is reasonably assured, and (iii) title transfers to the customer. Provisions are made for estimates of markdown allowances, warranties, returns and discounts at the time product sales are recognized. Shipping terms are predominately FOB shipping point (title transfers to the customer at the Group's shipping location) except in certain Asian countries where title transfers upon delivery to the customer. In all cases, sales are recognized upon transfer of title to customers. Revenues from retail sales are recognized at the point of sale to consumers. Revenue excludes collected sales taxes.

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss.

The Group licenses its brand names to certain third parties. Net sales in the accompanying consolidated income statement include royalties earned on licensing agreements with third parties, for which revenue is earned and recognized when the third party makes a sale of a branded product of the Group.

(p) Cost of Sales, Distribution, Marketing and General and Administrative Expenses

The Group includes the following types of costs in cost of sales: direct product purchase and manufacturing costs, duties, freight, receiving, inspection, internal transfer costs, depreciation and procurement and manufacturing overhead. The impairment of inventories and the reversals of such impairments are included in cost of sales during the period in which they occur.

Distribution expenses are primarily comprised of rent, employee benefits, customer freight, depreciation, amortization, warehousing costs and other selling expenses.

Marketing expenses consist of advertising and promotional activities. Costs for producing media advertising are deferred until the related advertising first appears in print or television media, at which time such costs are expensed. All other advertising costs are expensed as incurred. Cooperative advertising costs associated with customer support programs giving the Group an identifiable advertising benefit equal to at least the amount of the advertising allowance are accrued and charged to marketing expenses when the related revenues are recognized. From time to time, the Group offers various types of incentive arrangements such as cash or payment discounts, rebates or free products. All such incentive arrangements are accrued and reduce reported revenues when incurred.

General and administrative expenses consist of management salaries and benefits, information technology costs, and other costs related to administrative functions and are expensed as incurred.

(q) Finance Income and Costs

Finance income comprises interest income on funds invested, gains on hedging instruments that are recognized in profit or loss and reclassifications of net gains previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings (including the amortization of deferred financing costs), unwinding of the discount on provisions, changes in the fair value of put options associated with the Group's majority-owned subsidiaries, net gains (losses) on hedging instruments that are recognized in profit or loss and reclassifications of net losses previously recognized in other comprehensive income. Foreign currency gains and losses are reported on a net basis.

Costs incurred in connection with the issuance of debt instruments are included in the initial measurement of the related financial liabilities in the consolidated statement of financial position. Such deferred financing costs are amortized using the effective interest method over the term of the related debt obligation.

(r) Earnings Per Share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding for the period, adjusted for any shares held by the Group. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity shareholders and the weighted average number of ordinary shares outstanding, adjusted for any shares held by the Group, for the effects of all potentially dilutive ordinary shares, which comprise share options granted to employees, as applicable.

(s) Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and the leased assets are not recognized in the Group's consolidated statement of financial position.

The Group leases retail stores, distribution centers and office facilities. Initial terms of the leases range from one to twenty years. Most leases provide for monthly fixed minimum rentals or contingent rentals based upon sales in excess of stated amounts and normally require the Group to pay real estate taxes, insurance, common area maintenance

costs and other occupancy costs. The Group recognizes rent expense for leases that include scheduled and specified escalations of the minimum rent on a straight-line basis over the base term of the lease. Any difference between the straight-line rent amount and the amount payable under the lease is included in other liabilities in the consolidated statement of financial position. Contingent rental payments are expensed as incurred.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(t) Provisions and Contingent Liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Related Parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions apply:

- (1) the entity and the Group are members of the same group (which means that each parent, the subsidiary and fellow subsidiary is related to the others);
- (2) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (3) both entities are joint ventures of the same third party;
- (4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (5) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (6) the entity is controlled or jointly controlled by a person identified in (i);
- (7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (8) the entity, or any member of a group of which it is part, provides key management services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) New Standards and Interpretations

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these consolidated financial statements.

In July 2014, the IASB issued the final element of its comprehensive response to the financial crisis by issuing IFRS 9, *Financial Instruments* ("IFRS 9"). The improvements introduced by IFRS 9 include new principles for classification and measurement based on cash flows characteristics and business model, a single forward-looking expected loss impairment model and a substantially revised approach to hedge accounting aligning it more with risk management strategies. IFRS 9 will come into effect on January 1, 2018 with early application permitted. The Group intends to adopt IFRS 9 as of January 1, 2018 and, based on its preliminary assessment of the requirements, does not anticipate a significant impact on its financial performance and condition.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). IFRS 15 sets out requirements for recognizing revenue that applies to all contracts with customers and introduces a five step approach

with control being the basic principal underpinning the new model. IFRS 15 is effective as of January 1, 2018 with earlier application permitted. The Group intends to adopt IFRS 15 as of January 1, 2018 and is currently in the process of evaluating an appropriate transition approach as well as identifying potential differences between existing accounting and the new requirements.

In January 2016, the IASB issued IFRS 16, *Leases* ("IFRS 16") which, once adopted, replaces the existing standard IAS 17, *Leases*. IFRS 16 is intended to provide transparency on companies' lease assets and liabilities, with off-balance sheet lease financing generally no longer possible, thereby improving comparability between companies that lease and those that borrow to buy. IFRS 16 is effective as of January 1, 2019. Early application is permitted for companies that also adopt IFRS 15. The Group intends to adopt IFRS 16 as of January 1, 2019 and is currently in the process of evaluating appropriate transition options available under IFRS 16 as well as gaining an understanding of the overall impact of the adoption on the Group's consolidated financial statements.

In January 2016, the IASB issued Amendments to IAS 12, *Income Taxes*. These amendments, Recognition of Deferred Tax Assets for Unrealized Losses, clarify how to account for deferred tax assets related to debt instruments measured at fair value. Amendments to IAS 12, *Income Taxes* provides requirements on the recognition and measurement of current or deferred tax liabilities or assets and clarify the requirements on recognition of deferred tax assets for unrealized losses. Amendments to IAS 12, *Income Taxes* will come into effect for annual periods beginning on or after January 1, 2017 with earlier application permitted. The Group will adopt Amendments to IAS 12, *Income Taxes* as of January 1, 2017. Based on management's assessment, the adoption of the new guidance will not have a significant impact on the Group's consolidated financial statements.

In February 2016, the IASB issued Amendments to IAS 7, *Statement of Cash Flows*. These amendments are part of the IASB's broader disclosure initiative to improve presentation and disclosure in financial statements. Amendments to IAS 7, *Statement of Cash Flows* requires new disclosures that help users to evaluate changes in liabilities arising from financing activities, including both cash flow and non-cash flow changes. Amendments to IAS 7, *Statement of Cash Flows* will come into effect for annual periods beginning on or after January 1, 2017 with early application permitted. Comparative information for preceding periods is not required upon the adoption of this amendment. The Group will adopt Amendments to IAS 7, *Statement of Cash Flows* as of January 1, 2017 and will present reconciliations between the opening and closing balances for liabilities with changes arising from financing activities in its 2017 annual report.

In June 2016, the IASB issued Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions*. These amendments eliminate the ambiguity over how a company should account for certain types of share-based payment arrangements. Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* cover three accounting areas: (i) measurement of cash-settled share-based arrangements, (ii) classification of share-based payments settled net of tax withholdings and (iii) accounting for a modification of a share-based payment from cash-settled to equity-settled. Amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions* will come into effect for annual periods beginning on or after January 1, 2018 with earlier application permitted. The Group intends to adopt IFRS 2, *Classification and Measurement of Share-based Payment Transactions* as of January 1, 2018 and does not anticipate a material impact on its consolidated financial results from adoption of this amendment.

In December 2016, the IFRS issued Interpretations Committee ("IFRIC") Update 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22"). IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. IFRIC 22 covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018 with earlier application permitted. The Group intends to adopt IFRIC 22 as of January 1, 2018. Based on its initial assessment, management does not expect the adoption of the new guidance will have a significant impact on the Group's consolidated financial statements.

4. Segment Reporting

(a) Operating Segments

Management of the business and evaluation of operating results is organized primarily along geographic lines dividing responsibility for the Group's operations, besides the Corporate segment, as follows:

- Asia - includes operations in South Asia (India and Middle East), China, Singapore, South Korea, Taiwan, Malaysia, Japan, Hong Kong, Thailand, Indonesia, Philippines and Australia;
 - North America - includes operations in the United States of America and Canada;
 - Europe - includes operations in European countries as well as South Africa;
 - Latin America - includes operations in Chile, Mexico, Argentina, Brazil, Colombia, Panama, Peru and Uruguay;
- and

- Corporate - primarily includes certain licensing activities from brand names owned by the Group and Corporate headquarters overhead.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit or loss, as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. Segment operating profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the Group's segments.

Segment information as of and for the year ended December 31, 2016 and December 31, 2015 is as follows:

Year ended December 31, 2016

(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	1,028,578	1,027,172	615,301	130,559	8,887	2,810,497
Operating profit	133,070	84,345	68,548	(4,600)	49,838	331,201
Operating profit (loss) excluding intragroup charges	196,107	142,880	85,012	(1,683)	(91,115)	331,201
Depreciation and amortization	29,422	25,857	24,504	6,605	2,853	89,241
Capital expenditures	21,861	16,300	22,697	7,161	1,560	69,579
Interest income	654	7	192	226	174	1,253
Interest expense	(261)	—	(736)	(545)	(42,149)	(43,691)
Income tax (expense) benefit	(31,184)	(42,863)	(14,769)	(172)	91,148	2,160
Total assets	1,122,449	1,740,980	538,763	107,641	1,139,707	4,649,540
Total liabilities	176,483	612,954	214,146	43,229	2,091,741	3,138,553

Year ended December 31, 2015

(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America	Corporate	Consolidated
External revenues	947,602	811,304	544,740	120,476	8,355	2,432,477
Operating profit	114,813	56,083	52,132	3,645	82,198	308,871
Operating profit (loss) excluding intragroup charges	178,377	107,890	69,186	6,437	(53,019)	308,871
Depreciation and amortization	20,317	12,900	19,328	4,601	2,429	59,575
Capital expenditures	26,305	14,209	20,383	5,660	1,920	68,477
Interest income	488	2	444	(66)	—	868
Interest expense	(146)	(145)	(461)	(287)	(2,121)	(3,160)
Income tax (expense) benefit	(29,382)	(21,680)	(16,982)	(2,743)	(3,256)	(74,043)
Total assets	609,838	762,054	466,915	112,099	264,935	2,215,841
Total liabilities	229,924	502,839	225,856	44,145	(186,309)	816,455

(b) Geographical Information

The following tables set out enterprise-wide 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 and goodwill (specified non-current assets). The geographical location of customers is based on the selling location of the goods. The geographical location of the specified non-current assets is based on the physical location of the assets.

(i) Revenue from External Customers

The following table presents the revenues earned in major geographical locations where the Group has operations. The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Asia:		
China	251,729	252,722
South Korea	178,176	184,141
Japan	135,041	93,668
India	128,056	135,066
Hong Kong ⁽¹⁾	109,093	77,224
Australia	67,959	56,203
United Arab Emirates	45,881	41,043
Thailand	27,551	25,703
Singapore	26,262	25,126
Taiwan	23,910	22,970
Indonesia	19,069	17,817
Other	15,851	15,919
Total Asia	1,028,578	947,602
North America:		
United States	976,120	769,505
Canada	51,052	41,799
Total North America	1,027,172	811,304
Europe:		
Germany	110,883	80,252
Belgium	73,475	64,411
Italy	68,740	60,614
United Kingdom ⁽²⁾	68,521	59,774
France	66,997	68,393
Spain	47,599	41,055
Russia	30,608	27,085
Holland	30,295	28,307
Sweden	19,684	16,821
Austria	17,103	14,684
Turkey	16,670	17,745
Switzerland	16,446	17,701
Norway	12,034	11,941
Other	36,246	35,957
Total Europe	615,301	544,740
Latin America:		
Chile	59,518	57,867
Mexico	41,422	38,429
Brazil ⁽³⁾	12,425	10,016
Other	17,194	14,164
Total Latin America	130,559	120,476
Corporate and other (royalty revenue):		
Luxembourg	8,804	8,240
United States	83	115
Total Corporate and other	8,887	8,355
Total	2,810,497	2,432,477

Notes

(1) Includes Macau. 2016 net sales in Hong Kong included sales to distributors of the *Tumi* brand throughout Asia, excluding Japan.

(2) Includes Ireland.

(3) The net sales figure for Brazil includes net sales to third party distributors in Brazil.

(ii) Specified Non-current Assets

The following table presents the Group's significant non-current assets by country. Unallocated specified non-current assets mainly comprise goodwill.

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
United States	1,613,020	51,590
Luxembourg	693,756	677,309
Belgium	55,699	58,466
China	27,140	25,153
Hungary	23,705	20,953
Japan	23,661	16,232
Hong Kong	19,382	14,789
India	15,200	15,252
Chile	11,697	12,033
South Korea	11,012	9,937

5. Business Combinations

(a) 2016 Acquisition

The Group completed one business combination during the year ended December 31, 2016.

(i) Tumi Holdings, Inc.

On March 3, 2016, the Company and PTL Acquisition Inc. ("Merger Sub"), which was then an indirect wholly-owned subsidiary of the Company, entered into an agreement and plan of merger (the "Merger Agreement") with Tumi Holdings, Inc. ("Tumi Holdings"), pursuant to which the Company agreed to acquire Tumi Holdings for a cash consideration of US\$26.75 per outstanding common share of Tumi Holdings, without interest (the "Per Share Merger Consideration"). The acquisition was completed on August 1, 2016 and was effected by way of the merger of Merger Sub with and into Tumi Holdings, with Tumi Holdings surviving the merger as an indirect wholly-owned subsidiary of the Company. On December 30, 2016, Tumi Holdings was merged with and into its wholly owned subsidiary Tumi, Inc., with Tumi, Inc. surviving the merger. *Tumi* is a leading global premium lifestyle brand offering a comprehensive line of business bags, travel luggage and accessories. The brand is consistently recognized as "best in class" for the high quality, durability, functionality and innovative design of its products, which range from its iconic black ballistic business cases and travel luggage synonymous with the modern business professional, to travel accessories, women's bags and outdoor apparel.

Pursuant to the terms of the Merger Agreement, as of the effective time of the merger (the "Effective Time"), each issued and outstanding share of Tumi Holdings common stock, other than dissenting shares and shares owned by the Company, Merger Sub, Tumi Holdings or any of their respective wholly-owned subsidiaries (including treasury shares), was canceled and converted into the right to receive the Per Share Merger Consideration. All Tumi Holdings stock options, service restricted stock unit awards and performance restricted stock unit awards (in each case whether vested or unvested) that were outstanding immediately prior to the Effective Time were canceled upon the completion of the merger, and the holders thereof were paid an aggregate of approximately US\$19.0 million in cash in respect of such cancellation pursuant to the terms of the Merger Agreement. Upon the Effective Time, holders of Tumi Holdings common stock immediately prior to the Effective Time ceased to have any rights as stockholders in Tumi Holdings (other than their right to receive the Per Share Merger Consideration, or, in the case of shares of Tumi Holdings common stock as to which appraisal rights have been properly exercised and not withdrawn, the rights pursuant to Section 262 of the Delaware General Corporation Law). The total consideration paid under the Merger Agreement was approximately US\$1,830.8 million. There was no contingent consideration included in the transaction.

The financial results of the Group as of and for the year ended December 31, 2016 include Tumi Holdings' financial results from August 1, 2016, the date of acquisition, through December 31, 2016. From the date of acquisition, the Tumi operations contributed US\$275.8 million of revenue and net income of US\$38.0 million (excluding transaction costs and the finance costs associated with the Senior Credit Facilities used to fund the acquisition) to the consolidated financial results of the Group for the year ended December 31, 2016.

The following table summarizes the recognized amounts of assets and liabilities acquired and liabilities assumed at the acquisition date as a preliminary allocation of the purchase price.

(Expressed in thousands of US Dollars)	
Property, plant and equipment	102,309
Identifiable intangible assets	986,984
Other non-current assets	5,441
Inventories	109,735
Trade and other receivables	27,855
Other current assets	26,801
Cash	145,507
Deferred tax liability	(370,183)
Current loans and borrowings	(4,409)
Other non-current liabilities	(1,665)
Trade and other payables	(138,660)
Other current liabilities	(3,205)
Total identifiable net assets acquired	886,510
Goodwill	944,278
Total purchase price	1,830,788

Identifiable intangible assets above is comprised of US\$845.0 million attributable to the Tumi tradename, US\$136.0 million for customer relationships and US\$6.0 million for other intangibles.

If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised. See further discussion in note 3(a)(iii) on accounting for business combinations.

Goodwill in the amount of US\$944.3 million was recognized as a result of the acquisition. The goodwill is attributable mainly to the synergies expected to be achieved from integrating Tumi into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

(ii) Pro forma results (unaudited)

If this acquisition had occurred on January 1, 2016, the Group estimates that consolidated net sales for 2016 would have been approximately US\$3,126.4 million, and consolidated profit attributable to equity holders for 2016 would have been approximately US\$269.7 million. In determining these amounts, the Group has assumed that the Senior Credit Facilities would have been outstanding for the full year and that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on January 1, 2016. The proforma information is not necessarily indicative of the results of operations that actually would have been achieved had the acquisition been consummated at that time, nor is it intended to be a projection of future results.

(b) 2015 Acquisitions

The Group completed two business combinations during the year ended December 31, 2015.

(i) Rolling Luggage

On February 16, 2015, certain of the Company's wholly-owned subsidiaries completed the acquisition of the business and substantially all of the assets of Rolling Luggage for a cash consideration of GBP15.8 million, with a subsequent working capital adjustment of GBP(0.3) million and a subsequent purchase price adjustment of GBP(0.5) million for leases that were not successfully transferred, for a total purchase price of GBP15.0 million. The acquisition provides the Group with a significant retail footprint in some of the world's leading airports, and further expands the Group's portfolio of retail store locations. The allocation of the purchase price was completed in 2015 resulting in goodwill of US\$21.8 million, none of which is expected to be deductible for tax purposes. No subsequent adjustments have been made to the amounts recognized for the assets acquired and liabilities assumed that were disclosed in the 2015 Annual Report.

(ii) Chic Accent

On September 30, 2015, a wholly-owned subsidiary of the Company completed the acquisition of substantially all of the assets, and assumed certain liabilities, comprising the business as a going concern of Chic Accent for a cash consideration of EUR8.5 million, with a subsequent working capital adjustment of EUR(2.1) million in cash. The

acquisition provides the Group with 31 retail store locations in Italy dedicated to premium accessories, ladies' handbags, travel luggage and business products, and further expands the Group's portfolio of retail store locations. The allocation of the purchase price was completed in 2015 resulting in goodwill of US\$8.1 million, all of which is expected to be deductible for tax purposes. No subsequent adjustments have been made to the amounts recognized for the assets acquired and liabilities assumed that were disclosed in the 2015 Annual Report.

(c) Acquisition-related costs

The Group incurred approximately US\$46.2 million and US\$8.9 million in acquisition-related costs during the years ended December 31, 2016 and December 31, 2015, respectively. Such costs are primarily comprised of costs associated with due diligence, professional and legal fees, severance and integration costs and are recognized within other expenses on the consolidated income statement.

6. Property, Plant and Equipment

(Expressed in thousands of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2016				
Cost:				
As of January 1, 2016	10,728	51,687	422,753	485,168
Purchases of property, plant and equipment	226	404	68,949	69,579
Additions through business combinations (note 5)	418	6,876	95,015	102,309
Disposals and write-offs	—	(16)	(29,344)	(29,360)
Effect of movement in foreign currency exchange rates	(161)	(2,050)	(10,911)	(13,122)
As of December 31, 2016	11,211	56,901	546,462	614,574
Accumulated depreciation and impairment:				
As of January 1, 2016	(1,099)	(22,790)	(275,196)	(299,085)
Depreciation for the year	(28)	(3,433)	(63,324)	(66,785)
Disposals and write-offs	—	9	26,024	26,033
Effect of movement in foreign currency exchange rates	37	986	6,230	7,253
As of December 31, 2016	(1,090)	(25,228)	(306,266)	(332,584)
Carrying value:				
As of December 31, 2016	10,121	31,673	240,196	281,990

(Expressed in thousands of US Dollars)	Land	Buildings	Machinery, equipment, leasehold improvements and other	Total
2015				
Cost:				
As of January 1, 2015	11,271	55,593	402,299	469,163
Purchases of property, plant and equipment	26	2,659	65,792	68,477
Additions through business combinations (note 5)	—	—	2,099	2,099
Disposals and write-offs	—	(1,485)	(20,602)	(22,087)
Effect of movement in foreign currency exchange rates	(569)	(5,080)	(26,835)	(32,484)
As of December 31, 2015	10,728	51,687	422,753	485,168
Accumulated depreciation and impairment:				
As of January 1, 2015	(1,198)	(23,832)	(265,808)	(290,838)
Depreciation for the year	(24)	(3,153)	(45,808)	(48,985)
Disposals and write-offs	—	1,485	19,351	20,836
Effect of movement in foreign currency exchange rates	123	2,710	17,069	19,902
As of December 31, 2015	(1,099)	(22,790)	(275,196)	(299,085)
Carrying value:				
As of December 31, 2015	9,629	28,897	147,557	186,083

Depreciation expense for the years ended December 31, 2016 and December 31, 2015 amounted to US\$66.8 million and US\$49.0 million, respectively. Of this amount, US\$13.9 million and US\$8.0 million was included in cost of sales during the years ended December 31, 2016 and December 31, 2015, respectively. Remaining amounts were presented in distribution and general and administrative expenses. The Group has authorized capital expenditures of US\$114.4 million in 2017, of which approximately US\$3.6 million has been committed as of December 31, 2016. All land owned by the Group is freehold.

No impairment indicators existed as of December 31, 2016 and December 31, 2015.

7. Goodwill and Other Intangible Assets

(a) Goodwill

The Group's goodwill balance amounted to US\$1,238.9 million as of December 31, 2016, of which approximately US\$61.2 million is expected to be deductible for income tax purposes.

The carrying amount of goodwill was as follows:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Cost:		
As of January 1	1,267,147	1,239,866
Additions through business combinations (note 5)	944,278	29,909
Other additions	452	—
Effect of movement in foreign currency exchange rates / other	(3,180)	(2,628)
As of December 31	2,208,697	1,267,147
Accumulated impairment losses:		
As of January 1 and as of December 31	(969,787)	(969,787)
Carrying Amount	1,238,910	297,360

The aggregate carrying amounts of goodwill allocated to each operating segment were as follows:

(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America	Consolidated
As of December 31, 2016	503,726	679,753	55,431	—	1,238,910
As of December 31, 2015	174,438	84,018	38,904	—	297,360

In accordance with IAS 36, *Impairment of Assets* ("IAS 36"), the recoverable amounts of the Group's CGUs with goodwill were determined using the higher of fair value less cost to sell or value in use, which is determined by discounting the estimated future cash flows generated from the continuing use of the unit.

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments, comprised of groups of CGUs, as these represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The allocation is made to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Separate calculations are prepared for each of the groups of CGUs that make up the consolidated entity. These calculations use discounted cash flow projections based on financial estimates reviewed by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates appropriate for the market in which the unit operates. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 8.5-10.5% were used in discounting the projected cash flows. The pre-tax discount rates were calculated for each CGU.
- Segment cash flows were projected based on the historical operating results and the five-year forecasts.
- The terminal values were extrapolated using constant long-term growth rates of 3-4% for each CGU, which is consistent with the average growth rate for the industry.
- The sales prices were assumed to be a constant margin above cost.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

(b) Other Intangible Assets

Other intangible assets consisted of the following:

(Expressed in thousands of US Dollars)	Customer relationships	Other	Total subject to amortization	Tradenames	Total other intangible assets
Cost:					
As of January 1, 2015	138,771	8,297	147,068	681,646	828,714
Additions through business combinations	—	—	—	1,078	1,078
Other additions	—	6,675	6,675	—	6,675
Disposals	—	(4,160)	(4,160)	—	(4,160)
Effect of movement in foreign currency exchange rates	(249)	(596)	(845)	(567)	(1,412)
As of December 31, 2015 and January 1, 2016	138,522	10,216	148,738	682,157	830,895
Additions through business combinations (note 5)	136,000	5,984	141,984	845,000	986,984
Other additions	—	5,745	5,745	—	5,745
Disposals	—	(535)	(535)	—	(535)
Effect of movement in foreign currency exchange rates	126	(983)	(857)	203	(654)
As of December 31, 2016	274,648	20,427	295,075	1,527,360	1,822,435
Accumulated amortization:					
As of January 1, 2015	(56,145)	(5,882)	(62,027)	—	(62,027)
Amortization for the year	(9,852)	(738)	(10,590)	—	(10,590)
Disposal	—	4,160	4,160	—	4,160
Effect of movement in foreign currency exchange rates	18	(45)	(27)	—	(27)
As of December 31, 2015 and January 1, 2016	(65,979)	(2,505)	(68,484)	—	(68,484)
Amortization for the year	(19,009)	(3,447)	(22,456)	—	(22,456)
Effect of movement in foreign currency exchange rates	46	1,520	1,566	—	1,566
As of December 31, 2016	(84,942)	(4,432)	(89,374)	—	(89,374)
Carrying amounts:					
As of December 31, 2016	189,706	15,995	205,701	1,527,360	1,733,061
As of December 31, 2015	72,543	7,711	80,254	682,157	762,411

The aggregate carrying amounts of each significant tradename were as follows:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
<i>Samsonite</i>	462,459	462,459
<i>Tumi</i>	845,000	—
<i>American Tourister</i>	69,969	69,969
<i>High Sierra</i>	39,900	39,900
<i>Gregory</i>	38,600	38,600
<i>Speck</i>	36,800	36,800
<i>Hartmann</i>	16,500	16,500
<i>Lipault</i>	12,259	12,259
Other	5,873	5,670
Total tradenames	1,527,360	682,157

Amortization expense for intangible assets for the years ended December 31, 2016 and December 31, 2015 was US\$22.5 million and US\$10.6 million, respectively, and is presented as a distribution expense in the consolidated income statement. Future amortization expense as of December 31, 2016 for the next five years is estimated to be US\$32.1 million, US\$29.0 million, US\$27.9 million, US\$25.9 million, US\$24.9 million and a total of US\$65.9 million thereafter.

In accordance with IAS 36, the Group is required to evaluate its intangible assets with finite lives for recoverability whenever events or changes in circumstance indicate that their carrying amount might not be recoverable. The fair value of customer relationships is determined using a combination of the income approach and the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. There were no impairment indicators and there were no accumulated impairment losses as of December 31, 2016 and December 31, 2015.

The Group's tradenames have been deemed to have indefinite lives due to their high quality and perceived value. In accordance with IAS 36, the recoverable amounts of the Group's tradenames were determined using the relief-from-royalty income approach to derive fair value less cost to sell.

The calculations use discounted projections based on financial estimates reviewed by management covering a five-year period. Revenues beyond the five-year period are extrapolated using estimated growth rates appropriate for the market. The values assigned to the key assumptions represent management's assessment of future trends and are based on both external sources and internal sources (historical data) and are summarized below.

- Pre-tax discount rates of 8.5-10.5% were used. The pre-tax discount rates were calculated separately for each tradename.
- Revenues were based on anticipated selling prices and projected based on the historical operating results, the five-year forecasts and royalty rates based on recent transfer pricing studies in the jurisdictions the Group operates in.
- The terminal values were extrapolated using constant long-term growth rates of 3-4% for each tradename, which is consistent with the average growth rate for the industry.
- The sales prices were assumed to be a constant margin above cost.

Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. Management has considered the above assumptions and valuation and has also taken into account the business plans going forward. Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of its indefinite lived intangible assets to exceed their recoverable amounts.

8. Prepaid Expenses, Other Assets and Receivables

(a) Non-current

Other assets and receivables consisted of the following:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Deposits	28,926	21,346
Other	4,000	3,813
Total other assets and receivables	32,926	25,159

(b) Current

Prepaid expenses and other current assets are primarily comprised of prepaid taxes and prepaid rent and are expected to be recoverable or expensed within one year.

9. Inventories

Inventories consisted of the following:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Raw materials	23,913	22,608
Work in process	1,779	1,725
Finished goods	395,642	324,743
Total inventories	421,334	349,076

The amounts above include inventories carried at net realizable value (estimated selling price less costs to sell) of US\$180.8 million and US\$94.7 million as of December 31, 2016 and December 31, 2015, respectively. During the years ended December 31, 2016 and December 31, 2015, the impairment of inventories to net realizable value amounted to US\$6.2 million and US\$2.1 million, respectively. During the years ended December 31, 2016 and

December 31, 2015 the reversal of impairments recognized in profit or loss amounted to US\$1.3 million and US\$1.9 million, respectively, where the Group was able to sell the previously written-down inventories at higher selling prices than previously estimated.

10. Trade and Other Receivables

Trade and other receivables are presented net of related allowances for doubtful accounts of US\$13.0 million and US\$12.7 million as of December 31, 2016 and December 31, 2015, respectively.

(a) Aging Analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful accounts) of US\$338.4 million and US\$269.1 million as of December 31, 2016 and December 31, 2015, respectively, with the following aging analysis by due date of the respective invoice:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Current	291,359	232,027
0 - 30 days past due	34,379	32,960
Greater than 30 days past due	12,648	4,132
Total trade receivables	338,386	269,119

Credit terms are granted based on the credit worthiness of individual customers. As of December 31, 2016 and December 31, 2015, trade receivables are on average due within 60 days from the invoice date.

(b) Impairment of Trade Receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The Group does not hold any collateral over these balances.

The movement in the allowance for doubtful accounts during the year follows:

(Expressed in thousands of US Dollars)	2016	2015
As of January 1	12,720	13,459
Impairment loss recognized	2,031	1,160
Impairment loss written back or off	(1,746)	(1,899)
As of December 31	13,005	12,720

11. Cash and Cash Equivalents

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Bank balances	362,736	169,994
Short-term investments	5,804	10,809
Total cash and cash equivalents	368,540	180,803

Short-term investments are comprised of overnight sweep accounts and time deposits. The Group had restricted cash in the amount of US\$35.1 million as of December 31, 2016. There were no restrictions on the use of any of the Group's cash as of December 31, 2015.

12. Earnings Per Share

(a) Basic

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the years ended December 31, 2016 and December 31, 2015.

(Expressed in thousands of US Dollars, except share and per share data)	Year ended December 31,	
	2016	2015
Issued ordinary shares at the beginning of the year	1,409,833,525	1,408,026,456
Weighted-average impact of share options exercised during the year	759,604	1,372,329
Weighted-average number of shares during the year	1,410,593,129	1,409,398,785
Profit attributable to the equity holders	255,667	197,639
Basic earnings per share (Expressed in US Dollars per share)	0.181	0.140

(b) Diluted

Dilutive earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(Expressed in thousands of US Dollars, except share and per share data)	Year ended December 31,	
	2016	2015
Weighted-average number of ordinary shares (basic) at end of the year	1,410,593,129	1,409,398,785
Effect of share options	2,966,094	2,782,489
Weighted-average number of shares during the year	1,413,559,223	1,412,181,274
Profit attributable to the equity holders	255,667	197,639
Diluted earnings per share (Expressed in US Dollars per share)	0.181	0.140

(c) Dividends and Distributions

On March 16, 2016, the Board recommended that a cash distribution in the amount of US\$93.0 million, or approximately US\$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

On March 16, 2015, the Board recommended that a cash distribution in the amount of US\$88.0 million, or approximately US\$0.0624 per share, be made to the Company's shareholders of record on June 17, 2015 from its ad hoc distributable reserve. The shareholders approved this distribution on June 4, 2015 at the Annual General Meeting and the distribution was paid on July 13, 2015.

Dividend payments to non-controlling interests amounted to US\$14.8 million and US\$11.6 million during the years ended December 31, 2016 and December 31, 2015, respectively.

No other dividends or distributions were declared or paid during the years ended December 31, 2016 and December 31, 2015.

13. Loans and Borrowings

(a) Non-current Obligations

Non-current obligations represent non-current debt and finance lease obligations as follows:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Term Loan A Facility	1,242,187	—
Term Loan B Facility	673,313	—
Term Loan Facilities	1,915,500	—
Finance lease obligations	283	87
Total loans and borrowings	1,915,783	87
Less deferred financing costs	(64,341)	—
Total loans and borrowings less deferred financing costs	1,851,442	87
Less current portion of long-term debt	(45,813)	—
Less current installments on finance lease obligations	(68)	(30)
Non-current loans and borrowings	1,805,561	57

The contractual maturities of non-current loans and borrowings are included in note 21(c).

Senior Credit Facilities

Overview

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into a Credit and Guaranty Agreement dated as of May 13, 2016 (the “Credit Agreement”) with certain lenders and financial institutions. On August 1, 2016 (the “Closing Date”), the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement. The Credit Agreement provides for (1) a US\$1,250.0 million senior secured term loan A facility (the “Term Loan A Facility”), (2) a US\$675.0 million senior secured term loan B facility (the “Term Loan B Facility” and, together with the Term Loan A Facility, the “Term Loan Facilities”) and (3) a US\$500.0 million revolving credit facility (the “Revolving Facility”, and, together with the Term Loan Facilities, the “Senior Credit Facilities”). On May 13, 2016, the proceeds of the borrowings under the Term Loan B Facility were funded and deposited into an escrow account and were held in escrow until the consummation of the merger with Tumi on the Closing Date, at which time such proceeds were released from escrow and were used to pay a portion of the consideration under the Merger Agreement.

On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Senior Credit Facilities to pay the total consideration under the Merger Agreement, to repay all amounts then outstanding under the Group’s prior US\$500.0 million revolving credit facility (the “Prior Revolving Facility”), which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the Tumi acquisition, as well as for general corporate purposes.

Interest Rate and Fees

Interest on the borrowings under the Term Loan A Facility and the Revolving Facility began to accrue on the Closing Date. The interest rates for such borrowings were initially based on the London Interbank Offered Rate (“LIBOR”) plus an applicable margin of 2.75% per annum. The borrowers under such facilities could also initially elect to pay interest at a base rate plus 1.75% per annum. The applicable margin for borrowings under both the Term Loan A Facility and the Revolving Facility may step down based on achievement of a specified total net leverage ratio of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ended December 31, 2016. Interest on the borrowing under the Term Loan B Facility began to accrue on May 13, 2016 at the rate of LIBOR plus 3.25% per annum. The borrower under such facility may also elect to pay interest at a base rate plus 2.25%.

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Facility, which was initially 0.50% per annum. The commitment fee may step down based on the achievement of a specified total net leverage ratio level of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ended December 31, 2016.

Subsequent to December 31, 2016, the Group refinanced the Senior Credit Facilities on February 2, 2017 (the “Repricing”). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ending June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio

of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. In conjunction with the Repricing, the Group incurred approximately US\$5.2 million in fees and expenses that will be deferred and amortized over the term of the borrowings.

Mandatory Prepayments

The Credit Agreement requires certain mandatory prepayments of outstanding loans under the Term Loan Facilities from the net cash proceeds of certain asset sales and casualty and condemnation events (subject to reinvestment rights), and the net cash proceeds of any incurrence or issuance of debt not permitted under the Senior Credit Facilities, in each case subject to customary exceptions and thresholds. The Credit Agreement also provides for mandatory prepayments of the Term Loan B Facility to be made based on the excess cash flow of the Company and its subsidiaries.

Voluntary Prepayments

Voluntary prepayments of the Term Loan B Facility in connection with re-pricing transactions on or prior to six months following the Repricing will be subject to a call premium of 1.0%. Otherwise, all outstanding loans under the Senior Credit Facilities may be voluntarily prepaid at any time without premium or penalty other than customary “breakage” costs with respect to LIBOR loans.

Amortization and Final Maturity

The Term Loan A Facility requires scheduled quarterly payments commencing December 31, 2016, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during the first year, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments commencing December 31, 2016, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States. All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the Company and the assets of certain of its direct and indirect wholly-owned subsidiaries that are borrowers and/or guarantors under the Senior Credit Facilities, including: (i) a first-priority pledge of all of the equity interests of certain of the Company's subsidiaries and each wholly-owned material restricted subsidiary of these entities (which pledge, in the case of any foreign subsidiary of a U.S. entity, is limited to 66% of the voting capital stock and 100% of the non-voting capital stock of such foreign subsidiary); and (ii) a first-priority security interest in substantially all of the tangible and intangible assets of the Company and the subsidiary guarantors.

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended December 31, 2016, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 4.75:1.00, which threshold will decrease to 4.50:1.00 for test periods in 2018, 4.25:1.00 for test periods in 2019 and 4.00:1.00 for test periods in 2020, and (ii) a pro forma interest coverage ratio of not less than 3.25:1.00. The Group was in compliance with the financial covenants as of December 31, 2016.

The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements have initial notional amounts totaling US\$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly starting January 31, 2017. The interest rate swap transactions qualify as cash flow hedges under IFRS. As of December 31, 2016, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US\$16.1 million, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US\$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities, all of which were included in non-current loans and borrowings in the consolidated statement of financial position as of December 31, 2016. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings to be amortized using the effective interest method over the life of the Term Loan Facilities.

(b) Current Obligations and Credit Facilities

Current obligations represent current debt and finance lease obligations as follows:

(Expressed in thousands of US Dollars)	December 31, 2016	December 31, 2015
Current portion of non-current loans and borrowings	45,813	—
Revolving Facility	10,516	—
Prior Revolving Facility	—	48,174
Other lines of credit	13,410	15,921
Finance lease obligations	68	30
Total current obligations	69,807	64,125
Less deferred financing costs on Prior Revolving Facility	—	(1,401)
Total current obligations less deferred financing costs	69,807	62,724

Revolving Facility

As of December 31, 2016, US\$486.4 million was available to be borrowed on the Revolving Facility as a result of US\$10.5 million of outstanding borrowings and the utilization of US\$3.1 million of the facility for outstanding letters of credit extended to certain creditors.

Prior Revolving Facility

Until July 31, 2016, the Group maintained the Prior Revolving Facility in the amount of US\$500.0 million. The Prior Revolving Facility had an initial term of five years from its effective date of June 17, 2014, with a one-year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Prior Revolving Facility was the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Prior Revolving Facility carried a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joined the Prior Revolving Facility. The Prior Revolving Facility was secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Prior Revolving Facility also contained financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limited the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Prior Revolving Facility was terminated and all outstanding balances were repaid in conjunction with the financing for the Tumi acquisition on August 1, 2016.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance and factoring facilities. The

majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US\$13.4 million and US\$15.9 million as of December 31, 2016 and December 31, 2015, respectively. The uncommitted available lines of credit amounted to US\$79.5 million and US\$88.1 million as of December 31, 2016 and December 31, 2015, respectively.

14. Employee Benefits

Employee benefits expense, which consists of payroll, pension plan expenses, share-based payments and other benefits, amounted to US\$377.5 million and US\$298.0 million for the years ended December 31, 2016 and December 31, 2015, respectively. Of these amounts, US\$31.4 million and US\$23.6 million was included in cost of sales during the years ended December 31, 2016 and December 31, 2015, respectively. The remaining amounts were presented in distribution expenses and general and administrative expenses.

Average employee headcount worldwide was approximately 11,061 and 9,325 for the years ending December 31, 2016 and December 31, 2015, respectively.

(a) Share-based Payment Arrangements

On September 14, 2012, the Company's shareholders adopted the Company's Share Award Scheme, which will remain in effect until September 13, 2022. The purpose of the Share Award Scheme is to attract skilled and experienced personnel, to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company. Awards under the Share Award Scheme may take the form of either share options or restricted share units ("RSUs"), which may be granted at the discretion of the Board to directors, employees or such other persons as the Board may determine.

The exercise price of share options is determined at the time of grant by the Board in its absolute discretion, but in any event shall not be less than the higher of:

- a) the closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant;
- b) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and
- c) the nominal value of the shares.

As of February 28, 2017 (the "Latest Practicable Date"), the maximum aggregate number of shares in respect of which awards may be granted pursuant to the Share Award Scheme is 65,799,419 shares, representing approximately 4.7% of the issued share capital of the Company at that date. An individual participant may be granted awards pursuant to the Share Award Scheme in respect of a maximum of 1% of the Company's total issued shares in any 12-month period. Any grant of awards to an individual participant in excess of this limit is subject to independent shareholder's approval.

On May 6, 2016, the Company granted share options exercisable for 19,953,760 ordinary shares to certain directors, key management personnel and other employees of the Group with an exercise price of HK\$24.91 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On May 6, 2016, the Company made an additional special grant of 4,190,013 share options to two members of the Group's senior management team. The exercise price of the options granted was HK\$24.91. 60% of such options will vest on May 6, 2019 and 40% will vest on May 6, 2021. Such options have a 10-year term.

On May 11, 2016, the Company granted share options exercisable for 62,160 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK\$24.23 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

On June 16, 2016, the Company granted share options exercisable for 99,972 ordinary shares to an employee of a subsidiary of the Company with an exercise price of HK\$23.19 per share. Such options are subject to *pro rata* vesting over a 4-year period, with 25% of the options vesting on each anniversary date of the grant. Such options have a 10-year term.

In accordance with the terms of the share options, holders of vested options are entitled to buy newly issued ordinary shares of the Company at a purchase price per share equal to the exercise price of the options. The fair value of services received in return for share options granted is based on the fair value of share options granted measured

using the Black-Scholes valuation model. The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized.

The grant-date fair value of the share options granted is generally recognized as an expense, with a corresponding increase in equity when such options represent equity-settled awards, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the vesting conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the vesting conditions at the vesting date.

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 19,953,760 share options made on May 6, 2016:

Fair value at grant date	HK\$6.57
Share price at grant date	HK\$24.00
Exercise price	HK\$24.91
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.0%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the additional special grant of 4,190,013 share options made on May 6, 2016:

Fair value at grant date	HK\$6.84
Share price at grant date	HK\$24.00
Exercise price	HK\$24.91
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	7 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.1%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 62,160 share options made on May 11, 2016:

Fair value at grant date	HK\$6.79
Share price at grant date	HK\$24.10
Exercise price	HK\$24.23
Expected volatility (weighted average volatility)	35.5%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.0%
Risk-free interest rate (based on government bonds)	1.0%

The following inputs were used in the measurement of the fair value at grant date of the share-based payment for the 99,972 share options made on June 16, 2016:

Fair value at grant date	HK\$5.84
Share price at grant date	HK\$22.45
Exercise price	HK\$23.19
Expected volatility (weighted average volatility)	35.2%
Option life (expected weighted average life)	6.25 years
Expected dividends	2.3%
Risk-free interest rate (based on government bonds)	0.8%

Expected volatility is estimated taking into account historic average share price volatility as well as historic average share price volatility of comparable companies given the limited trading history of the Company's shares.

In total, share-based compensation expense of US\$15.5 million and US\$15.2 million was recognized in the consolidated income statement, with the offset in equity reserves, for the years ended December 31, 2016 and December 31, 2015, respectively.

Particulars and movements of share options during the year ended December 31, 2016 and December 31, 2015 were as follows:

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2016	49,101,566	HK\$21.83
Granted during the period	24,305,905	HK\$24.90
Exercised during the period	(1,455,376)	HK\$18.41
Canceled / lapsed during the period	(963,036)	HK\$23.24
Outstanding at December 31, 2016	70,989,059	HK\$22.93
Exercisable at December 31, 2016	16,625,484	HK\$20.57

	Number of Options	Weighted-average exercise price
Outstanding at January 1, 2015	26,741,866	HK\$20.13
Granted during the period	26,161,369	HK\$23.31
Exercised during the period	(1,807,069)	HK\$19.06
Canceled / lapsed during the period	(1,994,600)	HK\$21.22
Outstanding at December 31, 2015	49,101,566	HK\$21.83
Exercisable at December 31, 2015	8,036,722	HK\$19.29

At December 31, 2016, the range of exercise prices for outstanding share options was HK\$17.36 to HK\$24.91 with a weighted average contractual life of 8.0 years. At December 31, 2015, the range of exercise prices for outstanding share options was HK\$17.36 to HK\$24.77 with a weighted average contractual life of 8.3 years.

No RSUs had been issued under the Share Award Scheme as of December 31, 2016.

(b) Pension Plans and Defined Benefit Schemes

(i) Plan Descriptions

Details of the significant plans sponsored by the Group are presented below.

A U.S. subsidiary of the Group sponsored a defined benefit retirement plan, the Samsonite Employee Retirement Income Plan (the "SERIP Plan"), which covered certain employee groups. Retirement benefits were based on a final average pay formula. The SERIP Plan was closed to new entrants effective December 31, 2009. Effective December 31, 2010, the SERIP Plan was frozen to suspend future benefit accruals. The SERIP Plan was terminated effective December 31, 2014. In connection with the SERIP Plan's termination, the benefits being paid to participants and beneficiaries whose pensions were in pay were continued through the purchase of an annuity contract from an insurance company. Participants whose pension payments had not started had the option to either make an election to receive a lump-sum payment that could be rolled over into an individual retirement account or other qualified plan, or receive either an immediate or a deferred vested annuity contract that would pay their benefits. In August 2016, the SERIP Plan received a determination letter from the U.S. Internal Revenue Service ("IRS") stating that the termination of the SERIP Plan did not affect its qualification for federal tax purposes. On or before December 31, 2016, substantially all SERIP Plan assets were distributed to participants and beneficiaries or used to purchase the annuity that will pay the benefits for the remaining participants (the "SERIP Plan Liquidation"). SERIP Plan management believes it has complied with all applicable laws and regulations in regards to the SERIP Plan Liquidation. A liability of US\$7.3 million exists for the SERIP Plan at December 31, 2016 for certain participants whose benefits were not distributed or transferred to the insurance carrier or Pension Benefit Guaranty Corporation until the first quarter of 2017 due to administrative reasons. See further discussion in note 14(b)(ii) below.

The Group also maintains a supplemental retirement plan for certain management employees. This plan was closed to new entrants effective January 1, 2010. Effective December 31, 2010, the plan was frozen to future accruals.

A U.S. subsidiary of the Group also provides health care and life insurance benefits to certain retired employees who meet certain age and years of service eligibility requirements. The plan was closed to new entrants with regards to life

insurance benefits effective January 1, 2009 and was closed to new entrants with regards to medical benefits effective December 31, 2009. Eligible retirees are required to contribute to the costs of post-retirement benefits. The Group's other post-retirement benefits are not vested and the Group has the right to modify any benefit provision, including contribution requirements, with respect to any current or former employee, dependent or beneficiary. As of December 31, 2016 and December 31, 2015, the percentage of health insurance cost that the retiree must contribute was 100%.

A Belgium subsidiary of the Group sponsors a pre-pension defined benefit retirement plan to certain employees who meet certain age and years of service eligibility requirements. Benefits are calculated based on a final pay formula and are contributed until the employee reaches the legal retirement age.

The U.S. plans are administered by trustees, which are independent of the Group, with their assets held separately from those of the Group. These plans are funded by contributions from the Group in accordance with an independent actuary's recommendation based on annual actuarial valuations. The latest independent actuarial valuations of the plans were as of December 31, 2016 and were prepared by independent qualified actuaries, who are members of the Society of Actuaries of the United States of America, using the projected unit credit method. The actuarial valuations indicate that the Group's obligations under these defined benefit retirement plans were US\$9.9 million and US\$227.4 million as of December 31, 2016 and December 31, 2015, respectively, which are 0.0% and 90.7% funded by the plan assets held by the trustees as of December 31, 2016 and December 31, 2015, respectively.

(ii) The SERIP Plan Liquidation

The Group accounted for the SERIP Plan Liquidation in accordance with IAS 19, *Employee Benefits* ("IAS 19"). IAS 19 defines a settlement as a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that are set out in the terms of the plan and included in the actuarial assumptions. Substantially all of the participants who elected to receive a lump sum payment received such payment from SERIP Plan assets during 2016. The projected benefit obligation for participants who did not elect to receive a lump sum benefit has been, or, in the case of the US\$7.3 million liability remaining at December 31, 2016, will be, satisfied by the annuity contracts purchased with a combination of SERIP Plan and Group assets. As a result of this process, the Group will no longer be obligated to pay such benefits.

In accordance with IAS 19, the net defined benefit liability was recalculated by the Group's third party actuary immediately prior to the SERIP Plan Liquidation. In conjunction with this remeasurement, the Group recognized a settlement gain in the amount of US\$6.0 million in its consolidated income statement for the year ended December 31, 2016. Of the US\$6.0 million, US\$1.5 million has been presented within general and administrative expenses with the remainder in other expenses in the consolidated income statement.

Per IAS 19, remeasurements of the net defined benefit liability recognized in accumulated other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, an entity may transfer those amounts recognized in accumulated other comprehensive income within equity categories. In conjunction with the SERIP Plan Liquidation, accumulated other comprehensive income attributable to the SERIP Plan in the amount of US\$141.7 million was transferred to retained earnings, while the related US\$53.9 million of deferred tax asset was derecognized from the statement of financial position and from accumulated other comprehensive income.

The Group had US\$53.9 million of deferred tax asset recognized against accumulated other comprehensive income. Per IAS 12, *Income Taxes* ("IAS 12"), deferred tax assets or liabilities shall be recognized outside profit or loss if those relate to pre-tax items that have been recognized, in the same or a different period, outside of profit or loss. Therefore, the derecognition of deferred tax assets or liabilities that relate to pre-tax items that originally have been recognized in other comprehensive income shall be presented in other comprehensive income accordingly. Hence, the US\$53.9 million of derecognized deferred tax asset was released through other comprehensive income during 2016.

In conjunction with the SERIP Plan Liquidation, US\$56.8 million of deferred tax liabilities that were originally recognized as deferred income tax expense at the time of related cash contributions to the U.S. SERIP Plan were derecognized, creating a tax benefit for the same amount on the consolidated income statement for the year ended December 31, 2016. Per IAS 12, in the case of deferred tax assets or liabilities that have been originally recognized through deferred tax income or an expense are derecognized in a subsequent period, those reversals will be presented within profit or loss accordingly. Hence, the US\$56.8 million of derecognized deferred tax liability was released through deferred tax income during 2016. See also note 18(a).

(iii) **Amounts recognized in the consolidated statements of financial position for the Group's significant plans**

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Present value of unfunded obligations	(15,541)	(14,104)
Present value of partly funded obligations	(7,302)	(224,840)
Fair value of plan assets	—	206,378
Net pension liability	(22,843)	(32,566)
Experience adjustments arising on plan liabilities	3,300	270

The net pension liability is recorded in employee benefits in the consolidated statement of financial position. The Group does not have net unrecognized actuarial losses as the Group recognizes all actuarial gains and losses in accumulated other comprehensive income.

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate the amount from the amounts payable in the next twelve months, as future contributions will also relate to future changes in actuarial assumptions and market conditions. The Group estimates that the benefit payments for the pension and post-retirement benefits will be approximately US\$0.7 million during 2017 and between US\$0.6 million and US\$0.9 million each year from 2018 through 2021.

The net pension liability is shown below:

(Expressed in thousands of US Dollars)	December 31, 2016			
	U.S. pension benefits	U.S. post- retirement benefits	Belgium retirement benefits	Total
Present value of the defined benefit obligation	(9,915)	(1,631)	(11,297)	(22,843)
Fair value of plan assets	—	—	—	—
Net liability	(9,915)	(1,631)	(11,297)	(22,843)

(Expressed in thousands of US Dollars)	December 31, 2015			
	U.S. pension benefits	U.S. post- retirement benefits	Belgium retirement benefits	Total
Present value of the defined benefit obligation	(227,426)	(1,681)	(9,837)	(238,944)
Fair value of plan assets	206,378	—	—	206,378
Net liability	(21,048)	(1,681)	(9,837)	(32,566)

(iv) Movements in the present value of the defined benefit obligations for the Group's significant plans

(Expressed in thousands of US Dollars)	Year ended December 31, 2016			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Change in benefit obligation:				
Benefit obligation at January 1	227,426	1,681	9,837	238,944
Service cost	(5,962)	—	914	(5,048)
Interest cost	7,443	65	176	7,684
Plan participants' contributions	—	129	—	129
Remeasurements	16,122	(110)	1,005	17,017
Benefits paid	(13,904)	(134)	(238)	(14,276)
Settlement payments from plan assets	(221,210)	—	—	(221,210)
Foreign exchange adjustments	—	—	(397)	(397)
Benefit obligation at December 31	9,915	1,631	11,297	22,843

(Expressed in thousands of US Dollars)	Year ended December 31, 2015			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Change in benefit obligation:				
Benefit obligation at January 1	244,229	1,826	11,332	257,387
Service cost	—	—	578	578
Interest cost	8,674	64	153	8,891
Plan participants' contributions	—	168	—	168
Remeasurements	(8,524)	(199)	(785)	(9,508)
Benefits paid	(16,953)	(178)	(289)	(17,420)
Foreign exchange adjustments	—	—	(1,152)	(1,152)
Benefit obligation at December 31	227,426	1,681	9,837	238,944

(v) Movement in plan assets for the Group's significant plans

(Expressed in thousands of US Dollars)	Year ended December 31, 2016			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Change in plan assets:				
Fair value of plan assets at January 1	206,378	—	—	206,378
Interest income	7,139	—	—	7,139
Remeasurements	9,578	—	—	9,578
Employer contributions	13,148	5	238	13,391
Plan participants' contributions	—	129	—	129
Benefits paid	(13,904)	(134)	(238)	(14,276)
Settlement payments from plan assets	(221,210)	—	—	(221,210)
Administrative expenses	(1,129)	—	—	(1,129)
Fair value of plan assets at December 31	—	—	—	—

(Expressed in thousands of US Dollars)	Year ended December 31, 2015			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Change in plan assets:				
Fair value of plan assets at January 1	213,991	—	—	213,991
Interest income	7,714	—	—	7,714
Remeasurements	(10,913)	—	—	(10,913)
Employer contributions	14,140	10	289	14,439
Plan participants' contributions	—	168	—	168
Benefits paid	(16,953)	(178)	(289)	(17,420)
Administrative expenses	(1,601)	—	—	(1,601)
Fair value of plan assets at December 31	206,378	—	—	206,378

(vi) Remeasurements recognized in other comprehensive income for the Group's significant plans

(Expressed in thousands of US Dollars)	Year ended December 31, 2016			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Cumulative amount at January 1	137,931	(3,952)	1,243	135,222
Effect of changes in demographic assumptions	—	—	(45)	(45)
Effect of changes in financial assumptions	13,179	37	546	13,762
Effect of experience adjustments	2,943	(147)	504	3,300
(Return) on plan assets (excluding interest income)	(9,449)	—	—	(9,449)
SERIP Plan Liquidation	(141,747)	—	—	(141,747)
Cumulative amount at December 31	2,857	(4,062)	2,248	1,043

(Expressed in thousands of US Dollars)	Year ended December 31, 2015			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Cumulative amount at January 1	135,441	(3,753)	2,028	133,716
Effect of changes in demographic assumptions	—	—	—	—
Effect of changes in financial assumptions	(9,036)	(62)	(680)	(9,778)
Effect of experience adjustments	512	(137)	(105)	270
(Return) on plan assets (excluding interest income)	11,014	—	—	11,014
Cumulative amount at December 31	137,931	(3,952)	1,243	135,222

(vii) Costs (gains) recognized in the consolidated income statement for the Group's significant plans

(Expressed in thousands of US Dollars)	Year ended December 31, 2016			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Service cost (gain)	(5,962)	—	914	(5,048)
Interest expense on defined benefit obligation	7,443	65	177	7,685
Interest (income) on plan assets	(7,139)	—	—	(7,139)
Administrative expenses	1,000	—	—	1,000
Total net periodic benefit cost (gain)	(4,658)	65	1,091	(3,502)

(Expressed in thousands of US Dollars)	Year ended December 31, 2015			Total
	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits	
Service cost	—	—	578	578
Interest expense on defined benefit obligation	8,674	64	153	8,891
Interest (income) on plan assets	(7,715)	—	—	(7,715)
Administrative expenses	1,500	—	—	1,500
Total net periodic benefit cost	2,459	64	731	3,254

The expense (gain) is recognized in the following line items in the consolidated income statement:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
General and administrative expenses	(6,990)	1,343
Other expenses	3,488	1,911
	(3,502)	3,254

Pension expense included in other income and expense relates to the actuarial determined pension expense associated with the pension plans of two companies unrelated to the Group's current operations whose pension obligations were assumed by the Group as a result of a 1993 agreement with the Pension Benefit Guaranty Corporation (the "PBG"). The plans were part of a controlled company of corporations of which the Group was a part of, prior to 1993.

(viii) Actuarial assumptions used for the Group's significant plans

	U.S. pension benefits	U.S. post-retirement benefits	Belgium retirement benefits
2016			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	3.89%	3.82%	1.40%
Rate of compensation increase	N/A	N/A	—
Rate of price inflation	N/A	N/A	1.75%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	4.07%	4.07%	1.80%
Rate of compensation increase	—	N/A	—
2015			
Weighted average assumptions used to determine benefit obligations as of December 31:			
Discount rate	4.07%	4.07%	1.80%
Rate of compensation increase	N/A	N/A	—
Rate of price inflation	N/A	N/A	1.75%
Weighted average assumptions used to determine net periodic benefit cost for the year ended December 31:			
Discount rate	3.68%	3.68%	1.50%
Rate of compensation increase	—	N/A	—

The actual rate of return on assets for December 31, 2016 and December 31, 2015 was 10.3% and (2.0)%, respectively.

The discount rate is based on a high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value.

For post-retirement benefit measurement purposes, a 6.7% annual rate of increase in the per capita cost of covered health care benefits is assumed for the year ended December 31, 2017. The rate is assumed to decrease gradually to 4.5% for the year ended December 31, 2027 and remain at that level thereafter.

Reasonably possible changes as of the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

(Expressed in thousands of US Dollars)	December 31, 2016	
	Increase	Decrease
Discount rate (50 basis points)	(841)	919
Medical cost trend rate (1% movement)	(9)	8

The estimated benefit obligation (the actuarial present value of benefits attributed to employee service and compensation levels prior to the measurement date without considering future compensation levels), exceeded the fair value of plan assets as of December 31, 2016 and December 31, 2015 by US\$22.8 million and US\$32.6 million, respectively.

(ix) Fair values of the assets held by the U.S. pension plan by major asset category for the Group's significant plans

As of December 31, 2016, substantially all SERIP Plan assets were distributed to participants and beneficiaries or used to purchase the annuity contract in conjunction with the SERIP Plan Liquidation. See further discussion in note 14(b)(iii).

	December 31, 2015	
	Targeted allocation	Fair value
		(US\$'000)
Fixed Income	-%-100%	174,942
Cash	-%-100%	31,436
Total	100%	206,378

The asset allocation targets are set with the expectation that the plan's assets will fund the plan's expected liabilities with an appropriate level of risk. Expected returns, risk and correlation among asset classes are based on historical data and input received from the Group's investment advisers.

The funding policy for the plans is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws. In 2017, there is no minimum required contribution for the defined benefit plans.

(x) Historical Information for the Group's significant plans

(Expressed in thousands of US Dollars)	December 31,				
	2016	2015	2014	2013	2012
Present value of the defined benefit obligation	(22,843)	(238,944)	(257,387)	(228,137)	(257,185)
Fair value of plan assets	—	206,378	213,991	199,102	188,807
Net liability	(22,843)	(32,566)	(43,396)	(29,035)	(68,378)
Experience adjustments arising on plan liabilities	3,300	270	1,878	(1,084)	7,354

(c) Defined Contribution Plan

A U.S. subsidiary of the Group provides a defined contribution 401(k) retirement plan. The plan covers substantially all non-union employees of the subsidiary for the sole purpose of encouraging participants to save for retirement. Plan participants may contribute up to 75% of their compensation to the plan, a percentage of which is matched by the Group. The Group may also make non-elective contributions to participants' accounts. Participant contributions and the earnings thereon are fully vested upon contribution. Participants become vested in the matching and non-elective contributions upon completion of two and three years of service, respectively. Forfeited contributions made by the Group are used to reduce future matching contributions and/or administrative expenses.

In connection with this plan, the Group recognized an expense of US\$3.6 million and US\$3.1 million for the years ended December 31, 2016 and December 31, 2015, respectively. Forfeited contributions were inconsequential for the periods presented.

(d) Samsonite LLC's U.S. Pension Plan Settlement Agreement

Samsonite LLC (a U.S. subsidiary of the Group) and the PBGC are party to a Settlement Agreement under which PBGC was granted an equal and ratable lien on certain domestic assets of Samsonite LLC and certain of its U.S. subsidiaries (excluding any equity interests in subsidiaries and any inventory or accounts receivable of Samsonite LLC or its U.S. subsidiaries), together with Samsonite's intellectual property rights in the U.S. and Samsonite's rights under licenses of such intellectual property to affiliates or third parties. The PBGC's lien, which is in the amount of US\$39.3 million, is equal and ratable with the lien granted over such assets to Samsonite's senior secured lenders. Other provisions of the agreement restrict the transfer of U.S. assets outside of the ordinary course of business. The Group is in compliance with these requirements as of December 31, 2016.

The agreement will expire upon (a) the Group obtaining investment grade status on its senior unsecured debt, (b) the date the plan has no unfunded benefit liabilities for two consecutive plan years, (c) the date on which the Group becomes part of a controlled company whose unsecured debt has investment grade status, or (d) the date the plan is successfully terminated.

15. Commitments

(a) Capital Commitments

The Group's capital expenditures budget for 2017 is approximately US\$114.4 million. Capital commitments outstanding as of December 31, 2016 and December 31, 2015 were US\$3.6 million and US\$7.8 million, respectively, which were not recognized as liabilities in the consolidated statement of financial position as they have not met the recognition criteria.

(b) Operating Lease Commitments

The Group's lease obligations primarily consist of non-cancellable leases of office, warehouse and retail store space and equipment. As of December 31, 2016 and December 31, 2015, future minimum payments under non-cancellable leases were as follows:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Within one year	139,664	94,453
After one year but within two years	111,490	89,374
After two years but within five years	211,979	102,717
More than five years	139,195	64,573
Total operating lease commitments	602,328	351,117

Certain of the leases are renewable at the Group's option. Certain of the leases also contain rent escalation clauses that require additional rents in later years of the lease term, which are recognized on a straight-line basis over the lease term.

Rental expense under cancellable and non-cancellable operating leases amounted to US\$156.9 million and US\$122.0 million for the years ended December 31, 2016 and December 31, 2015, respectively. Certain of the retail leases provide for additional rent payments based on a percentage of sales. These additional rent payments amounted to US\$1.8 million and US\$2.5 million for the years ended December 31, 2016 and December 31, 2015, respectively, and are included in rent expense.

16. Contingent Liabilities

In the ordinary course of business, the Group is subject to various forms of litigation and legal proceedings. The facts and circumstances relating to particular cases are evaluated in determining whether it is more likely than not that there will be a future outflow of funds and, once established, whether a provision relating to specific litigation is sufficient. The Group records provisions based on its past experience and on facts and circumstances known at each reporting date. The provision charge is recognized within general and administrative expenses in the consolidated income statement. When the date of the incurrence of an obligation is not reliably measurable, the provisions are not discounted and are classified in current liabilities.

The Group did not settle any significant litigation during the year ended December 31, 2016.

17. Trade and Other Payables

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Accounts payable	386,754	345,438
Other payables and accruals	141,677	89,523
Other tax payables	5,341	7,180
Total trade and other payables	533,772	442,141

Included in accounts payable are trade payables with the following aging analysis by due date of the respective invoice:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Current	290,703	262,325
0 - 30 days past due	10,991	16,155
Greater than 30 days past due	2,429	5,205
Total trade payables	304,123	283,685

Trade payables as of December 31, 2016 are on average due within 105 days from the invoice date.

18. Income Taxes

(a) Taxation in the Consolidated Income Statement

Taxation in the consolidated income statement for the years ended December 31, 2016 and December 31, 2015 consisted of the following:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Current tax expense - Hong Kong Profits Tax:		
Current period	(85)	(663)
Current tax expense - Foreign:		
Current period	(83,134)	(70,894)
Adjustment for prior periods	1,142	2,167
Total current tax expense - foreign	(81,992)	(68,727)
Total current tax expense	(82,077)	(69,390)
Deferred tax benefit (expense):		
Origination and reversal of temporary differences	18,576	(1,249)
SERIP Plan Liquidation	56,773	—
Change in tax rate	8,777	(94)
Change in recognized temporary differences	111	(3,310)
Total deferred tax benefit (expense)	84,237	(4,653)
Total income tax benefit (expense)	2,160	(74,043)

For the year ended December 31, 2016, the Group recorded an income tax benefit of US\$2.2 million compared with income tax expense of US\$74.0 million for the year ended December 31, 2015. In conjunction with the SERIP Plan Liquidation, the Group recorded a US\$56.8 million tax benefit related to the derecognition of deferred tax liabilities that originated from contributions to the pension plan in prior years. In addition, the enacted future tax rate in Luxembourg decreased by 321 basis points to 26.0%, which resulted in a favorable tax adjustment of US\$8.8 million to the Group's deferred tax liabilities. Excluding these tax benefits, as well as the tax benefit resulting from the Tumi acquisition-related costs, the Group's effective tax rate was 27.8%.

The Group's consolidated effective tax rate for operations was (0.8)% and 25.4% for the years ended December 31, 2016 and December 31, 2015, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The increase in the Group's

effective tax rate as adjusted above for certain one-time items, was mainly the result of normal changes in the profit mix between high and low tax jurisdictions.

See discussion regarding the SERIP Plan Liquidation and the related tax impacts in note 14(b)(ii).

The provision for Hong Kong Profits Tax for the years ended December 31, 2016 and December 31, 2015 was calculated at an effective tax rate of 16.5% of the estimated assessable profits for the year. Taxation for overseas subsidiaries was charged at the appropriate current rates of taxation in the relevant countries.

(b) Reconciliation between tax benefit (expense) and profit before taxation at applicable tax rates

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Profit for the year	274,825	217,017
Total income tax benefit (expense)	2,160	(74,043)
Profit before income tax	272,665	291,060
Income tax benefit (expense) using the Group's applicable tax rate	(75,256)	(82,661)
Tax incentives	27,029	26,374
SERIP Plan Liquidation	56,773	—
Change in tax rates	8,777	(94)
Change in tax reserves	2,937	2,167
Non-deductible expenses	(11,552)	(4,537)
Change in tax effect of undistributed earnings	1,281	(1,082)
Current year losses for which no deferred tax assets are recognized	(2,623)	(4,616)
Recognition of previously unrecognized tax losses	111	47
Change in recognized temporary differences	—	(3,357)
Share-based compensation	(3,276)	(2,420)
Withholding taxes	(5,304)	(5,100)
Other	2,121	(931)
Over provided in prior periods	1,142	2,167
	2,160	(74,043)

The provision for taxation for the years ended December 31, 2016 and December 31, 2015 was calculated using the Group's applicable tax rate of 27.6% and 28.4%, respectively. The applicable rate was based on the Group's weighted average worldwide tax rate.

(c) Income tax benefit (expense) recognized in Other Comprehensive Income

(Expressed in thousands of US Dollars)	Year ended December 31, 2016			Year ended December 31, 2015		
	Before tax	Income tax benefit (expense)	Net of tax	Before tax	Income tax benefit (expense)	Net of tax
Remeasurements on benefit plans	(8,442)	88	(8,354)	(795)	265	(530)
Deferred tax impact of SERIP Plan Liquidation	—	(53,899)	(53,899)	—	—	—
Foreign exchange forward contracts	(992)	335	(657)	(2,599)	909	(1,690)
Interest rate swaps	16,150	(4,719)	11,431	—	—	—
Foreign currency translation differences for foreign operations	(23,118)	—	(23,118)	(35,272)	—	(35,272)
	(16,402)	(58,195)	(74,597)	(38,666)	1,174	(37,492)

(d) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities were attributable to the following:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Deferred tax assets:		
Allowance for doubtful accounts	2,542	2,177
Inventory	11,617	8,790
Plant and equipment	8,015	5,488
Pension and post-retirement benefits	10,703	14,324
Share-based compensation	1,287	1,754
Tax losses	3,106	3,447
Reserves	43,454	19,544
Other	4,440	2,376
Set off of tax	(29,157)	(7,148)
Total gross deferred tax assets	56,007	50,752
Deferred tax liabilities:		
Plant and equipment	(21,330)	(7,164)
Intangible assets	(451,359)	(97,986)
Other	(13,008)	(8,238)
Set off of tax	29,157	7,148
Total gross deferred tax liabilities	(456,540)	(106,240)
Net deferred tax liability	(400,533)	(55,488)

The movement in temporary differences for the years ended December 31, 2016 and December 31, 2015 was:

(Expressed in thousands of US Dollars)	Balance, December 31, 2015	Recognized in profit or loss	Purchase accounting	Recognized in other comprehensive income	Other ⁽¹⁾	Balance, December 31, 2016
Allowance for doubtful accounts	2,177	36	350	—	(21)	2,542
Inventory	8,790	2,230	702	—	(105)	11,617
Property, plant and equipment	(1,676)	1,512	(13,140)	—	(11)	(13,315)
Intangible assets	(97,986)	11,935	(365,470)	—	162	(451,359)
Pension and post-retirement benefits	14,324	50,460	—	(53,811)	(270)	10,703
Share-based compensation	1,754	(378)	—	—	(89)	1,287
Tax losses	3,447	128	(48)	—	(421)	3,106
Reserves	19,544	11,837	12,073	—	—	43,454
Other	(5,862)	6,477	(4,650)	(4,384)	(149)	(8,568)
Net deferred tax asset (liability)	(55,488)	84,237	(370,183)	(58,195)	(904)	(400,533)

Note

(1) Other comprises primarily foreign exchange rate effects.

(Expressed in thousands of US Dollars)	Balance, December 31, 2014	Recognized in profit or loss	Recognized in other comprehensive income	Other ⁽¹⁾	Balance, December 31, 2015
Allowance for doubtful accounts	2,390	(41)	—	(172)	2,177
Inventory	8,397	716	—	(323)	8,790
Property, plant and equipment	(4,752)	3,096	—	(20)	(1,676)
Intangible assets	(99,217)	473	—	758	(97,986)
Pension and post-retirement benefits	18,713	(4,132)	265	(522)	14,324
Share-based compensation	1,568	212	—	(26)	1,754
Tax losses	4,755	234	—	(1,542)	3,447
Reserves	23,271	(2,943)	—	(784)	19,544
Other	(4,998)	(2,268)	909	495	(5,862)
Net deferred tax asset (liability)	(49,873)	(4,653)	1,174	(2,136)	(55,488)

Note

(1) Other comprises primarily foreign exchange rate effects.

Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following items:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Deductible temporary differences	4,239	1,213
Tax losses	63,494	48,680
Balance at end of year	67,733	49,893

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits from them.

Available tax losses (recognized and unrecognized):

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Europe	40,985	36,021
Asia	2,192	—
Latin America	31,075	24,337
Total	74,252	60,358

Tax losses expire in accordance with local country tax regulations. European losses will expire beginning in 2020. Asia losses expire starting in 2021. Latin American losses will expire beginning in 2019.

Unrecognized Deferred Tax Liabilities

As of December 31, 2016 and December 31, 2015, a deferred tax liability of US\$31.0 million and US\$24.7 million, respectively, related to investments in subsidiaries is not recognized because the Group controls whether the liability will be incurred and it is satisfied that the temporary difference will not be reversed in the foreseeable future.

19. Finance Income and Finance Costs

The following table presents a summary of finance income and finance costs recognized in the consolidated income statement and consolidated statement of comprehensive income:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Recognized in income or loss:		
Interest income on bank deposits	1,253	868
Total finance income	1,253	868
Interest expense on financial liabilities measured at amortized cost	(43,691)	(3,160)
Change in fair value of put options	(9,119)	(5,772)
Net foreign exchange loss	(3,660)	(6,681)
Other finance costs	(3,319)	(3,066)
Total finance costs	(59,789)	(18,679)
Net finance costs recognized in profit or loss	(58,536)	(17,811)
Recognized in other comprehensive income (loss):		
Foreign currency translation differences for foreign operations	(23,118)	(35,272)
Changes in fair value of foreign exchange forward contracts	(992)	(2,599)
Changes in fair value of interest rate swaps	16,150	—
Income tax on finance income and finance costs recognized in other comprehensive income	(4,384)	909
Net finance costs recognized in total other comprehensive income, net of tax	(12,344)	(36,962)
Attributable to:		
Equity holders of the Company	(12,032)	(33,355)
Non-controlling interests	(312)	(3,607)

20. Expenses

Profit before income tax was arrived at after charging the following for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Depreciation of fixed assets	66,785	48,985
Amortization of intangible assets	22,456	10,590
Auditors' remuneration	7,666	5,600
Research and development	25,395	22,345
Operating lease charges in respect of properties	156,939	121,996
Restructuring charges	—	—

The fees in relation to the audit and related services for the year ended December 31, 2016 provided by KPMG LLP and its foreign member firms, the external auditors of the Group, were as follows:

(Expressed in thousands of US Dollars)	
Annual audit and interim review services ⁽¹⁾	5,355
Due diligence and other acquisition-related non-audit services ⁽²⁾	1,493
Permitted tax services	690
Other non-audit related services	128
Total	7,666

Notes

- (1) Includes non-recurring services provided in conjunction with the June 27, 2016 circular filing, as well as opening balance sheet and purchase price allocation procedures, associated with the acquisition of Tumi Holdings, Inc. totaling US\$1.1 million.
- (2) Primarily comprised of fees associated with financial due diligence and integration planning performed in conjunction with the acquisition of Tumi Holdings, Inc.

21. Financial Risk Management and Financial Instruments

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

(a) Risk Management

The Company's Board of Directors is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board of Directors has delegated to the Audit Committee the responsibility for reviewing the Group's risk management and internal control systems. The Company's management, under the oversight of the Board of Directors, is responsible for the design, implementation and monitoring of the Company's risk management and internal control systems.

(b) Exposure to Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in the consolidated financial statements.

Trade and Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. No single customer accounted for more than 5% of the Group's sales for the periods presented or trade and other receivables as of the reporting dates. Geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile, and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on credit hold and monitored by the Group, and future sales are made on an approval basis.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Trade and other receivables	357,790	283,495
Cash and cash equivalents	368,540	180,803
Total	726,330	464,298

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Asia	131,257	100,121
North America	130,755	99,024
Europe	54,045	46,402
Latin America	22,329	23,572
Total trade receivables	338,386	269,119

(c) Exposure to Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit (note 13(b)) and, subject to shareholder approval, its ability to issue additional shares. The Group believes that

its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

The following are the contractual maturities of derivative and non-derivative financial assets and liabilities:

(Expressed in thousands of US Dollars)	December 31, 2016					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:						
Trade and other payables	533,772	533,772	533,772	—	—	—
Term Loan Facilities	1,915,500	1,915,500	45,813	69,250	1,160,875	639,562
Revolving Facility	10,516	10,516	10,516	—	—	—
Other lines of credit	13,410	13,410	13,410	—	—	—
Finance lease obligations	283	283	68	70	145	—
Minimum operating lease payments	—	602,328	139,664	111,490	211,979	139,195
Derivative financial instruments:						
Interest rate swap agreements	16,149	60,449	15,750	14,508	30,191	—
Foreign exchange forward contracts	3,137	95,360	95,360	—	—	—

As disclosed in note 13, the Group has entered into the Senior Credit Facilities, which consists of the Revolving Facility of US\$500.0 million and the Term Loan Facilities of US\$1,915.5 million as of December 31, 2016. The future cash flows on derivative instruments may be different from the amount in the table above as interest rates change.

(Expressed in thousands of US Dollars)	December 31, 2015					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities:						
Trade and other payables	442,141	442,141	442,141	—	—	—
Prior Revolving Facility	48,174	48,174	48,174	—	—	—
Other lines of credit	15,921	15,921	15,921	—	—	—
Finance lease obligations	87	87	30	18	39	—
Minimum operating lease payments	—	351,117	94,453	89,374	102,717	64,573
Derivative financial instruments:						
Foreign exchange forward contracts	1,785	88,463	88,463	—	—	—

The following table indicates the periods in which the cash flows associated with derivatives, that are cash flow hedges, are expected to occur and impact profit or loss.

(Expressed in thousands of US Dollars)	Carrying amount	Expected cash flows	Less than one year	1-2 years	2-5 years	More than 5 years
December 31, 2016:						
Assets	3,137	95,360	95,360	—	—	—
Interest rate swap agreements	16,149	60,449	15,750	14,508	30,191	—
December 31, 2015:						
Assets	1,785	88,463	88,463	—	—	—

(d) Exposure to Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group periodically buys and sells financial derivatives, such as forward purchase contracts for hedging purposes, in order to manage market risks.

(i) Currency Risk

The Group is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's subsidiaries.

The Group periodically uses forward exchange contracts to hedge its exposure to currency risk on product purchases denominated in a currency other than the respective functional currency of the Group's subsidiaries. The forward exchange contracts typically have maturities of less than one year.

Interest on borrowings is typically denominated in the local currency of the borrowing. Borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the borrowing entity.

The Group's exposure to currency risk arising from the currencies that more significantly affect the Group's financial performance was as follows based on notional amounts of items with largest exposure:

	December 31, 2016		
	Euro	Renminbi	Indian Rupee
	(Euro '000)	(RMB '000)	(INR '000)
Cash	21,891	231,186	859,427
Trade and other receivables, net	42,593	206,736	1,241,422
Intercompany receivables (payables)	(8,666)	(10,034)	60,367
Trade and other payables	(53,228)	(194,042)	(814,630)
Statement of financial position exposure	2,590	233,846	1,346,586

	December 31, 2015		
	Euro	Renminbi	Indian Rupee
	(Euro '000)	(RMB '000)	(INR '000)
Cash	25,711	157,347	571,543
Trade and other receivables, net	40,606	128,254	1,428,309
Intercompany receivables (payables)	(8,152)	(9,216)	87,691
Trade and other payables	(65,253)	(131,306)	(856,954)
Statement of financial position exposure	(7,088)	145,079	1,230,589

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2016	2015	2016	2015
Euro	1.1023	1.1113	1.0516	1.0861
Renminbi	0.1506	0.1592	0.1440	0.1540
Indian Rupee	0.0149	0.0156	0.0147	0.0151

Foreign Currency Sensitivity Analysis

A strengthening of the Euro by 10% against the US Dollar would have increased profit for the years ended December 31, 2016 and December 31, 2015 by US\$5.2 million and US\$3.6 million, respectively, and increased equity as of December 31, 2016 and December 31, 2015 by US\$26.6 million and US\$22.0 million, respectively. The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in the Euro would have an equal, but opposite impact to profit for the period and equity as of these reporting dates.

If the Renminbi had strengthened by 10% against the US Dollar profit would have increased for the years ended December 31, 2016 and December 31, 2015 by US\$2.5 million and US\$2.5 million, respectively, and equity as of December 31, 2016 and December 31, 2015 would have increased by US\$5.0 million and US\$4.8 million, respectively. The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in the Renminbi would have an equal, but opposite impact to profit for the period and equity as of these reporting dates.

If the Indian Rupee had strengthened by 10% against the US Dollar profit would have increased for the years ended December 31, 2016 and December 31, 2015 by US\$1.3 million and US\$1.6 million, respectively, and equity as of

December 31, 2016 and December 31, 2015 would have increased by US\$4.6 million and US\$4.1 million, respectively. The analysis assumes that all other variables, in particular interest rates, remain constant. A 10% weakening in the Indian Rupee would have an equal, but opposite impact to profit for the period and equity as of these reporting dates.

(ii) Interest Rate Risk

The Group monitors its exposure to changes in interest rates on borrowings on variable rate debt instruments. From time to time, the Group enters into interest rate swap agreements to manage interest rate risk.

The interest rate profile of the Group's interest bearing financial instruments was:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Variable rate instruments:		
Financial assets	5,804	10,809
Financial liabilities	<u>(1,939,426)</u>	<u>(64,095)</u>
Total variable rate instruments	<u>(1,933,622)</u>	<u>(53,286)</u>
Fixed rate instruments:		
Interest rate swap agreements	<u>16,149</u>	—
Total fixed rate instruments	<u>16,149</u>	—

Sensitivity Analysis for Variable Rate Instruments

If the benchmark interest rates on each of the Term Loan A Facility and Term Loan B Facility increased 100 basis points, with all other variables held constant, profit for the year would have decreased by US\$5.9 million for the year ended December 31, 2016 and equity would have decreased by US\$5.9 million as of December 31, 2016. A 100 basis point decrease in interest rates under each of the Term Loan A Facility and Term Loan B Facility would have an equal, but opposite impact to profit for the year and equity as of these reporting dates.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group does not designate interest rate swap agreements as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the end of the reporting period would not affect profit or loss.

(e) Capital Management

The primary objective of the Group's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for shareholders, to fund capital expenditures, normal operating expenses and working capital needs, and to pay obligations. The primary source of cash is revenue from sales of the Group's products. The Group anticipates generating sufficient cash flow from operations in the majority of countries where it operates and will have sufficient available cash and ability to draw on credit facilities for funding to satisfy the working capital and financing needs.

The Group's capital needs are primarily managed through cash and cash equivalents (note 11), trade and other receivables (note 10), inventories (note 9), property plant and equipment (note 6), trade and other payables (note 17) and loans and borrowings (note 13).

(f) Fair Value Versus Carrying Amounts

At December 31, 2016, management estimated that the Term Loan Facilities had a fair value of approximately US\$1,802.8 million compared to a book value of US\$1,915.5 million. All other financial assets and liabilities have fair values that approximate carrying amounts.

(g) Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying amount of cash and cash equivalents, trade receivables, accounts payable, short-term debt, and accrued expenses approximates fair value because of the short maturity or duration of these instruments.

The fair value of foreign currency forward contracts is estimated by reference to market quotations received from banks.

Derivatives

The fair value of forward exchange contracts is based on their listed market price. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). Call options are considered derivative financial assets and are recorded at fair value. The fair value of interest rate swap agreements is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair value estimates reflect the credit risk of the Group and counterparty.

Non-derivative Financial Liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Redeemable Non-controlling Interests

The Group has entered into agreements that include put and call option arrangements to sell and to acquire non-controlling interests in certain majority-owned subsidiaries exercisable at fair value at certain predetermined dates. Pursuant to these agreements, the Group has call options to acquire the remaining shares owned by the non-controlling interest holders and these non-controlling interest holders have put options to sell their ownership in these subsidiaries to the Group. In addition, the Group has the right to buy-out these non-controlling interests in the event of termination of the underlying agreements. The table of contractual maturities (note 21(c)) above does not include amounts for the repurchase of non-controlling interests as they do not represent contractual maturities.

The following table presents assets and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) as of December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Fair value measurements at reporting date using			
	December 31, 2016	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	368,540	368,540	—	—
Interest rate swap agreements	16,149	—	16,149	—
Foreign currency forward contracts	3,137	3,137	—	—
Total assets	387,826	371,677	16,149	—
Liabilities:				
Non-controlling interest put options	64,746	—	—	64,746
Total liabilities	64,746	—	—	64,746

(Expressed in thousands of US Dollars)	Fair value measurements at reporting date using			
	December 31, 2015	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	180,803	180,803	—	—
Foreign currency forward contracts	1,785	1,785	—	—
Total assets	182,588	182,588	—	—
Liabilities:				
Non-controlling interest put options	55,829	—	—	55,829
Total liabilities	55,829	—	—	55,829

The Group entered into interest rate swap transactions in conjunction with the Senior Credit Facilities. See note 13(a) for further discussion. Since the interest rate swap fair values are based predominantly on observable inputs, such as the interest yield curve, that are corroborated by market data, they are categorized as Level 2 in the fair value hierarchy.

Certain non-U.S. subsidiaries of the Group periodically enter into forward contracts related to the purchase of inventory denominated primarily in USD which are designated as cash flow hedges. The hedging effectiveness was tested in accordance with IAS 39, *Financial Instruments: Recognition and Measurement*. The fair value of these instruments was an asset of US\$3.1 million and an asset of US\$1.8 million as of December 31, 2016 and December 31, 2015, respectively.

The following table shows the valuation technique used in measuring the Level 3 fair value, as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Put options	<i>Income approach</i> - The valuation model converts future amounts based on an EBITDA multiple to a single current discounted amount reflecting current market expectations about those future amounts.	- EBITDA Multiple - Growth rate (2016: 3%) - Risk adjusted discount rate (2016: 10.5%)	The estimated value would increase (decrease) if: - The EBITDA multiple was higher (lower); - The growth rate was higher (lower); or - The risk adjusted discount rate was lower (higher).

The following table shows reconciliation from the opening balance to the closing balance for Level 3 fair values:

(Expressed in thousands of US Dollars)	
Balance at January 1, 2015	58,288
Change in fair value included in equity	(1,775)
Change in fair value included in finance costs	5,772
Acquisition of non-controlling interest	(6,456)
Balance at December 31, 2015 and January 1, 2016	55,829
Change in fair value included in equity	(202)
Change in fair value included in finance costs	9,119
Balance at December 31, 2016	64,746

For the fair value of put options, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects at December 31, 2016:

(Expressed in thousands of US Dollars)	Profit or loss		Shareholders' Equity	
	Increase	Decrease	Increase	Decrease
EBITDA multiple (movement of 0.1x)	1,663	(1,663)	362	(362)
Growth rate (50 basis points)	14	(14)	—	—
Risk adjusted discount rate (100 basis points)	(10)	10	—	—

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

22. Related Party Transactions

(a) Transactions with Key Management Personnel

In addition to their cash compensation, the Group also provides non-cash benefits to certain directors and other key management personnel, and contributes to a post-employment plan on their behalf.

Key management is comprised of the Group's directors and senior management. Compensation paid to key management personnel during the year ended December 31, 2016 and December 31, 2015 comprised:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Director's fees	1,290	1,290
Salaries, allowances and other benefits in kind	6,726	5,700
Bonus ⁽¹⁾	4,779	3,951
Share-based compensation	9,348	8,599
Contributions to post-employment plans	196	96
Total compensation	22,339	19,636

Note

(1) Bonus is based on the performance of the Group.

(b) Directors' Remuneration

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation:

Year ended December 31, 2016						
(Expressed in thousands of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus ⁽¹⁾	Share-based compensation expense	Contributions to post-employment plans	Total
<i>Executive Directors</i>						
Ramesh Tainwala	—	1,726	1,000	1,469	—	4,195
Kyle Gendreau	—	624	1,128	1,414	28	3,194
<i>Non-Executive Directors</i>						
Timothy Parker	500	—	—	481	—	981
Tom Korbass	125	223	320	345	39	1,052
Jerome Griffith ⁽²⁾	31	—	—	—	—	31
<i>Independent Non-Executive Directors</i>						
Paul Etchells	165	—	—	—	—	165
Keith Hamill	125	—	—	—	—	125
Miguel Ko ⁽³⁾	94	—	—	—	—	94
Bruce Hardy McLain	125	—	—	—	—	125
Ying Yeh	125	—	—	—	—	125
Total	1,290	2,573	2,448	3,709	67	10,087

Notes

(1) Bonus is based on the performance of the Group.

(2) Appointed as Non-Executive Director on September 22, 2016.

(3) Resigned as Independent Non-Executive Director on September 22, 2016.

Year ended December 31, 2015						
(Expressed in thousands of US Dollars)	Directors' fees	Salaries, allowances and other benefits in kind	Bonus ⁽¹⁾	Share-based compensation expense	Contributions to post-employment plans	Total
<i>Executive Directors</i>						
Ramesh Tainwala	—	1,672	664	1,371	—	3,707
Kyle Gendreau	—	631	510	1,399	29	2,569
Tom Korbass	—	548	304	638	39	1,529
<i>Non-Executive Director</i>						
Timothy Parker ⁽²⁾	625	—	729	938	—	2,292
<i>Independent Non-Executive Directors</i>						
Paul Etchells	165	—	—	—	—	165
Keith Hamill	125	—	—	—	—	125
Miguel Ko	125	—	—	—	—	125
Bruce Hardy McLain	125	—	—	—	—	125
Ying Yeh	125	—	—	—	—	125
Total	1,290	2,851	2,207	4,346	68	10,762

Note

(1) Bonus is based on the performance of the Group.

(2) Mr. Parker's remuneration includes the bonus paid in 2015 related to his role as CEO during 2014, share-based compensation expense recognized for share options awarded during his tenure as CEO and US\$125 thousand of Director's fees paid in 2015 related to his role as Chairman from the fourth quarter of 2014.

No director received any emoluments from the Group as an inducement to join or upon joining the Group during the years ended December 31, 2016 and December 31, 2015. No director waived or agreed to waive any emoluments during the periods presented. No director received any compensation during the years ended December 31, 2016 or December 31, 2015 for the loss of office as a director of the Company or of any other office in connection with the management of the affairs of the Group.

(c) Individuals with the Highest Emoluments

The five highest paid individuals of the Group include two directors during the year ended December 31, 2016 and three directors during the year ended December 31, 2015, whose emoluments are disclosed above. Details of remuneration paid to the remaining highest paid individuals of the Group are as follows:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Salaries, allowances and other benefits in kind	1,500	1,113
Bonus ⁽¹⁾	1,184	966
Share-based compensation expense	2,729	1,902
Contributions to post-employment plans	53	—
Total	5,466	3,981

Note

(1) Bonus is based on the performance of the Group.

The emoluments of each individual for 2016 and 2015 fall within these ranges:

	2016	2015
HK\$11,500,000 - HK\$11,999,999 (US\$1,482,000 - US\$1,545,500):	1	—
HK\$15,000,000 - HK\$15,499,999 (US\$1,933,000 - US\$1,997,000):	1	1
HK\$15,500,000 - HK\$15,999,999 (US\$1,997,001 - US\$2,062,000):	1	1

No amounts have been paid to these individuals as compensation for loss of office or as an inducement to join or upon joining the Group during the years ended December 31, 2016 and December 31, 2015.

(d) Other Related Party Transactions

I. Certain subsidiaries of the Group purchase raw materials and finished goods from, and Samsonite South Asia Private Limited sells certain raw materials and components to, Abhishri Packaging Pvt. Ltd, which is managed and controlled by the family of Mr. Ramesh Tainwala, Executive Director and Chief Executive Officer of the Group ("Mr. Tainwala"). Abhishri Packaging Pvt. Ltd also manufactures hard-side luggage products on behalf of Samsonite South Asia Private Limited.

Related amounts of purchases, sales, payables and receivables were the following:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Purchases	6,944	5,560
Sales	165	224

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Payables	1,634	735
Receivables	6	39

- II. The Group's Indian subsidiary, Samsonite South Asia Private Limited, sells finished goods to Bagzone Lifestyle Private Limited. The Group's Chinese subsidiary, Samsonite China, provides sourcing support and quality inspection services in respect of the Lavie women's handbag brand which is owned by Bagzone Lifestyle Private Limited. Bagzone Lifestyle Private Limited is managed and controlled by the family of Mr. Tainwala. Mr. Tainwala and his family also own non-controlling interests in Samsonite South Asia Private Limited and in the Group's United Arab Emirates subsidiary, Samsonite Middle East FZCO.

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Sales	10,337	10,606
Support and Services	143	163
Rent	59	69

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Receivables	11,741	8,919

Approximately US\$0.7 million and US\$0.6 million was paid to entities owned by Mr. Tainwala and his family, for office space rent for the years ended December 31, 2016 and December 31, 2015, respectively. As of December 31, 2016 and December 31, 2015, no amounts were payable to or receivable from Mr. Tainwala and his family.

All outstanding balances with these related parties are priced at an arm's length basis and are to be settled in cash within six months of the reporting date. None of the balances are secured.

23. Parent Company Financial Information and Particulars of Group Entities

(a) Company-alone Statement of Financial Position

The company-alone statement of financial position as of December 31, 2016 and December 31, 2015 follows:

(Expressed in thousands of US Dollars)	December 31,	
	2016	2015
Non-Current Assets		
Investment in subsidiaries	866,682	866,682
Total non-current assets	866,682	866,682
Current Assets		
Trade and other receivables due from subsidiaries	34,435	23,443
Prepaid expenses and other assets	46	42
Cash and cash equivalents	4,655	2,106
Total current assets	39,136	25,591
Total assets	905,818	892,273
Equity and Liabilities		
Equity:		
Share capital	14,113	14,098
Reserves	887,150	871,195
Total equity attributable to equity holders	901,263	885,293
Total equity	901,263	885,293
Non-Current Liabilities		
Total non-current liabilities	—	—
Current Liabilities		
Loans and borrowings	—	(1,401)
Trade and other payables due to subsidiaries	3,030	6,581
Trade and other payables	1,525	1,800
Total current liabilities	4,555	6,980
Total liabilities	4,555	6,980
Total equity and liabilities	905,818	892,273
Net current liabilities	34,581	18,611
Total assets less current liabilities	901,263	885,293

(b) Share Capital and Reserves

(i) Ordinary Shares

On March 3, 2016, the Company's shareholders approved an amendment to the Company's Articles of Incorporation in order to (i) reduce the Company's authorized share capital from US\$1,012,800,369.99, representing 101,280,036,999 shares (including the subscribed share capital) to US\$35,000,000, representing 3,500,000,000 shares (including the subscribed share capital) with a par value of US\$0.01 each and (ii) renew, for a period of five years from the date of the publication of the amendment of the authorized share capital in Luxembourg, the authorization of the Board to issue shares, to grant options to subscribe for shares and to issue any other securities or instruments convertible into shares, subject to the restrictions set out in the Company's Articles of Incorporation, the Luxembourg companies law and the Listing Rules.

As of December 31, 2016 and December 31, 2015, the Company had 2,088,711,099 and 99,870,203,474, respectively, shares authorized but unissued and 1,411,288,901 and 1,409,833,525, respectively, ordinary shares with par value of US\$0.01 per share issued and outstanding.

The holders of ordinary shares are entitled to one vote per share at shareholder meetings of the Company. All ordinary shares in issue rank equally and in full for all dividends or other distributions declared, made or paid on the shares in respect of a record date.

During the years ended December 31, 2016 and December 31, 2015, the Company issued 1,455,376 and 1,807,069 ordinary shares, respectively, in connection with the exercise of share options that were granted under the Company's Share Award Scheme.

(ii) Treasury Shares

There are no treasury shares held by the Group.

(iii) Equity of the Company

Details of the equity components of Samsonite International S.A. Company-alone statement of financial position as included in the consolidated financial statements as of December 31, 2016 and December 31, 2015 are set out below.

(Expressed in thousands of US Dollars)	Reserves				Total equity
	Share capital	Additional paid-in capital	Other reserves	Retained earnings (accumulated deficit)	
As of January 1, 2015	14,080	964,992	17,259	(114,649)	881,682
Distributions to equity holders	—	—	—	(88,000)	(88,000)
Dividends received from subsidiaries	—	—	—	88,000	88,000
Loss attributable to equity holders	—	—	—	(16,047)	(16,047)
Exercise of share options	18	6,229	(1,804)	—	4,443
Share-based compensation	—	—	15,215	—	15,215
As of December 31, 2015 and January 1, 2016	14,098	971,221	30,670	(130,696)	885,293
Distributions to equity holders	—	—	—	(93,000)	(93,000)
Dividends received from subsidiaries	—	—	—	105,000	105,000
Loss attributable to equity holders	—	—	—	(14,976)	(14,976)
Exercise of share options	15	4,830	(1,389)	—	3,456
Share-based compensation	—	—	15,490	—	15,490
As of December 31, 2016	14,113	976,051	44,771	(133,672)	901,263

The consolidated profit attributable to the equity holders of Samsonite International S.A. for the years ended December 31, 2016 and December 31, 2015 included a loss of US\$15.0 million and US\$16.0 million, respectively, which are dealt with in the financial statements of the Group.

As of December 31, 2016, reserves available for distribution to shareholders amounted to approximately US\$2.0 billion as shown in the statutory financial statements of Samsonite International S.A. and calculated in accordance with the Company's Articles of Incorporation.

(iv) Other Reserves

Other reserves comprises amounts related to defined benefit pension plans, the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions pending subsequent recognition of the hedged cash flows and the share option reserve for share-based payments made by the Company.

(c) Non-controlling Interests and Acquisition of Non-controlling Interests

The Group currently operates in certain markets by means of majority-owned subsidiaries that are operated in conjunction with a non-controlling partner in each country. Under these arrangements, the Group contributes brands through trademark licensing agreements and international marketing expertise and the partner contributes local market expertise. All interests acquired were paid in full at the time of the acquisition and each of these subsidiaries is operated on a self-financing basis. There are no current or future requirements for the Group to contribute any further investment amount to any of these entities.

The agreements governing certain majority-owned subsidiaries include put and call options whereby the Group may be required to acquire the respective non-controlling interest at amounts intended to represent current fair value. As of December 31, 2016 and December 31, 2015, the financial liabilities recognized related to these put options were US\$64.7 million and US\$55.8 million, respectively.

The call options were deemed to have a fair value of nil as of each reporting date as the agreements call for redemption at fair value upon the option being exercised.

On June 26, 2015, a wholly-owned subsidiary of the Company acquired the 40% non-controlling interest in its Russian subsidiary for US\$15.7 million in cash, with a final working capital adjustment of US\$0.3 million settled in July 2015, increasing its ownership from 60% to 100%. The carrying amount of the Russian subsidiary's net assets in the consolidated financial statements on the date of acquisition was US\$5.1 million. The Group recognized a decrease in the non-controlling interest of US\$2.1 million and a decrease in retained earnings of US\$6.2 million.

The following tables summarize the information relating to the Group's significant subsidiaries that have material non-controlling interests ("NCI"), before any intra-group eliminations.

For the year ended December 31, 2016:

(Expressed in thousands of US Dollars)	Samsonite Australia Pty Limited	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	30%	15%	40%
Non-current assets	3,328	32,881	10,741
Current assets	27,166	34,208	99,838
Non-current liabilities	169	(11,796)	2,729
Current liabilities	14,664	22,828	61,623
Net assets	15,661	56,057	46,227
Carrying amount of NCI	4,698	8,409	18,491
Net outside revenue	67,959	59,518	128,056
Profit	9,044	1,964	12,597
Other comprehensive income ("OCI")	(146)	3,539	(1,005)
Total comprehensive income	8,898	5,503	11,592
Profit allocated to NCI	2,713	295	5,039
OCI allocated to NCI	(44)	531	(402)
Dividends paid to NCI	2,677	1,339	2,559
Net increase (decrease) in cash and cash equivalents	(471)	2,324	4,020

For the year ended December 31, 2015:

(Expressed in thousands of US Dollars)	Samsonite Australia Pty Limited	Samsonite Chile S.A.	Samsonite South Asia Private Limited
NCI percentage	30%	15%	40%
Non-current assets	2,927	32,182	9,744
Current assets	24,431	28,159	93,875
Non-current liabilities	—	(18,570)	2,458
Current liabilities	11,673	19,428	60,127
Net assets	15,685	59,483	41,034
Carrying amount of NCI	4,706	8,922	16,414
Net outside revenue	56,203	57,867	135,066
Profit	6,322	7,419	16,122
OCI	(1,503)	(9,400)	(1,903)
Total comprehensive income	4,819	(1,981)	14,219
Profit allocated to NCI	1,896	1,113	6,449
OCI allocated to NCI	(451)	(1,410)	(761)
Dividends paid to NCI	441	183	1,472
Net increase (decrease) in cash and cash equivalents	(1,058)	804	6,079

(d) Particulars of Group Entities

Entity name	Country	Ownership %	
		2016	2015
Samsonite International S.A.	Luxembourg	Parent	Parent
Astrum R.E. LLC	United States	100	100
Bypersonal S.A. de C.V.	Mexico	100	100
Delilah Europe Investments S.à.r.l.	Luxembourg	100	100
Delilah US Investments S.à.r.l.	Luxembourg	100	100
Direct Marketing Ventures, LLC	United States	100	100
Equipaje en Movimiento, S.A. de C.V.	Mexico	100	100
Global Licensing Company, LLC	United States	100	100
HL Operating, LLC	United States	100	100
Jody Apparel II, LLC	United States	100	100
Lonberg Express S.A.	Uruguay	100	100
Limited Liability Company "Samsonite"	Russia	100	100
Lipault UK Limited	United Kingdom	100	100
McGregor II, LLC	United States	100	100
PT Samsonite Indonesia	Indonesia	60	60
PTL Acquisition Inc.	United States	100	100
PTL Holdings Inc.	United States	100	100
Samsonite (Malaysia) Sdn Bhd	Malaysia	100	100
Samsonite (Thailand) Co., Ltd.	Thailand	60	60
Samsonite A/S	Denmark	100	100
Samsonite AB	Sweden	100	100
Samsonite AG	Switzerland	99	99
Samsonite Argentina S.A.	Argentina	95	95
Samsonite Asia Limited	Hong Kong	100	100

Samsonite Australia Pty Limited	Australia	70	70
Samsonite Belgium Holdings BVBA	Belgium	100	100
Samsonite Brasil Ltda.	Brazil	100	100
Samsonite B.V.	Netherlands	100	100
Samsonite Canada Inc.	Canada	100	100
Samsonite CES Holding B.V.	Netherlands	100	100
Samsonite Chile S.A.	Chile	85	85
Samsonite China Holdings Limited	Hong Kong	100	100
Samsonite (China) Co., Ltd.	China	100	100
Samsonite Colombia S.A.S.	Colombia	100	100
Samsonite Company Stores, LLC	United States	100	100
Samsonite Espana S.A.	Spain	100	100
Samsonite Europe NV	Belgium	100	100
Samsonite Finanziaria S.r.l.	Italy	100	100
Samsonite Finland Oy	Finland	100	100
Samsonite Ges.m.b.H.	Austria	100	100
Samsonite GmbH	Germany	100	100
Samsonite Hungaria Borond KFT	Hungary	100	100
Samsonite IP Holdings S.à.r.l.	Luxembourg	100	100
Samsonite Japan Co. Ltd.	Japan	100	100
Samsonite Korea Limited	Korea, Republic of	100	100
Samsonite Latinoamerica, S.A. de C.V.	Mexico	100	100
Samsonite Limited	United Kingdom	100	100
Samsonite LLC	United States	100	100
Samsonite Macau Limitada	Macau	100	100
Samsonite Mauritius Limited	Mauritius	100	100
Samsonite Mercosur Limited	Bahamas	100	100
Samsonite Mexico, S.A. de C.V.	Mexico	100	100
Samsonite Middle East FZCO	United Arab Emirates	60	60
Samsonite Norway AS	Norway	100	100
Samsonite Pacific LLC	United States	100	100
Samsonite Panama S.A.	Panama	100	100
Samsonite Peru S.A.C.	Peru	100	100
Samsonite Philippines Inc.	Philippines	60	60
Samsonite S.A.S.	France	100	100
Samsonite S.p.A.	Italy	100	100
Samsonite Seyahat Ürünleri Sanayi ve Ticaret Anonim Sirketi	Turkey	60	60
Samsonite Singapore Pte Ltd	Singapore	100	100
Samsonite South Asia Private Limited	India	60	60
Samsonite Southern Africa Ltd.	South Africa	60	60
Samsonite Sp.zo.o	Poland	100	100
Samsonite Sub Holdings S.à.r.l.	Luxembourg	100	100
SC Chile Uno S.A.	Chile	100	100
SC Inversiones Chile Ltda	Chile	100	100

Speck Trading (Shanghai) Co., Ltd.	China	100	100
Speculative Product Design, LLC	United States	100	100
The Tumi Haft Company, LLC	United States	100	—
Tumi Asia Limited	Hong Kong	100	—
Tumi Asia Limited (Shenzhen Subsidiary)	China	100	—
Tumi Asia (Macau) Co., Ltd.	Macau	100	—
Tumi Asia Sourcing	China	100	—
Tumi Austria GmbH	Austria	100	—
Tumi Canada Holdings, LLC	United States	100	—
Tumi Canada ULC	Canada	100	—
Tumi Europe Ecommerce GmbH	Germany	100	—
Tumi France SARL	France	100	—
Tumi Hong Kong I B.V.	Netherlands	100	—
Tumi Hong Kong II B.V.	Netherlands	100	—
Tumi Hong Kong Holding Company B.V.	Netherlands	100	—
Tumi Houston Airport LLC	United States	70	—
Tumi Inc.	United States	100	—
Tumi International LLC	United States	100	—
Tumi Ireland Limited	Ireland	100	—
Tumi Japan	Japan	100	—
Tumi Luggage S.L.	Spain	100	—
Tumi Netherlands B.V.	Netherlands	100	—
Tumi Stores, Inc.	United States	100	—
Tumi (UK) Limited	United Kingdom	100	—

The particulars of the investment in subsidiaries held directly by Samsonite International S.A. as of December 31, 2016 and December 31, 2015 are set out below.

(Expressed in thousands of US Dollars)	December 31, 2016	December 31, 2015
Unlisted shares, at cost	866,682	866,682

Trade and others payables due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The particulars of subsidiaries which principally affected the results, assets or liabilities of the Group are set out below.

Entity Name	Country	Date of Incorporation	Share Capital	Principal Activities	Note
Delilah Europe Investments S.à.r.l.	Luxembourg	2009	USD21,804,401	Holding	**
Delilah US Investments S.à.r.l.	Luxembourg	2009	USD78,160,399	Holding	**
Samsonite LLC	United States	1987	USD nil	Holding	**
Samsonite Asia Limited	Hong Kong	1996	HKD20	Distribution	**
Samsonite Australia Pty Limited	Australia	1984	AUD2	Distribution	**
Samsonite Belgium Holdings BVBA	Belgium	2014	USD4,881,476,000	Holding	**
Samsonite Chile S.A.	Chile	2007	CLP23,928,441,630	Distribution	**
Samsonite (China) Co., Ltd.	China	2006	USD16,500,000	Distribution	**, ***
Samsonite Company Stores, LLC	United States	1985	USD nil	Distribution	**
Samsonite Espana S.A.	Spain	1952	EUR3,122,195	Distribution	**
Samsonite Europe NV	Belgium	1966	EUR13,085,106	Production / Distribution	**
Samsonite GmbH	Germany	1966	EUR25,565	Distribution	**
Samsonite IP Holdings S.à.r.l.	Luxembourg	2009	USD114,115,900	Holding / Licensing	**
Samsonite Japan Co. Ltd.	Japan	2004	JPY80,000,000	Distribution	**
Samsonite Korea Limited	Korea, Republic of	1997	KRW1,060,000,000	Distribution	**
Samsonite Limited	United Kingdom	1986	GBP20,000	Distribution	**
Samsonite Mexico, S.A. de C.V.	Mexico	1986	MXN520,926,854	Production / Distribution	**
Samsonite S.A.S.	France	1965	EUR1,643,840	Distribution	**
Samsonite S.p.A.	Italy	1980	EUR780,000	Distribution	**
Samsonite South Asia Private Limited	India	1995	INR354,912,330	Production / Distribution	**
Samsonite Sub Holdings S.à.r.l.	Luxembourg	2011	USD55,417,991	Holding	*
Tumi Inc.	United States	2016	USD 0	Distribution	*

Notes

* Directly held by the Company.

** Indirectly held by the Company.

*** A limited liability company and wholly-foreign owned enterprise established in the PRC.

24. Subsequent Events

The Group has evaluated events occurring subsequent to December 31, 2016, the reporting date, through March 15, 2017, the date this financial information was authorized for issue by the Board.

From December 31, 2016 to the Latest Practicable Date, the Company issued 134,566 ordinary shares in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries since December 31, 2016.

Debt Repricing

Subsequent to December 31, 2016, the Group refinanced the Senior Credit Facilities on February 2, 2017 (the "Repricing"). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ending June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. In conjunction with the Repricing, the Group incurred

approximately US\$5.2 million in fees and expenses that will be deferred and amortized over the term of the borrowings.

Business Combinations

TKI

On January 4, 2017, the Company's wholly-owned subsidiary in South Korea completed the acquisition of the wholesale and retail distribution of Tumi products in South Korea with effect from January 1, 2017. This follows the acquisition of certain assets, including inventory, store fixtures and furniture, as well as rights under retail store leases, from TKI, Inc. ("TKI"), Tumi's distributor in South Korea since March 2006. The consideration was settled in cash upon completion of the acquisition. The Group has not yet completed a formal valuation of the assets that were acquired in the acquisition.

The acquisition from TKI provides the Group with 34 points-of-sale in South Korea as of January 1, 2017, including 17 Tumi retail stores as well as shop-in-shops in duty-free operators and department stores.

MANAGEMENT DISCUSSION AND ANALYSIS

Samsonite International S.A. (the "Company"), together with its consolidated subsidiaries (the "Group"), is the world's largest travel luggage company, with a heritage dating back more than 100 years. The Group is principally engaged in the design, manufacture, sourcing and distribution of luggage, business and computer bags, outdoor and casual bags, travel accessories and slim protective cases for personal electronic devices throughout the world, primarily under the *Samsonite*[®], *Tumi*[®], *American Tourister*[®], *Hartmann*[®], *High Sierra*[®], *Gregory*[®], *Speck*[®], *Lipault*[®] and *Kamiliant*[®] brand names as well as other owned and licensed brand names.

The Group sells its products in over 100 countries through a variety of wholesale distribution channels, through its company-operated retail stores and through e-commerce. The Group sells its products in Asia, North America, Europe and Latin America.

Management discussion and analysis should be read in conjunction with the Group's audited financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

Net Sales

Excluding foreign currency effects, net sales increased by US\$420.4 million, or 17.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales increased by US\$378.0 million, or 15.5%, to US\$2,810.5 million for the year ended December 31, 2016, reflecting the impact of foreign currency translation from the strengthening US Dollar during the year. Excluding net sales attributable to the acquisition of Tumi, which occurred on August 1, 2016, net sales on a constant currency basis increased by US\$145.9 million, or 6.0%, and US Dollar reported net sales increased by US\$102.2 million, or 4.2%.

Performance on a constant currency basis by region was as follows:

- Asia - net sales increased by US\$94.1 million, or 9.9%;
- North America - net sales increased by US\$217.2 million, or 26.8%;
- Europe - net sales increased by US\$87.7 million, or 16.1%; and
- Latin America - net sales increased by US\$20.9 million, or 17.4%.

Excluding amounts attributable to the *Tumi* brand, performance on a constant currency basis by region was as follows:

- Asia - net sales increased by US\$37.5 million, or 4.0%;
- North America - net sales increased by US\$31.8 million, or 3.9%;
- Europe - net sales increased by US\$56.2 million, or 10.3%; and
- Latin America - net sales increased by US\$20.9 million, or 17.4%.

The following table sets forth a breakdown of net sales by region for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽²⁾
Net sales by region ⁽¹⁾ :						
Asia	1,028,578	36.6%	947,602	39.0%	8.5%	9.9%
North America	1,027,172	36.6%	811,304	33.4%	26.6%	26.8%
Europe	615,301	21.9%	544,740	22.4%	13.0%	16.1%
Latin America	130,559	4.6%	120,476	5.0%	8.4%	17.4%
Corporate	8,887	0.3%	8,355	0.2%	6.4%	6.4%
Net sales	2,810,497	100.0%	2,432,477	100.0%	15.5%	17.3%

Notes

- (1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

Brands

The following table sets forth a breakdown of net sales by brand for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,					
	2016		2015		2016 vs 2015	
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽²⁾
Net sales by brand:						
<i>Samsonite</i>	1,548,849	55.1%	1,490,470	61.3%	3.9 %	5.9 %
<i>American Tourister</i>	531,528	18.9%	549,269	22.6%	(3.2)%	(1.0)%
<i>Tumi</i>	275,779	9.8%	—	—%	<i>nm</i>	<i>nm</i>
<i>Speck</i>	135,449	4.8%	117,719	4.8%	15.1 %	15.1 %
<i>High Sierra</i>	82,282	2.9%	85,300	3.5%	(3.5)%	(2.9)%
<i>Gregory</i>	44,217	1.6%	34,338	1.4%	28.8 %	22.7 %
<i>Lipault</i>	27,607	1.0%	13,788	0.6%	100.2 %	102.9 %
<i>Hartmann</i>	26,067	0.9%	21,340	0.9%	22.1 %	21.4 %
<i>Kamiliant</i>	21,869	0.8%	2,766	0.1%	690.5 %	706.2 %
Other ⁽¹⁾	116,850	4.2%	117,487	4.8%	(0.5)%	1.8 %
Net sales	2,810,497	100.0%	2,432,477	100.0%	15.5 %	17.3 %

Notes

(1) Other includes certain other brands owned by the Group, such as *Saxoline*, *Xtrem* and *Secret*, as well as third party brands sold through the Rolling Luggage and Chic Accent retail stores.

(2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

nm Not meaningful due to the acquisition of Tumi on August 1, 2016.

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US\$87.9 million, or 5.9%, for the year ended December 31, 2016 compared to the previous year. US Dollar reported net sales of the *Samsonite* brand increased by US\$58.4 million, or 3.9%, with all regions reporting constant currency net sales increases of the brand: Asia (+7.1%), North America (+1.8%), Europe (+7.8%) and Latin America (+18.9%). All regions reported US Dollar reported net sales increases of the *Samsonite* brand: Asia (+5.5%), North America (+1.6%), Europe (+4.4%) and Latin America (+7.6%). *Samsonite* comprised 55.1% of the net sales of the Group during 2016 compared to 61.3% in 2015 reflecting the continued diversification of the Group's brand portfolio with the addition of the *Tumi* brand, which was acquired on August 1, 2016, as well as increased contributions from the *Speck*, *Lipault*, *Hartmann*, *Gregory* and *Kamiliant* brands. Excluding foreign currency effects, net sales of the *American Tourister* brand decreased by US\$5.4 million, or 1.0%, for the year ended December 31, 2016 compared to the previous year. US Dollar reported net sales of the *American Tourister* brand decreased by US\$17.7 million, or 3.2%, driven by a 9.6% decrease in Asia, partially offset by an increase in net sales of 20.5%, 3.0% and 72.4% in Europe, North America and Latin America, respectively.

Net sales of the *Tumi* brand, which was acquired on August 1, 2016, amounted to US\$275.8 million during the year ended December 31, 2016. Excluding foreign currency effects, net sales of the *Speck* brand increased by US\$17.8 million, or 15.1%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 due to new product launches related to certain new electronic device introductions and robust growth in net sales of protective phone cases, partially offset by lower net sales of protective laptop cases. On a constant currency basis, net sales of the *High Sierra* brand decreased by 2.9% for the year ended December 31, 2016 compared to the year ended December 31, 2015 driven by a 13.7% decrease in Asia, partially offset by a 1.6% increase in North America. Excluding foreign currency effects, net sales of the *Gregory* brand increased by \$7.8 million, or 22.7%, for the year ended December 31, 2016 compared to the previous year, with Asia, North America and Europe all recording double-digit net sales growth. On a constant currency basis, net sales of the *Lipault* brand increased by US\$14.2 million, or 102.9%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, driven by geographical expansion in Asia, increased sales in Europe and the direct-to-market strategy adopted in North America. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by US\$4.6 million, or 21.4%, for the year ended December 31, 2016 compared to the previous year, driven by increased traction of the brand in Asia and Europe. For the year ended December 31, 2016, *Kamiliant*, a value-conscious, entry level brand introduced in Asia during the second half of 2015, recorded US Dollar reported net sales of US\$21.9 million, compared to US\$2.8 million during 2015.

Product Categories

The Group sells products in four principal product categories: travel, business, casual and accessories. The travel category is the Group's largest category and has been its traditional strength. The following table sets forth a breakdown of net sales by product category for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,		2016 vs 2015			
	2016	2015	2016 vs 2015	2016 vs 2015	2016 vs 2015	2016 vs 2015
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽³⁾
Net sales by product category:						
Travel	1,817,778	64.7%	1,660,852	68.3%	9.4 %	11.4 %
Business ⁽¹⁾	378,605	13.5%	275,999	11.3%	37.2 %	38.2 %
Casual	301,930	10.7%	263,096	10.8%	14.8 %	16.4 %
Accessories ⁽²⁾	268,670	9.6%	183,899	7.6%	46.1 %	47.3 %
Other	43,514	1.5%	48,631	2.0%	(10.5)%	(7.5)%
Net sales	2,810,497	100.0%	2,432,477	100.0%	15.5 %	17.3 %

Notes

(1) Includes tablet and laptop cases.

(2) Includes protective phone cases.

(3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

Excluding foreign currency effects, net sales in the travel product category increased by US\$188.6 million, or 11.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales in the travel product category increased by US\$156.9 million, or 9.4%. Excluding *Tumi*, net sales in the travel product category increased by 4.5% on a constant currency basis and by 2.6% on a US Dollar reported basis. Country-specific product designs and locally relevant marketing strategies continued to be the key factors contributing to the Group's success in the travel category. Excluding foreign currency effects, net sales in the business product category increased by US\$105.3 million, or 38.2%. US Dollar reported net sales in the business product category increased by US\$102.6 million, or 37.2%. This increase was primarily due to the addition of *Tumi*. Excluding *Tumi*, net sales in the business product category increased by 3.8% on a constant currency basis and by 2.5% on a US Dollar reported basis driven by strong growth in Asia and Europe, partially offset by lower sales of protective laptop cases under the *Speck* brand in North America. Excluding foreign currency effects, net sales in the casual product category increased by US\$43.2 million, or 16.4%. US Dollar reported net sales in the casual product category increased by US\$38.8 million, or 14.8%. Excluding *Tumi*, net sales in the casual product category increased by 6.1% on a constant currency basis and by 4.4% on a US Dollar reported basis due to an increase in net sales of the *Gregory* and *Samsonite* brands. Excluding foreign currency effects, net sales in the accessories category increased by US\$87.0 million, or 47.3%. US Dollar reported net sales in the accessories category increased by US\$84.8 million, or 46.1%, largely due to the addition of *Tumi*. Excluding *Tumi*, net sales in the accessories product category increased by 26.4% on a constant currency basis and by 25.2% on a US Dollar reported basis due to an increase of US\$31.4 million in net sales of protective phone cases sold under the *Speck* brand, as well as the full-year impact of net sales made through the Rolling Luggage and Chic Accent retail chains that were acquired during 2015.

Distribution Channels

The Group sells products through two primary distribution channels: wholesale and direct-to-consumer. The following table sets forth a breakdown of net sales by distribution channel for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total net sales.

	Year ended December 31,				2016 vs 2015	
	2016	2015	2016	2015	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽³⁾
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales		
Net sales by distribution channel:						
Wholesale	2,067,287	73.6%	1,903,687	78.3%	8.6%	10.5%
Direct-to-consumer ⁽¹⁾	734,323	26.1%	520,435	21.4%	41.1%	42.4%
Other ⁽²⁾	8,887	0.3%	8,355	0.3%	6.4%	6.4%
Net sales	2,810,497	100.0%	2,432,477	100.0%	15.5%	17.3%

Notes

- (1) "Direct-to-consumer" includes bricks-and-mortar retail and direct-to-consumer e-commerce. This channel was previously referred to as "retail", however, the Group believes "direct-to-consumer" more accurately reflects its evolving business.
- (2) "Other" primarily consists of licensing income.
- (3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

Excluding foreign currency effects, net sales in the wholesale channel increased by US\$199.5 million, or 10.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales in the wholesale channel increased by US\$163.6 million, or 8.6%. Excluding *Tumi*, net sales in the wholesale channel increased by 4.5% on a constant currency basis and by 2.5% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the direct-to-consumer channel increased by US\$220.4 million, or 42.4%, and US Dollar reported net sales in the direct-to-consumer channel increased by US\$213.9 million, or 41.1%. This increase was driven by growth in direct-to-consumer e-commerce, as well as the addition of 285 net new company-operated stores during 2016, including 202 company-operated *Tumi* stores resulting from the acquisition on August 1, 2016 and 9 net new *Tumi* stores added post-acquisition. Additionally, there was the full-year impact of 162 net new stores (including 31 Rolling Luggage stores and 30 Chic Accent stores from the respective acquisitions) added during 2015. On a same store, constant currency basis, retail net sales increased by 2.5% year-on-year. This was driven by constant currency same store net sales growth of 0.8%, 7.6% and 9.4% in North America, Europe and Latin America, respectively. This was partially offset by a 4.8% decline in Asia as a result of fewer visitors from Mainland China to Hong Kong (including Macau) and South Korea and generally weak consumer sentiment in certain other countries in the Asia region. The Group's same store analysis includes existing company-operated retail stores which have been open for at least 12 months before the end of the relevant financial period. The 42.4% constant currency net sales growth in the direct-to-consumer channel reflects the Group's strategy of investing resources to support the growth of its bricks-and-mortar retail and direct-to-consumer e-commerce business, including through acquisitions. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 11.8% on a constant currency basis and by 10.5% on a US Dollar reported basis.

During the year ended December 31, 2016, US\$265.7 million, or 9.5%, of the Group's US Dollar reported net sales were derived from e-commerce (comprising US\$120.0 million of net sales from the Group's direct-to-consumer e-commerce business, which is included within the direct-to-consumer channel, and US\$145.7 million of net sales to e-retailers, which are included within the wholesale channel). This represents an increase of 29.1% compared to the year ended December 31, 2015, when e-commerce comprised US\$205.8 million, or 8.5%, of the Group's net sales. Excluding net sales attributable to *Tumi*, net sales in the Group's e-commerce business increased by 19.7% on a constant currency basis and by 18.2% on a US Dollar reported basis, and comprised US\$243.4 million, or 9.6%, of the Group's net sales. Excluding foreign currency effects, net sales to e-retailers increased by US\$26.0 million, or 21.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales to e-retailers increased by US\$24.6 million, or 20.4%. Excluding *Tumi*, net sales to e-retailers increased by 21.5% on a constant currency basis and by 20.4% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the Group's direct-to-consumer e-commerce business increased by US\$36.8 million, or 43.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales in the direct-to-consumer e-commerce business increased by US\$35.2 million, or 41.5%, of which US\$22.3 million was attributable to *Tumi*. Excluding *Tumi*, net sales in the Group's direct-to-consumer e-commerce business increased by 17.2% on a constant currency basis and by 15.2% on a US Dollar reported basis.

Regions

Asia

Excluding foreign currency effects, the Group's net sales in Asia increased by US\$94.1 million, or 9.9%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the region increased by US\$81.0 million, or 8.5%. Excluding net sales attributable to the *Tumi* brand in Asia, net sales on a constant currency basis increased by US\$37.5 million, or 4.0%, and US Dollar reported net sales increased by US\$22.2 million, or 2.3%. This constant currency net sales increase was primarily driven by the *Samsonite*, *Kamiliant*, *Lipault*, *Gregory* and *Hartmann* brands, partially offset by decreases in net sales of the *American Tourister* and *High Sierra* brands.

Brands

On a constant currency basis, net sales of the *Samsonite* brand increased by US\$35.1 million, or 7.1%, from the previous year. US Dollar reported net sales of the *Samsonite* brand increased by US\$27.4 million, or 5.5%, from the previous year driven by the success of the direct-to-consumer e-commerce channel. For the year ended December 31, 2016, *Kamiliant*, a value-conscious, entry level brand introduced in Asia during the second half of 2015, recorded US Dollar reported net sales of US\$21.9 million, compared to US\$2.8 million during 2015. Excluding foreign currency effects, net sales of the *American Tourister* brand in the Asia region decreased by US\$28.9 million, or 7.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales of the *American Tourister* brand decreased by US\$38.4 million, or 9.6%, from the previous year, primarily driven by decreased net sales of *American Tourister* product in the TV home shopping channel in China and South Korea. The Group has subsequently made changes to its marketing and product strategy which it believes will have a positive impact in the near term. Net sales of the *Tumi* brand amounted to US\$58.8 million in Asia since the Group's acquisition of the company on August 1, 2016. Net sales of the *High Sierra* brand amounted to US\$11.6 million in Asia during the year ended December 31, 2016, a decrease of 13.7% from the previous year on a constant currency basis, while US Dollar reported net sales decreased by 15.7% from the previous year driven by a decrease in India due to the Group's decision to promote backpacks under its other brand names within the country. Net sales of the *Hartmann* brand amounted to US\$8.7 million in Asia during the year ended December 31, 2016, an increase of 57.7% from the previous year on a constant currency basis, while US Dollar reported net sales increased by 61.1% from the previous year as the brand continued to gain traction in the region. Net sales of the *Gregory* brand in Asia amounted to US\$26.0 million during the year ended December 31, 2016, an increase of 29.4% year-on-year on a constant currency basis, and an increase of 40.7% from the previous year on a US Dollar reported basis as the Group continued to develop products designed specifically for the tastes and preferences of consumers within the region. Net sales of the *Lipault* brand amounted to US\$10.4 million in Asia during the year ended December 31, 2016 compared to net sales of US\$2.7 million during the year ended December 31, 2015 as the brand began to successfully expand throughout the region.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US\$28.0 million, or 4.2%, and US Dollar reported net sales increased by US\$17.6 million, or 2.7%, for the year ended December 31, 2016 compared to the previous year. Excluding *Tumi*, net sales in the travel product category increased by 2.3% on a constant currency basis and by 0.7% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US\$45.0 million, or 37.6%, and US Dollar reported net sales increased by US\$44.5 million, or 37.3%, for the year ended December 31, 2016 compared to the previous year driven by the addition of *Tumi* and a change in the new product mix of *Samsonite Red* from casual products to business products. Excluding *Tumi*, net sales in the business product category increased by 12.3% on a constant currency basis and by 10.9% on a US Dollar reported basis. Net sales in the casual product category increased by US\$16.9 million, or 13.6%, on a constant currency basis, and US Dollar reported net sales increased by US\$15.4 million, or 12.4%, due to the addition of *Tumi* and increased sales of the *Gregory* brand. Excluding *Tumi*, net sales in the casual product category increased by 7.0% on a constant currency basis and by 5.6% on a US Dollar reported basis. Net sales in the accessories product category increased by US\$10.0 million, or 38.8%, on a constant currency basis, and US Dollar reported net sales increased by US\$9.5 million, or 36.9%, compared to the previous year. Excluding *Tumi*, net sales in the accessories product category increased by 17.6% on a constant currency basis and by 15.0% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US\$75.8 million, or 9.6%, and US Dollar reported net sales increased by US\$62.3 million, or 7.8%, for the year ended December 31, 2016 compared to the previous year, despite the challenging trading conditions in China and South Korea. Excluding *Tumi*, net sales in the wholesale channel increased by 3.4% on a constant currency basis and by 1.6% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US\$18.3 million, or 11.8%, on a constant currency basis year-on-year. US Dollar reported net sales in the direct-to-consumer channel increased by US\$18.7 million, or 12.1%. This increase was driven by the addition of 46 net new company-operated stores during 2016, including 14 *Tumi*

stores from the acquisition on August 1, 2016 and 6 net new Tumi stores added post-acquisition. Additionally, there was the full-year impact of 39 net new stores added during 2015 and strong growth in the Group's direct-to-consumer e-commerce net sales, partially offset by a decrease in same store net sales. Direct-to-consumer e-commerce sales in the region increased year-on-year by 26.2%, on a constant currency basis, while US Dollar reported net sales increased by 22.6% from the previous year, as the Group focused on expanding its presence online. On a same store, constant currency basis, retail net sales decreased by 4.8% due to fewer visitors from Mainland China shopping in Hong Kong (including Macau) and South Korea and generally weak retail sentiment in certain Asian countries. Excluding Hong Kong (including Macau) and South Korea, same store net sales, on a constant currency basis, increased by 1.8% year-on-year. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 6.8% on a constant currency basis and by 6.4% on a US Dollar reported basis.

Countries

The following table sets forth a breakdown of net sales within the Asian region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2016 vs 2015	
	2016	2015	2016	2015	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽³⁾
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales		
Net sales by geographic location ⁽¹⁾ :						
China	251,729	24.5%	252,722	26.7%	(0.4)%	5.3 %
South Korea	178,176	17.3%	184,141	19.4%	(3.2)%	(1.0)%
Japan	135,041	13.1%	93,668	9.9%	44.2 %	29.0 %
India	128,056	12.4%	135,066	14.3%	(5.2)%	(0.5)%
Hong Kong ⁽²⁾	109,093	10.6%	77,224	8.1%	41.3 %	41.4 %
Australia	67,959	6.6%	56,203	5.9%	20.9 %	21.5 %
Other	158,524	15.5%	148,578	15.7%	6.7 %	8.0 %
Net sales	1,028,578	100.0%	947,602	100.0%	8.5 %	9.9 %

Notes

- (1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) Includes Macau. 2016 includes sales to distributors of the *Tumi* brand throughout Asia.
- (3) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

During the year ended December 31, 2016, net sales of the *Tumi* brand within Asia have only been recognized in Japan and Hong Kong (net sales in Hong Kong included sales to distributors of the *Tumi* brand throughout Asia, excluding Japan). Japan experienced strong constant currency growth of 29.0% year-on-year driven by increased sales of the *Samsonite*, *American Tourister* and *Gregory* brands, as well as the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in Japan, net sales on a constant currency basis increased by 12.2%, while net sales on a US Dollar reported basis increased by 25.0%. Excluding foreign currency effects, net sales in China increased by 5.3%, driven by sales of the *Samsonite* brand. Net sales in South Korea decreased by 1.0% on a constant currency basis due to weak consumer sentiment and a decrease in shoppers visiting from China during the year. On a constant currency basis, net sales in India decreased by 0.5% for the year ended December 31, 2016 compared to the previous year, due to the economic disruption related to the Indian government's demonetization initiative. On a constant currency basis, net sales in Hong Kong (including Macau) increased by 41.4%, driven by the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in Hong Kong (including Macau), net sales on a constant currency basis decreased by US\$8.9 million, or 11.5%, while net sales on a US Dollar reported basis decreased by US\$8.9 million, or 11.6%, driven primarily by fewer Chinese shoppers visiting from the Mainland. Australia had strong constant currency net sales growth of 21.5%, driven by increased sales of the *Samsonite*, *American Tourister* and *High Sierra* brands.

North America

Excluding foreign currency effects, the Group's net sales in North America increased by US\$217.2 million, or 26.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the North American region increased by US\$215.9 million, or 26.6%. Excluding net sales attributable to the *Tumi*

brand in North America, net sales on a constant currency basis increased by US\$31.8 million, or 3.9%, and US Dollar reported net sales increased by US\$30.4 million, or 3.8%. This increase was primarily driven by increased sales of the *Samsonite*, *American Tourister* and *Lipault* brands, as well as by the *Speck* brand. Net sales of the *Speck* brand in North America increased by US\$17.6 million, or 14.9%, on both a constant currency and US Dollar basis for the year ended December 31, 2016 compared to the year ended December 31, 2015 due to new product launches related to certain new electronic device introductions and robust growth in net sales of protective phone cases, partially offset by lower net sales of protective laptop cases.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US\$9.2 million, or 1.8%, and US Dollar reported net sales increased by US\$8.0 million, or 1.6%, for the year ended December 31, 2016 compared to the prior year. Net sales of the *American Tourister* brand increased by US\$2.5 million, or 3.1%, on a constant currency basis and US Dollar reported net sales increased by US\$2.4 million, or 3.0%. Net sales of the *Tumi* brand in North America amounted to US\$185.4 million since the Group's acquisition of the company on August 1, 2016. Excluding foreign currency effects, net sales of the *Speck* brand increased by US\$17.6 million, or 14.9%, on both a constant currency and US Dollar reported basis due to new product launches related to certain new electronic device introductions and robust growth in net sales of protective phone cases, partially offset by lower net sales of protective laptop cases. Excluding foreign currency effects, net sales of the *High Sierra* brand increased by US\$1.0 million, or 1.6%, while US Dollar reported net sales increased by US\$1.0 million, or 1.5% due to increased business-to-business sales. US Dollar reported net sales of the *Hartmann* brand amounted to US\$14.1 million, a constant currency and US Dollar reported decrease of 2.1%, as the Group continued its efforts to redefine the product assortment. Net sales of the *Gregory* brand increased by US\$1.5 million, or 11.6%, on both a constant currency and US Dollar reported basis for the year ended December 31, 2016 compared to the year ended December 31, 2015. The Group implemented a direct-to-market model for its *Lipault* brand in the North American region by taking its business with a former distributor in-house, which generated US Dollar reported net sales of US\$3.5 million for the year ended December 31, 2016.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US\$104.9 million, or 19.5%, and US Dollar reported net sales increased by US\$103.8 million, or 19.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 driven primarily by the addition of *Tumi*. Excluding *Tumi*, net sales in the travel product category increased by 3.5% on a constant currency basis and by 3.3% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US\$37.1 million, or 41.9%, and US Dollar reported net sales increased by US\$37.0 million, or 41.8%, year-on-year, driven by the addition of *Tumi*, partially offset by a strategic business decision to stop selling *Speck* protective laptop cases in an unprofitable sales channel. Excluding *Tumi*, net sales in the business product category decreased by 19.3% on a constant currency basis and by 19.4% on a US Dollar reported basis. Net sales in the casual product category increased by US\$14.5 million, or 15.8%, on a constant currency basis and US Dollar reported net sales increased by US\$14.4 million, or 15.7%, year-on-year, resulting primarily from the addition of *Tumi*. Excluding *Tumi*, net sales in the casual product category decreased by 1.7% on a constant currency basis and by 1.8% on a US Dollar reported basis. Net sales in the accessories category increased by US\$60.7 million, or 66.2%, on a constant currency basis and US Dollar reported net sales increased by US\$60.6 million, or 66.1%, due to increased sales of *Speck* protective phone cases over the previous year and the addition of *Tumi*. Excluding *Tumi*, net sales in the accessories product category increased by 34.4% on a constant currency basis and by 34.4% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US\$75.6 million, or 11.5%, and US Dollar reported net sales increased by US\$74.5 million, or 11.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015 primarily due to the addition of *Tumi* and strong shipments to e-commerce retailers and other key customers. Excluding *Tumi*, net sales in the wholesale channel increased by 3.6% on a constant currency basis and by 3.4% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US\$141.6 million, or 93.2%, on a constant currency basis, and US Dollar reported net sales increased by US\$141.4 million, or 93.0%, year-on-year. This increase was driven by the addition of 171 net new company-operated stores during 2016, including 163 *Tumi* stores from the acquisition on August 1, 2016 and 3 net new *Tumi* stores added post-acquisition, along with the full-year impact of 16 net new stores added during 2015. Additionally, there was the positive impact of a 0.8% increase in same store net sales, on a constant currency basis. This increase was the result of the negative impact that the strengthening US Dollar had on foreign tourist arrivals to gateway markets in the United States during the first half of 2016 becoming moderated, resulting in improved store traffic in the second half. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 5.4% on a constant currency basis and by 5.2% on a US Dollar reported basis.

US Dollar reported net sales through the Group's direct-to-consumer e-commerce channel increased by US\$20.9 million, or 61.3%, of which US\$19.9 million was attributable to *Tumi*. Excluding *Tumi*, net sales through the Group's direct-to-consumer e-commerce channel was driven by an increase in net sales through the Group's owned e-commerce sites.

Countries

The following table sets forth a breakdown of net sales within the North American region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2016 vs 2015	
	2016	2015	2016	2015	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽²⁾
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales		
Net sales by geographic location ⁽¹⁾ :						
United States	976,120	95.0%	769,505	94.8%	26.9%	26.9%
Canada	51,052	5.0%	41,799	5.2%	22.1%	25.3%
Net sales	1,027,172	100.0%	811,304	100.0%	26.6%	26.8%

Notes

- (1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

For the year ended December 31, 2016, US Dollar reported net sales in the United States increased by US\$206.6 million, or 26.9%, year-on-year driven by the addition of *Tumi*. Excluding amounts attributable to the *Tumi* brand, US Dollar reported net sales in the United States increased by US\$28.9 million, or 3.7%, driven primarily by the *Samsonite*, *American Tourister*, *Lipault* and *Speck* brands. Excluding foreign currency effects, net sales in Canada increased by 25.3% year-on-year due primarily to the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in Canada, net sales on a constant currency basis increased by US\$2.9 million, or 6.9%, while net sales on a US Dollar reported basis increased by US\$1.6 million, or 3.8%.

Europe

Excluding foreign currency effects, the Group's net sales in Europe increased by US\$87.7 million, or 16.1%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the region increased by US\$70.6 million, or 13.0%. Excluding net sales attributable to the *Tumi* brand in Europe, net sales on a constant currency basis increased by US\$56.2 million, or 10.3%, and US Dollar reported net sales increased by US\$40.0 million, or 7.3%. The increase was a result of increased net sales of the *Samsonite* brand as well as the Group's continued focus on driving growth of the *American Tourister* brand and increasing its presence in Europe.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US\$33.8 million, or 7.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales of the *Samsonite* brand increased by US\$19.0 million, or 4.4%. Net sales of the *American Tourister* brand increased by US\$14.0 million, or 21.9%, on a constant currency basis, and US Dollar reported net sales increased by US\$13.1 million, or 20.5%, compared to the prior year. *American Tourister* comprised 12.5% of the net sales in the European region during 2016 compared to 11.7% during 2015 as the Group continued its focus on driving growth of the brand and increasing its presence in Europe. Net sales of the *Tumi* brand in Europe amounted to US\$30.5 million since the Group's acquisition of the company on August 1, 2016. Excluding foreign currency effects, net sales of the *Lipault* brand increased by US\$3.0 million, or 27.0%, year-on-year and US Dollar reported net sales increased by US\$2.8 million, or 25.2%, to US\$13.7 million driven by further expansion of the brand's distribution within the region. On a constant currency basis, net sales of the *Gregory* brand increased by 31.4% and US Dollar reported net sales increased by 31.9% to US\$3.4 million. Excluding foreign currency effects, net sales of the *Hartmann* brand increased by 114.1%, while US Dollar reported net sales increased by 112.6% to US\$3.3 million during the year ended December 31, 2016 compared to the year ended December 31, 2015.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US\$43.6 million, or 10.8%, and US Dollar reported net sales increased by US\$29.0 million, or 7.2%, for the year ended December 31, 2016

compared to the year ended December 31, 2015 driven by the addition of *Tumi* and increased sales of hard-side products under the *Samsonite* and *American Tourister* brands. Excluding *Tumi*, net sales in the travel product category increased by 7.2% on a constant currency basis and by 3.7% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the business product category increased by US\$20.5 million, or 35.8%, and US Dollar reported net sales increased by US\$19.3 million, or 33.7%, year-on-year, due to the addition of *Tumi* and successful new business product introductions under the *Samsonite* and *Hartmann* brands. Excluding *Tumi*, net sales in the business product category increased by 17.6% on a constant currency basis and by 15.9% on a US Dollar reported basis. Excluding foreign currency effects, net sales in the casual product category increased by US\$8.8 million, or 54.7%, year-on-year, while US Dollar reported net sales increased by US\$8.6 million, or 53.3%, mainly attributable to increases from the *American Tourister* and *Gregory* brands. Excluding *Tumi*, net sales in the casual product category increased by 37.2% on a constant currency basis and by 36.3% on a US Dollar reported basis.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US\$41.9 million, or 11.3%, for the year ended December 31, 2016 compared to the previous year, and US Dollar reported net sales increased by US\$29.1 million, or 7.9%, year-on-year. Excluding *Tumi*, net sales in the wholesale channel increased by 7.6% on a constant currency basis and by 4.2% on a US Dollar reported basis. Net sales in the direct-to-consumer channel increased by US\$45.8 million, or 26.1%, on a constant currency basis, and US Dollar reported net sales increased by US\$41.5 million, or 23.7%, over the same period. This increase was driven by the addition of 31 net new company-operated stores during 2016, including 25 *Tumi* stores from the acquisition on August 1, 2016. Additionally, there was the full-year impact of 79 net new stores added during 2015, which included 30 Chic Accent stores and 21 Rolling Luggage stores acquired in 2015. On a same store, constant currency basis, retail net sales increased by 7.6%. Excluding *Tumi*, net sales in the direct-to-consumer channel increased by 16.0% on a constant currency basis and by 14.0% on a US Dollar reported basis. Direct-to-consumer e-commerce sales in the region increased year-on-year by 42.3% on a constant currency basis, and US Dollar reported net sales increased by US\$5.9 million, or 40.5%. Excluding *Tumi*, net sales in the direct-to-consumer e-commerce business increased by 31.3% on a constant currency basis and by 29.5% on a US Dollar reported basis.

Countries

The following table sets forth a breakdown of net sales within the European region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,				2016 vs 2015	
	2016	2015	2016	2015	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽⁴⁾
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales		
Net sales by geographic location ⁽¹⁾ :						
Germany	110,883	18.0%	80,252	14.7%	38.2 %	38.4 %
Belgium ⁽²⁾	73,475	11.9%	64,411	11.8%	14.1 %	14.0 %
Italy	68,740	11.2%	60,614	11.1%	13.4 %	13.7 %
United Kingdom ⁽³⁾	68,521	11.1%	59,774	11.0%	14.6 %	30.6 %
France	66,997	10.9%	68,393	12.6%	(2.0)%	(1.7)%
Spain	47,599	7.7%	41,055	7.5%	15.9 %	16.3 %
Russia	30,608	5.0%	27,085	5.0%	13.0 %	23.2 %
Other	148,478	24.2%	143,156	26.3%	3.7 %	6.6 %
Net sales	615,301	100.0%	544,740	100.0%	13.0 %	16.1 %

Notes

- (1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) Net sales in Belgium were US\$19.7 million and US\$18.8 million for the years ended December 31, 2016 and December 31, 2015, respectively. Remaining sales consisted of direct shipments to distributors, customers and agents in other countries.
- (3) Includes Ireland.
- (4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

On a constant currency basis, almost all countries within the European region achieved net sales growth during the year ended December 31, 2016 compared to the prior year, including Germany (+38.4%), the United Kingdom

(+30.6%), Spain (+16.3%) and Italy (+13.7%). Excluding net sales attributable to the *Tumi* brand, these same countries achieved the following constant currency net sales growth over the prior year: the United Kingdom (+21.3%), Germany (+15.7%), Spain (+12.2%) and Italy (+11.3%). On a US Dollar reported net sales basis, these same countries achieved the following growth over the prior year when excluding net sales attributable to the *Tumi* brand: Germany (+15.6%), Spain (+11.9%), Italy (+11.1%), and the United Kingdom (+6.8%). The Group continued to experience year-on-year constant currency net sales growth in Russia (+23.2%) and Turkey (+3.4%). Net sales in France decreased by 1.7% on a constant currency basis, primarily related to negative impacts from the terrorist attacks that occurred in that country during 2016, partially offset by the addition of the *Tumi* brand. Excluding net sales attributable to the *Tumi* brand in France, net sales on a constant currency basis decreased by US\$4.2 million, or 6.2%, and on a US Dollar reported basis, net sales decreased by US\$4.5 million, or 6.5%.

Latin America

Excluding foreign currency effects, the Group's net sales in Latin America increased by US\$20.9 million, or 17.4%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales for the region increased by US\$10.1 million, or 8.4%, as the Group was negatively impacted by the strengthening of the US Dollar.

Brands

Excluding foreign currency effects, net sales of the *Samsonite* brand increased by US\$9.9 million, or 18.9%, and US Dollar reported net sales increased by US\$4.0 million, or 7.6%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. Net sales of the *American Tourister* brand increased by US\$7.0 million, or 98.5%, on a constant currency basis, and US Dollar reported net sales increased by US\$5.1 million, or 72.4%, year-on-year as the Group continued to expand the geographical distribution of the brand. Sales of women's handbags under the *Secret* brand name enjoyed continued success, with constant currency net sales growth of 17.1% and US Dollar reported net sales growth of 15.3% to US\$14.7 million in 2016. Excluding foreign currency effects, net sales of the local brands *Saxoline* and *Xtrem* increased by 5.5% and 9.4%, respectively, while US Dollar reported net sales increased by 1.3% and 2.1%, respectively.

Product Categories

Excluding foreign currency effects, net sales in the travel product category increased by US\$12.1 million, or 22.6%, for the year ended December 31, 2016 compared to the prior year. US Dollar reported net sales increased by US\$6.5 million, or 12.1%. Excluding foreign currency effects, net sales in the business product category increased by US\$2.8 million, or 25.7%, and US Dollar reported net sales increased by US\$1.8 million, or 16.7%. Net sales in the casual product category increased by US\$3.0 million, or 9.5%, on a constant currency basis. US Dollar reported net sales increased by US\$0.4 million, or 1.3%.

Distribution Channels

Excluding foreign currency effects, net sales in the wholesale channel increased by US\$6.2 million, or 7.6%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported net sales decreased by US\$2.3 million, or 2.8%, year-on-year due to the strengthening US Dollar. Net sales in the direct-to-consumer channel increased by US\$14.8 million, or 37.8%, on a constant currency basis, primarily driven by the addition of 37 net new company-operated retail stores during 2016 and the full-year impact of 28 net new stores added during 2015. US Dollar reported net sales increased by 31.6%. On a same store, constant currency basis, retail net sales increased by 9.4%. The Group continued to invest in retail expansion in Latin America to expand distribution and gain market share to drive future profitability.

Countries

The following table sets forth a breakdown of net sales within the Latin American region by geographic location for the years ended December 31, 2016 and December 31, 2015, both in absolute terms and as a percentage of total regional net sales.

	Year ended December 31,		2016 vs 2015			
	2016	2015	2016 vs 2015	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽⁴⁾	
	US\$'000	Percentage of net sales	US\$'000	Percentage of net sales	Percentage increase (decrease)	Percentage increase (decrease) excl. foreign currency effects ⁽⁴⁾
Net sales by geographic location ⁽¹⁾ :						
Chile	59,518	45.6%	57,867	48.0%	2.9%	6.8%
Mexico	41,422	31.7%	38,429	31.9%	7.8%	26.0%
Brazil ⁽²⁾	12,425	9.5%	10,016	8.3%	24.1%	25.5%
Other ⁽³⁾	17,194	13.2%	14,164	11.8%	21.4%	31.5%
Net sales	130,559	100.0%	120,476	100.0%	8.4%	17.4%

Notes

- (1) The geographic location of the Group's net sales reflects the country from which its products were sold and does not necessarily indicate the country in which its end consumers were actually located.
- (2) The net sales figure for Brazil includes net sales to third party distributors in Brazil.
- (3) The net sales figure for the "Other" geographic location includes sales in Argentina, Colombia, Panama, Peru and through the Group's distribution center in Uruguay, but does not include sales in Brazil to third party distributors.
- (4) Results stated on a constant currency basis, a non-IFRS measure, are calculated by applying the average exchange rate of the previous year to current year local currency results.

Excluding foreign currency effects, net sales in Chile increased by 6.8% year-on-year. US Dollar reported net sales for Chile increased by US\$1.7 million, or 2.9%, primarily due to improved year-on-year net sales of the *Samsonite* brand and the women's handbag brand *Secret*. Excluding foreign currency effects, net sales in Mexico increased by 26.0% for the year ended December 31, 2016 compared to the prior year, driven by increased net sales in the *Samsonite*, *American Tourister* and *Xtrem* brands. Net sales in Brazil increased by 25.5% on a constant currency basis and US Dollar reported net sales increased by 24.1% driven by continued retail expansion. The Group continues to invest in Brazil, where the Group's presence has historically been under-represented, to drive future net sales growth and gain market share.

Cost of Sales and Gross Profit

Cost of sales increased by US\$136.0 million, or 11.8%, to US\$1,289.5 million (representing 45.9% of net sales) for the year ended December 31, 2016 from US\$1,153.5 million (representing 47.4% of net sales) for the year ended December 31, 2015.

Gross profit increased by US\$242.0 million, or 18.9%, to US\$1,521.0 million for the year ended December 31, 2016 from US\$1,279.0 million for the year ended December 31, 2015. Gross profit margin increased to 54.1% for the year ended December 31, 2016 from 52.6% for the year ended December 31, 2015.

The increase in gross profit margin was attributable to the impact from the acquisition of *Tumi*, which yields higher margins, a higher proportion of sales coming from the direct-to-consumer channel, including direct-to-consumer e-commerce, and a reduction in certain product costs. Excluding amounts attributable to *Tumi*, gross profit increased by US\$63.6 million, or 5.0%, to US\$1,342.6 million, and gross profit margin increased to 53.0% for the year ended December 31, 2016 from 52.6% for the year ended December 31, 2015.

Distribution Expenses

Distribution expenses increased by US\$152.7 million, or 22.9%, to US\$818.4 million (representing 29.1% of net sales) for the year ended December 31, 2016 from US\$665.8 million (representing 27.4% of net sales) for the year ended December 31, 2015. This increase was primarily due to the acquisition of *Tumi* and the increase in sales volume during the year ended December 31, 2016. Distribution expenses as a percentage of net sales increased year-on-year primarily due to increased costs from the Group's retail expansion strategy, investment in the infrastructure of the Group's business in Latin America and investment in the geographical expansion of the *American Tourister*, *Lipault* and *Hartmann* brands, as well as the impact from the *Tumi* acquisition, including US\$10.2 million of amortization attributable to the definite-lived intangibles recognized at acquisition. Excluding amounts attributable to *Tumi*,

distribution expenses as a percentage of net sales were 28.3% for the year ended December 31, 2016 compared to 27.4% during the previous year.

Marketing Expenses

The Group spent US\$143.8 million (representing 5.1% of net sales) on marketing during the year ended December 31, 2016 compared to US\$132.1 million (representing 5.4% of net sales) for the year ended December 31, 2015, an increase of US\$11.7 million, or 8.9%. On a constant currency basis, marketing expenses increased by US\$13.4 million, or 10.1%. The reduction in marketing spend as a percentage of net sales reflects more normalized spending on the *American Tourister* brand in Europe following two years of investment to increase awareness and drive growth of the brand in the region. The Group continued to employ targeted and focused advertising and promotional campaigns. The Group believes the success of its advertising campaigns is evident in its net sales growth, and remains committed to enhancing brand and product awareness and driving additional net sales growth through focused marketing activities.

General and Administrative Expenses

General and administrative expenses increased by US\$23.5 million, or 15.2%, to US\$177.9 million (representing 6.3% of net sales) for the year ended December 31, 2016 from US\$154.5 million (representing 6.4% of net sales) for the year ended December 31, 2015. General and administrative expenses decreased as a percentage of net sales as the Group maintained tight control of its fixed cost base and leveraged it against year-on-year net sales growth. Share-based compensation expense, a non-cash expense included in general and administrative expenses, amounted to US\$15.5 million, an increase of US\$0.3 million year-on-year. Excluding amounts attributable to *Tumi*, general and administrative expenses as a percentage of net sales were 6.4% for the year ended December 31, 2016 compared to 6.4% during the previous year.

Other Expenses

The Group incurred other expenses of US\$49.6 million and US\$17.8 million for the years ended December 31, 2016 and December 31, 2015, respectively. Other expenses for 2016 were primarily comprised of acquisition-related costs totaling US\$46.2 million associated with due diligence, professional and legal fees, severance and integration costs incurred for the acquisition of *Tumi*, which was completed on August 1, 2016. Other expenses for 2015 included acquisition-related costs of US\$8.9 million, which were primarily comprised of costs associated with due diligence and integration activities, severance, and professional and legal fees associated with both the *Rolling Luggage* and *Chic Accent* acquisitions that were completed in 2015 as well as other contemplated acquisitions.

Liquidation of Defined Benefit Plan

A U.S. subsidiary of the Group sponsored a defined benefit retirement plan, the *Samsonite Employee Retirement Income Plan* (the "SERIP Plan"), which covered certain employee groups. Retirement benefits were based on a final average pay formula. The SERIP Plan was closed to new entrants effective December 31, 2009. Effective December 31, 2010, the SERIP Plan was frozen to suspend future benefit accruals. The SERIP Plan was terminated effective December 31, 2014. In connection with the SERIP Plan's termination, the benefits being paid to participants and beneficiaries whose pensions were in pay were continued through the purchase of an annuity contract from an insurance company. Participants whose pension payments had not started had the option to either make an election to receive a lump-sum payment that could be rolled over into an individual retirement account or other qualified plan, or receive either an immediate or a deferred vested annuity contract that would pay their benefits. In August 2016, the SERIP Plan received a determination letter from the U.S. Internal Revenue Service ("IRS") stating that the termination of the SERIP Plan did not affect its qualification for federal tax purposes. On or before December 31, 2016, substantially all SERIP Plan assets were distributed to participants and beneficiaries or used to purchase the annuity that will pay the benefits for the remaining participants (the "SERIP Plan Liquidation").

Participants who elected to receive a lump sum payment received such payment from SERIP Plan assets during 2016. The projected benefit obligation for participants who did not elect to receive a lump sum benefit has been, or, in the case of the US\$7.3 million liability remaining at December 31, 2016 will be, satisfied by the annuity contracts purchased by the Group, at which time there will be no further recourse on the Group.

The net defined benefit liability was recalculated by the Group's third party actuary immediately prior to the SERIP Plan Liquidation. In conjunction with the SERIP Plan Liquidation, the Group recognized a gain in the amount of US\$6.0 million in its consolidated income statement for the year ended December 31, 2016. Of the US\$6.0 million, US\$1.5 million has been presented within general and administrative expenses with the remainder in other expenses in the consolidated income statement.

In addition, US\$56.8 million of deferred tax liabilities that were originally recognized at the time of contributions to the SERIP Plan were removed, creating a tax benefit for the same amount in the consolidated income statement for the year ended December 31, 2016.

See further discussion in note 14(b)(ii) to the consolidated financial statements.

Operating Profit

On a constant currency basis, the Group's operating profit increased by US\$31.0 million, or 10.0%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. Excluding acquisition-related costs, the Group's operating profit for the year ended December 31, 2016 increased by US\$68.3 million, or 21.5%, on a constant currency basis, year-on-year. US Dollar reported operating profit of US\$331.2 million for the year ended December 31, 2016 increased by US\$22.3 million, or 7.2%, from US\$308.9 million for the year ended December 31, 2015 due to the factors noted above. Excluding acquisition-related costs, the Group's US Dollar reported operating profit increased by US\$59.6 million, or 18.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015.

Net Finance Costs

Net finance costs increased by US\$40.7 million, or 228.7%, to US\$58.5 million for the year ended December 31, 2016 from US\$17.8 million for the year ended December 31, 2015. This increase was attributable to a US\$40.5 million increase in interest expense related to the Senior Credit Facilities (described in the Indebtedness section below). In addition, the increase in net finance costs was also due to a US\$3.3 million increase in the expense recognized for the change in fair value of put options related to agreements with certain holders of non-controlling interests for the year ended December 31, 2016 compared to the year ended December 31, 2015. These increases were partially offset by a US\$3.0 million decrease in foreign exchange losses year-on-year.

The following table sets forth a breakdown of total finance costs for the year ended December 31, 2016 and December 31, 2015.

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Recognized in income or loss:		
Interest income on bank deposits	1,253	868
Total finance income	1,253	868
Interest expense on financial liabilities measured at amortized cost	(43,691)	(3,160)
Change in fair value of put options	(9,119)	(5,772)
Net foreign exchange loss	(3,660)	(6,681)
Other finance costs	(3,319)	(3,066)
Total finance costs	(59,789)	(18,679)
Net finance costs recognized in profit or loss	(58,536)	(17,811)

Profit before Income Tax

On a constant currency basis, profit before income tax decreased by US\$10.5 million, or 3.6%, to US\$280.6 million for the year ended December 31, 2016 from US\$291.1 million for the year ended December 31, 2015 due to the aforementioned increases in acquisition-related costs and financing costs. US Dollar reported profit before income tax decreased by US\$18.4 million, or 6.3%, to US\$272.7 million for the year ended December 31, 2016 from US\$291.1 million for the year ended December 31, 2015. Excluding acquisition-related costs, profit before income tax increased by US\$26.8 million, or 8.9%, on a constant currency basis and US Dollar reported profit before income tax increased by US\$18.9 million, or 6.3%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

Income Tax Benefit (Expense)

For the year ended December 31, 2016, the Group recorded an income tax benefit of US\$2.2 million compared with income tax expense of US\$74.0 million for the year ended December 31, 2015. In conjunction with the SERIP Plan Liquidation, the Group recorded a US\$56.8 million tax benefit related to the derecognition of deferred tax liabilities that originated from contributions to the pension plan in prior years. In addition, the enacted future tax rate in Luxembourg decreased by 321 basis points to 26.0%, which resulted in a favorable tax adjustment of US\$8.8 million to the Group's deferred tax liabilities. Excluding these tax benefits, as well as the tax benefit resulting from the Tumi acquisition-related costs, the Group's effective tax rate was 27.8%.

The Group's consolidated effective tax rate for operations was (0.8)% and 25.4% for the years ended December 31, 2016 and December 31, 2015, respectively. The effective tax rate is calculated using a weighted average income tax rate from those jurisdictions in which the Group is subject to tax, adjusted for permanent book/tax differences, tax incentives, changes in tax reserves and changes in unrecognized deferred tax assets. The increase in the Group's effective tax rate as adjusted above for certain one-time items, was mainly the result of normal changes in the profit mix between high and low tax jurisdictions.

Profit for the Year

On a constant currency basis, profit for the year increased by US\$63.0 million, or 29.0%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. Excluding the tax-effected acquisition-related costs and the income tax benefit resulting from the SERIP Plan Liquidation, the Group's profit for the year increased by US\$28.5 million, or 12.8%, on a constant currency basis, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. US Dollar reported profit for the year of US\$274.8 million for the year ended December 31, 2016 increased by US\$57.8 million, or 26.6%, from US\$217.0 million for the previous year. Excluding the same factors noted above, the Group's US Dollar reported profit for the year increased by US\$23.4 million, or 10.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

On a constant currency basis, profit attributable to the equity holders increased by US\$63.2 million, or 32.0%, compared to the prior year due to the factors noted above. Excluding tax-effected acquisition-related costs and the income tax benefit resulting from the SERIP Plan Liquidation, the Group's profit attributable to equity holders increased by US\$28.7 million, or 14.1%, on a constant currency basis, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. US Dollar reported profit attributable to the equity holders was US\$255.7 million for the year ended December 31, 2016, an increase of US\$58.0 million, or 29.4%, from US\$197.6 million for the year ended December 31, 2015. Excluding the same factors noted above, the Group's US Dollar reported profit attributable to equity holders increased by US\$23.6 million, or 11.6%, for the year ended December 31, 2016 compared to the year ended December 31, 2015, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition.

Basic earnings per share ("Basic EPS") increased by 29.3% to US\$0.181 for the year ended December 31, 2016 from US\$0.140 for the year ended December 31, 2015. Diluted earnings per share increased by 29.3% to US\$0.181 for the year ended December 31, 2016 from US\$0.140 for the year ended December 31, 2015. The weighted average number of shares utilized in the Basic EPS calculation was 1,410,593,129 shares as of December 31, 2016 compared to 1,409,398,785 shares as of December 31, 2015. The weighted average number of shares outstanding utilized in the Diluted EPS calculation was 1,413,559,223 shares as of December 31, 2016 compared to 1,412,181,274 shares as of December 31, 2015.

Adjusted EBITDA

On a constant currency basis, Adjusted EBITDA, a non-IFRS measure, increased by US\$91.5 million, or 22.8%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported Adjusted EBITDA increased by US\$84.5 million, or 21.1%, to US\$485.6 million for the year ended December 31, 2016 from US\$401.2 million for the year ended December 31, 2015. US Dollar reported Adjusted EBITDA margin increased to 17.3% from 16.5% primarily due to the inclusion of Tumi. Excluding the Adjusted EBITDA and net sales attributable to Tumi, US Dollar reported Adjusted EBITDA was US\$421.3 million, or 16.6%, of net sales for the year ended December 31, 2016. The Group continued to maintain tight control of its fixed cost base while achieving net sales growth. See the reconciliation of profit for the year to Adjusted EBITDA below for a detailed discussion of the Group's results excluding certain costs and charges and other non-cash charges that impacted US Dollar reported profit for the year.

The following table presents the reconciliation from the Group's profit for the year to Adjusted EBITDA for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Profit for the year	274,825	217,017
Plus (Minus):		
Income tax expense (benefit)	(2,160)	74,043
Finance costs	59,789	18,679
Finance income	(1,253)	(868)
Depreciation	66,785	48,985
Amortization	22,456	10,590
EBITDA	420,442	368,446
Plus:		
Share-based compensation expense	15,490	15,215
Other adjustments ⁽¹⁾	49,706	17,526
Adjusted EBITDA	485,638	401,187
Adjusted EBITDA growth	21.1%	4.4%
Adjusted EBITDA growth, constant currency basis	22.8%	12.6%
Adjusted EBITDA margin	17.3%	16.5%

Note

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement, which includes acquisition-related costs of US\$46.2 million and US\$8.9 million for the years ended December 31, 2016 and December 31, 2015, respectively.

The following tables present reconciliations from profit (loss) for the year to Adjusted EBITDA on a regional basis for the years ended December 31, 2016 and December 31, 2015:

Year ended December 31, 2016

(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America ⁽¹⁾	Corporate	Total
Profit (loss) for the year	102,883	40,649	49,356	(7,187)	89,124	274,825
Plus (Minus):						
Income tax expense (benefit)	31,184	42,863	14,769	172	(91,148)	(2,160)
Finance costs	(343)	840	4,615	2,641	52,036	59,789
Finance income	(654)	(7)	(192)	(226)	(174)	(1,253)
Depreciation	18,920	20,663	21,430	3,333	2,439	66,785
Amortization	10,502	5,194	3,074	3,272	414	22,456
EBITDA	162,492	110,202	93,052	2,005	52,691	420,442
Plus (Minus):						
Share-based compensation expense	1,412	3,154	812	136	9,976	15,490
Other adjustments ⁽¹⁾	64,024	56,479	15,975	5,659	(92,431)	49,706
Adjusted EBITDA	227,928	169,835	109,839	7,800	(29,764)	485,638
Adjusted EBITDA growth	13.6%	36.8%	18.9%	(28.6)%	10.9%	21.1%
Adjusted EBITDA growth, constant currency basis	15.8%	37.0%	20.7%	(21.8)%	10.9%	22.8%
Adjusted EBITDA margin	22.2%	16.5%	17.9%	6.0 %	nm	17.3%

Notes

(1) During the year ended December 31, 2016, the Group's profitability in Latin America was negatively impacted by the continued investment in retail expansion, team and infrastructure necessary to position the region for strong growth in the coming years.

(2) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement which includes acquisition-related costs. Regional results include intra-group royalty income/expense.

nm Not meaningful.

Year ended December 31, 2015

(Expressed in thousands of US Dollars)	Asia	North America	Europe	Latin America	Corporate	Total
Profit (loss) for the year	83,752	33,078	34,479	(3,980)	69,688	217,017
Plus (Minus):						
Income tax expense	29,382	21,680	16,982	2,743	3,256	74,043
Finance costs	2,167	1,327	1,115	4,816	9,254	18,679
Finance income	(488)	(2)	(444)	66	—	(868)
Depreciation	15,084	11,553	17,608	2,345	2,395	48,985
Amortization	5,233	1,347	1,720	2,256	34	10,590
EBITDA	135,130	68,983	71,460	8,246	84,627	368,446
Plus (Minus):						
Share-based compensation expense	1,116	2,704	1,313	41	10,041	15,215
Other adjustments ⁽¹⁾	64,314	52,466	19,607	2,640	(121,501)	17,526
Adjusted EBITDA	200,560	124,153	92,380	10,927	(26,833)	401,187
Adjusted EBITDA margin	21.2%	15.3%	17.0%	9.1%	<i>nm</i>	16.5%

Notes

(1) Other adjustments primarily comprised of 'Other expenses' per the consolidated income statement which includes acquisition-related costs. Regional results include intra-group royalty income/expense.

nm Not meaningful.

The Group has presented Adjusted EBITDA because it believes that, when viewed with its results of operations as prepared in accordance with IFRS and with the reconciliation to profit for the year, Adjusted EBITDA provides additional information that is useful in gaining a more complete understanding of its operational performance and of the trends impacting its business. Adjusted EBITDA is an important metric the Group uses to evaluate its operating performance and cash generation.

Adjusted EBITDA is a non-IFRS financial measure and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit for the year in the Group's consolidated income statement. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Adjusted Net Income

On a constant currency basis, Adjusted Net Income, a non-IFRS measure, increased by US\$44.4 million, or 20.5%, for the year ended December 31, 2016 compared to the year ended December 31, 2015. US Dollar reported Adjusted Net Income increased by US\$41.0 million, or 18.9%, to US\$257.9 million for the year ended December 31, 2016 from US\$216.9 million for the year ended December 31, 2015, despite a year-on-year increase in interest expense of US\$40.5 million, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition. See the reconciliation of profit for the year to Adjusted Net Income below for a detailed discussion of the Group's results excluding certain costs and charges and other non-cash charges that impacted US Dollar reported profit for the year.

Adjusted Basic EPS and adjusted Diluted EPS, non-IFRS measures, increased to US\$0.183 and US\$0.182, respectively, for the year ended December 31, 2016 from US\$0.154 and US\$0.154, respectively, for the year ended December 31, 2015.

The following table presents the reconciliation from the Group's profit for the year to Adjusted Net Income for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Profit for the year	274,825	217,017
Profit attributable to non-controlling interests	(19,158)	(19,378)
Profit attributable to the equity holders	255,667	197,639
Plus (Minus):		
Change in fair value of put options	9,119	5,772
Amortization of intangible assets	22,456	10,590
Acquisition-related costs	46,189	8,877
Tax benefit from the SERIP Plan Liquidation	(56,773)	—
Other adjustments ⁽¹⁾	5,775	—
Tax adjustments ⁽²⁾	(24,547)	(5,968)
Adjusted Net Income⁽³⁾	257,886	216,910

Notes

- (1) Other adjustments consisted of US\$5.8 million for interest expense associated with the Term Loan B Facility incurred prior to the acquisition on August 1, 2016 (described in the Indebtedness section below).
- (2) Tax adjustments represent the tax effect of the reconciling line items as included in the consolidated income statement.
- (3) Represents Adjusted Net Income attributable to the equity holders of the Company.

The Group has presented Adjusted Net Income because it believes this measure helps to give securities analysts, investors and other interested parties a better understanding of the Group's underlying financial performance. By presenting Adjusted Net Income, the Group eliminates the effect of a number of costs, charges and credits and certain other non-cash charges, along with their respective tax effects, that impact US Dollar reported profit for the year.

Adjusted Net Income is a non-IFRS financial measure, and as calculated herein may not be comparable to similarly named measures used by other companies and should not be considered as a measure comparable to profit for the year in the Group's consolidated income statement. Adjusted Net Income has limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, an analysis of the Group's results of operations as reported under IFRS.

Liquidity and Capital Resources

The primary objective of the Group's capital management policies is to safeguard its ability to continue as a going concern, to provide returns for the Company's shareholders, and to fund capital expenditures, normal operating expenses, working capital needs and the payment of obligations. The Group's primary sources of liquidity are its cash flows from operating activities, invested cash, available lines of credit and, subject to shareholder approval, the Company's ability to issue additional shares. The Group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet the operating and capital requirements of the Group for at least the next twelve months.

Net cash flows provided by operating activities increased by US\$1.7 million, or 0.7%, to US\$260.8 million for the year ended December 31, 2016 compared to US\$259.0 million for the year ended December 31, 2015. This increase was primarily attributable to an increase in profit for the year, partially offset by a US\$34.2 million increase in cash paid for interest, primarily associated with the Senior Credit Facilities utilized to finance the Tumi acquisition and the US\$37.3 million increase in acquisition-related costs recorded in 2016.

For the year ended December 31, 2016, net cash flows used in investing activities were US\$1,759.4 million compared to US\$104.1 million in the previous year. This increase was due to the acquisition of Tumi on August 1, 2016 compared to the acquisitions of Rolling Luggage and Chic Accent in 2015.

Net cash flows generated from financing activities were US\$1,697.9 million for the year ended December 31, 2016 compared to net cash flows used in financing activities of US\$110.2 million for the year ended December 31, 2015. The Group received gross proceeds of US\$1,925.0 million from the Term Loan Facilities (described in the Indebtedness section below) which were used to fund the acquisition of Tumi. The Group paid US\$69.5 million in deferred financing costs related to the Term Loan Facilities. Cash flows used in financing activities for the year ended December 31, 2015 are largely attributable to the US\$88.0 million distribution to shareholders and the purchase of the non-controlling interest in the Group's Russian subsidiary.

The Group had US\$368.5 million in cash and cash equivalents as of December 31, 2016, compared to US\$180.8 million as of December 31, 2015. As of December 31, 2016, US\$35.1 million of the cash was restricted. No amounts were restricted as of December 31, 2015. Cash and cash equivalents are denominated in the functional currencies of each respective Group entity.

Indebtedness

The following table sets forth the carrying amount of the Group's loans and borrowings as of December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	December 31, 2016	December 31, 2015
Term Loan A Facility	1,242,187	—
Term Loan B Facility	673,313	—
Revolving Facility	10,516	—
Senior Credit Facilities	1,926,016	—
Prior Revolving Facility	—	48,174
Other lines of credit	13,410	15,921
Finance lease obligations	283	87
Total loans and borrowings	1,939,709	64,182
Less deferred financing costs	(64,341)	(1,401)
Total loans and borrowings less deferred financing costs	1,875,368	62,781

Senior Credit Facilities

Overview

On May 13, 2016, an indirect wholly-owned subsidiary of the Company entered into a Credit and Guaranty Agreement dated as of May 13, 2016 (the "Credit Agreement") with certain lenders and financial institutions. On August 1, 2016 (the "Closing Date"), the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement. The Credit Agreement provides for (1) a US\$1,250.0 million senior secured term loan A facility (the "Term Loan A Facility"), (2) a US\$675.0 million senior secured term loan B facility (the "Term Loan B Facility" and, together with the Term Loan A Facility, the "Term Loan Facilities") and (3) a US\$500.0 million revolving credit facility (the "Revolving Facility", and, together with the Term Loan Facilities, the "Senior Credit Facilities"). On May 13, 2016, the proceeds of the borrowings under the Term Loan B Facility were funded and deposited into an escrow account and were held in escrow until the consummation of the merger with Tumi on the Closing Date, at which time such proceeds were released from escrow and were used to pay a portion of the consideration under the Merger Agreement.

On the Closing Date, the Company and certain of its other indirect wholly-owned subsidiaries became parties to the Credit Agreement, and the Group used the proceeds from the Senior Credit Facilities to pay the total consideration under the Merger Agreement, to repay all amounts then outstanding under the Group's prior US\$500.0 million revolving credit facility (the "Prior Revolving Facility"), which Prior Revolving Facility was then terminated, and to pay fees, costs and expenses related to the Tumi acquisition, as well as for general corporate purposes.

Interest Rate and Fees

Interest on the borrowings under the Term Loan A Facility and the Revolving Facility began to accrue on the Closing Date. The interest rates for such borrowings were initially based on the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 2.75% per annum. The borrowers under such facilities could also initially elect to pay interest at a base rate plus 1.75% per annum. The applicable margin for borrowings under both the Term Loan A Facility and the Revolving Facility may step down based on achievement of a specified total net leverage ratio of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ended December 31, 2016. Interest on the borrowing under the Term Loan B Facility began to accrue on May 13, 2016 at the rate of LIBOR plus 3.25% per annum. The borrower under such facility may also elect to pay interest at a base rate plus 2.25%.

In addition to paying interest on outstanding principal under the Senior Credit Facilities, the borrowers will pay customary agency fees and a commitment fee in respect of the unutilized commitments under the Revolving Facility, which was initially 0.50% per annum. The commitment fee may step down based on the achievement of a specified total net leverage ratio level of the Company and its subsidiaries at the end of each fiscal quarter, commencing with the quarter ended December 31, 2016.

Subsequent to December 31, 2016, the Group refinanced the Senior Credit Facilities on February 2, 2017 (the "Repricing"). Under the terms of the Repricing, the interest rate payable on the Term Loan A Facility and the Revolving

Facility was reduced with effect from February 2, 2017 until the delivery of the financial statements for the period ending June 30, 2017 to LIBOR plus 2.00% per annum (or a base rate plus 1.00% per annum) from LIBOR plus 2.75% per annum (or a base rate plus 1.75% per annum) and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. The interest rate payable on the Term Loan B Facility was reduced with effect from February 2, 2017 to LIBOR plus 2.25% per annum with a LIBOR floor of 0.00% (or a base rate plus 1.25% per annum) from LIBOR plus 3.25% with a LIBOR floor of 0.75% (or a base rate plus 2.25% per annum). In addition, the commitment fee payable in respect of the unutilized commitments under the Revolving Facility was reduced from 0.5% per annum to 0.375% per annum through June 30, 2017 and thereafter shall be based on the total net leverage ratio of the Group at the end of each fiscal quarter. In conjunction with the Repricing, the Group incurred approximately US\$5.2 million in fees and expenses that will be deferred and amortized over the term of the borrowings.

Mandatory Prepayments

The Credit Agreement requires certain mandatory prepayments of outstanding loans under the Term Loan Facilities from the net cash proceeds of certain asset sales and casualty and condemnation events (subject to reinvestment rights), and the net cash proceeds of any incurrence or issuance of debt not permitted under the Senior Credit Facilities, in each case subject to customary exceptions and thresholds. The Credit Agreement also provides for mandatory prepayments of the Term Loan B Facility to be made based on the excess cash flow of the Company and its subsidiaries.

Voluntary Prepayments

Voluntary prepayments of the Term Loan B Facility in connection with re-pricing transactions on or prior to six months following the Repricing will be subject to a call premium of 1.0%. Otherwise, all outstanding loans under the Senior Credit Facilities may be voluntarily prepaid at any time without premium or penalty other than customary "breakage" costs with respect to LIBOR loans.

Amortization and Final Maturity

The Term Loan A Facility requires scheduled quarterly payments commencing December 31, 2016, with an amortization of 2.5% of the original principal amount of the loans under the Term Loan A Facility made during the first year, with a step-up to 5.0% amortization during the second and third years, 7.5% during the fourth year and 10.0% during the fifth year, with the balance due and payable on the fifth anniversary of the Closing Date. The Term Loan B Facility requires scheduled quarterly payments commencing December 31, 2016, each equal to 0.25% of the original principal amount of the loans under the Term Loan B Facility, with the balance due and payable on the seventh anniversary of the Closing Date. There is no scheduled amortization of the principal amounts of the loans outstanding under the Revolving Facility. Any principal amount outstanding under the Revolving Facility is due and payable on the fifth anniversary of the Closing Date.

Guarantees and Security

The obligations of the borrowers under the Senior Credit Facilities are unconditionally guaranteed by the Company and certain of the Company's existing direct or indirect wholly-owned material subsidiaries, and are required to be guaranteed by certain future direct or indirect wholly-owned material subsidiaries organized in the jurisdictions of Luxembourg, Belgium, Canada, Hong Kong, Hungary, Mexico and the United States. All obligations under the Senior Credit Facilities, and the guarantees of those obligations, are secured, subject to certain exceptions, by substantially all of the assets of the Company and the assets of certain of its direct and indirect wholly-owned subsidiaries that are borrowers and/or guarantors under the Senior Credit Facilities, including: (i) a first-priority pledge of all of the equity interests of certain of the Company's subsidiaries and each wholly-owned material restricted subsidiary of these entities (which pledge, in the case of any foreign subsidiary of a U.S. entity, is limited to 66% of the voting capital stock and 100% of the non-voting capital stock of such foreign subsidiary); and (ii) a first-priority security interest in substantially all of the tangible and intangible assets of the Company and the subsidiary guarantors.

Certain Covenants and Events of Default

The Senior Credit Facilities contain a number of customary negative covenants that, among other things and subject to certain exceptions, may restrict the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) pay dividends or distributions on its capital stock or redeem, repurchase or retire its capital stock or its other indebtedness; (iii) make investments, loans and acquisitions; (iv) engage in transactions with its affiliates; (v) sell assets, including capital stock of its subsidiaries; (vi) consolidate or merge; (vii) materially alter the business it conducts; (viii) incur liens; and (ix) prepay or amend any junior debt or subordinated debt.

In addition, the Credit Agreement requires the Company and its subsidiaries to meet certain quarterly financial covenants. Commencing with the fiscal quarter ended December 31, 2016, the Company and its subsidiaries are required to maintain (i) a pro forma total net leverage ratio of not greater than 4.75:1.00, which threshold will decrease to 4.50:1.00 for test periods in 2018, 4.25:1.00 for test periods in 2019 and 4.00:1.00 for test periods in 2020, and (ii)

a pro forma interest coverage ratio of not less than 3.25:1.00. The Group was in compliance with the financial covenants as of December 31, 2016.

The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and provisions relating to events of default (including upon a change of control).

Interest Rate Swaps

The Group entered into interest rate swap transactions on June 1, 2016 that became effective on December 31, 2016 and will terminate on August 31, 2021. The Group uses the interest rate swap transactions to minimize its exposure to interest rate fluctuations under the floating-rate Senior Credit Facilities by swapping certain US Dollar floating-rate bank borrowings with fixed-rate agreements. The interest rate swap agreements have initial notional amounts totaling US\$1,237.0 million representing approximately 65% of the anticipated balances of the Term Loan Facilities. The notional amounts of the interest rate swap agreements decrease over time in line with required amortization and anticipated prepayments on the Term Loan Facilities. LIBOR has been fixed at approximately 1.30% under each agreement. Each of the interest rate swap agreements have fixed payments due monthly starting January 31, 2017. The interest rate swap transactions qualify as cash flow hedges under IFRS. As of December 31, 2016, the interest rate swaps were marked-to-market, resulting in a net asset position to the Group in the amount of US\$16.1 million, which was recorded as an asset with the effective portion of the gain deferred to other comprehensive income.

Deferred Financing Costs

The Group recognized US\$69.5 million of deferred financing costs during the year ended December 31, 2016 related to the Senior Credit Facilities, all of which were included in non-current loans and borrowings in the consolidated statement of financial position as of December 31, 2016. The deferred financing costs were comprised of the original issue discount, commitment fees and other financing-related costs that will be deferred and offset against loans and borrowings to be amortized using the effective interest method over the life of the Term Loan Facilities.

Revolving Facility

As of December 31, 2016, US\$486.4 million was available to be borrowed on the Revolving Facility as a result of US\$10.5 million of outstanding borrowings and the utilization of US\$3.1 million of the facility for outstanding letters of credit extended to certain creditors.

Prior Revolving Facility

Until July 31, 2016, the Group maintained the Prior Revolving Facility in the amount of US\$500.0 million. The Prior Revolving Facility had an initial term of five years from its effective date of June 17, 2014, with a one-year extension available at the request of the Group and at the option of the lenders. The interest rate on borrowings under the Prior Revolving Facility was the aggregate of (i) (a) LIBOR or (b) the prime rate of the lender and (ii) a margin to be determined based on the Group's leverage ratio. Based on the Group's leverage ratio, the Prior Revolving Facility carried a commitment fee ranging from 0.2% to 0.325% per annum on any unutilized amounts, as well as an agency fee if another lender joined the Prior Revolving Facility. The Prior Revolving Facility was secured by certain of the Group's assets in the United States and Europe, as well as the Group's intellectual property. The Prior Revolving Facility also contained financial covenants related to interest coverage and leverage ratios, and operating covenants that, among other things, limited the Group's ability to incur additional debt, create liens on its assets, and participate in certain mergers, acquisitions, liquidations, asset sales or investments. The Prior Revolving Facility was terminated and all outstanding balances were repaid in conjunction with the financing for the Tumi acquisition on August 1, 2016.

Other Loans and Borrowings

Certain consolidated subsidiaries of the Group maintain credit lines with various third party lenders in the regions in which they operate. Other loans and borrowings are generally variable rate instruments denominated in the functional currency of the borrowing Group entity. These local credit lines provide working capital for the day-to-day business operations of the subsidiaries, including overdraft, bank guarantees, and trade finance and factoring facilities. The majority of these credit lines are uncommitted facilities. The total aggregate amount outstanding under the local facilities was US\$13.4 million and US\$15.9 million as of December 31, 2016 and December 31, 2015, respectively. The uncommitted available lines of credit amounted to US\$79.5 million and US\$88.1 million as of December 31, 2016 and December 31, 2015, respectively.

The following represents the contractual maturity dates of the Group's loans and borrowings (excluding the impact of netting agreements) as of December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	December 31, 2016	December 31, 2015
On demand or within one year	69,807	64,125
After one year but within two years	69,319	18
After two years but within five years	1,161,020	39
More than five years	639,563	—
	1,939,709	64,182

Hedging

The Group's non-U.S. subsidiaries periodically enter into forward contracts related to the purchase of inventory denominated primarily in US Dollars which are designated as cash flow hedges. Cash outflows associated with these derivatives as of December 31, 2016 are expected to be US\$95.4 million within one year.

Other Financial Information

Capital Expenditures

Historical Capital Expenditures

The following table sets forth the Group's historical capital expenditures for the years ended December 31, 2016 and December 31, 2015:

(Expressed in thousands of US Dollars)	Year ended December 31,	
	2016	2015
Land	226	26
Buildings	404	2,659
Machinery, equipment, leasehold improvements and other	68,949	65,792
Total capital expenditures	69,579	68,477

Capital expenditures during the year ended December 31, 2016 included costs for the construction of a new warehouse in China, new or remodeled retail locations and investments in the Group's infrastructure.

Planned Capital Expenditures

The Group's capital expenditures budget for 2017 is approximately US\$114.4 million. The increase from 2016 reflects the inclusion of Tumi. The Group plans to complete the warehouse in China and the plant expansion in Hungary, refurbish existing retail stores, open new retail stores and invest in machinery and equipment.

Contractual Obligations

The following table summarizes scheduled maturities of the Group's contractual obligations for which cash flows are fixed and determinable as of December 31, 2016:

(Expressed in thousands of US Dollars)	Total	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans and borrowings	1,939,709	69,807	69,319	1,161,020	639,563
Minimum operating lease payments	602,328	139,664	111,490	211,979	139,195
Total	2,542,037	209,471	180,809	1,372,999	778,758

As of December 31, 2016, the Group did not have any material off-balance sheet arrangements or contingencies except as included in the table summarizing its contractual obligations above.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries

Other than the acquisition of Tumi, there were no other significant investments held, material acquisitions, or disposals of subsidiaries during the year ended December 31, 2016.

Future Prospects

The Group's growth strategy will continue as planned for 2017, with a focus on the following:

- Continue to develop the Company into a well-diversified multi-brand, multi-category and multi-channel luggage, bag and accessories business.
- Leverage the Company's regional management structure, sourcing and distribution expertise and marketing engine to extend the strong *Tumi* brand into new markets and penetrate deeper into existing channels.
- Tactfully deploy multiple brands to operate at wider price points and broader consumer demographics in each category.
- Increase the proportion of net sales from the Group's direct-to-consumer channel by growing direct-to-consumer e-commerce net sales and through targeted expansion of its bricks-and-mortar retail presence.
- Continue to invest in the Group's core brands with sustained R&D spending to produce lighter and stronger new materials as well as exciting and innovative new products, supported by effective marketing spend to drive awareness among consumers.
- Intend to increase the Company's investment in marketing in 2017 to support global expansion of *Tumi* and to continue to drive visibility for *Samsonite*, *American Tourister* and other brands.
- Execute on market opportunities for recently acquired brands to further diversify the Group's product offering into non-travel categories.

The Group aims to deliver top-line growth, maintain gross margins, increase Adjusted EBITDA margins and enhance shareholder value.

Forward-Looking Statements

This document contains forward-looking statements. Forward-looking statements reflect the Group's current views with respect to future events and performance. These statements may discuss, among other things, the Group's net sales, operating profit, Adjusted Net Income, Adjusted EBITDA, Adjusted EBITDA margin, cash flow, liquidity and capital resources, impairments, growth, strategies, plans, achievements, distributions, organizational structure, future store openings, market opportunities and general market and industry conditions. The Group generally identifies forward-looking statements by words such as "expect", "seek", "believe", "plan", "intend", "estimate", "project", "anticipate", "may", "will", "would" and "could" or similar words or statements. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are only predictions and are not guarantees of future performance, actions or events. Forward-looking statements are subject to risks and uncertainties. If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. The Group expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable securities laws and regulations.

Corporate Governance and Other Information

At December 31, 2016, the composition of the Board of Directors of the Company (the "Board") was as follows:

Executive Directors ("EDs")

Ramesh Dungarmal Tainwala
Chief Executive Officer

Kyle Francis Gendreau
Chief Financial Officer

Non-Executive Directors ("NEDs")

Timothy Charles Parker
Chairman

Tom Korbas
Jerome Squire Griffith

Independent Non-Executive Directors ("INEDs")

Paul Kenneth Etchells
Keith Hamill
Bruce Hardy McLain (Hardy)
Ying Yeh

At December 31, 2016, the Board committees were as follows:

Audit Committee/Review of Accounts

The Board has established an Audit Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Audit Committee consists of three members, namely Mr. Paul Kenneth Etchells (Chairman of the Audit Committee) (INED), Mr. Keith Hamill (INED) and Ms. Ying Yeh (INED).

In compliance with Rule 3.21 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), at least one member of the Audit Committee possesses appropriate professional qualifications in accounting or related financial management expertise in discharging the responsibilities of the Audit Committee. All members have sufficient experience in reviewing audited financial statements as aided by the auditors of the Company whenever required.

The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and risk management and internal control systems, to monitor the integrity of the Company's consolidated financial statements and financial reporting, and to oversee the audit process.

The Audit Committee has reviewed the consolidated financial information of the Company for the year ended December 31, 2016 with the Board of Directors.

The consolidated financial statements including in this announcement have been audited by KPMG LLP.

Nomination Committee

The Board has established a Nomination Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Nomination Committee consists of three members, namely Mr. Timothy Charles Parker (Chairman of the Nomination Committee) (NED), Mr. Paul Kenneth Etchells (INED) and Ms. Ying Yeh (INED).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, to make recommendations to the Board with respect to any changes to the composition of the Board, and to assess the independence of the INEDs. When identifying suitable candidates, the Nomination Committee shall (where applicable and appropriate) use open advertising or the services of external advisers and consider candidates from a wide range of backgrounds on merit and against objective criteria.

Remuneration Committee

The Board has established a Remuneration Committee and has adopted written terms of reference that set forth the authority and duties of the committee. The Remuneration Committee consists of four members, namely Mr. Keith Hamill (Chairman of the Remuneration Committee) (INED), Mr. Paul Kenneth Etchells (INED), Mr. Bruce Hardy McLain (Hardy) (INED) and Ms. Ying Yeh (INED).

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration, as well as to determine the specific remuneration packages of all EDs and certain members of senior management.

Human Resources and Remuneration

As of December 31, 2016, the Group had approximately 12,400 employees worldwide, compared to approximately 9,800 employees as of December 31, 2015. The increase in headcount was largely driven by the acquisition of Tumi that was completed on August 1, 2016, as well as the addition of new retail stores around the world. The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice, employee performance and the financial performance of the Group. The Group is committed to helping its employees develop the knowledge, skills and abilities needed for continued success, and encourages employee professional development throughout each employee's career.

Annual General Meeting

The annual general meeting of the Company will be held on June 1, 2017 (Thursday) ("AGM"). Notice of the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

Dividends and Distributions

The Company will evaluate its distribution policy and distributions made (by way of the Company's ad hoc distributable reserve, dividends or otherwise) in any particular year in light of its financial position, the prevailing economic climate and expectations about the future macroeconomic environment and business performance. The Company intends to increase distributions to shareholders in line with its growth in earnings. The determination to make distributions will be made upon the recommendation of the Board and the approval of the Company's shareholders and will be based upon the Group's earnings, cash flow, financial condition, capital and other reserve requirements and any other conditions which the Board deems relevant. The payment of distributions may also be limited by legal restrictions and by the Term Loan Facilities or other financing agreements that the Group may enter into in the future.

On March 16, 2016, the Board recommended that a cash distribution in the amount of US\$93.0 million, or approximately US\$0.0659 per share, be made to the Company's shareholders of record on June 17, 2016 from its ad hoc distributable reserve. The shareholders approved this distribution on June 2, 2016 at the Annual General Meeting and the distribution was paid on July 13, 2016.

The Board recommends that a cash distribution in the amount of US\$97.0 million, or approximately US\$0.0687 per share based upon the number of shares outstanding as of the date hereof (the "Distribution") be made to the Company's shareholders from its ad hoc distributable reserve. The per share amount of the Distribution is subject to change in the event that any new shares are issued pursuant to the exercise of outstanding share options before the record date for the Distribution. A further announcement will be made on the record date of the Distribution in the event that the final amount per share changes. The payment shall be made in US Dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong Dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong Dollars to US Dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the Distribution.

Closure of Register of Members

The Distribution will be subject to approval by the shareholders at the forthcoming AGM of the Company. For determining the entitlement to attend and vote at the AGM, the Register of Members of the Company will be closed from May 26, 2017 to June 1, 2017, both days inclusive, during which period no transfer of shares will be registered. The record date to determine which shareholders will be eligible to attend and vote at the forthcoming AGM will be June 1, 2017. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on May 25, 2017.

Subject to the shareholders approving the recommended Distribution at the forthcoming AGM, such Distribution will be payable on July 12, 2017 to shareholders whose names appear on the register of members on June 17, 2017. To determine eligibility for the Distribution, the register of members will be closed from June 14, 2017 to June 16, 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to receive the Distribution, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on June 13, 2017.

The Distribution will not be subject to withholding tax under Luxembourg laws.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance. The Company recognizes that sound corporate governance practices are fundamental to the effective and transparent operation of the Company and to its ability to protect the rights of its shareholders and enhance shareholder value.

The Company has adopted its own corporate governance manual, which is based on the principles, provisions and practices set out in the Corporate Governance Code (as in effect from time to time, the "CG Code") contained in Appendix 14 of the Listing Rules.

The Company complied with all applicable code provisions set out in the CG Code throughout the period from January 1, 2016 to December 31, 2016, except for the deviation from code provision F.1.3 discussed below regarding the Company's Joint Company Secretaries.

Code provision F.1.3 provides that the company secretary should report to the Chairman and CEO.

Mr. John Livingston, the Executive Vice President, General Counsel and Joint Company Secretary of the Company, reports to the Company's Chief Financial Officer ("CFO"). The Company believes this is appropriate because Mr. Livingston is based at the same location as the CFO and works closely with him on a day-to-day basis. In addition, Mr. Livingston works directly with the Company's Chairman, its CEO and with the chairpersons of the various Board committees with respect to corporate governance and other Board-related matters. Ms. Chow Yuk Yin Ivy, the Company's other joint company secretary based in Hong Kong, reports to Mr. Livingston. The Company believes this is appropriate because her primary role as joint company secretary is to assist Mr. Livingston in ensuring that the Company complies with its obligations under the Listing Rules.

Directors' Securities Transactions

The Company has adopted its own policies (the "Trading Policy") for securities transactions by directors and relevant employees who are likely to be in possession of unpublished inside information of the Group on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standard set out in the Trading Policy during the year ended December 31, 2016.

Issue, Purchase, Sale, or Redemption of the Company's Listed Securities

During the year ended December 31, 2016, the Company issued 1,455,376 ordinary shares at a weighted-average exercise price of HK\$18.41 per share, or HK\$26.8 million in aggregate, in connection with the exercise of share options that were granted under the Company's Share Award Scheme. There were no purchases or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended December 31, 2016.

Changes in Director's Information

A summary of changes in information concerning certain Directors of the Company that have occurred subsequent to the publication of the Company's 2016 interim report pursuant to Rule 13.51(B)(1) of the Listing Rules is as follows:

- Mr. Griffith was appointed as Non-Executive Director of the Company effective September 22, 2016. He was appointed as a director of Lands' End, Inc. effective January 26, 2017 and as Chief Executive Officer of Lands' End, Inc. effective March 6, 2017.
- Mr. Etchells was appointed as an Independent Non-Executive Director of Swire Pacific Limited effective May 17, 2017. He resigned as Non-Executive Director and Chairman of Twenty20 Limited effective February 9, 2017.
- The term of the consulting agreement under which Mr. Korbas serves as a consultant to the Group's North America business has been extended until June 30, 2017. The other terms of such consulting agreement remain unchanged.
- Mr. McLain was appointed as a Non-Executive Director of Mount Street Group Limited effective February 2017. He resigned as a Non-Executive Director of Terressentia Corp. effective December 2016.

Company Secretaries and Authorized Representatives

Mr. John Bayard Livingston and Ms. Chow Yuk Yin Ivy are the Company's Joint Company Secretaries while Mr. Ramesh Dungarmal Tainwala and Ms. Chow are the Company's authorized representatives (pursuant to the Listing Rules).

During 2016, the Joint Company Secretaries complied with Rule 3.29 of the Listing Rules regarding professional training.

Publication of Final Results and 2016 Annual Report

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.samsonite.com). The annual report for the year ended December 31, 2016 will be dispatched to the shareholders and published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
SAMSONITE INTERNATIONAL S.A.
Timothy Charles Parker
Chairman

Hong Kong, March 16, 2017

As of the date of this announcement, the Executive Directors are Ramesh Dungarmal Tainwala and Kyle Francis Gendreau, the Non-Executive Directors are Timothy Charles Parker, Tom Korbas and Jerome Squire Griffith and the Independent Non-Executive Directors are Paul Kenneth Etchells, Keith Hamill, Bruce Hardy McLain (Hardy) and Ying Yeh.