I.T

ANNUAL REPORT

08/09

STOCK CODE: 999

I.T LIMITED ANNUAL REPORT 08/09

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TREND

I.T is well established as a

SETTER

in fashion apparel retail market in Hong Kong with stores in the PRC, Taiwan, Macau, Thailand, Saudi Arabia, Australia and the Philippines. The Group has an extensive self managed retail network extending to over 300 stores across Greater China with staff around 3,400.

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I.T is not just a fashion icon

WE ACTUALLY LIV

Through the multi-brand and multi-layer business model, we offer a wide range of fashion apparel and accessori

VE FOR FASHION

es with different fashion concepts, sold at varying retail price points and targeted at different customer groups.

I.T carries apparel from established and up-and-coming internatio

A

nal designer's brands, in-house brands and licensed brands. International brands include

Balenciaga
Comme des Garcons
A Bathing Ape
Maison Martin Margiela
Miu Miu
Jil Sander
lexander McQueen
Tsumori Chisato
Yves Saint Laurent
Chloe
Ann Demeulemeester
D & G
Dior Homme
VISVIM

In-house brands include http://www
:CHOCOOLATE, tout a coup and Venil
Underground and Hyoma. In addition
French Connection stores in Hong Ko
ventures with French Connection.

I.T leverages some of its in-house a
franchisees in new markets. The bra
Saudi Arabia, Australia and the Phili
Saudi Arabia, Middle East countries,
coming years.

.izzue.com, b+ab, 5cm, fingercroxx,
la suite. Licensed brands include MLB,
to this, the Group has established
ong, Macau and the PRC through joint

nd licensed brands through
nds are well accepted in Thailand,
ppines. More shops will be opened in
Australia and South East Asia in the

Executive Directors
Mr. SHAM Kar Wai
Dr. LO Wing Yan, William, J.P.
Mr. SHAM Kin Wai

DIRECTORS

Independent Non-executive Directors
Mr. WONG Wai Ming
Mr. Francis GOUTENMACHER
Dr. WONG Tin Yau, Kelvin

Company Secretary
Miss HO Suk Han, Sophia

Registered Office
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong
31/F Tower A Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

Auditor
PricewaterhouseCoopers,
Certified Public Accountants

Principal Bankers
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Principal Share Registrar
The Bank of Bermuda Limited

Hong Kong Branch Share Registrar
Computershare Hong Kong Investor Services Limited
1712-16 Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: 2862-8628

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Tel: 3199-1805
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Email: lysandal@ithk.com

Corporate Website
www.ithk.com

I.T POSITI

Store Coverage

	A. No. of stores			
	Self-managed		Franchised / Managed by Business Partners	
	28 February 2009	29 February 2008	28 February 2009	29 February 2008
Greater China:				
Hong Kong				
I.T	176	172	–	–
FCUK IT[(1)]	7	6	–	–
ZIT H.K.[(1)]	1	–	–	–
Mainland China				
I.T	112	104	42	48
FCIT China[(1)]	15	13	6	7
Taiwan[(2)]	8	8	–	–
Macau				
I.T	9	4	–	–
FCIT Macau[(1)]	2	–	–	–
Overseas:				
Thailand	–	–	10	10
Saudi Arabia	–	–	7	5
Australia	–	–	2	–

Notes:
(1) a 50% owned joint venture of the Company.
(2) a 51% owned joint venture of the Company as at 29 February 2008, and wholly-owned by the Company as at 28 February 2009.

Brand Portfolio
Over 300 International Designer's Labels
Over 10 In-house and Licensed Brands

Diversified Clientele
Offering a wide range of fashion apparel at varying retail price points and targeted at different customer groups

Multi-Brand Mega Store Concept
Group several brands in a sizable retail location and the strategy applies to both Hong Kong and the PRC markets

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B. Sales Footage				
	Self-managed		Franchised / Managed by Business Partners	
	28 February 2009	29 February 2008	28 February 2009	29 February 2008
Greater China:				
Hong Kong				
I.T	421,154	410,968	–	–
FCUK IT(1)	12,634	12,205	–	–
ZIT H.K.(1)	2,400	–	–	–
Mainland China				
I.T	250,962	204,710	53,466	54,467
FCIT China(1)	25,671	22,136	7,844	9,297
Taiwan(2)	10,259	7,974	–	–
Macau				
I.T	27,680	3,760	–	–
FCIT Macau(1)	4,430	–	–	–
Overseas:				
Thailand	–	–	9,077	9,995
Saudi Arabia	–	–	9,023	6,279
Australia	–	–	1,711	–

Notes:
The above area represents gross area while net area was disclosed in our previous annual/interim reports.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Since we were listed, we were able to report increasing profit consistently, except this financial year. The financial crisis came all of a sudden, and the effect was so widespread that people found it very difficult to assess the depth and breadth of it. Customers turned to be conservative and contracted their spending. But it was too late to adjust our buying. Therefore, we had to offer deeper discount and launch different kinds of promotion to reduce the inventory level which by hindsight was higher than the market could absorb. We are disappointed that net profit has reduced substantially, but we feel gratifying already that, thanks to the hard work of our frontline staffs to push the sales, we managed to remain profitable under the current difficult environment.

Looking ahead, business environment will likely continue to be a difficult one. But we will strive to do our best to maximize return to our shareholders.

I do believe that people may be more cautious but would continue to spend during difficult times. This presents a good opportunity for strong companies like us to capture the market share. We have been consistently outperforming the market as announced by both Hong Kong and Beijing governments, and we would procure this to continue. As the trend setter, we would continue to deliver the most fashionable products to our customers. This is our core philosophy that propels our growth and sets our value, and which would not be compromised.

I feel very thankful to the team which has been supporting me in the past 20 years. Their support is particularly valuable in the bad times. They have poured their heart into the business and because of their effort, the Group remained profitable in the last financial year in spite of the sudden outbreak of the financial crisis. I am also looking forward to their continual support which is crucial to the development of the Group's business.

Sham Kar Wai
Chairman

27 May 2009

FINANCIAL HIGHLIGHTS

Group

- Total revenue increased by 35.2% to HK$2,733.3 million.
- Gross profit increased by 34.1% to HK$1,611.7 million.
- Excluding non-cash share option expenses, EBITDA decreased by 1.8%.
- Excluding the impairment of goodwill and non-cash share option expenses, net profit decreased by 27.7% to HK$124.5 million.
- No dividend was declared and profit was retained.

Note: For the year ended 29 February 2008, the results of the ex-China joint venture were equity accounted for as a jointly controlled entity from 1 March 2007 to 28 November 2007, and the results of the China business were consolidated into the Group's financial statements from 29 November 2007 onwards.

Hong Kong

- Total retail sales increased by 13.4% to HK$2,005.9 million.
- Comparable store sales increased by 4.5%.
- Excluding share option expenses, operating profit was maintained at the same level as last year.

Mainland China

- Total retail sales increased by 44.3% to HK$578.1 million.
- Comparable store sales increased by 23.6%.
- Due to substantial increase in operating expenses to lay a strong foundation for the long term development following completion of buyback of ex-China joint venture, the business turned into slight loss.

Note: Increase in retail sales and comparable store sales of Mainland China was by comparing sales from Mainland China for the year ended 28 February 2009 with that for the year ended 29 February 2008 which included sales of the ex-China joint venture, I.T China Limited (formerly known as G.S-i.t Limited) for the period from 1 March 2007 to 28 November 2007.

Per share data	FY09	FY08	Change
EPS-basic (HK$)	0.04	0.16	-75.0%
EPS-diluted (HK$)	0.04	0.16	-75.0%
Dividend (HK cents)	–	10.6	n.a
Book value (HK$)[1]	1.05	1.06	-0.9%

Key statistics	FY09	FY08	Change
Inventory turnover (Days)[2]	119.6	116.1	+3.5
Capital expenditure (HK$ million)[3]	166.6	451.5	-284.9
Net cash (HK$ million)[4]	312.0	414.9	-102.9
Current ratio[5]	2.8	2.9	-0.1
Debt to equity ratio (%)[6]	10.7	0.8	+9.9

Notes:

(1) Net asset value per share as at the year end date.

(2) Average of the inventory at the beginning and at the end of the year divided by cost of sales times number of days during the year.

(3) Additions of furniture and equipment and intangible assets including additions resulting from acquisitions through business combination during the year.

(4) Cash and cash equivalents and pledged bank deposits less bank borrowings.

(5) Current assets divided by current liabilities.

(6) Bank borrowings divided by shareholders' equity at the end of the year.

I.T IS

FASHION

shaping the fashion scene in Greater China

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

(a) Group

Total revenue of the Group increased by 35.2% to HK$2,733.3 million (year ended 29 February 2008: HK$2,021.3 million), due to the growth in the retail sales of each of the markets the Group covers. It should be noted that for the year ended 29 February 2008, the results of the ex-China joint venture were equity accounted for as a jointly controlled entity until 28 November 2007, while for the entire financial year ended 28 February 2009, the results of our China operation were consolidated in the Group's financial statements.

For the year ended 28 February 2009, Hong Kong remains the key revenue contributor, accounting for 75.6% of the total retail sales of the Group, while Mainland China accounted for 21.8% of the total retail sales of the Group and its importance is increasing.

Breakdown of retail sales by location:

Hong Kong	75.6%
Mainland China	21.8%
Taiwan	1.1%
Macau	1.5%
	100.0%

While international brands grew faster than in-house brands in Hong Kong, the phenomenon is reversed in the Mainland China. For the Group as a whole including operation in Taiwan and Macau, in-house brands and international brands made the same contribution of 47.7% to the Group's total retail sales for the year ended 28 February 2009.

Breakdown of retail sales by brand category:

In-house brands	47.7%
International brands	47.7%
Licensed brands	4.6%
	100.0%

Gross profit margin decreased slightly from 59.5% for the year ended 29 February 2008 to 59.0% for the year ended 28 February 2009 as a result of deeper discount being offered in the second half and full year consolidation of our Mainland China business which generally has a lower gross profit margin than our core business in Hong Kong.

Total operating expenses increased by 46.6% to HK$1,468.9 million (year ended 29 February 2008: HK$1,002.0 million). Total rental expenses (including management fee, rates and government rent) as a percentage of total revenue increased from 21.5% for the year ended 29 February 2008 to 23.6% for the year ended 28 February 2009. Following the streamlining of headquarter staff, we managed to control the total staff cost (excluding share option expenses) as a percentage of total revenue at 17.5% (year ended 29 February 2008: 18.0%). Although we have adjusted the advertising and promotion budget since the outbreak of the financial crisis, as a percentage of total revenue, it still increased slightly from 1.3% for the year ended 29 February 2008 to 1.9% for the year ended 28 February 2009.

Setting aside the effect of the full year consolidation of our Mainland China business on the Group's cost structure, the net profit was affected by significant jump in a few cost items – HK$21.1 million increase in share option expenses, HK$26.5 million increase in advertising and promotion expenses and HK$59.6 million impairment of goodwill (which arose from the acquisition of ex-China joint venture). Net profit of the Group decreased by 75.1% to HK$42.6 million (year ended 29 February 2008: HK$171.0 million).

Despite the worldwide financial crisis, the Company is encouraged to see that the fundamental business of the Group remains profitable. For the year ended 28 February 2009, the Group reported operating profit of HK$72.1 million (year ended 29 February 2008: HK$201.7 million) representing a decrease of 64.3%, and EBITDA of HK$249.8 million (year ended 29 February 2008: HK$275.7 million) representing a decrease of 9.4%. If the HK$59.6 million impairment of goodwill and HK$22.5 million share option expenses were excluded, the Group would have reported net profit of HK$124.5 million representing a decrease of 27.7%.

(b) Hong Kong

Sales from retail operation increased by 13.4% to HK$2,005.9 million (year ended 29 February 2008: HK$1,769.1 million) at an overall comparable store sales growth rate of 4.5%. Gross profit margin of retail operation inevitably decreased, by 1.6% points from 62.1% for the year ended 29 February 2008 to 60.5% for the year ended 28 February 2009, because deeper discount was offered in the second half to boost consumption in view of the low purchasing sentiment.

As international brands grew slightly faster than in-house brands, international brands regained its dominant position as the main revenue contributor, accounting for 47.7% of the total retail sales. In-house brands came close, and contributed 47.3% of the total retail sales.

Rental expenses (including management fee, rates and government rent) as a percentage of total revenue increased from 21.4% for the year ended 29 February 2008 to 22.3% for the year ended 28 February 2009. In view of the financial crisis, the Management responded swiftly by taking appropriate measures to control the costs, including streamlining the headquarter staffs, and adjusting advertising budget for the second half. Excluding share option expenses, staff cost was maintained at 18.7% of total revenue (year ended 29 February 2008: 18.7%). As a result, we managed to maintain the operating profit at the same level if share option expenses are excluded. On a higher revenue base, operating margin (excluding share option expenses) dropped from 9.4% for the year ended 29 February 2008 to 8.3% for the year ended 28 February 2009.

(c) Mainland China

Sales from retail operation increased by 44.3% to HK$578.1 million (year ended 29 February 2008: HK$400.7 million, including HK$263.0 million sales from a former jointly controlled entity, I.T China Limited (formerly known as G.S – i.t Limited) from 1 March 2007 to 28 November 2007) at an overall comparable store sales growth rate of 23.6%. Due to increased proportion of contribution from in-house brands, despite deeper discount, gross profit margin of retail operation increased, by 0.8% points from 54.5% for the year ended 29 February 2008 to 55.3% for the year ended 28 February 2009.

International brands continued to be the key revenue contributor, accounting for 52.5% of the total retail sales, and in-house brands contributed 44.0% of the total retail sales. This continues to explain for the lower gross profit margin of our Mainland China operation as compared to our Hong Kong operation.

Rental expenses (including management fee) accounted for 25.3% of total revenue, which was higher than our Hong Kong operation as a result of lower revenue base. As a lot of back-office functions such as merchandising, product design are provided by the team in Hong Kong, the staff cost as a percentage of total revenue was lower than Hong Kong and the staff cost accounted for 13.6% of total revenue.

Mainland China stands out to be one of the very few governments to have sufficient reserves to support the economic growth and the financial crisis presents a good opportunity to increase its influence in the world map financially and politically. We remain optimistic about the long term prospect of this market, and so we invested substantial resources to lay a stronger foundation. However, the Mainland China market is not entirely intact from the global downturn, and its export was hit hardly. This led to below expectation performance of our Mainland China operation, causing the impairment of the goodwill arising from the acquisition of our ex-China joint venture. For the year ended 28 February 2009, our Mainland China business turned into a slight loss.

(d) Others

Taiwan operation reported a remarkable 24.0% comparable store sales growth rate and was slightly profitable for the year ended 28 February 2009. The layoff by casinos and the restrictive travel policy imposed by the Beijing Government continued to cloud our business in Macau.

Outside Greater China, two 5cm stores were opened in Melbourne, Australia as planned. In total, we had 19 franchised stores in Saudi Arabia, Thailand and Australia. Our French partner Galeries Lafayette is opening four http://www.izzue.com stores in France and we are also opening the Philippines market as well.

Share of Results of Jointly Controlled Entities

Results of jointly controlled entities for the year ended 29 February 2008 included share of results of our ex-China joint venture up to 28 November 2007, and during such period of time our ex-China joint venture was losing money. While business of the joint venture with French Connection Group plc in Hong Kong was fairly stable, the completion of the buyout of our ex-China joint venture was the key reason for the improvement of share of results of joint controlled entities for the year ended 28 February 2009 as compared to the year ended 29 February 2008.

Cash Flows

Operating cash-flow inflow decreased from HK$243.9 million for the year ended 29 February 2008 to HK$151.4 million for the year ended 28 February 2009 because of the increase in the ending inventory and trade receivables level. Net cash used in investing activities comprising mainly acquisition of furniture and equipment was HK$169.8 million (year ended 29 February 2008: HK$110.3 million). As a result of raising HK$130.0 million bank loans in the second half, net cash used in financing activities of HK$76.5 million for the year ended 29 February 2008 was turned into net cash generated from financing activities of HK$22.7 million for the year ended 28 February 2009.

Inventory

As a result of our swift response to the economic downturn, we managed to maintain the inventory turnover days at 119.6 days for the year ended 28 February 2009 (year ended 29 February 2008: 116.1 days).

Liquidity and Capital Resources

As at 28 February 2009, total cash and bank balances amounted to HK$442.0 million (29 February 2008: HK$424.9 million) and the total liabilities were HK$492.7 million (29 February 2008: HK$331.6 million). As at 28 February 2009, shareholders' equity was HK$1,211.7 million (29 February 2008: HK$1,220.8 million).

As at 28 February 2009, the Group had aggregate banking facilities of approximately HK$525.0 million (29 February 2008: HK$448.5 million) for overdrafts, bank loans and trade financing, of which approximately HK$270.7 million (29 February 2008: HK$336.5 million) was unutilised. These facilities are secured by the Group's bank deposits of HK$750,000 (29 February 2008: HK$750,000); and corporate guarantees provided by the Company and certain subsidiaries. The Group had HK$130.0 million long term bank borrowings as at 28 February 2009 (29 February 2008: short-term borrowing HK$10.0 million). The current ratio as at 28 February 2009 was 2.8 (29 February 2008: 2.9) and the gearing was 10.7% (29 February 2008: 0.8%) based on shareholders' equity.

Contingent liabilities

As at 28 February 2009, the Group did not have significant contingent liabilities (29 February 2008: nil).

Foreign Exchange

To manage our foreign exchange exposure on sourcing for merchandise from Europe and Japan, the Group entered into forward foreign exchange contracts with major and reputable financial institutions to hedge foreign exchange risk. As at 28 February 2009, the notional amounts of outstanding forward foreign exchange contracts to buy Euros and Sterling Pounds for hedging against foreign exchange risk exposure relating to firm purchase order of fashion wears and accessories and certain outstanding payables denominated in those currencies, are approximately HK$66.9 million (29 February 2008: HK$31.6 million).

Business Combination

On 1 March 2008, the Group acquired the remaining 49% of the equity interest in Top Alliance Enterprises Limited, a then jointly controlled entity of the Group for business in Taiwan, at a cash consideration of approximately HK$1.8 million.

After accounting for the fair value of identifiable net liabilities acquired of approximately HK$18.6 million and the disposal of investment in a jointly controlled entity of approximately HK$16.1 million resulting from the acquisition, the goodwill arisen amounted to approximately HK$4.3 million.

Use of Proceeds

As at 1 March 2008, the utilised proceeds from the issuance of new shares by the Company in March 2005, net of listing expenses, were approximately HK$82.7 million for the expansion of retail network in the Greater China. The said proceeds were fully utilised in the expanding the retail network in Greater China during the year ended 28 February 2009.

Employment, training and Development

The Company had a total of 3,286 employees as at 28 February 2009 (29 February 2008: 2,912). Training and development courses were regularly organised for employees to enhance both of their specialised technical and product knowledge as well as marketing and sales to general business management skills. The Company offered competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses. In addition, share options were granted to selected employees based on their individual performance.

Future Outlook

2008 was a challenging year when most people were caught by the financial crisis. For retailers like our company, the sternest issue is how to manage the inventory level and maintain strong working capital. Leveraging on our multi-brands business model, we launched a cross-brand promotion strategy that helped us to control the inventory to increase at a rate no faster than the top line revenue. We also obtained a timely bank loan in October 2008 providing us with a cash buffer to weather the current storm. All these enabled us to maintain a healthy balance sheet holding HK$442.0 million cash on hand at a gearing ratio of 10.7% as at end of February 2009.

Going ahead, business environment would likely continue to be a difficult one. The new financial year started with a low single digit decrease in the retail sales in Hong Kong. Therefore, it is of paramount significance that we continue to keep a close eye on the cost side and protect and sustain the profitability of our Hong Kong operation with a more conservative approach.

Despite the continued growth in the retail sales of our existing stores in Mainland China, we faced a setback in our expansion of new retail space in this market. The proposed lifestyle I.T mall project could not proceed because the landlord has unilaterally terminated a legally binding letter of intent. Currently, we are working out effective legal strategy to protect our contractual rights under the letter of intent. This would unavoidably delay our expansion pace. But we would immediately look for other opportunities in order to make up for it. If opportunity arises, we would continue to explore similar retailing strategy. In the first two months of the current financial year, our Mainland China operation continued to report remarkable 20.3% comparable store sales growth rate. Therefore, we remain cautiously optimistic and are confident of the long term prospect of this market.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGE-MENT TEAM

Executive Directors

Mr. SHAM Kar Wai
Aged 42, is an Executive Director, the Chairman and the Chief Executive Officer of the Company. He founded the Group in November 1988 with his brother, Mr. Sham Kin Wai, and is responsible for the overall management and strategic development of the Group. Mr. Sham Kar Wai has over 20 years of experience in the fashion retail industry and has established an extensive network of contacts international design houses during his time with the Group.

Dr. LO Wing Yan, William, J.P.
Aged 48, is an Executive Director, the Vice Chairman, Managing Director and the Chief Financial Officer of the Company since May 2006. Dr. Lo was an Independent Non-executive Director of the Company since October 2004. He is also an independent non-executive director of a number of publicly listed companies, including Nam Tai Electronics, Inc. and Westminister Travel Limited, and the Hong Kong Stock Exchange listed South China Land Limited and Varitronix International Limited. He holds a Master's degree in Molecular Pharmacology and a Doctorate in Genetic Engineering, both of which are obtained from the University of Cambridge in England. He was also a Commonwealth Scholar, a Croucher Foundation Fellow (H.K.) and a Bye-fellow of Downing College, the University of Cambridge. In 1996, the renowned global organisation World Economic Forum selected Dr. Lo as a "Global Leader for Tomorrow". In 1999, he was appointed as a Justice of the Peace (J.P.) by the Hong Kong SAR Government. In 2003, he was appointed as a Committee Member of Shantou People's Political Consultative Conference. Dr. Lo is an Adjunct Professor of The School of Business of Hong Kong Baptist University and the Faculty Business of Hong Kong Polytechnic University. Before acting as an Executive Director of the Company, Dr. Lo was an executive director of China Unicom (Hong Kong) Limited (formerly known as China Unicom Limited), which is listed on the Stock Exchange of Hong Kong and New York, for four years. Dr. Lo tendered his registration as Executive Director, the Vice Chairman, Managing Director and the Chief Financial Officer of the Company with effect from the close of business of 12 June 2009.

Mr. SHAM Kin Wai
Aged 39, is an Executive Director. Since founding the Group with his brother, Mr. Sham Kar Wai, in November 1988, his principal focus has been on merchandising and product design for the Company. As the Chief Creative Officer of the Company, Mr. Sham Kin Wai has over 20 years of experience in the fashion retail industry and is responsible for the creative and aesthetic aspects of the Group's business. He has also been instrumental in creating the interior design concepts for the stores.

Independent Non-executive Directors

Mr. WONG Wai Ming
Aged 51, was appointed an Independent Non-executive Director in October 2004. He also serves as the Chairman of the Company's Audit Committee and Nomination Committee and a member of Remuneration Committee. Mr. Wong is currently the chief financial officer of Lenovo Group Limited ("Lenovo"), a company listed on the Hong Kong Stock Exchange. Before taking up the chief financial officer's role in Lenovo, he was an executive director and chief executive officer of Roly International Holdings Limited and an executive director of Linmark Group Limited, a company listed on the Hong Kong Stock Exchange. Mr. Wong is currently a non-executive director of Linmark Group Limited and Kingsoft Corporation Limited and an independent non-executive director of China Unicom (Hong Kong) Limited (formerly known as China Unicom Limited), all of these companies are listed on the Hong Kong Stock Exchange. Mr. Wong is a chartered accountant and holds a Bachelor of Science degree (with Honours) in Management Science from the Victoria University of Manchester, the United Kingdom.

Mr. Francis GOUTENMACHER
Aged 68, was appointed an Independent Non-executive Director in August 2006. He also serves as the Chairman of the Company's Remuneration Committee and a member of Audit Committee. Mr. Goutenmacher holds a Bachelor's degree from Ecole Nationale des Arts Decoratifs in Paris, France. Mr. Goutenmacher has been with Richemont Luxury Group, S.A. ("Richemont"), one of the world leading luxury goods groups, for over 30 years. He has been the managing director and chief executive officer of several prestigious brands, like Cartier and Piaget, encompassed by Richemont. After retiring as the regional chief executive of Richemont Asia Pacific Limited, Mr. Goutenmacher is now running a marketing consultancy firm, Gouten-Consulting Limited, and is a director of this consultancy company.

Dr. WONG Tin Yau, Kelvin
Aged 48, was appointed an Independent Non-executive Director in August 2007. He also serves as a member of the Company's Audit Committee. Dr. Wong is an executive director and deputy managing director of COSCO Pacific Limited, a company listed on the Hong Kong Stock Exchange. Dr. Wong is a deputy chairman, chairman of the corporate governance committee and fellow member of The Hong Kong Institute of Directors, council advisor and immediate past chairman of the Hong Kong Chinese Orchestra Limited, a member of the OECD/World Bank Asian Corporate Governance Roundtable, a member of Main Board and GEM Listing Committee of The Stock Exchange of Hong Kong Limited, a member of The Board of Review (Inland Revenue Ordinance) and board director of Business Environment Council. He was a member of the Auditing and Assurance Standards Committee of the Hong Kong Institute of Certified Public Accountants and a member of the China Trade Advisory Committee of the Hong Kong Trade Development Council. He obtained his Master of Business Administration from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration from The Hong Kong Polytechnic University in 2007. He is an associate member of The Chartered Institute of Bankers, a member of the Hong Kong Securities Institute, a member of The Chartered Institute of Marketing and a member of the National Investor Relations Institute in the USA. He has more than 24 years of working experience in management, banking and securities industries. Dr. Wong is currently an independent non-executive director and chairman of the audit committee of China Metal International Holdings Inc., an independent non-executive director of CIG Yangtze Ports PLC and was an independent non-executive director and chairman of the audit committee of Tradelink Electronic Commerce Limited. All the aforementioned companies are listed on the Hong Kong Stock Exchange.

Senior Management Team

In order to make the business successful, our staff is the Group's assets. We also have a very strong senior management team to support the operation of the Group. It comprises the following members:

Miss NG Yuk Chau
Aged 41, is the Finance Director. Miss Ng holds a bachelor of Social Sciences degree from the University of Hong Kong and has 18 years of experience in accounting. She joined the Group in January 1994. She is the spouse of Mr. Kwong Kwok Yu, Financial Controller of the Group.

Mr. KWONG Kwok Yu
Aged 45, is the Financial Controller of the Group. Mr. Kwong holds a Master's degree in Business Administration from the Open University of Hong Kong and is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of professional experience in accounting and auditing. He joined the Group in October 2000. He is the spouse of Miss Ng Yuk Chau, Finance Director.

Miss YU, Michaeline
Aged 42, is the Retail Operation Director. She joined the Group in May 1998 and is responsible for the overall management of the Group's retail operations. Miss Yu holds a Bachelor of Arts degree from the University of California, Berkeley, majoring in Economics, and holds a Master's degree of Pacific International Affairs from the University of California, San Diego. Miss Yu was formerly the retail manager of a number of international fashion retailers and has over 15 years of experience in the fashion retailing industry.

Miss CHOW Hau Mui
Aged 40, is the Retail Administration Director. She joined the Group in March 1994 and is responsible for the formulation and review of policies and procedures relating to the Group's retail operations and inventory control. Miss Chow holds a Bachelor of Business degree from Monash University, Australia. She has 15 years of experience in retail administration.

Miss LEE Shuk Kuen, Joe
Aged 38, is the Merchandising Director. She joined the Group in June 1998, and is responsible for buying strategy and the procurement of designer brands. Miss Lee has over 10 years of buying experience in the fashion retailing industry.

Miss LEE Yuen Pik
Aged 39, is the Brand Director. She joined the Group in May 1996 and is responsible for the design, manufacturing and management of the in-house brands, b+ab. Miss Lee holds a Higher Diploma in Fashion and Clothing Technology from the Hong Kong Polytechnic University. Miss Lee has over 10 years of buying and manufacturing experience in the fashion retailing industry.

Miss CHENG, Deborah
Aged 38, is the Marketing and Communications Director. She joined the Group in December 1997 and is responsible for marketing and public relations events, advertising and media relationships. She has over 10 years of marketing and public relations experience.

Miss YU Lai Hung
Aged 43, is the MIS Director. She joined the Group in August 1997 and is responsible for the design, implementation, support and strategic development of the Group's information technology network and the business processes re-engineering exercise. Miss Yu holds a Master's degree in Business Administration from the Open University of Hong Kong and has over 15 years of experience working in information technology and workflow re-engineering.

Miss TAM Shuk Yi
Aged 42, is the Human Resources Director. She joined the Group in November 2000 and has overall responsibility for all personnel matters, human resources planning, training and development. Miss Tam holds a Bachelor of Business degree from La Trobe University, majoring in Human Resources Management, and a Master of Science degree with Honours from the National University of Ireland, majoring in Human Resources Management. She has over 15 years of experience in human resources management.

Miss HO Suk Han, Sophia
Aged 40, is the Company Secretary. She joined the Group in May 2005. Miss Ho holds a Master degree in Business Administration from the Open University of Hong Kong and a Bachelor's degree of Arts (Honour) in Accountancy from the City University of Hong Kong. She has over 15 years of relevant experience and is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in Hong Kong Limited.

Miss LAM Tak Yee, Lysanda
Aged 33, is the Strategic and Corporate Development Director. She joined the Group in October 2006 and is responsible for strategic and financial planning, corporate development, e.g. mergers and acquisitions, joint ventures and partnerships and investor relations. Miss Lam holds a Bachelor's degree of Business Administration (Finance) from The Hong Kong University of Science and Technology. She has almost 10 years corporate finance experience specialising in mergers and acquisitions as well as investment and restructuring works before joining the Group.

Mr. CHAN Wai Kwan, Kenny
Aged 38, is the General Manager of I.T China. He joined I.T China in January 2006 and is responsible for managing the business and daily operation of the Group's subsidiaries in the PRC. Mr. Chan holds a Master degree in Business Administration from the University of Hull and a Bachelor's degree of Arts (Honour) in Accountancy from The Hong Kong Polytechnic University. Mr. Chan is a Fellow Member of each of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has 15 years of experience in the PRC.

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CORPORATE GOVERNANCE REPORT

The Company is committed to implementing good corporate governance practices and emphasising on transparency and accountability to its shareholders and stakeholders. In the opinion of the Board, the Company has applied the principles and complied throughout the year ended 28 February 2009 the Code on Corporate Governance Practices (the "CG Code") as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviations as mentioned below.

Board of Directors

During the year ended 28 February 2009, the Board comprised six members, three of them being Executive Directors and three Independent Non-executive Directors. Biographical details of the Directors are set out in "*Biographies of Directors and Senior Management Team*" on pages 29 to 31.

The Independent Non-executive Directors come from diverse business and professional backgrounds and provide expertise advice in an objective manner. The Company has received written confirmation of independence from each of the Independent Non-executive Directors and considers that all Independent Non-executive Directors meet the independence guidelines as set out in the Listing Rules.

Independent Non-executive Directors are appointed for a one year specific term. Nomination Committee would review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board regarding the renewal of service term of the Independent Non-executive Directors. The Independent Non-executive Directors are subject to the re-election provisions laid down in the Company's Bye-laws.

Code provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Sham Kar Wai currently holds both positions. The Board believes that vesting the roles of both Chairman of the Board and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

Under the Company's existing Bye-laws, all Directors, including those appointed for a specific term, are subject to retirement by rotation at least once every three years.

The Board has reserved for its decision and consideration issues in relation to strategic developments, substantial mergers and acquisitions and disposals, annual and interim results, directors' appointments and significant operational and financial matters. Implementation and execution of Board policies and strategies and daily administrative matters are delegated to the Executive Committee and the senior management team of the Company.

The Board conducts at least four regular Board meetings a year and additional meetings are held or resolutions in writing signed by all Directors in lieu of a meeting are arranged as and when required to discuss significant issues. If a substantial shareholder or a Director has a conflict of interest in a transaction which the Board has determined to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting is supplied to the Directors in a timely manner to facilitate discussion and decision-making.

The Board met four times in the year ended 28 February 2009.

The Board has established four committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee to oversee particular aspects of the Company's affairs. Specific responsibilities of each Committee are described below. Save for the Executive Committee, all Committees are chaired by Independent Non-executive Directors. Executive Committee comprises the Chief Executive Officer and one Executive Director from time to time. All committees have defined terms of reference which are of no less exacting terms than those set out in the CG Code of the Listing Rules.

Appropriate liability insurance cover has been arranged to indemnify the Company's Directors for their liabilities arising out of corporate activities. The Company reviews the insurance coverage from time to time to ensure adequate coverage.

Audit Committee

The primary responsibility of the Audit Committee is to review the financial reporting process of the Group and its internal control system, and also to oversee the audit process and to perform other duties assigned by the Board. The Audit Committee comprised three members, all Independent Non-executive Directors, throughout the year ended 28 February 2009. Currently, Mr. Wong Wai Ming acts as the Chairman, and Mr. Francis Goutenmacher and Dr. Wong Tin Yau, Kelvin are the Committee members. All Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee met five times in the year ended 28 February 2009. The Committee has reviewed the financial results of the Company, the audit plans and findings of external auditor, external auditor's independence, the accounting principles and practices of the Group, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters and made recommendations to the Company to improve the quality of financial information to be disclosed. The Audit Committee has also reviewed and approved the external auditor's remuneration. There was no disagreement between the Board and the Audit Committee on the selection and appointment of external auditor.

Remuneration Committee
The Remuneration Committee is responsible for reviewing the remuneration packages of Executive Directors and senior management, including bonuses and options granted under the Share Option Scheme, to ensure that such remuneration is reasonable. The Remuneration Committee comprised three members, majority of which are Independent Non-executive Directors. Currently, Mr. Francis Goutenmacher acts as the Chairman, and Mr. Wong Wai Ming and Mr. Sham Kar Wai are the Committee members.

The Remuneration Committee met three times in the year ended 28 February 2009.

The remuneration policy of the Company is to enable the Company to retain and motivate employees (including Executive Directors) to meet corporate objectives. An Executive Director is not allowed to approve his own remuneration. The remuneration package of Executive Director includes basic salary, housing allowance, discretionary bonus and share options which are all covered by a service contract. The director's fee of Independent Non-executive Directors is subject to annual assessment. Remuneration surveys on companies operating in similar businesses are referred to when the Remuneration Committee is considering the remuneration packages of the Directors.

Nomination Committee
The Nomination Committee is responsible for selecting Board members and ensuring transparency of the selection process. The Committee identifies individuals suitably qualified to become or continue to be the Board members by taking into consideration criteria like expertise, experience and commitment and makes recommendations to the Board on the selection of individuals nominated for directorships. It also reviews the structure, size and composition of the Board having regard to the Company's business activities, assets and management portfolio. The Committee met twice in the year ended 28 February 2009. There are three members in the Nomination Committee. Mr. Wong Wai Ming, being an Independent Non-executive Director, acts as Chairman, and Mr. Sham Kar Wai and Dr. Lo Wing Yan, William, J.P. as the Committee members. Mr. Sham Kin Wai would substitute Dr. Lo Wing Yan, William, J.P. as a member after his resignation.

Executive Committee
The Executive Committee was established to approve routine corporate administration matters from time to time delegated by the Board. The Executive Committee comprised the Chief Executive Officer and any one Executive Director from time to time. The Committee met twelve times in the year ended 28 February 2009.

Details of Directors' attendance of the Board and Committee meetings held during the year ended 28 February 2009 are set out as follows:

	Meetings Attended				
	Board (Note 4)	**Executive Committee**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors					
Mr. Sham Kar Wai (Note 1)	2/4	11/12	–	3/3	2/2
Dr. Lo Wing Yan, William, J.P.	4/4	12/12	4/5	–	2/2
Mr. Sham Kin Wai (Note 1)	2/4	12/12	–	–	–
Independent Non-executive Directors					
Mr. Wong Wai Ming (Note 2)	3/4	–	5/5	3/3	2/2
Mr. Francis Goutenmacher (Note 3)	3/4	–	5/5	3/3	–
Dr. Wong Tin Yau, Kelvin	4/4	–	5/5	–	–

Note 1: Mr. Sham Kar Wai and Mr. Sham Kin Wai are brothers
Note 2: Chairman of Audit Committee and Nomination Committee
Note 3: Chairman of Remuneration Committee
Note 4: This column only records the attendance of Board meetings duly convened and held. In addition to this, five resolution-in-writing were signed by all Directors and one resolution-in-writing was signed by all Independent Non-executive Directors during the year ended 28 February 2009.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the Annual General Meeting. Due to an unexpected business commitment, Mr. Sham Kar Wai, Chairman of the Board, was unable to attend the 2008 Annual General Meeting of the Company held on 30 June 2008 (the "2008 AGM"). Dr. Lo Wing Yan, William, J.P. was elected in accordance with the Bye-Laws of the Company to act as the chairman of the 2008 AGM and, together with the Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee attended questions at the meeting.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Board is not aware of any material uncertainties relating to the events or condition that may cast doubt upon the Company's ability to continue as a going concern.

The statements of the external auditor of the Company, PricewaterhouseCoopers, with regard to their reporting responsibilities on the Company's financial statements are set out in "*Independent Auditor's Report*" on page 52.

During the year ended 28 February 2009, the fees paid or payable to PricewaterhouseCoopers were approximately HK$2,810,000 for audit services and a total of HK$540,000 for non-audit services (review of the interim results of the Company for the period ended 31 August 2008 and agreed-upon procedures on turnover certificates to landlords) rendered to the Group. PricewaterhouseCoopers confirmed to the Audit Committee and to the Board that they were independent accountants with respect to the Company during the year 28 February 2009, within the meaning of the requirements of their firm and the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

Internal Control

The Board is responsible for maintaining a sound and effective internal controls system to safeguard the Group's assets and shareholders' interests. The Group has established internal control systems including but not limited to a well defined organisational structure with limit of authority, a budget and performance evaluating system, a reliable management reporting system and an annual internal control risk self-assessment exercise on major business units.

To embed a risk alert culture throughout the Group, the Internal Audit Department has implemented an annual internal control risk self-assessment to allow major business units to identify and analyse the risks underlying the achievement of business objectives and to determine a basis for how such identified risks to be managed and mitigated.

By adopting a risk-based approach, the Internal Audit Department derives a yearly audit plan, which is approved by the Audit Committee on annual basis to assess the adequacy, effectiveness, efficiency and reliability of internal control procedures regarding different financial and operational activities of the Group. The results of independent audit reviews together with the recommended remedial actions, in the form of an internal audit report, are submitted to the Audit Committee and the management on a regular basis. Follow up reviews will be performed to ensure all identified issues have been satisfactorily resolved.

During the year ended 28 February 2009, the Board, (i) through the Audit Committee with the assistance of the Internal Audit Department, has reviewed the effectiveness of the Group's systems of internal controls including financial, operational and compliance controls and risk management functions; and (ii) has reviewed resources it assigned to the staff with accounting and financial reporting function and the qualifications and experience of the said staff. There were no irregularities or material deficiencies found.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Employees who are likely to possess unpublished price-sensitive information of the Company are also subject to compliance with the same terms as the Model Code. Having made specific enquiry, all Directors have confirmed that throughout the year under review, save as disclosed above, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

Investor Relations

The Company adheres to practices that promote and maintain communication with research analysts and institutional investors. It would attend major investors' conferences and international non-deal road-shows in an on-going manner to provide comprehensive information on the Company's business strategies and developments. Press conferences with media, analysts and investors are held after results announcements to present the Company's performance. Press releases are published for timely and non-selective dissemination of corporate news.

To enhance transparency and ease of retrieval of data, the Company has posted all announcements, publications and press releases on its website to keep the shareholders and the public informed of the Company's latest developments.

Shareholders' Rights

The general meetings of the Company are mediums for shareholders to have direct dialogue with the Board. The Chairman of the Board as well as Committee Chairmen are available to answer questions at the shareholders' meetings. External auditor also attends Annual General Meetings to address shareholders' enquiries.

The Company shall adhere to the amendments to the Listing Rules effective from 1 January 2009, all votes of the shareholders at general meetings would be taken by poll.

Shareholders can send in their enquiries in writing to the Company Secretary at the Company's business address in Hong Kong. The Board will seriously consider shareholders' enquiries and address them accordingly. No shareholders' enquiry was received during the year ended 28 February 2009.

As a good corporate citizen, I.T supports social developments in the community through a range of partnership activities and donations.

Baby Jane cacharel x Hong Kong Breast Cancer Foundation Charity T-shirt
In support of the Breast Cancer Awareness Month of October 2008, Baby Jane cacharel uniquely designed a limited edition charity t-shirt to be sold at all Baby Jane cacharel outlets in order to raise fund for research and advocate of breast cancer in Hong Kong. The net sales proceeds of HK$150 of each t-shirt sold and received was donated to Hong Kong Breast Cancer Foundation. HK$34,500 was donated to Hong Kong Breast Cancer Foundation.

EPS iDO cross-over tees for tree planting
http://www.izzue.com, :CHOCOOLATE and b+ab never forget to contribute to environmental protection, while EPS shares the same vision. All these parties join hands individually with EPS and GREEN POWER to make Hong Kong a better and greener city. Fashion icon Wyman, Jam Lam, and Charlene Choi each have designed one t-shirt respectively for http://www.izzue.com, :CHOCOOLATE and b+ab with meaningful slogans or graphics, these t-shirts come with memo pad/table mat/cardboard box as incentives for customers, all the proceeds were donated to GREEN POWER for tree planting. The proceeds of HK$159,164 were donated to Green Power.

Special edition http://www.izzue.com x Dido Safe Trip Home Passport Holder
http://www.izzue.com has always shared the same passion with all music lovers and some of the world's most talented musicians. In addition to the previous collaborative projects with Justin Timberlake, Avril Lavigne and Shayne Ward, now http://www.izzue.com has compiled a special project with Dido, a London-born singer-songwriter with the cracked-crystal voice and has won countless honorable music awards throughout the world, to celebrate the release of her album SAFE TRIP HOME. Inspired from one of the lyrics "if I don't believe in love, nothing is safe for me" in her latest album, http://www.izzue.com designers have created an impressive http://www.izzue.com x Dido passport holder, exclusive for music lovers in Hong Kong, with the design in an attempt to capture her ability to move people with melodies and lyrics, it is no exception and still holds the same values and aesthetic of the works of art. Also, http://www.izzue.com carries on the spirit of love, commitment, hope from Dido and share with whom in needs through charity organisation ORBIS, by donating the net proceeds of the sales of the passport holders.

I.T x American Express: "Open You Eyes Wide" Private Shopping Night
To fight against preventable blindness, I.T and American Express joined forces in hosting the "Open Your Eyes Wide" charity events in April 2008. Held at Plaza 66 in Shanghai and Seasons Place in Beijing, the theme of the event is to bring the bright gift to millions of people who are blind or at-risk of blindness.

At the party, each guest could enjoy up to 30% off discount on new collection. Moreover, 10% of the profit from the events will be contributed to ORBIS, a non-profit, global development organisation whose mission is to eliminate avoidable blindness in developing countries. RMB15,000 was donated to ORBIS.

I.T x One Foundation: "Operation Sichuan Relief Auction Event"
Soon after the devastating earthquake in Sichuan, a charity event was held in Shanghai to raise money for disaster relief efforts operating in Sichuan. The event was held by The Operation Sichuan Relief ("OSR") – a collaboration of the foreign community in Shanghai and the Red Cross Society of China Jet Li One Foundation.

During the event, I.T made a corporate donation of RMB1,000,000 to Red Cross China in order to help victims recover from the Sichuan earthquake.

KENZO x China Green Foundation: Marie Claire Style China Charity event
In July 2008, KENZO joined a charity event to support green fashion and to raise awareness of environmental issues. This event "Style China" was held by Marie Claire China and China Green Foundation ("CGF") – a national non-profit making and non-governmental organisation focuses on supporting and developing afforestation in China.

KENZO donated a total of RMB70,000. Additionally, a dress designed by Mr. Antonio Marras (KENZO designer) was sold for another RMB70,000 during the event and all donations went to China Green Foundation.

I.TXX SHOPPING SPREE – Artistes' used-clothing charity sale
In celebration of the group's 20th anniversary, "I.TXX Shopping Spree" was held in November 2008 for 3 months at Windsor House, Causeway Bay, offering great deals to the customers on off-season collections. Within this period, we had a special charity sale for artistes' used-clothing. The pieces were donated by various artistes such as Aaron Kwok, Leon Lai, Sammi Cheng, Wyman Wong, Kelly Chen and many more. Each piece was sold at HK$220, a sum equivalent to one-month sponsorship fee to help needy children in developing countries, a total amount of HK$26,620 was donated to World Vision Hong Kong.

Sichuan Earthquake Fund-raising Concert by The Hong Kong Girl Guides Association
On 10 August 2008, The Hong Kong Girl Guides Association held a Charity Concert at Hong Kong Convention and Exhibition Centre, to raise funds for supporting the relief work of Sichuan Earthquake, which the powerful 8-magnitude earthquake hit Sichuan seriously in May 2008.

I.T donated HK$20,000 to the association as sponsorship to the event. The association later on organised a visiting tour to Sichuan in December 2008. The volunteering girl guide members joined the tour to bring the donation and the scarves they knitted and the stationeries they collected previously to the earthquake victims. The association aimed to support the victims to re-build their homes and also, on the other hand, to give an opportunity to the girl guide members on learning more about the situation of victims' post-earthquake lifes and the needs of the local students.

REPORT OF THE DIRECTORS

The Directors of I.T Limited (the "Company") have pleasure in submitting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 28 February 2009.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The Company's subsidiaries are engaged in retailing and trading of fashion wears and accessories. The activities of the subsidiaries are set out in Note 17 to the consolidated financial statements.

The analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 of the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 28 February 2009 are set out in Note 17 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated income statement on page 53.

The Board does not recommend the payment of a final dividend for the year ended 28 February 2009 (year ended 29 February 2008: HK8.5 cents per ordinary share) and proposes that the profit for the year be retained.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$1,429,125 (year ended 29 February 2008: HK$341,032).

FURNITURE AND EQUIPMENT

Details of the movements in furniture and equipment of the Group are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 28 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 28 February 2009, the Company's reserve available for cash distribution, as computed in accordance with The Companies Act 1981 of Bermuda (as amended), amounted to HK$186,120,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 96 and 97.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive
Mr. Sham Kar Wai
Dr. Lo Wing Yan, William, J.P. (tendered resignation, effect on 12 June 2009)
Mr. Sham Kin Wai

Independent Non-executive
Mr. Wong Wai Ming
Mr. Francis Goutenmacher
Dr. Wong Tin Yau, Kelvin

In accordance with Clauses 87 of the Company's Bye-laws, Mr. Wong Wai Ming will retire by rotation at the forthcoming Annual General Meeting of the Company, offers himself for re-election.

In accordance with Rule A.4.2 of the Code on Corporate Governance Practices, Mr. Sham Kar Wai will retire by rotation at the forthcoming Annual General Meeting of the Company, offers himself for re-election.

Independent Non-executive Directors were appointed for a one-year term. The term of service of Mr. Francis Goutenmacher and Dr. Wong Tin Yau, Kelvin will expire on 31 July 2009 while Mr. Wong Wai Ming's on 18 October 2009. The Company has received from each of its Independent Non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers the Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting of the Company has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the year are set out in Note 9 to the consolidated financial statements.

REMUNERATION POLICY

Remuneration policy of the Company is reviewed regularly, making reference to market condition and performance of the Company and individual staff (including the Directors). The remuneration policy and remuneration packages of the Executive Directors and senior management are reviewed by the Remuneration Committee which are detailed in the paragraph headed "Remuneration Committee" under the Corporate Governance Report on page 34.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management as at the date of this report are set out on pages 29 to 31.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 28 February 2009, the interests or short positions of the Directors and Chief Executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long positions in the shares of the Company

	No. of shares held				
Director	**Personal interest**	**Interest in controlled company and beneficiary of trust** (Notes 1 and 2)	**Interest in underlying shares/equity derivatives** (Note 3)	**Total**	**Percentage of issued share capital**
Sham Kar Wai (Note 4)	–	672,075,000	10,000,000	682,075,000	59.05%
Lo Wing Yan, William	2,208,000	–	14,000,000	16,208,000	1.40%
Sham Kin Wai (Note 4)	–	672,075,000	10,000,000	682,075,000	59.05%

Notes:

(1) Mr. Sham Kar Wai, Miss Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai) and Mr. Sham Kin Wai holds 25%, 25% and 50% of the issued share capital of 3WH Limited respectively. As such, each of Mr. Sham Kar Wai and Mr. Sham Kin Wai is deemed to have a controlling interest in 3WH Limited and is therefore deemed to be interested in the interests of 3WH Limited in the Company.

(2) Mr. Sham Kar Wai and Mr. Sham Kin Wai are both beneficiaries of The ABS 2000 Trust, which is an irrevocable discretionary trust. Effective Convey Limited is wholly-owned by Dynamic Vitality Limited, which is in turn wholly-owned by The ABS 2000 Trust. Each of Mr. Sham Kar Wai and Mr. Sham Kin Wai is therefore deemed to be interested in the interests of Effective Convey Limited in the Company.

(3) Detailed in the section headed "*Share Options*" below.

(4) Miss Yau Shuk Ching, Chingmy, spouse of Mr. Sham Kar Wai, is deemed to be interested in the same number of shares held by Mr. Sham Kar Wai. Miss Wong Choi Shan, spouse of Mr. Sham Kin Wai, is deemed to be interested in the same number of shares held by Mr. Sham Kin Wai. Their interests in the shares and underlying shares of the Company are recorded in the register maintained by the Company under Section 336 of the SFO.

(b) Long positions in the share options of the Company

The interest of the Directors and Chief Executives of the Company in the share options of the Company are detailed in the section headed "*Share Options*" below.

(c) Long positions in the shares of associated corporations of the Company

Director	Name of associated corporations	Capacity	Approximate percentage of shareholding
Sham Kar Wai	3WH Limited	Beneficial owner	50% (Note 1)
	Income Team Limited	Interests in controlled company	100%
	Online Profit Limited	Interests in controlled company	100%
	Optimum Performance Limited	Interests in controlled company	100%
	Popbest Limited	Interests in controlled company	100%
	Shine Team Development Limited	Interests in controlled company	100%
	Veston Limited	Interests in controlled company	100%
	Young Ranger Investment Limited	Interests in controlled company	100%
	Effective Convey Limited	Beneficiary of trust	100%
	Dynamic Vitality Limited	Beneficiary of trust	100%
Sham Kin Wai	3WH Limited	Beneficial owner	50%
	Income Team Limited	Interests in controlled company	100%
	Online Profit Limited	Interests in controlled company	100%
	Optimum Performance Limited	Interests in controlled company	100%
	Popbest Limited	Interests in controlled company	100%
	Shine Team Development Limited	Interests in controlled company	100%
	Veston Limited	Interests in controlled company	100%
	Young Ranger Investment Limited	Interests in controlled company	100%
	Effective Convey Limited	Beneficiary of trust	100%
	Dynamic Vitality Limited	Beneficiary of trust	100%

Note:

(1) Mr. Sham Kar Wai and Miss Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai) each holds 25% of the issued share capital of 3WH Limited. As such, Mr. Sham Kar Wai is deemed to be interested in the same number of shares held by Miss Yau Shuk Ching, Chingmy.

Save as disclosed above, none of the Directors or their associates had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as at 28 February 2009.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed in the section headed "*Share Options*" under this report on page 44, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their associates to acquire benefits by means of acquisition of shares in, or debenture of, the Company or any body corporate.

SHARE OPTIONS

Details of the movements in share options to subscribe for shares in the Company during the year are set out below:

(a) The Company adopted a share option scheme (the "First Share Option Scheme") on 3 February 2005, pursuant to which the Company may grant options to eligible participants as defined in the First Share Option Scheme to subscribe for shares in the Company at a price per share of not less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer of the relevant option; and (iii) 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 offer. A consideration of HK$10 is payable on acceptance of the grant of options.

On 28 April 2005, the Company granted options under the First Share Option Scheme to a Director (resigned on 30 March 2007) and certain employees of the Group to subscribe for an aggregate of 15,750,000 shares in the Company at a price of HK$2.35 per share, exercisable during the period from 28 April 2005 to 27 April 2008. The closing price of the Company's shares immediately before the date on which the options were granted was HK$2.125. On 11 April 2008, there were an aggregate of 3,450,000 options outstanding and unexercised and the Remuneration Committee of the Board of Directors extended the exercise period of these options till 27 October 2008.

On 16 February 2007, the Company granted options under the First Share Option Scheme to a Director to subscribe for an aggregate of 6,000,000 shares in the Company at a price of HK$1.56 per share, exercisable during the period from 16 February 2007 to 15 February 2010. The closing price of the Company's shares immediately before the date on which the options were granted was HK$1.52.

On 1 June 2007, the Company granted options under the First Share Option Scheme to a Director to subscribe for an aggregate of 4,000,000 shares in the Company at a price of HK$1.47 per share, exercisable during the period from 1 June 2007 to 31 May 2010. The closing price of the Company's shares immediately before the date on which the options were granted was HK$1.50.

On 14 April 2008, the Company granted options under the First Share Option Scheme to:

(i) two Directors to subscribe for an aggregate of 20,000,000 shares in the Company at a price of HK$2.47 per share. The options would be vested in three years time and with a three years exercise period after vested (Note 1).

(ii) a Director and certain employees of the Group to subscribe for an aggregate of 34,300,000 shares in the Company at a price of HK$2.25 per share. The options would be vested in three years time and with a three years exercise period after vested (Notes 2 and 4).

The closing price of the Company's shares immediately before the date on which the options were granted was HK$2.23.

No participant with options granted is in excess of the individual limit as stipulated in the First Share Option Scheme.

The First Share Option Scheme ought to remain in force for a period of 10 years up to February 2015. At the 2008 Annual General Meeting of the Company held on 30 June 2008, the shareholders of the Company approved the adoption of a new share option scheme (the "New Share Option Scheme") and the termination of the First Share Option Scheme.

The operation of the First Share Option Scheme was terminated with effect from the conclusion of the 2008 Annual General Meeting. No further options could thereafter be offered under the First Share Option Scheme but the provisions of the First Share Option Scheme would remain in full force and effect. Options granted under the First Share Option Scheme and remain unexpired prior to the termination of the First Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the First Share Option Scheme.

Pursuant to the New Share Option Scheme, the Company may grant options to eligible participants as defined in the New Share Option Scheme to subscribe for shares in the Company at a price per share of not less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer of the relevant option; and (iii) 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 offer. A consideration of HK$10 is payable on acceptance of the grant of options. The New Share Option Scheme will remain in force for a period of 10 years up to June 2018.

Up to 28 February 2009, no option has been granted since the adoption of the New Share Option Scheme.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the First Share Option Scheme, the New Share Option Scheme and any other scheme adopted by the Group from time to time would not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

Details of the movements in share options to subscribe for shares in the Company during the year ended 28 February 2009 are set out below:

	Date of grant	Exercise period	Exercise price per share HK$	Number of Share Options As at 1 March 2008	Granted during the year	Exercised during the year	Lapsed during the year	Held as at 28 February 2009
Director								
Sham Kar Wai	14 April 2008 (Note 1)	14 April 2008 to 13 April 2013	2.47	–	10,000,000	–	–	10,000,000
Lo Wing Yan, William	16 February 2007	16 February 2007 to 15 February 2010	1.56	6,000,000	–	–	–	6,000,000
	1 June 2007	1 June 2007 to 31 May 2010	1.47	4,000,000	–	–	–	4,000,000
	14 April 2008 (Note 2)	14 April 2008 to 13 April 2013	2.25	–	4,000,000	–	–	4,000,000
Sham Kin Wai	14 April 2008 (Note 1)	14 April 2008 to 13 April 2013	2.47	–	10,000,000	–	–	10,000,000
Continuous contract employees	28 April 2005 (Note 3)	28 April 2005 to 27 October 2008	2.35	3,450,000	–	(360,000)	(3,090,000)	–
	14 April 2008 (Note 4)	14 April 2008 to 13 April 2013	2.25	–	30,300,000	–	(500,000)	29,800,000
				13,450,000	54,300,000	(360,000)	(3,590,000)	63,800,000

Notes:

(1) The vesting dates and exercisable periods of the options are as follows:

Vesting date	Exercise periods	Number of share options
14 April 2008	14 April 2008 to 13 April 2011	3,340,000
14 April 2009	14 April 2009 to 13 April 2012	3,330,000
14 April 2010	14 April 2010 to 13 April 2013	3,330,000
		10,000,000

(2) The vesting dates and exercisable periods of the options are as follows:

Vesting date	Exercise periods	Number of share options
14 April 2008	14 April 2008 to 13 April 2011	1,340,000
14 April 2009	14 April 2009 to 13 April 2012	1,330,000
14 April 2010	14 April 2010 to 13 April 2013	1,330,000
		4,000,000

(3) (a) The options ought to be expired after 27 April 2008. On 11 April 2008, the Remuneration Committee of the Board of Directors extended the exercise period till 27 October 2008.

(b) 120,000 options were exercised on 14 May 2008, the closing price of the Company's shares immediately before the date on which the options were exercised was HK$2.60. 240,000 options were exercised on 15 May 2008, the closing price of the Company's shares immediately before the date on which the options were exercised was HK$2.64.

(4) The vesting dates and exercisable periods of the options are as follows:

Vesting date	Exercise period	Number of share options granted	Number of share options lapsed during the year
14 April 2008	14 April 2008 to 13 April 2011	10,640,000	200,000
14 April 2009	14 April 2009 to 13 April 2012	9,830,000	150,000
14 April 2010	14 April 2010 to 13 April 2013	9,830,000	150,000
		30,300,000	500,000

(b) For the determination of the fair value of the share options granted under the First Share Option Scheme, the Binomial Option Pricing Model was made reference to and taking into account a number of factors such as the exercise price and the life of the options, the market price and volatility of the underlying shares, and the risk-free interest rate for the life of the options. In addition, it requires input of assumptions that have significant sensitivity effects, including the expected stock price volatility, expected dividend, etc. Any changes in the subjectivity input assumptions may materially affect the estimation of the fair value of an option.

The significant inputs into the Binomial Option Pricing Model were as follows:

	Options granted on 28 April 2005 under the First Share Option Scheme		Options granted on 16 February 2007 under the First Share Option Scheme	Options granted on 1 June 2007 under the First Share Option Scheme	Options granted on 14 April 2008 under the First Share Option Scheme	
		(Note 1)			(Note 2)	(Note 3)
Share price at the grant date	HK$2.10	HK$2.23	HK$1.55	HK$1.46	HK$2.24	HK$2.24
Exercise price per share	HK$2.35	HK$2.35	HK$1.56	HK$1.47	HK$2.47	HK$2.25
Standard deviation of expected share price returns	33%	43%	36%	35%	43%	43%
Expected life of options	1.6 years	0.5 year	3 years	2.7 years	3.0 years	1.0 year
Expected dividend paid out rate	2.50%	4%	3.50%	3.00%	4.00%	4.00%
Annual risk free rate	2.79%	1.10%	4.11%	4.36%	1.99%	1.99%

Note:

(1) The options ought to be expired after 27 April 2008. On 11 April 2008, the Remuneration Committee of the Board of Directors extended the exercise period till 27 October 2008.

(2) The options were granted to two Directors to subscribe for an aggregate of 20,000,000 shares in the Company at a price of HK$2.47 per share.

(3) The options were granted to a Director and certain employees of the Group to subscribe for an aggregate of 34,300,000 shares in the Company at a price of HK$2.25 per share.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 28 February 2009, the register kept by the Company under Section 336 of the SFO showed that the following shareholders (other than Directors of the Company) had disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

Name	Capacity	Number of shares held	Percentage of issued share capital
3WH Limited	Beneficial owner	336,037,500	29.09%
Effective Convey Limited	Beneficial owner	336,037,500	29.09%
Dynamic Vitality Limited (Note 1)	Interest in corporation	336,037,500	29.09%
The ABS 2000 Trust (Notes 1 and 2)	Interest in corporation	336,037,500	29.09%
HSBC International Trustee Limited (Note 2)	Interest in corporation	336,037,500	29.09%
Glorious Sun Trading (HK) Limited	Beneficial owner	102,827,473	8.90%
Glorious Sun Enterprises (BVI) Limited (Note 3)	Interest in corporation	102,827,473	8.90%
Glorious Sun Enterprises Limited (Note 3)	Interest in corporation	102,827,473	8.90%
Glorious Sun Holdings (BVI) Limited (Note 4)	Interest in corporation	102,827,473	8.90%
Yeung Chun Kam (Note 4)	Interest in controlled company	102,827,473	8.90%
Yeung Chun Fan (Note 4)	Interest in controlled company	102,827,473	8.90%
Cheung Wai Yee (Note 5)	Interest of spouse	102,827,473	8.90%
Arisaig Greater China Fund Limited	Beneficial owner	100,226,000	8.68%
Arisaig Partners (Mauritius) Ltd (Note 6)	Interest in corporation	100,226,000	8.68%
Lindsay William Ernest Cooper (Note 7)	Interest in corporation	100,226,000	8.68%

Notes:

(1) Effective Convey Limited is a wholly-owned subsidiary of Dynamic Vitality Limited, which is wholly-owned by The ABS 2000 Trust. Each of Dynamic Vitality Limited and The ABS 2000 Trust is therefore deemed interested in the Shares held by Effective Convey Limited.

(2) The ABS 2000 Trust was established on 14 September 2000 as an irrevocable discretionary trust for the benefit of Mr. Sham Kar Wai and Mr. Sham Kin Wai, and their respective family members. HSBC International Trustee Limited is the trustee of The ABS 2000 Trust.

(3) Glorious Sun Trading (HK) Limited is a wholly-owned subsidiary of Glorious Sun Enterprises (BVI) Limited, which is wholly-owned by Glorious Sun Enterprises Limited. Each of Glorious Sun Enterprises (BVI) Limited and Glorious Sun Enterprises Limited is therefore deemed interested in the Shares held by Glorious Sun Trading (HK) Limited.

(4) Glorious Sun Holdings (BVI) Limited holds 37.47% interest in Glorious Sun Enterprises Limited. Dr. Yeung Chun Kam and Mr. Yeung Chun Fan respectively holds 51.93% and 48.07% interest in Glorious Sun Holdings (BVI) Limited. Therefore, each of Glorious Sun Holdings (BVI) Limited, Dr. Yeung Chun Kam and Mr. Yeung Chun Fan is deemed interested in the Shares held by Glorious Sun Trading (HK) Limited.

(5) Spouse of Mr. Yeung Chun Fan.

(6) Arisaig Partners (Mauritius) Ltd is the fund manager of Arisaig Greater China Fund Limited.

(7) Mr. Lindsay William Ernest Cooper is deemed interested in the Shares held by Arisaig Greater China Fund Limited through his indirect 33.33% interest in Arisaig Partners (Mauritius) Ltd.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 28 February 2009, which did not constitute connected transactions under the Listing Rules, are disclosed in Note 34 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

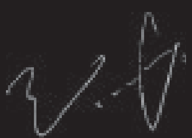
CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 34 to 38.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

On behalf of the Board



Lo Wing Yan, William
Vice Chairman

Hong Kong, 27 May 2009

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PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF I.T LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of I.T Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 53 to 95, which comprise the consolidated and company balance sheets as at 28 February 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 28 February 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 May 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 28 February 2009

	Note	**Year ended 28 February 2009 HK$'000**	Year ended 29 February 2008 HK$'000
Turnover	5	**2,733,256**	2,021,283
Cost of sales	7	**(1,121,570)**	(819,423)
Gross profit		**1,611,686**	1,201,860
Other (losses)/gains	6	**(11,123)**	1,900
Impairment of goodwill		**(59,569)**	–
Operating expenses	7	**(1,468,877)**	(1,002,046)
Operating profit		**72,117**	201,714
Finance income, net	10	**2,786**	13,590
Share of profit/(loss) of jointly controlled entities	18	**3,948**	(4,828)
Profit before income tax		**78,851**	210,476
Income tax expense	11	**(36,296)**	(39,505)
Profit for the year	12	**42,555**	170,971
Earnings per share for profit for the year (expressed in HK$ per share)			
– basic	13	**HK$0.04**	HK$0.16
– diluted	13	**HK$0.04**	HK$0.16
Dividends	14	**–**	119,982

The accompanying notes are an integral part of these consolidated financial statements.

BALANCE SHEETS

As at 28 February 2009

		Consolidated		Company	
		As at 28 February 2009	As at 29 February 2008	As at 28 February 2009	As at 29 February 2008
	Note	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS					
Non-current assets					
Furniture and equipment	15	229,124	179,850	–	–
Intangible assets	16	267,633	317,928	–	–
Investments in and amounts due from subsidiaries	17	–	–	1,025,589	1,101,307
Investments in and amounts due from jointly controlled entities	18	32,564	21,974	–	–
Rental deposits	21	91,065	77,424	–	–
Deferred income tax assets	27	32,211	24,412	–	–
		652,597	621,588	1,025,589	1,101,307
Current assets					
Inventories	19	411,145	323,724	–	–
Trade and other receivables	20	67,289	39,645	13	143
Amounts due from jointly controlled entities	18	27,323	41,080	–	–
Prepayments and other deposits	21	104,011	98,920	–	–
Derivative financial instruments	26	–	2,539	–	–
Pledged bank deposits	22 & 31	750	750	–	–
Cash and cash equivalents	22	441,264	424,173	1,364	1,032
		1,051,782	930,831	1,377	1,175
LIABILITIES					
Current liabilities					
Bank borrowings	23	(47,400)	(10,000)	–	–
Trade and bill payables	24	(155,993)	(121,840)	–	–
Accruals and other payables	25	(135,677)	(140,200)	(25)	(30)
Amount due to a jointly controlled entity	18	(9,206)	(15,583)	–	–
Derivative financial instruments	26	(3,452)	–	–	–
Current income tax liabilities		(24,261)	(30,510)	–	–
		(375,989)	(318,133)	(25)	(30)
Net current assets		675,793	612,698	1,352	1,145
Total assets less current liabilities		1,328,390	1,234,286	1,026,941	1,102,452
Non-current liabilities					
Bank borrowings	23	(82,600)	–	–	–
Other payables	25	(30,136)	(8,925)	–	–
Deferred income tax liabilities	27	(3,945)	(4,524)	–	–
		(116,681)	(13,449)	–	–
Net assets		1,211,709	1,220,837	1,026,941	1,102,452
EQUITY					
Capital and reserves					
Share capital	28	115,504	115,468	115,504	115,468
Reserves	29	1,096,205	1,105,369	911,437	986,984
Total equity		1,211,709	1,220,837	1,026,941	1,102,452

SHAM KAR WAI
Chairman

LO WING YAN, WILLIAM
Vice Chairman

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2009

	Note	Share capital HK$'000	Reserves HK$'000	Total HK$'000
Balance at 1 March 2008		115,468	1,105,369	1,220,837
Net income recognised directly in equity				
– currency translation differences		–	23,188	23,188
Profit for the year		–	42,555	42,555
Total recognised income for the year		–	65,743	65,743
Proceeds from issue of shares under a share option scheme	28 & 29	36	810	846
Share option scheme				
– value of employment services	29	–	22,461	22,461
Dividend	29	–	(98,178)	(98,178)
		36	(74,907)	(74,871)
Balance at 28 February 2009		115,504	1,096,205	1,211,709
Balance at 1 March 2007		103,950	722,803	826,753
Net income recognised directly in equity				
– cash flow hedges		–	(820)	(820)
– currency translation differences		–	19,922	19,922
Profit for the year		–	170,971	170,971
Total recognised income for the year		–	190,073	190,073
Issue of share capital – business combinations	28 & 29	10,283	248,842	259,125
Proceeds from issue of shares under a share option scheme	28 & 29	1,235	16,087	17,322
Share option scheme				
– value of employment services	29	–	1,383	1,383
Dividend	29	–	(73,819)	(73,819)
		11,518	192,493	204,011
Balance at 29 February 2008		115,468	1,105,369	1,220,837

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 28 February 2009

	Note	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**204,381**	284,949
Interest paid		**(2,433)**	(312)
Hong Kong profits tax paid		**(32,829)**	(41,358)
Overseas tax paid		**(17,808)**	–
Hong Kong profits tax refunded		**81**	660
Net cash generated from operating activities		**151,392**	243,939
Cash flows from investing activities			
Acquisition of a subsidiary net of cash acquired	33	**1,296**	(18,754)
Purchase of furniture and equipment		**(155,689)**	(94,695)
Purchase of intangible assets		**(5,535)**	(5,232)
Proceeds from disposal of furniture and equipment	30(b)	**1,962**	–
Decrease in net investment in jointly controlled entities		**2,250**	8,000
Increase in amounts due from jointly controlled entities		**(9,426)**	(9,323)
Decrease in amount due to a jointly controlled entity		**(6,377)**	(1,347)
Interest received		**1,724**	11,051
Net cash used in investing activities		**(169,795)**	(110,300)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**846**	17,322
Repayment of bank borrowings		**(10,000)**	(20,000)
Proceeds from bank borrowings		**130,000**	–
Dividends paid		**(98,178)**	(73,819)
Net cash generated from/(used in) financing activities		**22,668**	(76,497)
Net increase in cash and cash equivalents		**4,265**	57,142
Cash and cash equivalents, beginning of the year		**424,173**	364,820
Currency translation differences		**12,826**	2,211
Cash and cash equivalents, end of the year	30(c)	**441,264**	424,173

The accompanying notes are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

I.T Limited (the "Company") is an investment holding company and its subsidiaries (together with the Company are collectively referred to as the "Group") are principally engaged in the sales of fashion wears and accessories.

The Company was incorporated in Bermuda on 18 October 2004 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company has its listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated.

These consolidated financial statements have been approved for issue by Board of Directors on 27 May 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

These consolidated financial statements of I.T Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by financial assets and financial liabilities at fair value through profit or loss (including derivative instruments).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 to the consolidated financial statements.

Certain comparative figures have been reclassified to conform with the current year's presentation.

The following new amendments to existing standards are mandatory for the accounting periods beginning on or after 1 March 2008 but are not relevant to the Group's operations:

HKAS 39 and HKFRS 7 (Amendments)	Financial Instruments: Recognition and Measurement – Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction

The following new standards, amendments and interpretations to existing standards have been issued but are not yet effective:

HKAS 1 (Revised)	Presentation of Financial Statements (effective for annual period beginning on or after 1 January 2009)
HKAS 23 (Revised)	Borrowing Costs (effective for annual period beginning on or after 1 January 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective for annual period beginning on or after 1 July 2009)
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual period beginning on or after 1 January 2009)
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual period beginning on or after 1 July 2009)
HKFRS 3 (Revised)	Business Combinations (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009)
HKFRS 8	Operating Segments (effective for annual period beginning on or after 1 January 2009)
HK(IFRIC) – Int 13	Customer Loyalty Programmes (effective for annual period beginning on or after 1 July 2008)
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate (effective for annual period beginning on or after 1 January 2009)
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation (effective for annual period beginning on or after 1 October 2008)
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners (effective for annual period beginning on or after 1 July 2009)
HK(IFRIC) – Int 18	Transfers of Assets from Customers (effective for transfers of assets from customers received on or after 1 July 2009)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

The Group has not early adopted these new standards, amendments and interpretations to existing standards in the financial statements for the year ended 28 February 2009. The Group will apply the above new standards, amendments and interpretations when they become effective. The adoption of the above new standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

In addition, the Hong Kong Institute of Certified Public Accountants also published a number of amendments to existing standards under its annual improvement project. These amendments are not expected to have a significant financial impact on the results of operations and financial position of the Group.

2.2 CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of February.

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Jointly controlled entities

Jointly controlled entities are entities where the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of loss in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary in the consolidated income statement to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in jointly controlled entities are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(c) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.5 FURNITURE AND EQUIPMENT

Furniture and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the period in which they are incurred.

Depreciation of furniture and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	4 to 5 years or over the unexpired period of the lease, whichever is shorter
Furniture and equipment	4 to 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Licence rights

Licence rights (intangible assets) are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. They are initially measured at the fair value of the consideration given to acquire the licence at the time of the acquisition. The consideration given represents the capitalised present values of the fixed minimum periodic payments to be made in subsequent years in respect of the acquisition of the licence rights.

Licence rights are amortised over the licence period on a basis that reflects the pattern in which the licence's future economic benefits are expected to be consumed by the Group.

(c) Franchise contracts and distribution agreements

Acquired franchise contracts and distribution agreements are shown at historical cost, which is the fair value of the acquired contracts and agreements as at the date of acquisition. The contracts and agreements have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of acquisition of contracts and agreements over their estimated useful lives (10 years).

(d) Trademark

Acquired trademark is shown at historical cost. Trademark has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademark over its estimated useful life (10 years).

(e) Club debentures

Acquired club debentures are stated at historical cost less accumulated impairment losses, if any. They are measured at the fair value of the consideration given to acquire the club debenture at the time of the acquisition. The club debenture is tested annually for impairment.

2.7 IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date and in this case they are classified as non-current assets.

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates the derivatives at fair value through profit or loss and accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognised immediately in the income statement.

2.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method of costing and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 TRADE AND OTHER RECEIVABLES

Trade and other receivables are considered as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that the receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance for receivables. Subsequent recoveries of amounts previously written off are credited against in the income statement.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are considered as loans and receivables. They include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet.

2.13 TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 LICENCE FEES PAYABLE

Licence fees payable in respect of the acquisition of licence rights are initially recognised at fair value of the consideration given to acquire the licence at the time of the acquisition, which represent the present values of the fixed minimum periodic payments to be made in subsequent years. They are subsequently stated at amortised cost using the effective interest method less amounts paid.

Interest is accrued on licence fees payable and charged to interest expense. Changes in estimates of the expected cash flows are recognised in the income statement. The revised expected cash flows are discounted using the original effective interest rate to arrive at the carrying amount of the liability.

2.15 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. This is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 CURRENT AND DEFERRED INCOME TAX (Continued)

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

For employees in Hong Kong, the Group has defined contribution plans. The Group pays contributions to trustee-administered pension funds on a mandatory, contractual or voluntary basis. For employees in Mainland China, the Group participates in defined contribution retirement benefit plans administrated by the relevant municipal and provincial governments in Mainland China. The relevant municipal and provincial governments undertake to assume the retirement benefit obligation payable to all existing and future retire employees under these plans. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses. It recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Share-based compensation

The Group operates a equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market service and performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

2.18 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Retail sales are usually paid in cash or by credit/debit cards. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in operating expenses.

(b) Royalty income

Royalty income is recognised on an accrual basis in accordance with the terms of the relevant agreements.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(d) Sales of coupons

Sales of coupons is deferred and recognised as income upon utilisation of the related coupons.

2.20 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the income statement in the period in which they are incurred.

2.21 OPERATING LEASES (AS THE LESSEE)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.22 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.23 FINANCIAL GUARANTEES

A financial guarantee (a type of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each balance sheet date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee were to result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately.

2.24 DIVIDEND DISTRIBUTIONS

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

Management regularly monitors the financial risks of the Group and uses derivative financial instruments to hedge certain foreign exchange risk exposures. Because of the simplicity of the financial structure and the current operations of the Group, no other hedging activities are undertaken by management.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from the exposure in Japanese Yen, Pound Sterling, Euros, United States Dollars, New Taiwanese Dollars and Chinese Renminbi against Hong Kong Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China and Taiwan.

To manage their foreign exchange risk arising from certain future commercial transactions and recognised liabilities, entities in the Group use forward currency exchange contracts, transacted with external financial institutions. Foreign exchange risk arises when future commercial transactions or recognised liabilities are denominated in a currency that is not the entity's functional currency.

At 28 February 2009, if Chinese Renminbi had strengthened/weakened by 5% against the United States Dollars with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$2,250,000 (29 February 2008: Nil) lower/higher mainly as a result of foreign exchange losses/gains on translation of United States Dollars-denominated bank balances of certain subsidiaries which functional currency is Chinese Renminbi.

At 28 February 2009, if Hong Kong Dollars had strengthened/weakened by 5% against the Euros with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$489,000 higher/lower (29 February 2008: HK$1,392,000 lower/higher) mainly as a result of foreign exchange gains/losses on translation of Euro-denominated bank balances and trade payables.

At 28 February 2009, if Hong Kong Dollars had strengthened/weakened by 5% against the Japanese Yen with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$1,455,000 lower/higher (29 February 2008: HK$587,000 lower/higher) mainly as a result of foreign exchange losses/gains on translation of Japanese Yen-denominated bank balances and trade payables.

At 28 February 2009, foreign exchange risks on financial assets and liabilities denominated in New Taiwanese Dollars and Pound Sterling were insignificant to the Group.

The Group has certain investments in Mainland China, whose net assets are denominated in Chinese Renminbi. The conversion of Chinese Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade receivables and other receivables, rental deposits and amounts due from jointly controlled entities. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. As at 28 February 2009, all the bank deposits are deposited in the high quality financial institutions without significant credit risk. Management does not expect any losses from non-performance by these institutions.

Retail sales are usually paid in cash or by major credit/debit cards. The Group's credit sales are only made to wholesale customers with an appropriate credit history and on credit terms within 30 days. The Directors consider the Group does not have a significant concentration of credit risk. No single customer accounted for more than 1% of the Group's total revenues during the year.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient banking facilities and cash and cash equivalents, which is generated from the operating cash flow and financing cash flow.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
As at 28 February 2009				
Borrowings and interest payment	49,541	48,637	35,534	133,712
Trade and bill payables	155,993	–	–	155,993
Derivative financial instruments	3,452	–	–	3,452
Accruals and other payables	130,840	–	–	130,840
Due to a jointly controlled entity	9,206	–	–	9,206
	349,032	48,637	35,534	433,203

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total HK$'000
As at 29 February 2008				
Borrowings and interest payment	10,550	–	–	10,550
Licence fee payables	5,531	5,456	4,095	15,082
Trade and bill payables	121,840	–	–	121,840
Accruals and other payables	134,779	–	–	134,779
Due to a jointly controlled entity	15,583	–	–	15,583
	288,283	5,456	4,095	297,834

(d) Cash flow and fair value interest rate risk

Except for the short-term bank deposits and pledged bank deposits as at 28 February 2009 of HK$20,480,000 and HK$750,000 (29 February 2008: HK$55,529,000 and HK$750,000), respectively held at effective interest rate of 3% per annum and 3% per annum (29 February 2008: 3% per annum and 2% per annum), respectively, and the bank borrowings as at 28 February 2009 of HK$130,000,000 (29 February 2008: HK$10,000,000) held at effective interest rate of 4% (29 February 2008: 5%) per annum, the Group has no significant interest-bearing assets and liabilities. The bank borrowings at floating rate expose the Group to cash flow interest rate risk which is insignificant to the Group. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

At 28 February 2009, if interest rates on cash and cash equivalents and bank borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's net interest income would have been approximately HK$3,120,000 (29 February 2008: HK$4,149,000) higher/lower. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates which have the most impact on the Group over the period until the next annual balance sheet date.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 FAIR VALUE ESTIMATION

The fair values of forward currency contracts are determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3.3 CAPITAL RISK MANAGEMENT

The Group's objectives on managing capital are to finance its operations with its owned capital and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares.

The Group monitors capital on the basis of available cash and cash equivalents and pledged bank deposits and current ratio as shown in and derived from the consolidated balance sheet. The table below analyses the Group's capital structure:

	As at 28 February 2009	As at 29 February 2008
Cash and cash equivalents and pledged bank deposits (HK$'000)	**442,014**	424,923
Current ratio (Current assets divided by current liabilities)	**2.80**	2.93

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments in and amounts due from jointly controlled entities, furniture and equipment, licence rights, franchise contracts and distribution agreements and club debentures

Investments in and amounts due from jointly controlled entities, furniture and equipment, licence rights, franchise contracts and distribution agreements and club debentures are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. These calculations require use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

(b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7 to the consolidated financial statements. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell estimations. These estimations require the use of assumptions and judgements.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each balance sheet date.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgement is required in determining the provision for income taxes. These are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred taxation

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

(f) Employee benefits – share-based payments

The determination of the fair value of the share options granted requires estimates in determining the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the life of the option and the number of share options that are expected to become exercisable. Where the outcome of the number of options that are exercisable is different, such difference will impact the income statement in the subsequent remaining vesting period of the relevant share options.

5 TURNOVER AND SEGMENT INFORMATION

(a) Analysis of revenue by category

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Turnover		
– Sales of fashion wears and accessories	**2,733,256**	2,017,817
– Royalty income	**–**	3,466
	2,733,256	2,021,283

(b) Segment information

The Group's primary reporting format is business segments. No segment analysis for business segment is presented as the Group principally operates in one business segment, which was the sales of fashion wears and accessories.

The Group's secondary reporting format is geographical segments. Its revenue is generated mainly within Hong Kong, Mainland China and Taiwan.

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Revenue		
Hong Kong	**2,011,685**	1,840,563
Mainland China	**636,844**	162,338
Taiwan	**28,297**	–
Others	**56,430**	18,382
	2,733,256	2,021,283

Revenue is allocated based on the place in which the customer is located.

5 TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Total assets		
Hong Kong	**809,538**	852,381
Mainland China	**756,358**	631,359
Taiwan	**15,986**	28,339
Others	**65,901**	10,410
	1,647,783	1,522,489
Jointly controlled entities	**24,385**	5,518
Unallocated assets	**32,211**	24,412
	1,704,379	1,552,419

Segment assets consist primarily of furniture and equipment, intangible assets, inventories, trade and other receivables, prepayment and other deposits, pledged bank deposits and cash and cash equivalents. Unallocated assets comprise deferred taxation. Total assets are allocated based on where the assets are located.

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Capital expenditure		
Hong Kong	**66,136**	86,641
Mainland China	**43,888**	362,972
Taiwan	**6,889**	–
Others	**49,664**	1,880
	166,577	451,493

Capital expenditure comprises additions to furniture and equipment and intangible assets, including additions resulting from acquisitions through business combination. Capital expenditure is allocated based on where the assets are located.

6 OTHER (LOSSES)/GAINS

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Derivative financial instruments, at market value – forward foreign exchange contracts	**(11,123)**	1,900

7 EXPENSES BY NATURE

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Cost of inventories sold	**1,108,831**	812,888
Write-downs of inventories to net realisable value	**25,258**	5,027
Employment costs (including directors' emoluments) (Note 8)	**499,765**	363,870
Operating lease rentals of premises		
– minimum lease payments	**534,266**	341,191
– contingent rents	**28,607**	32,399
Advertising and promotion costs	**52,566**	26,115
Depreciation of furniture and equipment	**102,135**	65,396
Loss on disposals of furniture and equipment	**6,016**	3,649
Licence fees (included in operating expenses)		
– amortisation of licence rights	**6,849**	8,186
– write off of licence rights	**7,478**	–
– contingent licence fees	**4,226**	4,759
Amortisation of trademark, franchise contracts and distribution agreements (included in operating expenses)	**1,644**	443
Provision for impairment of receivables	**1,022**	450
Provision for impairment of amount due from a jointly controlled entity	**1,353**	–
Auditor's remuneration	**2,810**	2,540
Net exchange gains	**(38,555)**	(18,082)
Other expenses	**246,176**	172,638
Total	**2,590,447**	1,821,469
Representing:		
Cost of sales	**1,121,570**	819,423
Operating expenses	**1,468,877**	1,002,046
	2,590,447	1,821,469

8 EMPLOYMENT COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Salaries, commission and allowances	**441,606**	319,800
Bonus	**5,400**	25,209
Pension costs – employer's contributions to defined contribution plans and provision for long service payment	**29,324**	16,667
Share options granted	**22,461**	1,383
Welfare and other benefits	**974**	811
	499,765	363,870

(a) Pension – defined contribution plans

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a maximum contribution of HK$1,000 per month and thereafter contributions are voluntary. The Group has no further obligation for post-retirement benefits beyond the contributions.

As stipulated by rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for employees of its subsidiaries established in Mainland China. The employees contribute up to 8% of their basic salaries, while the Group contributes approximately 17% to 22% of such salaries and has no further obligations for the actual payment of pensions or post-retirements benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

During the year ended 28 February 2009, the amount of the Group's employer contributions to defined contribution plans is approximately HK$29,324,000 (year ended 29 February 2008: HK$16,667,000).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 28 February 2009 is set out below:

Name of directors	Fees	Salaries	Bonus	Other benefits (i)	Employer's contributions to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors						
Mr Sham Kar Wai	–	4,815	–	5,723	12	10,550
Mr Sham Kin Wai	–	3,634	–	5,219	12	8,865
Dr Lo Wing Yan, William	–	4,210	–	1,913	12	6,135
Independent non-executive directors						
Mr Wong Wai Ming	180	–	–	–	–	180
Mr Francis Goutenmacher	180	–	–	–	–	180
Dr Wong Tin Yau, Kelvin	180	–	–	–	–	180
	540	12,659	–	12,855	36	26,090

The remuneration of each director of the Company for the year ended 29 February 2008 is set out below:

Name of directors	Fees	Salaries	Bonus	Other benefits (i)	Employer's contributions to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors						
Mr Sham Kar Wai	–	4,355	8,500	960	12	13,827
Mr Sham Kin Wai	–	3,081	7,000	636	12	10,729
Dr Lo Wing Yan, William	–	3,250	7,000	1,383	12	11,645
Mr Chan Wai Mo, Alva (ii)	–	100	–	–	1	101
Independent non-executive directors						
Mr Chan Mo Po, Paul (iii)	172	–	–	–	–	172
Mr Wong Wai Ming	280	–	–	–	–	280
Mr Francis Goutenmacher	278	–	–	–	–	278
Dr Wong Tin Yau, Kelvin (iv)	105	–	–	–	–	105
	835	10,786	22,500	2,979	37	37,137

Notes:

(i) Other benefits include housing allowance and the amortisation to the income statement of the fair value of share options under the Share Option Scheme measured at the respective grant dates, regardless of whether the share options would be exercised or not.

(ii) Mr Chan Wai Mo, Alva resigned as executive director on 30 March 2007.

(iii) Mr Chan Mo Po, Paul resigned as independent non-executive director on 23 July 2007.

(iv) Dr Wong Tin Yau, Kelvin was appointed as independent non-executive director on 1 August 2007.

No directors waived any emoluments during the year ended 28 February 2009 (year ended 29 February 2008: Nil).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three (year ended 29 February 2008: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (year ended 29 February 2008: two) individuals are as follows:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Salaries	**3,210**	2,477
Bonus	**400**	150
Other benefits (i)	**7,167**	636
Employer's contributions to pension scheme	**149**	59
	10,926	3,322

Note:

(i) Other benefits include housing allowance and the amortisation to the income statement of the fair value of share options under the Share Option Scheme measured at the respective grant dates, regardless of whether the share options would be exercised or not.

The emoluments of the remaining two (year ended 29 February 2008: two) individuals fell within the following bands:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**1**	–
HK$5,500,001 – HK$6,000,000	**1**	–
	2	2

(c) During the year ended 28 February 2009, no emolument was paid by the Company to any of the directors or the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office (year ended 29 February 2008: Nil).

10 FINANCE INCOME, NET

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Interest income from		
– bank deposits	**1,724**	8,810
– amounts due from jointly controlled entities (i)	**391**	2,902
– others (i)	**4,090**	2,705
Finance income	**6,205**	14,417
Interest expense on		
– bank borrowings wholly repayable within five years	**(2,694)**	(312)
– licence fees payable (i)	**(725)**	(515)
Finance costs	**(3,419)**	(827)
Net finance income	**2,786**	13,590

Note:

(i) These represent the interests arisen from the amortisation of financial assets and liabilities recognised at amortised cost.

11 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda until March 2016. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 16.5% (year ended 29 February 2008: 17.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

The National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") on 16 March 2007 and the State Council announced the Detail Implementation Regulations ("DIR") on 6 December 2007. According to the CIT Law, the income tax rates for both domestic and foreign investment enterprises are unified at 25% effective from 1 January 2008. However, for enterprises which are established before the publication of the CIT Law and are entitled to preferential treatments of reduced income tax rate granted by relevant tax authorities, the income tax rate is gradually increased to 25% within 5 years after the effective date of the CIT Law. For the region that enjoys a reduced income tax rate at 15%, the income tax rate is gradually increased to 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 according to grandfathering rules stipulated in the DIR and related circular. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term continue to enjoy such treatment until the fixed term expires.

Mainland China enterprise income tax has been provided at the applicable rates ranging from 18% to 25% (year ended 29 February 2008: ranging from 15% to 33%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 25% (year ended 29 February 2008: Nil) on the estimated assessable profits of the Group's operations in Taiwan.

Macau Complementary (Corporate) Tax has been provided at a fixed rate of 9% on the estimated assessable profit in excess of HK$196,000 (approximately MOP200,000) and below HK$295,000 (approximately MOP300,000) and a fixed rate of 12% on assessable profit in excess of HK$295,000 (approximately MOP300,000).

The amounts of taxation charged/(credited) to the consolidated income statement represent:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Current income tax		
– Hong Kong profits tax	**32,050**	36,706
– Mainland China enterprise income tax	**12,496**	3,522
– Overseas taxation	**–**	25
– Overprovision in prior year	**(239)**	–
Deferred income tax (Note 27)	**(8,011)**	(748)
	36,296	39,505

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using weighted average tax rate in applicable to profits of the consolidated entities as follows:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Profit before income tax	**78,851**	210,476
Adjustment: share of (profit)/loss of jointly controlled entities, net of tax	**(3,948)**	4,828
Adjusted profit before income tax	**74,903**	215,304
Tax calculated at applicable tax rates	**14,541**	40,644
Income not subject to tax	**(2,718)**	(3,605)
Expenses not deductible for tax purposes	**19,350**	2,466
Effect on change of Hong Kong profits tax rate	**539**	–
Tax loss not recognised	**8,986**	–
Recognition of previously unrecognised tax losses	**(4,163)**	–
Overprovision in prior year	**(239)**	–
Tax expense	**36,296**	39,505

The weighted average applicable tax rate was 19.4% (year ended 29 February 2008: 18.9%). The increase is caused by a change of the distribution of profits of the Group's entities operating in different locations.

12 LOSS/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$640,000 (year ended 29 February 2008: profit of HK$123,903,000).

13 EARNINGS PER SHARE

Basic

The calculation of basic earnings per share for the year is based on the consolidated profit attributable to equity holders of the Company and on the weighted average number of ordinary shares in issue during the year.

	Year ended 28 February 2009	Year ended 29 February 2008
Profit attributable to equity holders of the Company (HK$'000)	**42,555**	170,971
Weighted average number of ordinary shares in issue ('000)	**1,154,963**	1,067,856
Basic earnings per share (HK$)	**0.04**	0.16

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option schemes are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average daily quoted market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 28 February 2009	Year ended 29 February 2008
Profit attributable to equity holders of the Company (HK$'000)	**42,555**	170,971
Weighted average number of ordinary shares in issue ('000)	**1,154,963**	1,067,856
Adjustments for share options ('000)	**–***	6,311
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,154,963**	1,074,167
Diluted earnings per share (HK$)	**0.04**	0.16

* No dilutive effect for the year ended 28 February 2009 since all the share options are anti-dilutive.

14 DIVIDENDS

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Interim, paid, of Nil (year ended 29 February 2008: HK2.1 cents) per ordinary share	**–**	21,834
Final, proposed, of Nil (year ended 29 February 2008: HK8.5 cents) per ordinary share	**–**	98,148
	–	119,982

The dividends paid in the year ended 28 February 2009 and year ended 29 February 2008 were HK$98,178,000 (HK8.5 cents per share for final dividend in 2008) and HK$73,819,000 (HK5.0 cents per share for final dividend in 2007 and HK2.1 cents per share for interim dividend in 2008), respectively. The Directors do not recommend the payment of a final dividend for the year ended 28 February 2009 (year ended 29 February 2008: HK8.5 cents) and propose that the profit for the year ended 28 February 2009 be retained.

15 FURNITURE AND EQUIPMENT – CONSOLIDATED

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 March 2007				
Cost	201,318	42,128	–	243,446
Accumulated depreciation	(128,475)	(21,780)	–	(150,255)
Net book amount	72,843	20,348	–	93,191
Year ended 29 February 2008				
Opening net book amount	72,843	20,348	–	93,191
Additions	85,445	7,669	1,581	94,695
Acquisition of subsidiaries and businesses (Note 33)	48,754	10,762	78	59,594
Disposals	(3,628)	(18)	(3)	(3,649)
Depreciation	(55,821)	(9,449)	(126)	(65,396)
Exchange differences	1,267	147	1	1,415
Closing net book amount	148,860	29,459	1,531	179,850
At 29 February 2008				
Cost	319,328	60,673	1,672	381,673
Accumulated depreciation	(170,468)	(31,214)	(141)	(201,823)
Net book amount	148,860	29,459	1,531	179,850
Year ended 28 February 2009				
Opening net book amount	148,860	29,459	1,531	179,850
Additions	144,198	9,848	1,643	155,689
Acquisition of a subsidiary (Note 33)	702	327	–	1,029
Disposals	(7,763)	(142)	(73)	(7,978)
Depreciation	(90,882)	(10,705)	(548)	(102,135)
Exchange differences	2,311	282	76	2,669
Closing net book amount	197,426	29,069	2,629	229,124
At 28 February 2009				
Cost	427,797	70,254	3,035	501,086
Accumulated depreciation	(230,371)	(41,185)	(406)	(271,962)
Net book amount	197,426	29,069	2,629	229,124

Depreciation expense has been included in operating expenses.

16 INTANGIBLE ASSETS – CONSOLIDATED

	Goodwill HK$'000	Licence rights HK$'000	Franchise contracts and distribution agreements HK$'000	Trademark HK$'000	Club debentures HK$'000	Total HK$'000
At 1 March 2007						
Cost	–	34,002	–	–	2,330	36,332
Accumulated amortisation	–	(19,183)	–	–	–	(19,183)
Net book amount	–	14,819	–	–	2,330	17,149
Year ended 29 February 2008						
Opening net book amount	–	14,819	–	–	2,330	17,149
Additions	–	1,172	–	532	3,700	5,404
Acquisition of subsidiaries and businesses (Note 33)	271,383	5,117	15,300	–	–	291,800
Amortisation	–	(8,186)	(425)	(18)	–	(8,629)
Exchange differences	11,570	–	634	–	–	12,204
Closing net book amount	282,953	12,922	15,509	514	6,030	317,928
At 29 February 2008						
Cost	282,953	40,291	15,952	532	6,030	345,758
Accumulated amortisation	–	(27,369)	(443)	(18)	–	(27,830)
Net book amount	282,953	12,922	15,509	514	6,030	317,928
Year ended 28 February 2009						
Opening net book amount	282,953	12,922	15,509	514	6,030	317,928
Additions	–	5,535	–	–	–	5,535
Acquisition of a subsidiary (Note 33)	4,324	–	–	–	–	4,324
Amortisation	–	(6,849)	(1,591)	(53)	–	(8,493)
Impairment	(59,569)	–	–	–	–	(59,569)
Write off	–	(7,478)	–	–	–	(7,478)
Exchange differences	14,557	–	829	–	–	15,386
Closing net book amount	242,265	4,130	14,747	461	6,030	267,633
At 28 February 2009						
Cost	302,578	6,792	16,827	532	6,030	332,759
Accumulated amortisation and impairment	(60,313)	(2,662)	(2,080)	(71)	–	(65,126)
Net book amount	242,265	4,130	14,747	461	6,030	267,633

Amortisation expense has been included in operating expenses.

16 INTANGIBLE ASSETS – CONSOLIDATED (Continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to lines of businesses monitored by management internally.

The recoverable amounts of the CGUs are determined based on fair value less costs to sell estimations. These estimations use cash flow projections based on financial budgets approved by management covering the subsequent years. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The growth rate does not exceed the long-term average growth rate for the retail business in Mainland China and Taiwan in which the CGUs operate.

Key assumptions used for fair value less costs to sell estimations

	As at 28 February 2009	As at 29 February 2008
Long-term growth rate	**2% to 5%**	5%
Gross margin	**45% to 79%**	53% to 79%
Discount rate	**14% to 16%**	11.5%

These assumptions have been used for the analysis of each of the CGUs.

Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant businesses.

As a result of the changes in the plan of business expansion in Mainland China and the impact of recent economic turmoil, the Group has revised its estimates relating to the sales growth rate for the 5-years cash flow projections.

17 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Unlisted investments, at cost	**136,880**	136,880
Amounts due from subsidiaries	**888,709**	964,427
	1,025,589	1,101,307

(a) Details of the principal subsidiaries as at 28 February 2009:

Name	**Place of incorporation/ establishment and operations**	**Issued and fully paid/ registered capital**	**Percentage of equity interest attributable to the Group (i)**	**Principal activities**
b&ab Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Blossom Glory Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Century Team Corporation Limited	Hong Kong	HK$2	100%	Investment holding
Charm Source Limited	Hong Kong	HK$5,000,000	100%	Retail of fashion wears and accessories
Cheerwood Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Chocoolate Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories

17 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY (Continued)

(a) Details of the principal subsidiaries as at 28 February 2009: (Continued)

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Percentage of equity interest attributable to the Group (i)	Principal activities
Double Park Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Elegant Century Enterprises Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
i.t apparels Limited	Hong Kong	HK$500,000	100%	Retail and trading of fashion wears and accessories
I.T China Limited	Hong Kong	HK$60,000,000	100%	Investment holding
I.T (Macau) Limited	Macau	MOP9,270,000	100%	Retail of fashion wears and accessories
I.T Taiwan Limited	Hong Kong and Taiwan	HK$10,000	100%	Retail of fashion wears and accessories
ithk holdings limited	British Virgin Islands	US$20,000	100%	Investment holding
Izzue Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Jandix Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Jetchance Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Joyful Fair Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Kenchart Investments Limited	Hong Kong	HK$300,000	100%	Retail of fashion wears and accessories
King Chart Limited	Hong Kong	HK$10,000	100%	Retail of fashion wears and accessories
Legend Grace International Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Mega Charm Apparels (Shanghai) Limited (ii)	Mainland China	US$2,000,000	100%	Retail of fashion wears and accessories
New Concepts Corporation Limited	Hong Kong	HK$2	100%	Investment holding and trading of fashion wears and accessories
Prime Vantage Trading (Shanghai) Limited (ii)	Mainland China	US$1,000,000	100%	Retail of fashion wears and accessories
Regent Cheer Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Top Honour Corporation Limited	Hong Kong	HK$4,000,000	100%	Retail of fashion wears and accessories
Venilla Suite Limited	Hong Kong	HK$300,000	100%	Retail of fashion wears and accessories
Zoompac Apparel (Shanghai) Limited (ii)	Mainland China	US$3,700,000	100%	Retail and trading of fashion wears and accessories

17 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY (Continued)

(a) Details of the principal subsidiaries as at 28 February 2009: (Continued)

Notes:

(i) The shares of ithk holdings limited are held directly by the Company. The shares of the other subsidiaries are held indirectly.

(ii) Mega Charm Apparels (Shanghai) Limited, Prime Vantage Trading (Shanghai) Limited and Zoompac Apparel (Shanghai) Limited are wholly foreign owned enterprises established in Shanghai, Mainland China to be operated for 20 years up to 2027, 20 years up to 2027 and 30 years up to 2035, respectively.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries represent equity funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries.

18 INVESTMENTS IN AND BALANCES WITH JOINTLY CONTROLLED ENTITIES – CONSOLIDATED

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Share of net assets	**24,385**	5,518
Amounts due from jointly controlled entities	**36,855**	57,536
Less: provision for impairment of amount due from a jointly controlled entity	**(1,353)**	–
	35,502	57,536
	59,887	63,054
Less: current portion of amounts due from jointly controlled entities	**(27,323)**	(41,080)
	32,564	21,974
Amount due to a jointly controlled entity	**(9,206)**	(15,583)

(a) Share of net assets of jointly controlled entities

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Beginning of the year	**5,518**	8,795
Share of results of jointly controlled entities		
– profit/(loss) before income tax	**5,774**	(2,092)
– taxation	**(1,826)**	(2,736)
– currency translation differences	**1,091**	3,018
Capital injections in jointly controlled entities	**2,750**	–
Capital reduction from a jointly controlled entity	**(5,000)**	(8,000)
Capitalisation of amount due from a jointly controlled entity	**–**	30,000
Business combinations (Note 33)		
– disposal of a jointly controlled entity	**16,078**	(14,067)
– acquisition of jointly controlled entities	**–**	(9,400)
End of the year	**24,385**	5,518

18 INVESTMENTS IN AND BALANCES WITH JOINTLY CONTROLLED ENTITIES – CONSOLIDATED (Continued)

(a) Share of net assets of jointly controlled entities (Continued)

The Group's aggregated share of the revenues, results, assets, liabilities and commitments of its jointly controlled entities are as follows:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Revenues	**79,322**	249,293
Profit/(loss)	**3,948**	(4,828)
Non-current assets	**9,787**	8,750
Current assets	**44,818**	46,199
Non-current liabilities	**(12,827)**	(16,377)
Current liabilities	**(17,393)**	(33,054)
Commitments	**–**	–

The Group has not recognised losses amounting to approximately HK$1,353,000 (year ended 29 February 2008: Nil). The accumulated losses not recognised were approximately HK$1,353,000 (year ended 29 February 2008: Nil).

Details of the principal jointly controlled entities as at 28 February 2009:

Name	**Place of incorporation and operations**	**Issued and fully paid capital**	**Percentage of equity interest attributable to the Group indirectly**	**Principal activities**
FCUK IT Company	Hong Kong	HK$6,000,000	50%	Retail of fashion wears and accessories
FCIT China Limited	Hong Kong	HK$2	50%	Investment holding
ZIT H.K. Limited	Hong Kong	HK$1,000,000	50%	Retail of fashion wears and accessories
Glory Premium Limited	Hong Kong	HK$4,500,000	50%	Investment holding

(b) Balances with jointly controlled entities

Name	**As at 28 February 2009 HK$'000**	As at 29 February 2008 HK$'000
Due from jointly controlled entities		
ZIT H.K. Limited (i)	**2,923**	–
FCIT China Limited (ii)	**31,747**	28,907
Glory Premium Limited (iii)	**830**	–
FCUK IT Company (iii)	**2**	291
Top Alliance Enterprises Limited (iv)	**–**	11,474
I.T Taiwan Limited (iv)	**–**	16,864
	35,502	57,536
Due to a jointly controlled entity		
Kenchart Apparel (Shanghai) Limited	**(9,206)**	(15,583)

18 INVESTMENTS IN AND BALANCES WITH JOINTLY CONTROLLED ENTITIES – CONSOLIDATED (Continued)

(b) Balances with jointly controlled entities (Continued)

Notes:

(i) As at 28 February 2009, amount due from ZIT H.K. Limited of approximately HK$2,923,000 (29 February 2008: Nil) is unsecured, interest bearing at 5% and fully repayable at the termination of the joint venture.

(ii) As at 28 February 2009, amount due from FCIT China Limited of approximately HK$5,256,000 (29 February 2008: HK$4,982,000) is unsecured, non-interest bearing and fully repayable in 2016. This amount is carried at amortised costs using the effective interest rate of 5% (29 February 2008: 5%) per annum. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(iii) The remaining balances with jointly controlled entities are unsecured, non-interest bearing and repayable on demand.

(iv) Top Alliance Enterprises Limited and I.T Taiwan Limited were the then jointly controlled entities, and since 1 March 2008, they became wholly-owned subsidiaries of the Group (see Note 33).

The carrying amounts and fair values of amounts due from jointly controlled entities are as follows:

	Carrying amounts		Fair values	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	**As at 28 February 2009 HK$'000**	As at 29 February 2008 HK$'000
Due from jointly controlled entities	**35,502**	57,536	**37,447**	58,499

The fair values of amounts due from jointly controlled entities are based on cash flows discounted using the rate of 1.4% (29 February 2008: 3.0%) per annum.

The carrying amount of amount due to a jointly controlled entity approximates its fair value.

Amounts due from jointly controlled entities are denominated in the following currencies:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Hong Kong Dollars	**27,491**	31,021
New Taiwanese Dollars	**–**	15,652
Pound Sterling	**6,588**	9,007
Euros	**1,065**	1,535
United States Dollars	**304**	313
Chinese Renminbi	**54**	8
	35,502	57,536

Amount due to a jointly controlled entity is denominated in Chinese Renminbi.

(c) There are no material contingent liabilities relating to the Group's investments in jointly controlled entities, and no material contingent liabilities of the jointly controlled entities themselves.

19 INVENTORIES – CONSOLIDATED

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Merchandise stock for resale	**396,247**	315,345
Consumables	**14,898**	8,379
	411,145	323,724

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$1,108,831,000 (year ended 29 February 2008: HK$812,888,000).

20 TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	**As at 28 February 2009 HK$'000**	As at 29 February 2008 HK$'000
Trade receivables	**59,448**	28,204	**–**	–
Less: provision for impairment of receivables	**(361)**	(343)	**–**	–
Trade receivables, net	**59,087**	27,861	**–**	–
Other receivables	**27,316**	28,618	**13**	143
Less: provision for impairment of receivables	**(19,114)**	(16,834)	**–**	–
Other receivables, net	**8,202**	11,784	**13**	143
Trade and other receivables	**67,289**	39,645	**13**	143

Movements on the provision for impairment of trade receivables are as follows:

	Consolidated	
	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Beginning of the year	**343**	–
Acquisition of subsidiaries and businesses	**–**	329
Exchange differences	**18**	14
End of the year	**361**	343

As at 28 February 2009, trade receivables of HK$361,000 (29 February 2008: HK$343,000) were impaired. The individually impaired receivable mainly related to a wholesaler, which was in unexpected difficult economic situations. It was assessed that the receivables were not expected to be recovered. The receivables were aged over 120 days as of 28 February 2009 and 29 February 2008.

The ageing analysis of trade receivables past due but not impaired as at 28 February 2009 is as follows:

	Consolidated	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
0 to 30 days	**14**	45
31 to 60 days	**8**	2
61 to 90 days	**1**	7
Over 90 days	**7**	1
	30	55

20 TRADE AND OTHER RECEIVABLES (Continued)

Movements on the provision for impairment of other receivables are as follows:

	Consolidated	
	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Beginning of the year	**16,834**	–
Acquisition of subsidiaries and businesses	**–**	15,688
Provision for impairment of receivables	**1,022**	450
Exchange differences	**1,258**	696
End of the year	**19,114**	16,834

As at 28 February 2009, other receivables of HK$19,114,000 (29 February 2008: HK$16,834,000) were impaired. The individually impaired receivable mainly related to a counterparty, which was in unexpected difficult economic situations. It was assessed that the receivables were not expected to be recovered. The receivables were aged over 120 days as of 28 February 2009 and 29 February 2008.

There were no other receivables past due but not impaired as at 28 February 2009 and 29 February 2008.

The trade and other receivables are denominated in the following currencies:

	Consolidated		Company	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	**As at 28 February 2009 HK$'000**	As at 29 February 2008 HK$'000
Chinese Renminbi	**42,715**	29,849	**–**	–
Hong Kong Dollars	**19,739**	9,784	**13**	143
Others	**4,835**	12	**–**	–
	67,289	39,645	**13**	143

The carrying amounts of trade and other receivables approximate their fair values.

The credit quality of trade and other receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The ageing analysis of trade receivables is as follows:

	Consolidated	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
0 to 30 days	**56,223**	19,979
31 to 60 days	**2,749**	7,858
61 to 90 days	**4**	7
Over 90 days	**111**	17
	59,087	27,861

21 PREPAYMENTS AND OTHER DEPOSITS – CONSOLIDATED

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Rental deposits	131,786	111,025
Prepayments	48,888	50,098
Utility and other deposits	14,402	15,221
	195,076	176,344
Less non-current portion:		
Rental deposits	(91,065)	(77,424)
	104,011	98,920

Rental deposits are carried at amortised costs using the effective interest rates ranging from 2% to 5% per annum (29 February 2008: ranging from 3% to 5% per annum) determined at the inception date.

The carrying amounts and fair values of rental deposits are as follows:

	Carrying amounts		Fair values	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Rental deposits	131,786	111,025	134,238	113,199

The fair values of rental deposits are based on cash flows discounted using the rate of 1.4% (29 February 2008: 3.0%) per annum.

The credit quality of rental deposits has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

22 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Pledged bank deposits	750	750	–	–
Cash at bank and in hand	420,784	368,644	1,364	1,032
Short-term bank deposits	20,480	55,529	–	–
	442,014	424,923	1,364	1,032

The Group's pledged bank deposits, cash at bank and short-term bank deposits are deposited with banks in Hong Kong, Mainland China, Taiwan and Macau. Cash at bank earned interest at floating rates based on daily bank deposit rates.

The credit quality of pledged bank deposits, cash at bank and short-term bank deposits has been assessed by reference to external credit ratings (if available) or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

22 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (Continued)

Pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

	Consolidated		Company	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	**As at 28 February 2009 HK$'000**	As at 29 February 2008 HK$'000
Hong Kong Dollars	**203,701**	176,568	**1,364**	1,032
Euros	**31,468**	65,463	**–**	–
Japanese Yen	**43,612**	22,565	**–**	–
United States Dollars	**6,440**	56,557	**–**	–
Pound Sterling	**633**	6,798	**–**	–
Chinese Renminbi	**145,456**	95,129	**–**	–
Others	**10,704**	1,843	**–**	–
	442,014	424,923	**1,364**	1,032

Chinese Renminbi is currently not a freely convertible currency in the international market. The conversion of Chinese Renminbi into foreign currencies and remittance of Chinese Renminbi out of the Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

23 BORROWINGS – CONSOLIDATED

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Non-current bank borrowings	**82,600**	–
Current bank borrowings	**47,400**	10,000
	130,000	10,000

The maturity of bank borrowings is as follows:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Within 1 year	**47,400**	10,000
Between 1 and 2 years	**47,400**	–
Between 2 and 5 years	**35,200**	–
	130,000	10,000

As at 28 February 2009, bank borrowings are secured and bear interest ranging from 3-months Hong Kong Interbank Offered Rate ("HIBOR") plus 1.3% per annum to 1-month HIBOR plus 1.6% per annum (29 February 2008: HIBOR plus 1.0% per annum).

The carrying amounts of bank borrowings approximate their fair values.

The Group's borrowings are denominated in Hong Kong Dollars.

Details of the Group's banking facilities are set out in Note 31.

24 TRADE AND BILL PAYABLES – CONSOLIDATED

The ageing analysis of trade and bill payables is as follows:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
0 to 30 days	**113,722**	86,130
31 to 60 days	**23,287**	15,037
61 to 90 days	**7,648**	2,972
91 to 180 days	**8,590**	8,090
181 to 365 days	**1,666**	8,501
Over 365 days	**1,080**	1,110
	155,993	121,840

The carrying amounts of the trade and bill payables approximate their fair values.

The trade and bill payables are denominated in the following currencies:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Hong Kong Dollars	**64,795**	46,524
Euros	**43,153**	31,105
Japanese Yen	**15,342**	16,373
United States Dollars	**5,013**	5,915
Pound Sterling	**3,737**	2,181
Chinese Renminbi	**23,953**	19,742
	155,993	121,840

25 ACCRUALS AND OTHER PAYABLES

	Consolidated		Company	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Unutilised coupon	**954**	1,900	**–**	–
Accruals				
– Rented premises	**94,765**	41,217	**–**	–
– Employment costs	**28,475**	44,212	**–**	–
– Others	**16,632**	16,686	**25**	30
Licence fees payable	**–**	14,346	**–**	–
Other payables	**24,987**	30,764	**–**	–
	165,813	149,125	**25**	30
Less non-current portion:				
Licence fees payable	**–**	(8,925)	**–**	–
Rented premises	**(30,136)**	–	**–**	–
	135,677	140,200	**25**	30

25 ACCRUALS AND OTHER PAYABLES (Continued)

Other payables are denominated in the following currencies:

	Consolidated		Company	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	**As at 28 February 2009 HK$'000**	As at 29 February 2008 HK$'000
Hong Kong Dollars	**7,058**	5,908	**–**	–
Chinese Renminbi	**15,617**	24,856	**–**	–
Japanese Yen	**681**	–	**–**	–
Euros	**624**	–	**–**	–
New Taiwanese Dollars	**657**	–	**–**	–
Others	**350**	–	**–**	–
	24,987	30,764	**–**	–

The carrying amounts of other payables approximate their fair values.

26 DERIVATIVE FINANCIAL INSTRUMENTS – CONSOLIDATED

	As at 28 February 2009		As at 29 February 2008	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Foreign exchange forward contracts, at market value	**–**	**3,452**	2,539	–

Derivative financial instruments represent forward foreign exchange contracts designated as derivative at fair value through profit or loss. As at 28 February 2009, the notional amounts of the outstanding forward foreign exchange contracts to buy Pound Sterling and Euros for hedging against foreign exchange risk exposures relating to firm purchase orders of fashion wears and accessories and certain outstanding payables denominated in those currencies, are approximately HK$66,892,000 (29 February 2008: HK$31,567,000). The remaining maturities of these contracts are within 6 months.

The credit quality of derivative assets has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

27 DEFERRED INCOME TAX – CONSOLIDATED

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Deferred income tax assets	**32,211**	24,412
Deferred income tax liabilities	**(3,945)**	(4,524)
	28,266	19,888

The movements on the net deferred income tax assets account is as follows:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Beginning of the year	**19,888**	5,262
Acquisition of subsidiaries and businesses	**–**	13,407
Recognised in the consolidated income statement (Note 11)	**8,011**	748
Exchange differences	**367**	471
End of the year	**28,266**	19,888

27 DEFERRED INCOME TAX – CONSOLIDATED (Continued)

The movements in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

Deferred tax assets

	Decelerated tax depreciation		Provision		Tax losses		Total	
	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000	**Year ended 28 February 2009 HK$'000**	Year ended 29 February 2008 HK$'000	**Year ended 28 February 2009 HK$'000**	Year ended 29 February 2008 HK$'000	**Year ended 28 February 2009 HK$'000**	Year ended 29 February 2008 HK$'000
Beginning of the year	**5,468**	3,318	**5,357**	–	**15,216**	3,677	**26,041**	6,995
Acquisition of subsidiaries and businesses	**–**	–	**–**	6,878	**–**	10,491	**–**	17,369
Recognised in the consolidated income statement	**4,463**	2,150	**4,100**	(1,826)	**(1,993)**	727	**6,570**	1,051
Exchange differences	**4**	–	**328**	305	**35**	321	**367**	626
End of the year	**9,935**	5,468	**9,785**	5,357	**13,258**	15,216	**32,978**	26,041

Deferred tax liabilities

	Accelerated tax depreciation	
	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Beginning of the year	**(6,153)**	(1,733)
Acquisition of subsidiaries and businesses	**–**	(3,962)
Recognised in the consolidated income statement	**1,441**	(303)
Exchange differences	**–**	(155)
End of the year	**(4,712)**	(6,153)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 28 February 2009, the Group has unrecognised tax losses of HK$51,385,000 (29 February 2008: Nil).

The unrecognised tax losses will expire in the following years:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
2009	**1,684**	–
2010	**5,032**	–
2011	**1,581**	–
2012	**1,507**	–
2013	**20,940**	–
2014	**7,811**	–
2017	**8,979**	–
2018	**2,914**	–
With no expiry date	**937**	–
	51,385	–

28 SHARE CAPITAL

Movements were:

	Note	Number of ordinary shares '000	Nominal value HK$'000
Authorised:			
At 1 March 2007, 29 February 2008 and 28 February 2009			
Ordinary shares of HK$0.1 each		**3,000,000**	300,000
Issued and fully paid:			
At 1 March 2007		**1,039,500**	103,950
Issue of shares under share option schemes	(i)	**12,350**	1,235
Issue of shares pursuant to the acquisition of subsidiaries and businesses	(ii)	**102,827**	10,283
At 29 February 2008		**1,154,677**	115,468
Issue of shares under share option schemes	(iii)	**360**	36
At 28 February 2009		**1,155,037**	115,504

Notes:

(i) In April 2007 and January 2008, the Company issued 200,000 ordinary shares and 5,000,000 ordinary shares respectively of HK$0.1 each at HK$0.1 per share upon the exercise of certain Pre-IPO Share Options.

In November 2007, December 2007 and January 2008, the Company issued 990,000 ordinary shares, 5,160,000 ordinary shares and 1,000,000 ordinary shares respectively of HK$0.1 each at HK$2.35 per share upon the exercise of certain share options under the Share Option Scheme. Total proceeds from issue of these shares amounted to approximately HK$16,802,000.

(ii) On 28 November 2007, the Company issued 102,827,473 ordinary shares (representing 9% of the then total ordinary share capital issued) to Glorious Sun Enterprises Limited, a then shareholder of G.S – i.t Limited ("GSIT") (now known as I.T China Limited) as part of the purchase consideration for the 50% equity interest in GSIT. The fair value of these shares issued amounted to approximately HK$259,125,000 (HK$2.52 per share).

(iii) On 14 May 2008, the Company issued 120,000 ordinary shares of HK$0.1 each at HK$2.35 per share upon the exercise of certain share options under the Share Option Scheme. Total proceeds from issue of these shares amounted to approximately HK$282,000.

On 15 May 2008, the Company issued 240,000 ordinary shares of HK$0.1 each at HK$2.35 per share upon the exercise of certain share options under the Share Option Scheme. Total proceeds from issue of these shares amounted to approximately HK$564,000.

Share options

In February 2005, the Company has adopted a share option scheme ("Share Option Scheme"), which will remain in force for 10 years up to February 2015. Share options may be granted to eligible participants (including directors and employees) as defined in the Share Option Scheme to subscribe for shares in the Company. The exercise price is determined by the Board and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited on the date of the offer; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of offer. A consideration of HK$10 is payable on acceptance of the grant of options. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme to be adopted by the Company from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The details of the share options granted are as follows:

Grant date	**28 April 2005**	**16 February 2007**	**1 June 2007**	**14 April 2008**	**14 April 2008**	**27 April 2008**
Number of share options granted	15,750,000	6,000,000	4,000,000	20,000,000	34,300,000	3,450,000
Exercise price per share (HK$)	2.35	1.56	1.47	2.47	2.25	2.35
Exercise period	28 April 2005 to 27 April 2008	16 February 2007 to 15 February 2010	1 June 2007 to 31 May 2010	14 April 2008 to 13 April 2013(1)	14 April 2008 to 13 April 2013(2)	27 April 2008 to 27 October 2008
Fair value at grant date (HK$)	2,859,000	1,724,000	1,383,000	11,406,000	17,326,000	769,000

28 SHARE CAPITAL (Continued)

Share options (Continued)

Note:

(1) The share options are divided into 3 tranches as follows:

	Number of options	Exercise period
Tranche 1	6,680,000	From 14 April 2008 to 13 April 2011
Tranche 2	6,660,000	From 14 April 2009 to 13 April 2012
Tranche 3	6,660,000	From 14 April 2010 to 13 April 2013

(2) The share options are divided into 3 tranches as follows:

	Number of options	Exercise period
Tranche 1	11,980,000	From 14 April 2008 to 13 April 2011
Tranche 2	11,160,000	From 14 April 2009 to 13 April 2012
Tranche 3	11,160,000	From 14 April 2010 to 13 April 2013

The fair values of the share options are determined using the Binomial Option Pricing Model.

The significant inputs into the Binomial Option Pricing Model are as follows:

Grant date	28 April 2005	16 February 2007	1 June 2007	14 April 2008	14 April 2008	27 April 2008
Share price at the grant date	HK$2.10	HK$1.55	HK$1.46	HK$2.24	HK$2.24	HK$2.23
Exercise price per share	HK$2.35	HK$1.56	HK$1.47	HK$2.47	HK$2.25	HK$2.35
Standard deviation of expected share price returns	33.00%	36.00%	35.00%	43.00%	43.00%	43.00%
Expected life of options	1.6 years	3.0 years	2.7 years	3.0 years	1.0 year	0.5 year
Expected dividend paid out rate	2.50%	3.50%	3.00%	4.00%	4.00%	4.00%
Annual risk free rate	2.79%	4.11%	4.36%	1.99%	1.99%	1.10%

Movements in the number of options under the Share Option Scheme and the exercise prices of the related share options are as follows:

	Year ended 28 February 2009		Year ended 29 February 2008	
	Exercise price per share HK$	**Options '000**	Exercise price per share HK$	Options '000
Beginning of the year	**1.74**	**13,450**	2.11	20,150
Granted	**2.33**	**54,300**	1.47	4,000
Exercised	**2.35**	**(360)**	2.35	(7,150)
Forfeited	**2.34**	**(3,590)**	2.35	(3,550)
End of the year	**2.21**	**63,800**	1.74	13,450

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

		Share options	
Expiry date	**Exercise price per share** HK$	**As at 28 February 2009 '000**	As at 29 February 2008 '000
27 April 2008	2.35	**–**	3,450
15 February 2010	1.56	**6,000**	6,000
31 May 2010	1.47	**4,000**	4,000
13 April 2011	2.33	**18,460**	–
13 April 2012	2.33	**17,670**	–
13 April 2013	2.33	**17,670**	–
		63,800	13,450

29 RESERVES

(a) Consolidated

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2008	699,809	3,897	32,337	22,534	346,792	1,105,369
Profit for the year	–	–	–	–	42,555	42,555
Share option scheme						
– value of employment services	–	22,461	–	–	–	22,461
Exercise of share options	890	(80)	–	–	–	810
Forfeiture of share options	–	(1,660)	–	–	1,660	–
Currency translation differences						
– Group	–	–	–	22,097	–	22,097
– jointly controlled entities	–	–	–	1,091	–	1,091
Dividend relating to year ended 29 February 2008	–	–	–	–	(98,178)	(98,178)
Balance at 28 February 2009	700,699	24,618	32,337	45,722	292,829	1,096,205
Analysed by-						
Company and subsidiaries	700,699	24,618	32,337	43,711	281,946	1,083,311
Jointly controlled entities	–	–	–	2,011	10,883	12,894
Balance at 28 February 2009	700,699	24,618	32,337	45,722	292,829	1,096,205

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Hedging reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2007	424,689	13,349	32,337	820	2,612	248,996	722,803
Profit for the year	–	–	–	–	–	170,971	170,971
Cash flow hedge							
– transfer to income statement	–	–	–	(820)	–	–	(820)
Share option scheme							
– value of employment services	–	1,383	–	–	–	–	1,383
Exercise of share options	26,278	(10,191)	–	–	–	–	16,087
Forfeiture of share options	–	(644)	–	–	–	644	–
Acquisition of subsidiaries and businesses (Note 28(ii))	248,842	–	–	–	–	–	248,842
Currency translation differences							
– Group	–	–	–	–	16,904	–	16,904
– jointly controlled entities	–	–	–	–	3,018	–	3,018
Dividend relating to year ended 28 February 2007	–	–	–	–	–	(51,985)	(51,985)
Interim dividend relating to year ended 29 February 2008	–	–	–	–	–	(21,834)	(21,834)
Balance at 29 February 2008	699,809	3,897	32,337	–	22,534	346,792	1,105,369
Representing –							
2008 Final dividend proposed						98,148	
Others						248,644	
						346,792	
Analysed by –							
Company and subsidiaries	699,809	3,897	32,337	–	21,695	340,713	1,098,451
Jointly controlled entities	–	–	–	–	839	6,079	6,918
Balance at 29 February 2008	699,809	3,897	32,337	–	22,534	346,792	1,105,369

29 RESERVES (Continued)

(b) Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2008	699,809	3,897	136,680	146,598	986,984
Loss for the year	–	–	–	(640)	(640)
Share option scheme					
– value of employment services	–	22,461	–	–	22,461
Exercise of share options (Note 28(iii))	890	(80)	–	–	810
Forfeiture of share options	–	(1,660)	–	1,660	–
Dividend relating to year ended 29 February 2008	–	–	–	(98,178)	(98,178)
Balance at 28 February 2009	700,699	24,618	136,680	49,440	911,437
Balance at 1 March 2007	424,689	13,349	136,680	95,870	670,588
Profit for the year	–	–	–	123,903	123,903
Share option scheme					
– value of employment services	–	1,383	–	–	1,383
Exercise of share options	26,278	(10,191)	–	–	16,087
Forfeiture of share options	–	(644)	–	644	–
Acquisition of subsidiaries and businesses (Note 28(ii))	248,842	–	–	–	248,842
Dividend relating to year ended 28 February 2007	–	–	–	(51,985)	(51,985)
Interim dividend relating to year ended 29 February 2008	–	–	–	(21,834)	(21,834)
Balance at 29 February 2008	699,809	3,897	136,680	146,598	986,984
Representing –					
2008 Final dividend proposed				98,148	
Others				48,450	
				146,598	

30 CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from operations

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Profit for the year	42,555	170,971
Adjustments for:		
– Income tax expense	36,296	39,505
– Interest expense	3,419	827
– Interest income	(6,205)	(14,417)
– Share of (profit)/loss of jointly controlled entities	(3,948)	4,828
– Depreciation of furniture and equipment	102,135	65,396
– Amortisation of intangible assets	6,849	8,186
– Write off of licence rights	7,478	–
– Amortisation of trademark, franchise contracts and distribution agreements	1,644	443
– Fair value loss/(gain) on derivative financial instruments	11,123	(1,900)
– Loss on disposal of furniture and equipment	6,016	3,649
– Share option costs	22,461	1,383
– Impairment of goodwill	59,569	–
– Provision for impairment of amount due from a jointly controlled entity	1,353	–
	290,745	278,871
Changes in working capital:		
– Increase in rental deposits	(10,722)	(5,032)
– Increase in inventories	(88,771)	(39,242)
– Increase in trade and other receivables	(27,726)	(14,244)
– Increase in prepayments and other deposits	(1,344)	(1,933)
– Increase in trade and bill payables	35,245	35,378
– Increase in accruals and other payables	6,954	31,151
Cash generated from operations	204,381	284,949

(b) In the consolidated cash flow statement, proceeds from disposal of furniture and equipment comprises:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Net book amount (Note 15)	7,978	3,649
Loss on disposal of furniture and equipment	(6,016)	(3,649)
Proceeds from disposal of furniture and equipment	1,962	–

(c) Analysis of cash and cash equivalents:

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Cash and bank deposits	441,264	424,173

31 BANKING FACILITIES AND PLEDGE OF ASSETS – CONSOLIDATED

As at 28 February 2009, the Group had aggregate banking facilities of approximately HK$525,000,000 (29 February 2008: HK$448,500,000) for overdrafts, bank loans and trade financing, of which approximately HK$270,769,000 (29 February 2008: HK$336,543,000) was unutilised as at the same date. These facilities are secured by:

(i) the Group's bank deposits of HK$750,000 (29 February 2008: HK$750,000); and

(ii) corporate guarantees provided by the Company and certain subsidiaries.

32 OPERATING LEASE COMMITMENTS – CONSOLIDATED

The Group leases various retail shops, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments are as follows:

	Consolidated	
	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000
Not later than one year	**468,738**	439,607
Later than one year and not later than five years	**667,266**	675,111
Later than five years	**134,038**	138,185
	1,270,042	1,252,903

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rental payable (contingent rents), if any, which are to be determined generally by applying pre-determined percentages to future sales less the basic rentals of the respective leases, as it is not possible to determine in advance the amount of such additional rentals.

There are no operating lease commitments relating to the Company as at 28 February 2009 (29 February 2008: Nil).

33 BUSINESS COMBINATION – CONSOLIDATED

On 1 March 2008, the Group acquired the remaining 49% of the equity interest in Top Alliance Enterprises Limited, a then jointly controlled entity of the Group, at a cash consideration of HK$1,780,000. The acquired business contributed revenues of HK$28,297,000 and net profit of HK$3,407,000 to the Group for the period from 1 March 2008 to 28 February 2009.

Details of net liabilities acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
– cash paid	1,780
Fair value of net liabilities acquired (shown as below)	18,622
Investment in a jointly controlled entity disposed of (Note 18(a))	(16,078)
Goodwill (Note 16)	4,324

The goodwill is attributable to the workforce of the acquired business and the significant synergies expected to arise after the acquisition by the Group.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount HK$'000	**Fair value** HK$'000
Cash and cash equivalents	3,076	3,076
Furniture and equipment	1,029	1,029
Inventories	5,327	5,327
Trade and other receivables	2,392	2,392
Prepayments and other deposits	2,135	2,135
Amount due to a related company	(18,745)	(18,745)
Amount due to a shareholder	(11,479)	(11,479)
Accruals and other payables	(2,357)	(2,357)
Net liabilities acquired	(18,622)	(18,622)

Inflow of cash to acquire business, net of cash acquired:	
– cash consideration	(1,780)
– cash and cash equivalents in subsidiaries acquired	3,076
Net cash inflow on acquisition	1,296

34 RELATED PARTY TRANSACTIONS – CONSOLIDATED

As at 28 February 2009, the Group was controlled by the 'Sham' family via:

(i) Effective Convey Limited (incorporated in the British Virgin Islands), which owns 29.09% of the Company's shares. Effective Convey Limited is indirectly wholly-owned by a discretionary trust for the benefit of, amongst others, Mr Sham Kar Wai and Mr Sham Kin Wai; and

(ii) 3WH Limited (incorporated in Hong Kong), which owns 29.09% of the Company's shares. 3WH Limited is owned by Mr Sham Kar Wai and his wife, and Mr Sham Kin Wai.

(a) Details of significant transactions with related parties:

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Sales of fashion wears and accessories to		
– New Concepts Corporation Limited [(1)]	**–**	66,097
– I.T Taiwan Limited [(2)]	**–**	3,020
Sales of shop materials to		
– New Concepts Corporation Limited [(1)]	**–**	335
– I.T Taiwan Limited [(2)]	**–**	30
Royalty income from		
– New Concepts Corporation Limited [(1)]	**–**	3,466
Interest income from		
– New Concepts Corporation Limited [(1)]	**–**	2,764
– FCIT China Limited [(3)]	**274**	138
– ZIT H.K. Limited [(3)]	**117**	–
Reimbursement of operating expenses by		
– New Concepts Corporation Limited [(1)]	**–**	684
– FCUK IT Company [(3)]	**6,341**	4,725
– FCIT China Limited [(3)]	**1,792**	706
– ZIT H.K. Limited [(3)]	**516**	–

Notes:

(1) New Concepts Corporation Limited was the then jointly controlled entity, and since 29 November 2007, it became a wholly-owned subsidiary of the Group.

(2) I.T Taiwan Limited was the then jointly controlled entity, and since 1 March 2008, it became a wholly-owned subsidiary of the Group.

(3) FCUK IT Company, FCIT China Limited and ZIT H.K. Limited are jointly controlled entities of the Group.

(b) Key management compensation

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000
Directors' fees	**540**	835
Salaries and allowances	**35,111**	27,616
Bonuses	**4,674**	24,280
Pension costs – employer's contributions to a defined contribution plan	**615**	504
Share options granted	**18,842**	1,383
	59,782	54,618

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENTS

	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000	Year ended 28 February 2007 HK$'000	Year ended 28 February 2006 HK$'000	Year ended 28 February 2005 HK$'000
Turnover	**2,733,256**	2,021,283	1,530,763	1,314,443	1,041,017
Cost of sales	**(1,121,570)**	(819,423)	(640,442)	(540,243)	(406,546)
Gross profit	**1,611,686**	1,201,860	890,321	774,200	634,471
Other (losses)/gains	**(11,123)**	1,900	(4,395)	(273)	–
Impairment of goodwill	**(59,569)**	–	–	–	–
Operating expenses	**(1,468,877)**	(1,002,046)	(749,898)	(642,553)	(488,597)
Operating profit	**72,117**	201,714	136,028	131,374	145,874
Finance income, net	**2,786**	13,590	16,010	14,992	(390)
Share of profit/(loss) of jointly controlled entities	**3,948**	(4,828)	(3,912)	4,237	(8,863)
Profit before income tax	**78,851**	210,476	148,126	150,603	136,621
Income tax expense	**(36,296)**	(39,505)	(25,723)	(28,289)	(25,181)
Profit for the year	**42,555**	170,971	122,403	122,314	111,440
Dividends	**–**	119,982	51,985	49,867	234,612

CONSOLIDATED BALANCE SHEETS

	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	As at 28 February 2007 HK$'000	As at 28 February 2006 HK$'000	As at 28 February 2005 HK$'000
ASSETS					
Non-current assets					
Furniture and equipment	**229,124**	179,850	93,191	97,237	62,043
Intangible assets	**267,633**	317,928	17,149	20,249	–
Investments in and amounts due from jointly controlled entities	**32,564**	21,974	83,233	51,699	62,150
Rental deposits	**91,065**	77,424	56,352	43,418	40,858
Deferred income tax assets	**32,211**	24,412	5,761	576	2,642
	652,597	621,588	255,686	213,179	167,693
Current assets					
Inventories	**411,145**	323,724	196,299	147,398	101,194
Trade and other receivables	**67,289**	39,645	9,902	7,018	13,912
Amounts due from jointly controlled entities	**27,323**	41,080	82,437	44,557	–
Prepayments and other deposits	**104,011**	98,920	81,360	45,322	25,232
Derivative financial instruments	**–**	2,539	1,883	–	–
Pledged bank deposits	**750**	750	750	750	17,750
Cash and cash equivalents	**441,264**	424,173	364,820	424,881	561,983
	1,051,782	930,831	737,451	669,926	720,071
LIABILITIES					
Current liabilities					
Bank borrowings	**(47,400)**	(10,000)	–	–	(130,461)
Trade and bill payables	**(155,993)**	(121,840)	(66,805)	(48,151)	(40,873)
Accruals and other payables	**(135,677)**	(140,200)	(71,648)	(62,739)	(55,396)
Amount due to a jointly controlled entity	**(9,206)**	(15,583)	–	–	–
Derivative financial instruments	**(3,452)**	–	(424)	(2,430)	–
Current income tax liabilities	**(24,261)**	(30,510)	(19,423)	(9,900)	(9,358)
	(375,989)	(318,133)	(158,300)	(123,220)	(236,088)
Net current assets	**675,793**	612,698	579,151	546,706	483,983
Total assets less current liabilities	**1,328,390**	1,234,286	834,837	759,885	651,676
Non-current liabilities					
Bank borrowings	**(82,600)**	–	–	–	(51,640)
Other payables	**(30,136)**	(8,925)	(7,585)	(10,388)	–
Deferred income tax liabilities	**(3,945)**	(4,524)	(499)	(2,231)	(925)
	(116,681)	(13,449)	(8,084)	(12,619)	(52,565)
Net assets	**1,211,709**	1,220,837	826,753	747,266	599,111
EQUITY					
Capital and reserves					
Share capital	**115,504**	115,468	103,950	103,890	100,000
Reserves	**1,096,205**	1,105,369	722,803	643,376	499,111
Total equity	**1,211,709**	1,220,837	826,753	747,266	599,111