

Dear Shareholders,

Overall, 2015 was a challenging year for the Company. Demanding macroeconomic, geopolitical and industry conditions created an extremely tough environment for our business. Our major markets in US, Europe and Asia all experienced strong headwinds and globally our industry is going through an unprecedented structural change, led by the changing conditions at retail.

The structural changes at retail are impacting the way everyone works along the value chain. Retail is becoming more competitive as more e-commerce players enter the marketplace and global competition overall is being augmented by cloud computing, mobile connectivity and cross-border logistics. Consumer preferences and buying patterns are also changing led by Millennials and the newer Generation Z. The way these consumers discover, socialize and finally make a purchase decision has had immense consequences to brand loyalty, to sustainability, and to the sharing economy. All of these changes are transformative to the way we do business and the speed of change is only increasing as we look ahead.

As a result, we are reorganizing to focus even more on our core customers to offer even better solutions and to increase our overall market share of their business as we help them navigate these changes. We are building asset-light product verticals in sweaters, furniture and beauty to help our customers differentiate their product offerings and increase their margins. We are partnering with companies who offer technology and innovative solutions to create products with more excitement. Organizationally, we continue to simplify our structure and business to allow our teams to improve their speed and flexibility as they serve customers. Finally, we have introduced processes employed by startup companies – rapid prototyping and rapid experimentation – to move fast, act on new ideas and create a culture of innovation.

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2015 was the second year of our Three-Year Plan and we are on track with our strategic goals of building a sustainable enterprise, keeping things simple and focusing on organic growth. All decisions we make as a team continue to be long-term focused to ensure that our company and business is sustainable into the future. Simplifying our organization and aligning our teams to our core customers and key product verticals ensures that we take complexity out of our business and move fast as an organization. With fewer acquisitions in 2015 compared to previous years, we have been very focused on growing organically and increasing our market share with our existing customer base and are keenly focused on improving operating efficiencies.

Our turnover in 2015 was resilient despite a deflationary environment and we grew our trading unit volumes along the way. We also grew with our core customers despite their challenging retail environments. In the second half of the year, we were able to keep operating costs flat despite ongoing investments in infrastructure, Logistics and Vendor Support Services (VSS). Our Logistics business in particular continued to deliver double-digit growth against the backdrop of a tough environment in Asia and the freight market, with e-commerce logistics an even brighter star within that growth.

Finally, our employees globally, who despite the headwinds we are seeing in the market, are highly engaged, highly connected and experienced professionals. We are all guided by our strong values of being family, being entrepreneurial, and staying humble, the same values that we started the Company with 110 years ago in 1906. Our strong values along with our long-term thinking and a relentless drive to stay at the forefront of innovation will see us through these tough times. All indications point towards a challenging 2016, but I am confident we will weather these changes as we build for the future.

Yours sincerely,

**Spencer Fung**  
Group CEO