I.T

ANNUAL REPORT

10/11

STOCK CODE: 999

I.T LIMITED ANNUAL REPORT 10/11

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I.T is well established as a

TREND SETTER

in fashion apparel retail market in Hong Kong with stores in the PRC, Taiwan, Macau, Thailand, Saudi Arabia, the Philippines, France and Germany. The Group has an extensive self managed retail network extending to nearly 450 stores across Greater China with staff around 4,800.

I.T is not just a fashion icon

WE ACTUALLY LIVE FOR FASHION

Through the multi-brand and multi-layer business model, we offer a wide range of fashion apparel and accessories 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 international designer's brands, in-house brands and licensed brands. International brands include

Balenciaga
Celine
Comme des Garcons
Maison Martin Margiela
Jil Sander
Alexander Mcqueen
Mercibeaucoup
Tsumori Chisato
Yves Saint Laurent
Ann Demeulemeester
D&G
Dior Homme
Visvim
Moncler
Givenchy

In-house brands include izzue, b+ab, 5cm, fingercroxx, :CHOCOOLATE, tout à coup, Venilla suite and A Bathing Ape. Licensed brands include MLB, Underground, Hyoma, as know as de Rue and X-Large.

I.T has established French Connection stores in Hong Kong, Macau and the PRC through joint ventures with French Connection and a Zadig & Voltaire store in Hong Kong through joint venture with Zadig & Voltaire. I.T has also established a joint venture with Galeries Lafayette to establish and manage department stores under the trademark of "Galeries Lafayette" in the PRC. The first Galeries Lafayette department store is expected to be opened in Beijing in 2013.

I.T leverages some of its in-house brands through franchisees in new markets. The brands are well accepted in Thailand, Saudi Arabia, the Philippines, France and Germany. More shops will be opened in the Middle East countries, South East Asia, Europe and North America in the coming years.

Executive Directors
Mr. SHAM Kar Wai
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
HSBC Securities Services (Bermuda) Limited

Hong Kong Branch Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716 17/F Hopewell Centre
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www.ithk.com

I.T POSITIONING

Store Coverage

A. No. of stores

	Self-managed		Franchised/Managed by Business Partners	
	28 February 2011	**28 February 2010**	**28 February 2011**	**28 February 2010**
Greater China:				
Hong Kong				
I.T	245	178	–	–
FCUK IT[1]	9	8	–	–
ZIT H.K.[1]	1	1	–	–
Mainland China				
I.T	147	119	56	42
FCIT China[1]	14	15	1	2
Taiwan	13	8	2	–
Macau				
I.T	10	9	–	–
FCIT Macau[1]	2	2	–	–
Overseas:				
Japan	21	–	–	–
USA	1	–	–	–
Thailand	–	–	10	10
Europe[2]	–	–	8	4
Philippines	–	–	2	2
Saudi Arabia	–	–	1	3
Singapore	–	–	1	–
South Korea	–	–	1	–
Australia	–	–	–	2

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

B. Sales footage[3]

	Self-managed		Franchised/Managed by Business Partners	
	28 February 2011	**28 February 2010**	**28 February 2011**	**28 February 2010**
Greater China:				
Hong Kong				
I.T	512,984	427,769	–	–
FCUK IT[1]	13,476	11,556	–	–
ZIT H.K.[1]	2,300	2,300	–	–
Mainland China				
I.T	399,199	274,466	64,646	47,753
FCIT China[1]	21,872	23,586	1,711	2,496
Taiwan	20,463	12,675	7,372	–
Macau				
I.T	28,350	27,680	–	–
FCIT Macau[1]	4,430	4,430	–	–
Overseas:				
Japan	47,839	–	–	–
USA	3,313	–	–	–
Thailand	–	–	9,081	9,162
Europe[2]	–	–	2,757	1,947
Philippines	–	–	1,525	1,525
Saudi Arabia	–	–	1,075	3,744
Singapore	–	–	2,016	–
South Korea	–	–	2,130	–
Australia	–	–	–	1,711

Notes:
[1] a 50% owned joint venture of the Company
[2] includes England, France and Germany
[3] The above area represents gross area while net area was disclosed in our previous annual/interim reports

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Buoyed up by economic growth in the Greater China region, consumer sentiment was encouraging in 2010. This coupled with the unflagging support from our business and supply chain partners and distributors and the full commitment from our staff, helped us to deliver sound performance in both revenue and profit terms in 2010/11.

Since turning our business around in the last financial year, the China market continued to post strong growth and became another key profit centre of our Group. Rising income levels among mainland Chinese consumers have fuelled more high-end purchases, generating significant demand for our fashion products. To better serve our customers and further capture the market share, we target to raise another 30% new sales area in mainland China in 2011/12.

Our joint venture with Galaries Lafayette, a renowned century-old department store brand in Europe, represented a turning point in our development to diversify into the high-end department store business in China. It will also provide a new retail channel for our fashion products while uplifting our corporate image. With progress well underway, we plan to open our first store in Beijing in 2013.

We are not just focusing in the China market. Our acquisition of the majority interest in Nowhere Group was another milestone in our efforts to grow our presence on the world stage. "A Bathing Ape" has been one of the very popular streetwear brands in Hong Kong and China. We are confident that such acquisition will broaden our network in the region and our group's position in the global fashion scene.

I would like to take this opportunity to thank the members of the Board for their advice, support and enthusiasm. I would also like to express special gratitude to all our staff, the management, and our business partners and suppliers for their dedication, which ultimately enabled us to conclude another successful year.

Sham Kar Wai
Chairman

30 May 2011

FINANCIAL HIGHLIGHTS

- Total revenue of the Group increased by 28.0% from HK$2,996.0 million to HK$3,834.4 million.

- Total retail sales in Hong Kong increased from HK$2,109.0 million to HK$2,596.9 million, representing an increase of 23.1% with a comparable store sales growth rate of 13.5%. Total retail sales in Mainland China increased by 32.9% from HK$706.4 million to HK$938.9 million, with a comparable store growth rate of 15.3%. Total retail sales in other areas primarily include Macau, Taiwan and one month operation of February 2011 in Japan, which in aggregate amounted to HK$187.7 million and increased by 78.8%.

- Gross profit increased by 33.5% to HK$2,428.9 million and gross profit margin increased by 2.6 percentage points for the year to 63.3%. EBITDA increased by 34.2% to HK$596.9 million and profit for the year increased by 47.8% to HK$388.1 million.

- The achievements of the above results were mainly due to the continued improvement of the retail market, accompanied by our intensified marketing strategies and retail network strengthening. Our basic earnings per share increased by 43.5% to HK33 cents.

- Final Dividend of HK10.4 cents per share is proposed representing a total payout of HK$124.5 million. Together with the interim dividend of HK4.2 cents per share, the payout ratio is approximately 45% of the profit attributable to equity holders of the Company for the year.

Per share data	FY11	FY10	Change
EPS-basic (HK$)	0.33	0.23	+43.5%
EPS-diluted (HK$)	0.32	0.23	+39.1%
Dividend (HK cents)	14.6	10.5	+39.0%
Book value (HK$)(1)	1.54	1.28	+20.3%

Key statistics	FY11	FY10	Change
Inventory turnover (Days)(2)	146.9	125.0	+21.9
Capital expenditure (HK$ million)(3)	738.9	138.3	+600.6
Net cash (HK$ million)(4)	181.7	539.6	-357.9
Current ratio(5)	1.9	3.0	-1.1
Debt to equity ratio (%)(6)	32.2	5.6	26.6

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 property, furniture and equipment and intangible assets including additions resulting from acquisitions through business combination and capital injection in a jointly controlled entity.

(4) Cash and cash equivalents less bank borrowings.

(5) Current assets divided by current liabilities.

(6) Bank borrowings divided by total 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

The retail market continued to improve during this financial year and consumer sentiment remained to be strong in the second half of the financial year. As such, we intensified our marketing strategies by expanding our retail networks in Hong Kong and Mainland China from an aggregate of 297 stores as at 28 February 2010 to 392 stores as at 28 February 2011 so as to capture the market potentials. Our turnover increased by 28.0% to HK$3,834.4 million (2010: HK$2,996.0 million).

Turnover from Hong Kong market increased by 22.8% and contributed about 68.1% of the total turnover. Nevertheless, the Mainland China market became the key growth driver, with the turnover increased by 34.2% while contributing to about 26.7% of the Group's turnover. Turnover from other regions represents primarily the operations in Macau and Taiwan markets and February 2011 operation in Japan of Nowhere Group which was acquired by the Company on 31 January 2011. During this financial year, turnover in Macau and Taiwan increased by 39.6% and 63.5% respectively, which explained the significant rise in turnover from other regions.

Breakdown of turnover by region of operation:

	Year ended 28 February			**Year ended 28 February**	
	2011	2010	**Change**	**2011**	2010
	HK$ million	HK$ million			
Hong Kong	**2,612.4**	2,127.4	**+22.8%**	**68.1%**	71.0%
Mainland China	**1,024.8**	763.6	**+34.2%**	**26.7%**	25.5%
Others	**197.2**	105.0	**+87.8%**	**5.2%**	3.5%
	3,834.4	2,996.0	**+28.0%**	**100.0%**	100.0%

With proactive expansion of retail networks during this financial year, retail sales in Mainland China increased significantly by 32.9%. The retail sales contribution from this region also increased further from about 24.2% to about 25.2% of the total retail sales of the Group. Benefitted from the continual improvement of the economy, together with our intensive openings of 78 new shops in the financial year ended 28 February 2011, our retail sales in Hong Kong maintained its growth momentum and increased by 23.1% during this financial year.

Breakdown of retail sales by region:

	Year ended 28 February		**Retail sales growth**
	2011	2010	**(%)**
Hong Kong	**69.7%**	72.2%	**23.1%**
Mainland China	**25.2%**	24.2%	**32.9%**
Others	**5.1%**	3.6%	**78.8%**
	100.0%	100.0%	

In China, due to our promotion of in-house brands, retail sales from in-house brands increased faster than the international brands and accounted for 53.0% of the total retail sales (2010: 49.6%). In Hong Kong, with the launching of a number of quality international brands, this category continued to be a key retail sales contributor, accounting for 43.2% of the total retail sales (2010: 47%).

Breakdown of retail sales by brand category:

	Year ended 28 February	
	2011	2010
In-house brands	**53.0%**	49.6%
International brands	**43.2%**	47.0%
Licensed brands	**3.8%**	3.4%
	100.0%	100.0%

On account of the continuous expansion of retail areas in the Greater China region, accompanied by more intensified marketing strategies and expansion of product lines, gross profit increased by 33.5% to HK$2,428.9 million (2010: HK$1,819.2 million) and the overall gross profit margin was lifted by 2.6 percentage points, from 60.7% for the year ended 28 February 2010 to 63.3% for the year ended 28 February 2011.

Operating expenses consist mainly of the salaries and commissions, rentals, depreciation charges on retail outlets' decorations and advertising and promotional expenses. Compared to last financial year, total operating expenses increased by 28.4% to HK$1,958.3 million (2010: HK$1,524.8 million), which was mainly due to our increased scale of operation. Operating expenses as a percentage to total revenue increased slightly by 0.2 percentage point to about 51.1% for the year ended 28 February 2011 (2010: 50.9%). Rental expenses (including rental charges, management fee, rates and government rent) increased by 27.1% to about HK$878.6 million (2010: HK$691.3 million) mainly due to the expansion of retail networks with significant net increase in new gross shop areas of about 211,000 square feet in aggregate in Hong Kong and Mainland China during this financial year. Notwithstanding such significant increase, total rental expenses (including rental charges, management fee, rates and government rent) as a percentage to total turnover was decreased to 22.9% for the year ended 28 February 2011 (2010: 23.1%). Total staff cost (excluding share option expenses) increased by about 29.9% to HK$642.6 million during this financial year (2010: HK$494.6 million), which was mainly due to more employees, particularly front-line staff recruited to facilitate our retail business expansion. Total staff cost (excluding share option expenses) as a percentage to total turnover still maintained at 16.8% for the year ended 28 February 2011 (2010: 16.8%). Advertising and promotion expenses increased by 97.7% to HK$67.6 million (2010: HK$34.2 million), which was mainly due to more promotional activities (including fashion shows, media activities, outdoor advertising and television advertisement) during this financial year to keep in pace with our retail operation expansion and also to strengthen our fashion icon image. As such, the ratio of advertising and promotion expenses as a percentage to total turnover increased only by 0.7 percentage points to 1.8% (2010: 1.1%). Other operating expenses increased significantly by 32.6% during this financial year, such increase was partly due to the one-off legal and professional fees of HK$7.8 million incurred for acquisition of Nowhere Group and the inclusion of February 2011 operating overhead of Nowhere Group which amounted to HK$7.3 million. Excluding these expenses of Nowhere Group, other operating expenses increased by 24.9% which was in line with our increase in operating scale.

The combination of greater revenue and gross profit growth, coupled with positive operating leverage for our retail operations in Mainland China, operating profit increased by 50.7% to HK$463.1 million (2010: HK$307.3 million) and EBITDA (a measure of operating profit before impairment of goodwill and property, furniture and equipment, depreciation of property, furniture and equipment, amortisation and write-off of intangible assets) increased by 34.2% to HK$596.9 million (2010: HK$444.9 million). The operating margin for this financial year also improved by 1.7 percentage points to 12.0% (2010: 10.3%), which was mainly attributable to greater operating margin for our Mainland China operations.

(b) Hong Kong

Sales from retail operation increased by 23.1% to HK$2,596.9 million (2010: HK$2,109.0 million) at an overall comparable store sales growth rate of 13.5% (2010: 5.5%). The increase was contributed by the net increase of about 20.0% retail sales area during this financial year. By strengthening our fashion product portfolio (by launching new international brands, increasing the proportion of footwear products etc.), gross profit margin from retail operation increased by 1.5 percentage points from 61.8% for the year ended 28 February 2010 to 63.3% for the year ended 28 February 2011.

Retail sales from in-house brands increased by 26.8% whereas retail sales from international brands increased by 19.0%. The contribution from international brands was 46.0% (2010: 47.8%) of the total retail sales. In-house brands (including February 2011 sales contribution from the brand Bathing Ape which was reclassified as in-house brand after the acquisition of Nowhere Goup) accounted for 49.2% of the total retail sales (2010: 47.8%) while licensed brands accounted for 4.8% of total retail sales (2010: 4.4%).

Notwithstanding the significant net increase in retail sales area, rental expenses (including rental charges, management fee, rates and government rent) as a percentage to total turnover was increased slightly by 0.4 percentage point to 22.4% (2010: 22.0%). Staff cost (excluding share option expenses) as a percentage of total turnover increased slightly from 18.5% for the year ended 28 February 2010 to 18.9% for the year ended 28 February 2011. With more advertising campaigns to promote our brands, advertising and promotion expenses as a percentage to total turnover increased by 0.6 percentage point to 1.7% (2010: 1.1%). Operating profit increased by about 12.0% to HK$292.6 million during this financial year (2010: HK$261.2 million), but due to the increase of operating expenses particularly rental expenses, staff costs, share option expenses and advertising and promotion expenses with higher percentage to turnover than last financial year, the operating margin decreased slightly from 11.7% for the year ended 28 February 2010 to 11.2% for the year ended 28 February 2011.

(c) Mainland China

Our retail network in Mainland China was expanded more intensively with a net increase of over 45% self-managed retail store sales areas as compared with last financial year end. As such, sales from retail operation in the Mainland China market increased by 32.9% to HK$938.9 million (2010: HK$706.4 million) at an overall comparable store growth rate of 15.3% (2010: 10.3%). Gross profit margin of retail operation increased significantly by 5.1 percentage points to 63.8% for the year ended 28 February 2011 (2010: 58.7%) and this was mainly due to the increase sales of in-house brands which, on average command better margin than international brands.

Since more in-house brand shops were opened in this financial year, turnover contributed by our in-house brands continued to increase to 56.1% of the total retail sales (2010: 49.7%). International brands accounted for 42.7% of the total retail sales for the year ended 28 February 2011 (2010: 49.7%), while sales of licensed brands accounted for 1.1% (2010: 0.6%) of total retail sales.

Despite significant increase in retail areas which increase our rental cost by about 26.4%, rental expenses (including rental charge and management fee) as a percentage to total turnover decreased by 1.5 percentage points to 24.9% for the year ended 28 February 2011 (2010: 26.4%). Coupled with the expansion of retail network, we recruited more frontline staff and our staff cost increased by 35.2% but staff cost as a percentage to total turnover was relatively stable at 12.3% for the year ended 28 February 2011 (2010: 12.2%). In the last financial year, our Mainland China operation was turned around and became profitable. During this financial year, the growth momentum in this market continued with positive operating leverage which increased the operating margin significantly by 10.1 percentage points to 14.0% (2010: 3.9%).

(d) Others

Due to the improving consumer sentiment and the launching of our in-house brand, 5cm, total net sales from Taiwan retail operation increased significantly by 63.4% for the year ended 28 February 2011 with a comparable store growth rate of 18.3% (2010: 6.0%). The Macau operation continued to record a remarkable overall sales growth of 39.1% (2010: 78.1%) with a comparable store growth of 34.1% (2010: 29.5%) due to the strong spending power of Mainland China tourists.

The retail sales of Nowhere Group in Japan were consolidated into the Group commencing from 1 February 2011. The earthquakes in eastern Japan on 11 March 2011 did not damage the retail stores of Nowhere Group in Japan and all operations resumed to normal in April 2011.

Outside Greater China, we had developed a franchised store network for our in-house brands with a view to build up our brand image overseas. Our franchised stores had been further expanded in Seoul, Taipei, Singapore, London and Paris after our acquisition of Nowhere Group. As at 28 February 2011, we had 25 franchised stores in Saudi Arabia, Thailand, Australia, the Philippines, Seoul, Taipei, Singapore, London, Paris and Frankfurt.

Share of Results of Jointly Controlled Entities

Share of profit of jointly controlled entities increased to HK$15.9 million for the year ended 28 February 2011 (2010: HK$5.4 million).

Cash Flows

As a result of the increase in revenue and gross profit, net cash inflow from operating activities increased from HK$366.0 million for the year ended 28 February 2010 to HK$450.4 million for the year ended 28 February 2011. Net cash used for investing activities for the year ended 28 February 2011 was HK$508.3 million (2010: HK$137.0 million) which mainly comprised purchase of furniture and equipment for retail operation, injection of capital to Galeries Lafayette (China) Limited, which is a jointly controlled entity and the acquisition of Nowhere Group. During the year ended 28 February 2011, net cash inflow from financing activities was HK$204.5 million, which was mainly due to bank loans raised for acquisitions of office premises in Hong Kong and new loans raised to refinance the debts of Nowhere Group (2010: net cash outflow of HK$47.4 million).

Inventory

With the intensive expansion of retail network in Mainland China and Hong Kong during this financial year as well as the acquisition of Nowhere Group on 31 January 2011, the level of inventories as at 28 February 2011 increased as compared with last financial year end. Inventory turnover days of the Group increased from 125.0 days for the year ended 28 February 2010 to 146.9 days for the ended 28 February 2011.

Liquidity and Capital Resources

As at 28 February 2011, total cash and bank balances amounted to HK$775.8 million (2010: HK$622.2 million) and total liabilities amounted to HK$1,442.3 million (2010: HK$494.5 million). As at 28 February 2011, total equity was HK$1,843.2 million (2010: HK$1,477.7 million).

As at 28 February 2011, the Group had aggregate banking facilities of approximately HK$1,025.4 million (2010: HK$496.4 million) for overdrafts, bank loans and trade financing, of which approximately HK$254.4 million (2010: HK$310.1 million) was unutilised. These facilities are secured by corporate guarantees provided by the Company and certain subsidiaries. The Group had HK$594.1 million bank borrowings as at 28 February 2011, of which HK$214.9 million is repayable within one year, HK$274.9 million is repayable in 2 to 5 years and the remaining HK$104.3 million is repayable after 5 years (28 February 2010: HK$82.6 million). The increase in bank loans were mainly due to a mortgage loan of HK$157.4 million raised for acquisition of office premises for Hong Kong headquarter, the loans amounted to HK$160.9 million as at 28 February 2011 taken over from Nowhere Group after the acquisition and a loan of HK$200 million raised to refinance the debts of Nowhere Group. Notwithstanding such increase in loan balance while expanding our retail operation in the Greater China region, our financial position is still solid with a net cash position of HK$181.7 million as at 28 February 2011 (28 February 2010: HK$539.6 million). The current ratio as at 28 February 2011 was 1.9 (2010: 3.0) and the gearing was 32.2% (2010: 5.6%) calculated as borrowings divided by total equity.

Charge of Assets

As at 28 February 2011, bank borrowings are secured on buildings and motor vehicles for values of HK$279,458,000 and HK$12,796,000 respectively.

Formation of joint venture

On 12 November 2010, the Group entered into an agreement with Galeries Lafayette to form a joint venture to establish and manage subsidiaries which will set up, operate and manage department stores under the trademark "Galeries Lafayette" in certain cities in China. The Group owns 50% of the joint venture and will contribute a maximum of about HK$150 million to the joint venture for the preparation of the opening of the first Galeries Lafayette department store in Beijing, which is expected to be opened in the financial year ending 2014. The contribution will be funded by internal resources and/or bank borrowings. The joint venture will be accounted for as a jointly controlled entity and equity method of accounting will be applied. Up to 28 February 2011, the Group injected HK$15,000,000 to the joint venture.

Business Acquisition

On 31 January 2011, the Group entered into agreements to acquire about 90.27% interest in Nowhere Co., Ltd. at an aggregate consideration of JPY230 million. Nowhere Co., Ltd. owns various fashion brand names, including "A Bathing Ape", "Bape", "baby milo", "BAPE STA", "URSUS BAPE", "Mr. BATHING APE" and certain other brands which are amongst the popular and well known street wear fashion in Hong Kong, Japan and in various countries. Nowhere Co., Ltd. and its subsidiaries are consolidated into the Group's accounts since 1 February 2011.

Contingent Liabilities

As at 28 February 2011, the Group did not have significant contingent liabilities (28 February 2010: Nil).

Foreign Exchange

To manage our foreign exchange exposure on sourcing for merchandise from Europe and Japan, the Group entered into forward exchange contracts with major and reputable financial institutions to hedge foreign exchange risk. There were no outstanding forward foreign exchange contracts as at 28 February 2011 (2010: HK$60.1 million).

Employment, Training and Development

The Group had a total of 4,771 employees as at 28 February 2011 (28 February 2010: 3,693). Training and development courses were regularly organised for employees to enhance their technical and product knowledge as well as sales and marketing and business management skills. The Group 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

Our "multi-brand, multi-layer" model has proven to be successful and this strategy will remain unchanged in the near and long term. We will continue to improve our model by enriching our collections, introducing fashionable designers' brands and strengthening brand awareness with the objective to maintain our fashion icon image.

Looking forward, we are optimistic on the prospects of retail markets in the Greater China region, particularly the growth potential of the Mainland China. We have achieved critical mass for our Mainland China operation during the financial year ended 28 February 2011 and will continue to expand by around 30% new sales area in the financial year ending 29 February 2012. By maintaining at this pace of network expansion, we could continue to deliver sustainable growth while allowing us to enjoy better operating leverage. To grow our businesses in Mainland China, we will also introduce more brands to this market with a strong focus on the growth of in-house brands.

Evidenced by a net increase of 20.0% of the total retail floor area during the financial year ended 28 February 2011, Hong Kong is a very important market to us providing a major source of income and cashflow. To maintain our core competency in this market, we will continue to seek for opportunities to open new stores and will expand our fashion product mix such as including more high-value ladies footwears and accessories to stimulate further growth.

At retail level, we will strive to enhance our store productivity by strengthening our sales services quality. More resources will be put in to train our front-line staff so as to improve their product knowledge, interaction skills and manner. For marketing and promotion, we will continue to bring new concepts with more cross-branded fashion products and promotional events.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT TEAM

Executive Directors

Mr. SHAM Kar Wai
Aged 44, 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 with international design houses. (Note)

Mr. SHAM Kin Wai
Aged 41, 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. (Note)

Independent Non-executive Directors

Mr. WONG Wai Ming
Aged 53, 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 Stock Exchange of Hong Kong Limited. 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. Mr. Wong is currently a non-executive director of Linmark Group Limited and an independent non-executive director of China Unicom (Hong Kong) Limited, both companies are listed on The Stock Exchange of Hong Kong Limited. 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 70, 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 is an independent non-executive director of Natural Beauty Bio-Technology Limited, a company listed on The Stock Exchange of Hong Kong Limited. 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 50, 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, chairman of the corporate governance committee and member of the executive committee of COSCO Pacific Limited, a company listed on The Stock Exchange of Hong Kong Limited. Dr. Wong is the Council Chairman of The Hong Kong Institute of Directors, Council Advisor and past Chairman of the Hong Kong Chinese Orchestra Limited, a member of the OECD/World Bank Asian Corporate Governance Roundtable, a member of the Main Board and GEM Listing Committee of The Stock Exchange of Hong Kong Limited, a member of the SFC (HKEC Listing) Committee of the Securities and Futures Commission, a member of the Standing Committee on Company Law Reform, a member of the Corruption Prevention Advisory Committee of Independent Commission Against Corruption, a member of the Appeal Board Panel (Town Planning), a member of The Board of Review (Inland Revenue Ordinance), a Board Director of Business Environment Council and a Council Member of The Hong Kong Management Association. He obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration degree from The Hong Kong Polytechnic University in 2007. Dr. Wong is currently an independent non-executive director and chairman of the audit committee of China Metal International Holdings Inc. and China ZhengTong Auto Services Holdings Limited and an independent non-executive director of CIG Yangtze Ports PLC. He 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 Stock Exchange of Hong Kong Limited.

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 SHAM Sau Wai
Aged 46, is director of all subsidiaries of the Group. She joined the Group in November 1988 and is responsible for general management. (Note)

Miss SHAM Sau Han
Aged 42, is director of all subsidiaries of the Group. She joined the Group in November 1988 and is responsible for general management. (Note)

Miss NG Yuk Chau
Aged 43, is the Finance Director. Miss Ng holds a bachelor of Social Sciences degree from the University of Hong Kong and has nearly 20 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 47, 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 CHOW Hau Mui
Aged 42, 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 over 15 years of experience in retail administration.

Miss LEE Shuk Kuen, Joe
Aged 40, 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 15 years of buying experience in the fashion retailing industry.

Miss LEE Yuen Pik
Aged 41, is the Brand Director. She joined the Group in May 1996 and is responsible for the design, manufacturing and brand management of the in-house label, b+ab. Miss Lee holds a Higher Diploma in Fashion and Clothing Technology from the Hong Kong Polytechnic University. Miss Lee has over 15 years of buying and manufacturing experience in the fashion retailing industry.

Miss CHENG, Deborah
Aged 40, is the Vice President, Marketing and International Business. She joined the Group in December 1997 and is responsible for marketing and public relations events, advertising and media relationships. She has over 15 years of marketing and public relations experience.

Miss YU Lai Hung
Aged 45, is the Vice President, Information Technology. 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. Miss Yu holds a Master's degree in Business Administration from the Open University of Hong Kong and has over 20 years of experience working in information technology and workflow re-engineering.

Miss TAM Shuk Yi
Aged 44, is the Vice President, Human Resources. 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 42, 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.

Mr. CHAN Wai Kwan, Kenny
Aged 40, is the Managing Director – 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's 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 over 15 years of experience in the PRC.

Miss LEUNG Fung Ming
Aged 47, is the Brand Director. She joined the Group in May 2001 and is responsible for the design, manufacturing and brand management of the in-house label, izzue. Miss Leung has over 15 years of buying and manufacturing experience in fashion retailing industry.

Mr. CHOI Yuen On, Billy
Aged 49, is the Managing Director – Nowhere (A Bathing Ape). He joined the Group in December 2004 and is responsible for managing the business and daily operation of Nowhere Group. Mr. Choi studied Japanese and business studies in Japan and has over 20 years of merchandising experience in garment manufacturing and fashion retailing industries.

Mr. FUNG Yuk Hung
Aged 42, is the Logistics Director. He joined the Group in December 1990 and is responsible for the Group's logistics, shipping and warehouse operations. Mr. Fung has 20 years of logistics and warehouse management experience in fashion retailing industry. (Note)

Miss PANG Tsui Shan
Aged 42, is the Merchandising Director. She joined the Group in February 2004, and is responsible for buying and brand management of Japanese designers' brands and French Connection. Miss Pang holds Bachelor of Arts degree from the University of Toronto, majoring in Economics. Miss Pang has over 15 years of buying and merchandising experience in fashion retailing industry.

Note:

Mr. Sham Kar Wai, Mr. Sham Kin Wai, Executive Directors of the Company, Miss Sham Sau Wai and Miss Sham Sau Han, directors of all subsidiaries of the Group, are siblings. Mr. Fung Yuk Hung, Logistics Director, is the spouse of Miss Sham Sau Han.

I.T HAS A UNIQUE BRAND PORTFOLIO

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 2011 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 hereinafter.

Board of Directors

The Board currently comprises five members, two 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 30 to 33.

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 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 the 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.

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 five times in the year ended 28 February 2011.

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 2011. 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 six times in the year ended 28 February 2011. During the year ended 28 February 2011, 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, financial reporting matters and adequacy of resources, qualifications and experience of accounting and financial reporting staff 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 engagement of external auditor to perform special audit and non-audit services and approved their fees. 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 eight times in the year ended 28 February 2011.

During the year ended 28 February 2011, the Committee has discussed and reviewed the remuneration packages for the Directors and Senior Management and administered the share options granted. 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 2011 to discuss and review the extension of term of service of the Independent Non-executive Directors. There are three members in the Nomination Committee. Currently, Mr. Wong Wai Ming, being an Independent Non-executive Director, acts as Chairman, and Mr. Sham Kar Wai and Mr. Sham Kin Wai as the Committee members.

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 one Executive Director from time to time. The Committee met seventy times in the year ended 28 February 2011.

Details of Directors' attendance of the Board and Committee meetings held during the year ended 28 February 2011 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)	5/5	70/70	–	8/8	2/2
Mr. Sham Kin Wai (Note 1)	5/5	70/70	–	–	2/2
Independent Non-executive Directors					
Mr. Wong Wai Ming (Note 2)	2/5	–	6/6	8/8	2/2
Mr. Francis Goutenmacher (Note 3)	5/5	–	6/6	8/8	–
Dr. Wong Tin Yau, Kelvin	5/5	–	6/6	–	–

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, nine 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 2011.

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 54.

During the year ended 28 February 2011, the fees paid or payable to PricewaterhouseCoopers were approximately HK$5,100,000 for audit services and approximately HK$4,700,000 for non-audit services (review of the interim results of the Company for the period ended 31 August 2010; tax advisory; due diligence work and tax advisory in relation to the acquisition of Nowhere Co., Ltd.) 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 2011, 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, an effective 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, operational and compliance 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 2011, the Board, (i) through the Audit Committee with the assistance of the Internal Audit Department, has reviewed the effectiveness of the Group's internal controls including financial, operational and compliance controls and risk management functions; and (ii) has reviewed resources the Group 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, 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 keep constant and open dialogue with investment community through company visits, conference calls, international non-deal road-shows and participation in various investors' conferences to provide comprehensive information on the Company's business strategies and developments. In 2010, over 100 meetings with institutional investors, fund managers and analysts were held.

Press conferences with media, analysts and investors are held after results announcements to present the Company's performance. In addition, the Company arranges road-shows after its annual and interim results announcements. 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. Webcasts of result presentations are also made available.

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 is available to answer questions at the shareholders' meetings. External auditor also attends Annual General Meetings to address shareholders' enquiries.

Under the Listing Rules, 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 2011.

SOCIAL RESPONSIBILITIES

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

b+ab x Angelababy Charity X'mas Charity Box Set for UNICEF

In order to arouse the public awareness of the plight of children in developing countries and of the need to champion children's rights, b+ab once again worked with the renowned model/actress Angelababy and created a charity X'mas Card Box Set which graphics were all personally selected and put together by Angelababy herself to show her dedication on children's right in survival, development and protection. The charity program was held in December 2010 at all b+ab shops in Hong Kong. Donations were made to the world's leading UN organisation working specifically for children – UNICEF.

:CHOCOOLATE x BIT BIT – Siuhak's charity autograph event (Donation to LLCS)

:CHOCOOLATE joined hands with one of the renowned Hong Kong illustrators, Siuhak, to help Lotus Light Charity Society (known as LLCS) educate the importance of lives through water saving, a charity sale with a collection featuring BIT BIT, a rabbit character created by Siuhak was used in the collection. The charity programme was held on 21 and 22 January 2011, HK$5 was donated to LLCS for the arid regions in China to exploit rain-saving cellar on each piece of merchandise purchased by customer. To kick start the charity programme, an autograph session by Siuhak for the first 50 donators was arranged with the support of two local artists Kelvin Kwan and Evelyn Choi.

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 2011.

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 principal 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 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 28 February 2011 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 statement of comprehensive income on page 55.

The Board has resolved to recommend the payment of a final dividend of HK10.4 cents per share for the year ended 28 February 2011. Together with the interim dividend of HK4.2 cents, full year dividend will be HK14.6 cents (2010: HK10.5 cents).

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$772,000 (2010: HK$602,000).

PROPERTY, FURNITURE AND EQUIPMENT

Details of the movements in property, 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 2011, the Company's reserve available for cash distribution, as computed in accordance with The Companies Act 1981 of Bermuda (as amended), amounted to HK$474,247,000, of which HK$124,514,000 has been proposed as final dividend for the year.

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 101 and 102.

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
Mr. Sham Kin Wai

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

In accordance with Clause 87 of the Company's Bye-laws, Mr. Sham Kin Wai, who 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, Dr. Wong Tin Yau, Kelvin will retire at the forthcoming annual general meeting of the Company and offer 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 2011 while Mr. Wong Wai Ming's on 18 October 2011. The Company has received from each of its Independent Non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers the Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

The Director who is proposed for re-election at the forthcoming annual general meeting of the Company does not have 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 38.

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 30 to 33.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The changes in the information of the Directors of the Company since the publication of the interim report of the Company for the six months ended 31 August 2010 are set out below:–

Name of Director	Details of changes
Executive Director	
	The Group's annual remuneration review was conducted in May 2011.
Mr. Sham Kar Wai	– the monthly salary and housing allowance was revised to HK$604,800 commenced from 1 April 2011.
Mr. Sham Kin Wai	– the monthly salary and housing allowance was revised to HK$437,400 commenced from 1 April 2011.
Independent Non-executive Director	
Mr. Wong Wai Ming	– the directors' fee was revised to HK$228,000 per annum commenced from 1 April 2011.
Mr. Francis Goutenmacher	– the directors' fee was revised to HK$228,000 per annum commenced from 1 April 2011.
Dr. Wong Tin Yau, Kelvin	– Appointed as independent non-executive director and chairman of audit committee of China ZhengTong Auto Services Holdings Limited with effect from 17 November 2010. – the directors' fee was revised to HK$228,000 per annum commenced from 1 April 2011.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 2011, 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 Listing Rules were as follows:

(a) Long positions in the shares of the Company

	No. of shares held			
Director	**Interest in controlled company and beneficiary of trust** (Note 1)	**Interest in underlying shares/equity derivatives** (Note 2)	**Total**	**Percentage of issued share capital**
Sham Kar Wai (Note 3)	698,564,441	21,512,359	720,076,800	60.14%
Sham Kin Wai (Note 3)	698,564,441	21,512,359	720,076,800	60.14%

Notes:

(1) Mr. Sham Kar Wai and Mr. Sham Kin Wai are both beneficiaries of The ABS 2000 Trust, which is an irrevocable discretionary trust. Fine Honour Limited, Fortune Symbol Limited, Fresh Start Holdings Limited and Sure Elite Limited are wholly-owned subsidiaries of Effective Convey Limited (collectively the "Immediate Holding Companies"). 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 the Immediate Holding Companies in the Company.

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

(3) Ms. 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. Ms. 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	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%
	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%
	Sure Elite Limited	Beneficiary of trust	100%
	Fresh Start Holdings Limited	Beneficiary of trust	100%
	Fortune Symbol Limited	Beneficiary of trust	100%
	Fine Honour Limited	Beneficiary of trust	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%
	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%
	Sure Elite Limited	Beneficiary of trust	100%
	Fresh Start Holdings Limited	Beneficiary of trust	100%
	Fortune Symbol Limited	Beneficiary of trust	100%
	Fine Honour Limited	Beneficiary of trust	100%
	Effective Convey Limited	Beneficiary of trust	100%
	Dynamic Vitality Limited	Beneficiary of trust	100%

Note:

(1) Mr. Sham Kar Wai and Ms. 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 Ms. 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 2011.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed in the section headed "Share Options" under this report on page 45, 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 First Share Option Scheme*

The Company adopted a share option scheme (the "First Share Option Scheme") on 3 February 2005. The First Share Option Scheme is operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the First Share Option Scheme, 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.

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"), detailed hereafter, 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.

The New Share Option Scheme

The New Share Option Scheme is to enable the Group to be more flexible in granting options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. 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.

No participant with options granted is in excess of the individual limit as stipulated in 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. The maximum number of shares issued and to be issued upon exercise of options granted under the New Share Option Scheme and any other share option schemes of the Company to any eligible participant, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

Details of the movements in share options to subscribe for shares in the Company during the year ended 28 February 2011 are set out below:

	Date of grant	Exercise period	Exercise price per share HK$ (Note 1)	Number of Share Options (Notes 1 and 2): As at 1 March 2010	Lapsed during 1 March 2010 to 27 August 2010	Exercised during 1 March 2010 to 26 August 2010	Adjustment I on 27 August 2010	Exercised during 27 August 2010 to 22 December 2010	Adjustment II on 23 December 2010	Exercised during 23 December 2010 to 28 February 2011	As at 28 February 2011	Notes
Director												
Sham Kar Wai	14 April 2008	14 April 2008 to 13 April 2013	2.41	10,000,000	–	–	240,500	–	3,480	–	10,243,980	3
	12 February 2010	12 February 2012 to 11 February 2020	1.43	11,000,000	–	–	264,550	–	3,829	–	11,268,379	4
Sham Kin Wai	14 April 2008	14 April 2008 to 13 April 2013	2.41	10,000,000	–	–	240,500	–	3,480	–	10,243,980	3
	12 February 2010	12 February 2012 to 11 February 2020	1.43	11,000,000	–	–	264,550	–	3,829	–	11,268,379	4
Continuous contract employees	14 April 2008	14 April 2008 to 13 April 2013	2.20	29,400,000	(600,000)	(6,366,000)	539,535	(4,810,093)	6,148	(321,755)	17,847,835	5
	28 December 2009	28 December 2011 to 27 December 2019	1.23	33,000,000	–	–	793,650	–	11,487	–	33,805,137	6
				104,400,000	(600,000)	(6,366,000)	2,343,285	(4,810,093)	32,253	(321,755)	94,677,690	

Notes:

(1) Some shareholders elected to receive scrip shares in lieu of the cash final dividend for the year ended 28 February 2010. The exercise price and the number of outstanding share options were adjusted on 27 August 2010 subsequent to the allotment of the scrip shares (the "Adjustment I").

(2) Some shareholders elected to receive scrip shares in lieu of the cash interim dividend for the six months ended 31 August 2010. The number of outstanding share options was adjusted on 23 December 2010 subsequent to the allotment of the scrip shares (the "Adjustment II").

(3) The exercise price was adjusted from HK$2.47 to HK$2.41 after the Adjustment I and II. The vesting dates and exercisable periods of the options each held by Mr. Sham Kar Wai and Mr. Sham Kin Wai are as follows:

Vesting date	Exercise period	Number of Share Options: As at 1 March 2010	Lapsed during 1 March 2010 to 27 August 2010	Exercised during 1 March 2010 to 26 August 2010 (at the exercise price of HK$2.47)	Adjustment I on 27 August 2010	Exercised during 27 August 2010 to 22 December 2010 (at the exercise price of HK$2.41)	Adjustment II on 23 December 2010	Exercised during 23 December 2010 to 28 February 2011 (at the exercise price of HK$2.41)	As at 28 February 2011
14 April 2008	14 April 2008 to 13 April 2011	3,340,000	–	–	80,328	–	1,162	–	3,421,490
14 April 2009	14 April 2009 to 13 April 2012	3,330,000	–	–	80,086	–	1,159	–	3,411,245
14 April 2010	14 April 2010 to 13 April 2013	3,330,000	–	–	80,086	–	1,159	–	3,411,245
		10,000,000	–	–	240,500	–	3,480	–	10,243,980

(4) The exercise price was adjusted from HK$1.46 to HK$1.43 after the Adjustment I and II. The vesting date of these options is on 12 February 2010.

(5) The exercise price was adjusted from HK$2.25 to HK$2.20 after the Adjustment I and II. The vesting dates and exercisable periods of the options are as follows:–

Vesting date	Exercise period	Number of Share Options: As at 1 March 2010	Lapsed during 1 March 2010 to 27 August 2010	Exercised during 1 March 2010 to 26 August 2010 (at the exercise price of HK$2.25) (Note (a))	Adjustment I on 27 August 2010	Exercised during 27 August 2010 to 22 December 2010 (at the exercise price of HK$2.20) (Note (b))	Adjustment II on 23 December 2010	Exercised during 23 December 2010 to 28 February 2011 (at the exercise price of HK$2.20) (Note (c))	As at 28 February 2011
14 April 2008	14 April 2008 to 13 April 2011	10,280,000	(220,000)	(3,890,000)	148,392	(849,000)	1,855	–	5,471,247
14 April 2009	14 April 2009 to 13 April 2012	9,560,000	(190,000)	(1,580,000)	187,347	(2,096,935)	1,990	(28,907)	5,853,495
14 April 2010	14 April 2010 to 13 April 2013	9,560,000	(190,000)	(896,000)	203,796	(1,864,158)	2,303	(292,848)	6,523,093
		29,400,000	(600,000)	(6,366,000)	539,535	(4,810,093)	6,148	(321,755)	17,847,835

(a) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$2.97.
(b) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$5.55.
(c) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK$5.56.

(6) The exercise price was adjusted from HK$1.26 to HK$1.23 after the Adjustment I and II.

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

As at 28 February 2011, 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:

Long positions in the Shares of the Company

Name	Capacity	Number of shares held	Percentage of issued share capital
Effective Convey Limited (Note 1)	Beneficial owner and Interest in corporation	698,564,441	58.34%
Dynamic Vitality Limited (Note 2)	Interest in corporation	698,564,441	58.34%
The ABS 2000 Trust (Notes 1, 2 and 3)	Interest in corporation	698,564,441	58.34%
HSBC International Trustee Limited (Note 3)	Interest in corporation	698,564,441	58.34%
Fine Honour Limited	Beneficial owner	169,197,830	14.13%
Glorious Sun Trading (HK) Limited	Beneficial owner	68,827,473	5.74%
Glorious Sun Enterprises (BVI) Limited (Note 4)	Interest in corporation	68,827,473	5.74%
Glorious Sun Enterprises Limited (Note 4)	Interest in corporation	68,827,473	5.74%
Glorious Sun Holdings (BVI) Limited (Note 5)	Interest in corporation	68,827,473	5.74%
Yeung Chun Kam (Note 5)	Interest in controlled company	68,827,473	5.74%
Yeung Chun Fan (Note 5)	Interest in controlled company	68,827,473	5.74%
Cheung Wai Yee (Note 6)	Interest in controlled company	68,827,473	5.74%
Fortune Symbol Limited	Beneficial owner	60,028,130	5.01%
Fresh Start Holdings Limited	Beneficial owner	60,028,130	5.01%
Sure Elite Limited	Beneficial owner	60,028,130	5.01%

Notes:

1. Fine Honour Limited, Fortune Symbol Limited, Fresh Start Holdings Limited and Sure Elite Limited (collectively the "Companies") are wholly-owned subsidiaries of Effective Convey Limited. Effective Convey Limited is therefore deemed interested in the Shares held by the Companies.

2. 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.

3. 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.

4. 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.

5. 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.

6. Spouse of Mr. Yeung Chun Fan.

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 2011, 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 36 to 40.

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

Sham Kar Wai
Chairman

Hong Kong, 30 May 2011

I.TIS

a fashion icon

TREND SETTING

inspiration

a lifestyle

MOVING FORWARD

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

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

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 55 to 100, which comprise the consolidated and company balance sheets as at 28 February 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated 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 2011 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, 30 May 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2011

	Note	**2011 HK$'000**	2010 HK$'000
Turnover	5	**3,834,422**	2,995,952
Cost of sales	7	**(1,405,482)**	(1,176,707)
Gross profit		**2,428,940**	1,819,245
Other income – incentive income		**–**	13,200
Other (loss)/gain	6	**(7,544)**	3,791
Impairment of goodwill	16	**–**	(4,217)
Operating expenses	7	**(1,958,255)**	(1,524,760)
Operating profit		**463,141**	307,259
Finance income	10	**5,100**	5,250
Finance costs	10	**(2,900)**	(2,567)
Share of profit of jointly controlled entities	18	**15,923**	5,432
Profit before income tax		**481,264**	315,374
Income tax expense	11	**(93,118)**	(52,686)
Profit for the year		**388,146**	262,688
Other comprehensive income/(loss):			
Currency translation differences		**28,808**	(4,077)
Total comprehensive income for the year		**416,954**	258,611
Profit attributable to:			
– Equity holders of the Company	12	**387,948**	262,688
– Non-controlling interests		**198**	–
		388,146	262,688
Total comprehensive income attributable to:			
– Equity holders of the Company		**416,756**	258,611
– Non-controlling interests		**198**	–
		416,954	258,611
Earnings per share for profit for the year (expressed in HK$ per share)			
– basic	13	**HK$0.33**	HK$0.23
– diluted	13	**HK$0.32**	HK$0.23
Dividends	14	**174,737**	121,279

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

BALANCE SHEETS

As at 28 February 2011

	Note	Consolidated 2011 HK$'000	Consolidated 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
ASSETS					
Non-current assets					
Property, furniture and equipment	15	**727,022**	233,395	**–**	–
Intangible assets	16	**370,722**	259,823	**–**	–
Investments in and amounts due from subsidiaries	17	**–**	–	**1,438,915**	1,277,498
Investments in and amounts due from jointly controlled entities	18	**63,730**	39,338	**–**	–
Rental deposits	21	**199,414**	121,711	**–**	–
Deferred income tax assets	27	**51,389**	31,282	**–**	–
		1,412,277	685,549	**1,438,915**	1,277,498
Current assets					
Inventories	19	**736,717**	394,520	**–**	–
Trade and other receivables	20	**121,371**	120,080	**–**	–
Amounts due from jointly controlled entities	18	**21,995**	27,045	**–**	–
Prepayments and other deposits	21	**217,358**	122,747	**143**	–
Cash and cash equivalents	22	**775,841**	622,238	**1,955**	1,362
		1,873,282	1,286,630	**2,098**	1,362
LIABILITIES					
Current liabilities					
Bank borrowings	23	**(214,911)**	(47,400)	**–**	–
Trade and bill payables	24	**(360,545)**	(149,488)	**–**	–
Accruals and other payables	25	**(349,524)**	(178,245)	**(39)**	(24)
Amounts due to jointly controlled entities	18	**(45,055)**	(22,699)	**–**	–
Derivative financial instruments	26	**–**	(1,001)	**–**	–
Current income tax liabilities		**(42,460)**	(29,811)	**–**	–
		(1,012,495)	(428,644)	**(39)**	(24)
Net current assets		**860,787**	857,986	**2,059**	1,338
Total assets less current liabilities		**2,273,064**	1,543,535	**1,440,974**	1,278,836
Non-current liabilities					
Bank borrowings	23	**(379,234)**	(35,200)	**–**	–
Accruals	25	**(21,935)**	(26,030)	**–**	–
Deferred income tax liabilities	27	**(28,683)**	(4,582)	**–**	–
		(429,852)	(65,812)	**–**	–
Net assets		**1,843,212**	1,477,723	**1,440,974**	1,278,836
EQUITY					
Capital and reserves					
Share capital	28	**119,725**	115,504	**119,725**	115,504
Reserves	29	**1,727,236**	1,362,219	**1,321,249**	1,163,332
Non-controlling interests		**(3,749)**	–	**–**	–
Total equity		**1,843,212**	1,477,723	**1,440,974**	1,278,836

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2011

	Note	Share capital HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 March 2010		115,504	1,362,219	–	1,477,723
Non-controlling interests arising on business combination		–	–	(3,947)	(3,947)
Comprehensive income:					
– Profit for the year		–	387,948	198	388,146
Other comprehensive income:					
– Currency translation differences		–	28,808	–	28,808
Total comprehensive income		–	416,756	198	416,954
Transaction with owners:					
Final dividend for the year ended 28 February 2010		–	(121,369)	–	(121,369)
Interim dividend		–	(50,223)	–	(50,223)
Issue of scrip shares	28	3,071	80,339	–	83,410
Exercise of share options		1,150	24,464	–	25,614
Share option scheme					
– value of employment services	29	–	15,050	–	15,050
		4,221	(51,739)	–	(47,518)
Balance at 28 February 2011		119,725	1,727,236	(3,749)	1,843,212
Balance at 1 March 2009		115,504	1,096,205	–	1,211,709
Comprehensive income:					
– Profit for the year		–	262,688	–	262,688
Other comprehensive loss:					
– Currency translation differences		–	(4,077)	–	(4,077)
Total comprehensive income		–	258,611	–	258,611
Transaction with owners:					
Share option scheme					
– value of employment services	29	–	7,403	–	7,403
		–	7,403	–	7,403
Balance at 28 February 2010		115,504	1,362,219	–	1,477,723

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**524,693**	414,060
Interest paid		**(2,900)**	(2,567)
Hong Kong profits tax paid		**(44,666)**	(34,296)
Overseas income tax paid		**(26,681)**	(11,252)
Hong Kong profits tax refunded		**–**	80
Net cash generated from operating activities		**450,446**	366,025
Cash flows from investing activities			
Acquisition of a subsidiary net of cash acquired	33	**(13,844)**	–
Purchase of property, furniture and equipment		**(485,710)**	(136,048)
Purchase of intangible assets		**(3,641)**	(2,237)
Proceeds from disposal of property, furniture and equipment	30(b)	**34**	–
Capital injection in a jointly controlled entity		**(15,000)**	–
Capital reduction from a jointly controlled entity		**3,000**	–
Distribution of dividend from a jointly controlled entity		**5,000**	–
Interest received		**1,814**	1,274
Net cash used in investing activities		**(508,347)**	(137,011)
Cash flows from financing activities			
Proceeds from exercise of share options		**25,614**	–
Repayments of bank borrowings		**(428,170)**	(47,400)
Proceeds from bank borrowings		**695,191**	–
Dividends paid		**(88,182)**	–
Net cash generated from/(used in) financing activities		**204,453**	(47,400)
Net increase in cash and cash equivalents		**146,552**	181,614
Cash and cash equivalents, beginning of the year		**622,238**	441,264
Currency translation differences		**7,051**	(640)
Cash and cash equivalents, end of the year	30(c)	**775,841**	622,238

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 Dollar ("HK$"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors on 30 May 2011.

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.

(a) The following new standards, amendments and interpretations to existing standards are mandatory for the accounting periods beginning on or after 1 March 2010:

HKFRS 3 (Revised), 'Business Combinations'. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. When a business combination achieved in stages, the acquirer should remeasure its previously held interest in the acquiree at its fair value at the date of control is obtained, recognising a gain/loss in the income statement. All acquisition-related costs should be expensed. The Group has applied HKFRS 3 (Revised) from 1 March 2010.

HK Int-5, 'Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause'. The interpretation clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-Int 5 and there is no significant impact on the Group.

(b) The following new standards, amendments and interpretations to existing standards are mandatory for the annual period beginning on or after 1 March 2009, but are currently not relevant to the Group:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of right issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC)-Int 16	Hedges of a net investment in a foreign operation
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners
HK(IFRIC)-Int 18	Transfer of assets from customers

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

(c) The following new standards, amendments and interpretations to existing standards have been issued, but are not effective and have not been early adopted:

HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets (effective for annual period beginning on or after 1 January 2012)
HKAS 24 (Amendment)	Related Party Disclosures (effective for annual period beginning on or after 1 January 2011)
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure for First-Time Adopters (effective for annual period beginning on or after 1 July 2010)
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual period beginning on or after 1 July 2011)
HKFRS 7 (Amendment)	Disclosures – Transfer of Financial Assets (effective for annual period beginning on or after 1 July 2011)
HKFRS 9	Financial Instruments (effective for annual period beginning on or after 1 January 2013)
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective for annual period beginning on or after 1 January 2011)
HK(IFRIC)-Int 19	Extinguish Financial Liabilities with Equity Instruments (effective for annual period beginning on or after 1 July 2010)

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 2011. 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.

The Group will adopt the above new standards, amendments and interpretations when they become effective.

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 all entities (including special purpose 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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary 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 (Note 2.7). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 CONSOLIDATION (Continued)

(b) Jointly controlled entities

Jointly controlled entities are all 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 statement of comprehensive income, 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 statement of comprehensive income to ensure consistency with the policies adopted by the Group.

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

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

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 Dollar ("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 statement of comprehensive income.

(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 statement of comprehensive income 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 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 statement of comprehensive income 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 PROPERTY, FURNITURE AND EQUIPMENT

Property, 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 statement of comprehensive income during the period in which they are incurred.

Depreciation of property, 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:

Land and buildings	37 to 40 years
Leasehold improvements	3 to 5 years or over the unexpired period of the lease, whichever is shorter
Furniture and equipment	3 to 5 years
Motor vehicles and yacht	4 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (Note 2.7).

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

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 using the straight-line method to allocate the cost over their estimated useful lives.

(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 (3 to 10 years).

(d) Trademark

Acquired trademarks are shown at historical cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their average estimated useful lives (10 years).

(e) Other intangible assets

Other intangible assets are shown at historical cost. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (2 years).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 INTANGIBLE ASSETS (Continued)

(f) 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.

Impairment testing of the investments in subsidiaries or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or jointly controlled entities in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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 end of the reporting period 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. The Group's loans and receivables comprise "trade and other receivables", "cash and cash equivalents" and "amounts due from jointly controlled entities" in the balance sheet.

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 statement of comprehensive income.

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. 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 receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.14 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 statement of comprehensive income 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 end of the reporting period.

2.15 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred income tax. This is recognised in the consolidated statement of comprehensive income, 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.

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.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 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, Taiwan and Macau, the Group participates in defined contribution retirement benefit plans administrated by the relevant municipal and provincial governments in Mainland China, Taiwan and Macau respectively. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 EMPLOYEE BENEFITS (Continued)

(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 an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. 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:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period);and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, 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 to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2.17 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.

2.18 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) Interest income

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

2.19 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 statement of comprehensive income in the period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 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 statement of comprehensive income on a straight-line basis over the period of the lease.

2.21 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.

2.22 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, Macau Pataca, Pound Sterling, Euro, United States Dollar, New Taiwanese Dollar and Chinese Renminbi against Hong Kong Dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China, Taiwan and Japan.

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 2011, if Chinese Renminbi had strengthened/weakened by 5% against the United States Dollar with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$508,000 (2010: HK$46,000) lower/higher mainly as a result of foreign exchange losses/gains on translation of United States Dollar-denominated bank balances of certain subsidiaries which functional currency is Chinese Renminbi.

At 28 February 2011, if Hong Kong Dollar had strengthened/weakened by 5% against the Euro with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$3,092,000 higher/lower (2010: HK$1,634,000 lower/higher) mainly as a result of foreign exchange gains/losses on translation of Euro-denominated bank balances, trade payables and derivative financial instruments.

At 28 February 2011, if Hong Kong Dollar 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$5,049,000 (2010: HK$396,000) higher/lower mainly as a result of foreign exchange gains/losses on translation of Japanese Yen-denominated bank balances, trade payables and derivative financial instruments.

At 28 February 2011, foreign exchange risks on financial assets and liabilities denominated in Macau Pataca, New Taiwanese Dollar 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade 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 2011, 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.

Disclosure on credit risk for amount due from jointly controlled entities, trade and other receivables, and rental deposits is on Notes 18, 20 and 21 to the consolidated financial statements.

(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 into relevant maturity groupings based on the remaining period at the balance sheet date 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$'000	Over 5 years HK$'000	Total HK$'000
As at 28 February 2011					
Borrowings and interest payment	217,289	86,170	192,081	105,243	600,783
Trade and bill payables	360,545	–	–	–	360,545
Accruals and other payables	345,354	–	–	–	345,354
Due to jointly controlled entities	45,055	–	–	–	45,055
	968,243	86,170	192,081	105,243	1,351,737
As at 28 February 2010					
Borrowings and interest payment	48,225	35,349	–	–	83,574
Trade and bill payables	149,488	–	–	–	149,488
Accruals and other payables	174,075	–	–	–	174,075
Due to jointly controlled entities	22,699	–	–	–	22,699
	394,487	35,349	–	–	429,836

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000
As at 28 February 2011	
Derivative financial instruments:	
Outflow	–
Inflow	–
As at 28 February 2010	
Derivative financial instruments:	
Outflow	60,109
Inflow	59,108

All the Company's financial liabilities will mature within 1 year.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(d) Cash flow and fair value interest rate risk

Except for the short-term bank deposits as at 28 February 2011 of HK$12,277,000 (2010: HK$10,086,000), held at effective interest rate of 0.5% per annum (2010: 0.4% per annum), and the bank borrowings as at 28 February 2011 of HK$594,145,000 (2010: HK$82,600,000) held at effective interest rate of 1.4% (2010: 2%) 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 2011, 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$1,817,000 (2010: HK$5,396,000) 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.

The Company has no significant interest-bearing assets and liabilities. The Company'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.

3.2 FAIR VALUE ESTIMATION

The Group measures fair values using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

At 28 February 2011, the Group has no foreign exchange forward contracts (2010: HK$1,001,000), which were measured by level 2 of the fair value measurement hierarchy.

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade and other receivables, and current financial liabilities, including amount due to jointly controlled entities, trade and bill payables, other payables and short-term bank borrowings, approximate their fair values due to their short maturities.

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 current ratio as shown in and derived from the consolidated balance sheet. The table below analyses the Group's capital structure:

	2011	2010
Cash and cash equivalents (HK$'000)	**775,841**	622,238
Current ratio (Current assets divided by current liabilities)	**1.85**	3.00

The Group's strategy is to maintain the current ratio above 1.00 and sufficient cash and cash equivalents to support the operations and development of its business in the long term.

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) Fair values of acquired assets and assumed liabilities in an acquisition of a business

The initial accounting on the acquisition of a business involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

(b) Impairment of investments in jointly controlled entities, property, furniture and equipment and intangible assets

Investments in jointly controlled entities, property, furniture and equipment and intangible assets 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 statement of comprehensive income.

As at 28 February 2011, the carrying amounts of investments in jointly controlled entities, property, furniture and equipment and intangible assets disclosed in Notes 18, 15 and 16 to the consolidated financial statements respectively are subject to the impairment review.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. 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.

As at 28 February 2011, the carrying amount of goodwill disclosed in Note 16 to the consolidated financial statements is subject to the impairment review.

Management believes that the recoverable amounts of CGUs will exceed the carrying amounts of CGUs even if there is a 1% decrease in forecast growth rate or 1% increase in discount rate.

(d) 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.

As at 28 February 2011, the carrying amounts of merchandise stock for resale disclosed in Note 19 to the consolidated financial statements are subject to the review of net realisable value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Provision for impairment of deposits, other receivables and amounts due from jointly controlled entities

The Group's management determines the provision for impairment of deposits, other receivables and amounts due from jointly controlled entities based on the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the deposits and other receivables are impaired. Management reassesses the provision at each balance sheet date.

As at 28 February 2011, the carrying amounts of deposits, other receivables and amounts due from jointly controlled entities disclosed in Notes 21, 20 and 18 to the consolidated financial statements respectively are subject to the impairment review.

(f) 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.

(g) Deferred income tax

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.

(h) 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 statement of comprehensive income in the subsequent remaining vesting period of the relevant share options.

5 TURNOVER AND SEGMENT INFORMATION

(a) Analysis of revenue by category

	2011	2010
	HK$'000	HK$'000
Turnover		
– Sales of fashion wears and accessories	**3,834,422**	2,995,952

(b) Segment information

The chief operating decision maker has been identified as the board of directors that makes strategic decisions. The board of directors reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The board of directors considers the business from geographic perspective and assesses the performance of the geographical segment based on a measure of operating profit before impairment of goodwill and property, furniture and equipment, depreciation of property, furniture and equipment, amortisation and write-off of intangible assets ("EBITDA"). The information provided to the board of directors is measured in a manner consistent with that in the financial statements.

Segment assets exclude deferred income tax assets and investments in and amounts due from jointly controlled entities which are managed on a central basis.

5 TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the board of directors for the reportable segments for the year ended 28 February 2011 and 2010 is as follows:

	Hong Kong		Mainland China		Japan		Others		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**2,612,364**	2,127,385	**1,024,818**	763,610	**43,500**	–	**153,740**	104,957	**3,834,422**	2,995,952
EBITDA	**369,849**	334,413	**185,843**	82,081	**(4,090)**	–	**45,278**	28,435	**596,880**	444,929
Depreciation and amortisation	**(77,207)**	(71,163)	**(42,342)**	(48,354)	**(3,045)**	–	**(11,145)**	(7,647)	**(133,739)**	(127,164)
Impairment of property, furniture and equipment	**–**	(2,053)	**–**	(4,236)	**–**	–	**–**	–	**–**	(6,289)
Goodwill impairment	**–**	–	**–**	–	**–**	–	**–**	(4,217)	**–**	(4,217)
Share of profit/(loss) from jointly controlled entities	**7,915**	5,721	**7,160**	(967)	**–**	–	**848**	678	**15,923**	5,432
Finance income	**2,449**	2,807	**2,532**	2,343	**20**	–	**99**	100	**5,100**	5,250
Finance cost	**(2,379)**	(2,531)	**(101)**	(36)	**(420)**	–	**–**	–	**(2,900)**	(2,567)
Profit/(loss) before income tax	**300,627**	267,194	**153,092**	30,831	**(7,535)**	–	**35,080**	17,349	**481,264**	315,374
Income tax (expense)/credit	**(51,812)**	(45,650)	**(39,613)**	(4,388)	**2,934**	–	**(4,627)**	(2,648)	**(93,118)**	(52,686)
Total segment assets	**1,690,248**	1,031,497	**923,986**	749,840	**413,522**	–	**120,689**	93,177	**3,148,445**	1,874,514

Reportable segments' assets are reconciled to total assets as follows:

	2011	2010
	HK$'000	HK$'000
Segment assets for reportable segments	**3,027,756**	1,781,337
Other segments assets	**120,689**	93,177
	3,148,445	1,874,514
Unallocated:		
Deferred income tax assets	**51,389**	31,282
Investments in and amounts due from jointly controlled entities	**85,725**	66,383
	3,285,559	1,972,179

6 OTHER (LOSS)/GAIN

	2011	2010
	HK$'000	HK$'000
Fair value (loss)/gain from derivative financial instruments – forward foreign exchange contracts	**(7,544)**	3,791

7 EXPENSES BY NATURE

	2011 HK$'000	2010 HK$'000
Cost of inventories sold	**1,374,991**	1,147,839
Write-downs of inventories to net realisable value	**15,944**	15,206
Employment costs (including directors' emoluments) (Note 8)	**657,633**	502,053
Operating lease rentals of premises		
– minimum lease payments	**645,763**	502,814
– contingent rents	**122,206**	98,523
Advertising and promotion costs	**67,558**	34,208
Depreciation of property, furniture and equipment	**127,387**	122,341
Impairment of property, furniture and equipment	**–**	6,289
Loss on disposals of property, furniture and equipment	**1,870**	1,988
Licence fees (included in operating expenses)		
– amortisation of licence rights	**4,213**	3,095
– contingent licence fees	**7,026**	5,107
Amortisation of intangible assets (excluding licence fees)	**2,139**	1,728
Provision for impairment of other receivables	**–**	73
Provision for impairment of amount due from a jointly controlled entity	**322**	1,206
Auditor's remuneration	**5,109**	2,450
Net exchange gains	**(13,930)**	(3,953)
Other expenses	**345,506**	260,500
Total	**3,363,737**	2,701,467
Representing:		
Cost of sales	**1,405,482**	1,176,707
Operating expenses	**1,958,255**	1,524,760
	3,363,737	2,701,467

8 EMPLOYMENT COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2011 HK$'000	2010 HK$'000
Salaries, commission and allowances	**546,220**	421,828
Bonus	**55,000**	39,516
Pension costs – employer's contributions to defined contribution plans and provision for long service payment	**40,199**	32,347
Share options granted	**15,050**	7,403
Welfare and other benefits	**1,164**	959
	657,633	502,053

(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, Taiwan and Macau, the Group contributes to state-sponsored retirement plans for employees of its subsidiaries established in Mainland China, Taiwan and Macau. For Mainland China, the employees contribute up to 8% of their basic salaries, while the Group contributes approximately 17% to 22% of such salaries. For Taiwan, employees are not liable to make contribution to the plan, while the Group contributes up to 6% of the employees' salary. For Macau, the employees contribute up to HK$15 per month, while the Group contributes up to HK$30 per month to the plan, and the actual payment of which depends on the number of days that the employees work in the Group. The Group 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 2011, the amount of the Group's employer contributions to defined contribution plans is approximately HK$39,861,000 (2010: HK$32,089,000).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 28 February 2011 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	–	5,640	20,000	5,112	12	30,764
Mr Sham Kin Wai	–	4,235	14,500	4,572	12	23,319
Independent non-executive directors						
Mr Wong Wai Ming	208	–	–	–	–	208
Mr Francis Goutenmacher	208	–	–	–	–	208
Dr Wong Tin Yau, Kelvin	208	–	–	–	–	208
	624	9,875	34,500	9,684	24	54,707

The remuneration of each director of the Company for the year ended 28 February 2010 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	–	4,800	13,000	2,824	12	20,636
Mr Sham Kin Wai	–	3,650	11,000	2,284	12	16,946
Dr Lo Wing Yan, William (ii)	–	1,452	–	–	4	1,456
Independent non-executive directors						
Mr Wong Wai Ming	180	–	–	–	–	180
Mr Francis Goutenmacher	180	–	–	–	–	180
Dr Wong Tin Yau, Kelvin	180	–	–	–	–	180
	540	9,902	24,000	5,108	28	39,578

Notes:

(i) Other benefits include housing allowance and the amortisation to the statement of comprehensive income 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) Dr Lo Wing Yan, William resigned as executive director on 12 June 2009.

No directors waived any emoluments during the year ended 28 February 2011 (2010: 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 two (2010: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) individuals are as follows:

	2011 HK$'000	2010 HK$'000
Salaries	**5,735**	5,555
Bonus	**6,510**	6,700
Other benefits (i)	**9,613**	4,439
Employer's contributions to pension scheme	**266**	217
	22,124	16,911

Note:

(i) Other benefits include housing allowance and the amortisation to the statement of comprehensive income 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 three (2010: three) individuals fell within the following bands:

	2011	2010
HK$1,500,001 – HK$2,000,000	**–**	1
HK$4,000,001 – HK$4,500,000	**1**	–
HK$6,500,001 – HK$7,000,000	**–**	1
HK$8,000,001 – HK$8,500,000	**1**	–
HK$8,500,001 – HK$9,000,000	**–**	1
HK$9,500,001 – HK$10,000,000	**1**	–
	3	3

(c) During the year ended 28 February 2011, 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 (2010: Nil).

10 FINANCE INCOME AND COSTS

	2011 HK$'000	2010 HK$'000
Interest income from		
– bank deposits	**1,814**	1,274
– amounts due from jointly controlled entities (i)	**610**	569
– others (i)	**2,676**	3,407
Finance income	**5,100**	5,250
Interest expense on bank borrowings		
– wholly repayable within five years	**(2,351)**	(2,567)
– not wholly repayable within five years	**(549)**	–
Finance costs	**(2,900)**	(2,567)
Net finance income	**2,200**	2,683

Note:

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

11 INCOME TAX EXPENSE

The Company is exempted from income taxes in Bermuda until March 2016. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Act 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% (2010: 16.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

According to the Corporate Income Tax Law of the People's Republic of China (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 Detailed Implementation Regulations ("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 22% to 25% (2010: ranging from 20% to 25%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 17% (2010: 20%) on the estimated assessable profits of the Group's operations in Taiwan.

Macau Complementary (Corporate) Tax has been provided at the applicable rates ranging from 9% to 12% (2010: 9% to 12%) 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).

Japan Corporate Income Tax has been provided at the applicable rate of 42% on the estimated assessable profits of the Group's operations in Japan.

The amounts of income tax charged to the consolidated statement of comprehensive income represent:

	2011 **HK$'000**	2010 HK$'000
Current income tax		
– Hong Kong profits tax	**46,570**	41,424
– Mainland China enterprise income tax	**32,929**	7,916
– Overseas income tax	**3,620**	1,600
– Under-provision in prior year	**510**	78
	83,629	51,018
Deferred income tax (Note 27)	**9,489**	1,668
	93,118	52,686

11 INCOME TAX EXPENSE (Continued)

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:

	2011 **HK$'000**	2010 HK$'000
Profit before income tax	**481,264**	315,374
Adjustment: share of profit of jointly controlled entities, net of tax	**(15,923)**	(5,432)
Adjusted profit before income tax	**465,341**	309,942
Tax calculated at applicable tax rates	**88,443**	51,600
Income not subject to tax	**(1,296)**	(1,158)
Expenses not deductible for tax purposes	**4,480**	3,486
Effect on change of overseas income tax rate	**292**	603
Withholding tax on dividend distributable from subsidiaries in the Mainland China	**5,152**	–
Tax loss not recognised	**208**	1,701
Utilisation of previously unrecognised tax losses	**(4,671)**	(3,624)
Under-provision in prior year	**510**	78
Income tax expense	**93,118**	52,686

The weighted average applicable tax rate was 19.0% (2010: 16.6%). The increase is mainly caused by a change of the distribution of profits of the Group's entities operating in different locations.

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$209,656,000 (2010: HK$244,492,000).

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.

	2011	2010
Profit attributable to equity holders of the Company (HK$'000)	**387,948**	262,688
Weighted average number of ordinary shares in issue ('000)	**1,176,027**	1,155,037
Basic earnings per share (HK$)	**0.33**	0.23

13 EARNINGS PER SHARE (Continued)

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.

	2011	2010
Profit attributable to equity holders of the Company (HK$'000)	**387,948**	262,688
Weighted average number of ordinary shares in issue ('000)	**1,176,027**	1,155,037
Adjustments for share options ('000)	**52,604**	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,228,631**	1,155,037
Diluted earnings per share (HK$)	**0.32**	0.23

There was no dilutive effect for the year ended 28 February 2010 since all the share options were anti-dilutive.

14 DIVIDENDS

	2011 **HK$'000**	2010 HK$'000
Interim dividend, paid, of HK4.2 cents (2010: Nil) per ordinary share, with options of scrip share	**50,223**	–
Final dividend, proposed, HK10.4 cents (2010: HK10.5 cents with options of scrip share) per ordinary share	**124,514**	121,279
	174,737	121,279

A final dividend relating to the year ended 28 February 2010 amounted to HK$121,369,000, of which HK$40,551,000 was paid in August 2010 and 769,699,469 out of the total shares of 1,155,897,473 elected to receive scrip shares in lieu of cash dividends of HK$80,818,000.

An interim dividend relating to the six months ended 31 August 2010 amounted to HK$50,223,000, of which HK$47,631,000 was paid in December 2010 and 61,713,317 out of the total shares of 1,195,795,179 elected to receive scrip shares in lieu of cash dividends of HK$2,592,000.

The board of directors proposed a final dividend of HK$0.104 per ordinary share for the year ended 28 February 2011 on 30 May 2011 (2010: HK$0.105 per ordinary share). This proposed final dividend is not reflected as a dividend payable as of 28 February 2011, but will be recorded as a distribution of retained earnings for the year ending 29 February 2012.

15 PROPERTY, FURNITURE AND EQUIPMENT – CONSOLIDATED

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles and yacht HK$'000	Total HK$'000
At 1 March 2009					
Cost	–	427,797	70,254	3,035	501,086
Accumulated depreciation and impairment	–	(230,371)	(41,185)	(406)	(271,962)
Net book amount	–	197,426	29,069	2,629	229,124
Year ended 28 February 2010					
Opening net book amount	–	197,426	29,069	2,629	229,124
Additions	–	89,204	11,744	35,100	136,048
Disposals	–	(1,947)	(41)	–	(1,988)
Depreciation	–	(107,374)	(12,696)	(2,271)	(122,341)
Impairment	–	(6,289)	–	–	(6,289)
Exchange differences	–	(1,075)	(72)	(12)	(1,159)
Closing net book amount	–	169,945	28,004	35,446	233,395
At 28 February 2010					
Cost	–	485,857	80,344	38,120	604,321
Accumulated depreciation and impairment	–	(315,912)	(52,340)	(2,674)	(370,926)
Net book amount	–	169,945	28,004	35,446	233,395
Year ended 28 February 2011					
Opening net book amount	–	169,945	28,004	35,446	233,395
Additions	237,693	209,385	34,564	4,068	485,710
Acquisition of a business (Note 33)	43,971	71,447	6,466	11,174	133,058
Disposals	–	(1,372)	(532)	–	(1,904)
Depreciation	(2,206)	(107,653)	(12,283)	(5,245)	(127,387)
Exchange differences	–	3,299	769	82	4,150
Closing net book amount	279,458	345,051	56,988	45,525	727,022
At 28 February 2011					
Cost	281,664	741,854	121,194	53,516	1,198,228
Accumulated depreciation and impairment	(2,206)	(396,803)	(64,206)	(7,991)	(471,206)
Net book amount	279,458	345,051	56,988	45,525	727,022

Depreciation and impairment expenses have been included in operating expenses.

As at 28 February 2011, bank borrowings are secured on land and buildings and motor vehicles for values of HK$279,458,000 and HK$12,796,000 respectively.

Land comprises freehold land in Japan and leasehold land held on medium-term in Hong Kong.

16 INTANGIBLE ASSETS – CONSOLIDATED

	Goodwill	Licence rights	Franchise contracts and distribution agreements	Trademark	Other intangible assets	Club debentures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 March 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
Year ended 28 February 2010							
Opening net book amount	242,265	4,130	14,747	461	–	6,030	267,633
Additions	–	2,169	–	–	–	68	2,237
Amortisation	–	(3,095)	(1,675)	(53)	–	–	(4,823)
Impairment	(4,217)	–	–	–	–	–	(4,217)
Exchange differences	(941)	–	(66)	–	–	–	(1,007)
Closing net book amount	237,107	3,204	13,006	408	–	6,098	259,823
At 28 February 2010							
Cost	302,578	6,045	16,753	532	–	6,098	332,006
Accumulated amortisation and impairment	(65,471)	(2,841)	(3,747)	(124)	–	–	(72,183)
Net book amount	237,107	3,204	13,006	408	–	6,098	259,823
Year ended 28 February 2011							
Opening net book amount	237,107	3,204	13,006	408	–	6,098	259,823
Additions	–	3,641	–	–	–	–	3,641
Amortisation	–	(4,213)	(1,792)	(145)	(202)	–	(6,352)
Acquisition of a business (Note 33)	58,469	207	2,954	34,994	4,860	–	101,484
Exchange differences	11,540	–	586	–	–	–	12,126
Closing net book amount	307,116	2,839	14,754	35,257	4,658	6,098	370,722
At 28 February 2011							
Cost	374,821	9,623	20,522	35,526	4,860	6,098	451,450
Accumulated amortisation and impairment	(67,705)	(6,784)	(5,768)	(269)	(202)	–	(80,728)
Net book amount	307,116	2,839	14,754	35,257	4,658	6,098	370,722

Amortisation expense has been included in operating expenses.

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 majority of the goodwill is allocated to the in-house brands operated by the Group.

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 Japan in which the CGUs operate.

16 INTANGIBLE ASSETS – CONSOLIDATED (Continued)

Key assumptions used for fair value less costs to sell estimations

	2011	2010
Long-term growth rate	**1% to 8%**	2% to 5%
Gross margin	**55% to 78%**	42% to 78%
Discount rate	**13% to 14%**	14% to 16%

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.

17 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	2011 HK$'000	2010 HK$'000
Unlisted investments, at cost	**200,098**	185,048
Amounts due from subsidiaries	**1,238,817**	1,092,450
	1,438,915	1,277,498

(a) Details of the principal subsidiaries as at 28 February 2011:

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
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 Distribution Limited	Hong Kong	HK$2	100%	Trading of fashion wear and accessories
I.T (Macau) Limited	Macau	MOP9,270,000	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 2011: (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
I.T Nowhere Holdings (HK) Limited	Hong Kong	HK$1	100%	Investment holding
I.T Taiwan Limited	Hong Kong and Taiwan	HK$1	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$8,500,000	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
Nowhere Co., Ltd.	Japan	JPY77,000,000	90.27%	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
Top Honour Corporation Limited	Hong Kong	HK$4,000,000	100%	Retail of fashion wears and accessories
USApe LLC	Delaware, U.S.A	USD750,000	90.27%	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 2011: (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 quasi-equity funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries.

Amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed term of repayment.

18 INVESTMENTS IN AND BALANCES WITH JOINTLY CONTROLLED ENTITIES – CONSOLIDATED

	2011 HK$'000	2010 HK$'000
Share of net assets	54,138	29,863
Amounts due from jointly controlled entities	34,468	39,079
Less: provision for impairment of amount due from a jointly controlled entity	(2,881)	(2,559)
	31,587	36,520
	85,725	66,383
Less: current portion of amounts due from jointly controlled entities	(21,995)	(27,045)
	63,730	39,338
Amounts due to jointly controlled entities	(45,055)	(22,699)

(a) Share of net assets of jointly controlled entities

	2011 HK$'000	2010 HK$'000
Beginning of the year	29,863	24,385
Share of results of jointly controlled entities		
– profit before income tax	20,076	6,471
– income tax expense	(4,153)	(1,039)
– currency translation differences	1,352	46
Capital injection in a jointly controlled entity	15,000	–
Capital distribution	(3,000)	–
Distribution of dividend	(5,000)	–
End of the year	54,138	29,863

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

	2011 HK$'000	2010 HK$'000
Revenues	89,982	78,749
Profit	15,923	5,432
Non-current assets	14,243	13,491
Current assets	70,002	52,201
Non-current liabilities	(7,322)	(14,060)
Current liabilities	(22,785)	(21,769)
Commitments	–	–

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

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

The Group has not recognised losses for the year ended 28 February 2011 amounting to approximately HK$322,000 (2010: HK$1,206,000). The accumulated losses not recognised as at 28 February 2011 were approximately HK$2,881,000 (2010: HK$2,559,000).

Details of the principal jointly controlled entities as at 28 February 2011:

Name	Place of incorporation/ establishment and operations	Issued and fully paid capital	Percentage of equity interest attributable to the Group indirectly	Principal activities
FCUK IT Company	Hong Kong	HK$2	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
Kenchart Apparels (Shanghai) Limited (i)	Mainland China	HK$28,827,070	50%	Retail of fashion wears and accessories
FCIT (Macau), Limited	Macau	HK$1,679,492	50%	Retail of fashion wears and accessories
Galeries Lafayette (China) Limited	Hong Kong	HK$30,000,000	50%	Investment holding

Note

(i) Kenchart Apparels (Shanghai) Limited is a jointly controlled entity, which is a wholly owned foreign enterprise of FCIT China Limited, established in Shanghai, Mainland China to be operated for 30 years up to 2035.

(b) Balances with jointly controlled entities

Name	2011 HK$'000	2010 HK$'000
Due from jointly controlled entities		
ZIT H.K. Limited (i), (iii)	**4,008**	4,004
FCIT China Limited (ii)	**26,736**	31,150
Glory Premium Limited (iii)	**162**	1,366
FCUK IT Company (iii)	**681**	–
	31,587	36,520
Due to jointly controlled entities		
Kenchart Apparels (Shanghai) Limited (iii)	**(41,479)**	(18,972)
FCUK IT Company (iii)	**(3,576)**	(3,727)
	(45,055)	(22,699)

Notes:

(i) As at 28 February 2011, the amount due from ZIT H.K. Limited of approximately HK$3,921,000 (2010: HK$3,930,000) is unsecured, bears interest at 5% per annum and fully repayable at the termination of the joint venture.

(ii) As at 28 February 2011, the amount due from FCIT China Limited of approximately HK$5,671,000 (2010: HK$5,545,000) is unsecured, non-interest bearing and fully repayable in 2016. This amount is carried at amortised costs using the effective interest rate of 5% (2010: 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.

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

(b) Balances with jointly controlled entities (Continued)

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

	Carrying amounts		Fair values	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Due from jointly controlled entities	**31,587**	36,520	**33,495**	38,587

The fair values of amounts due from jointly controlled entities are based on cash flows discounted using the rate of 0.9% (2010: 0.7%) per annum.

The carrying amounts of amounts due to jointly controlled entities approximate their fair values.

The credit quality of the amounts due from jointly controlled entities has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

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

	2011	2010
	HK$'000	HK$'000
Hong Kong Dollar	**–**	29,504
Pound Sterling	**5,460**	5,460
Euro	**997**	997
United States Dollar	**25,130**	300
Others	**–**	259
	31,587	36,520

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

	2011	2010
	HK$'000	HK$'000
Hong Kong Dollar	**3,576**	2,883
Chinese Renminbi	**41,479**	18,972
Macau Pataca	**–**	844
	45,055	22,699

(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

	2011	2010
	HK$'000	HK$'000
Merchandise stock for resale	**707,079**	379,263
Consumables	**29,638**	15,257
	736,717	394,520

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$1,374,991,000 (2010: HK$1,147,839,000).

20 TRADE AND OTHER RECEIVABLES – CONSOLIDATED

	2011 HK$'000	2010 HK$'000
Trade receivables	**121,364**	77,611
Other receivables	**7**	42,469
Trade and other receivables	**121,371**	120,080

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

	2011 HK$'000	2010 HK$'000
Beginning of the year	**–**	361
Written off against trade receivables	**–**	(360)
Exchange differences	**–**	(1)
End of the year	**–**	–

As at 28 February 2011 and 2010, none of trade receivables were impaired.

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

	2011 HK$'000	2010 HK$'000
0 to 30 days	**3,600**	198
31 to 60 days	**32**	366
61 to 90 days	**–**	1
Over 90 days	**333**	46
	3,965	611

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

	2011 HK$'000	2010 HK$'000
Beginning of the year	**–**	19,114
Provision for impairment of other receivables	**–**	73
Written off against other receivables	**–**	(19,100)
Exchange differences	**–**	(87)
End of the year	**–**	–

As at 28 February 2011 and 2010, none of other receivables were impaired.

There were no other receivables past due but not impaired as at 28 February 2011 and 2010.

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

	2011 HK$'000	2010 HK$'000
Chinese Renminbi	**66,735**	91,946
Hong Kong Dollar	**19,619**	22,201
Japanese Yen	**27,594**	–
Others	**7,423**	5,933
	121,371	120,080

20 TRADE AND OTHER RECEIVABLES – CONSOLIDATED (Continued)

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.

As at 28 February 2011 and 2010, the maximum exposure to credit risk is the carrying values of trade and other receivables. The Group does not hold any collateral.

The ageing analysis of trade receivables is as follows:

	2011	2010
	HK$'000	HK$'000
0 to 30 days	**116,963**	74,769
31 to 60 days	**3,538**	2,758
61 to 90 days	**467**	38
Over 90 days	**396**	46
	121,364	77,611

21 PREPAYMENTS AND OTHER DEPOSITS

	Consolidated		**Company**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Rental deposits	**282,024**	173,034	**–**	–
Prepayments	**86,431**	58,383	**143**	–
Utility and other deposits	**48,317**	13,041	**–**	–
	416,772	244,458	**143**	–
Less non-current portion:				
Rental deposits	**(199,414)**	(121,711)	**–**	–
	217,358	122,747	**143**	–

Rental deposits are carried at amortised costs using the effective interest rates ranging from 0.2% to 5% (2010: ranging from 0.2% to 5%) per annum determined at the inception date.

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

	Consolidated			
	Carrying amounts		**Fair values**	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Rental deposits	**282,024**	173,034	**280,606**	174,814

The fair values of rental deposits are based on cash flows discounted using the rate of 0.9% (2010: 0.7%) 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.

As at 28 February 2011 and 2010, the maximum exposure to credit risk is the carrying values of rental deposits. The Group does not hold any collateral against the rental deposits.

22 CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**763,564**	612,152	**1,955**	1,362
Short-term bank deposits	**12,277**	10,086	**–**	–
	775,841	622,238	**1,955**	1,362

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

As at 28 February 2011 and 2010, the maximum exposure to credit risk approximates the carrying amounts of the cash at bank and short-term bank deposits.

The carrying amounts of the cash at bank and short-term bank deposits approximate their fair values.

Cash and cash equivalents are denominated in the following currencies:

	Consolidated		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong Dollar	**543,378**	398,659	**1,955**	1,362
Euro	**15,205**	37,034	**–**	–
Japanese Yen	**22,997**	1,073	**–**	–
United States Dollar	**8,956**	4,916	**–**	–
Pound Sterling	**242**	2,468	**–**	–
Chinese Renminbi	**162,054**	158,949	**–**	–
Others	**23,009**	19,139	**–**	–
	775,841	622,238	**1,955**	1,362

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 Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

23 BORROWINGS – CONSOLIDATED

	2011	2010
	HK$'000	HK$'000
Non-current bank borrowings	**379,234**	35,200
Current bank borrowings	**214,911**	47,400
	594,145	82,600

The maturity of bank borrowings is as follows:

	2011	2010
	HK$'000	HK$'000
Within 1 year	**214,911**	47,400
Between 1 and 2 years	**84,857**	35,200
Between 2 and 5 years	**190,027**	–
Wholly repayable within 5 years	**489,795**	82,600
Over 5 years	**104,350**	–
	594,145	82,600

23 BORROWINGS – CONSOLIDATED (Continued)

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The effective interest rates of the borrowings was 1.4% (2010: 2%)

The carrying amounts of bank borrowings approximate their fair values.

The Group's borrowings are denominated in the following currencies:

	2011	2010
	HK$'000	HK$'000
Hong Kong Dollar	**392,550**	82,600
Japanese Yen	**167,113**	–
Euro	**34,482**	–
	594,145	82,600

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:

	2011	2010
	HK$'000	HK$'000
0 to 30 days	**240,347**	112,683
31 to 60 days	**71,184**	18,766
61 to 90 days	**22,039**	7,292
91 to 180 days	**20,416**	6,499
181 to 365 days	**4,218**	3,771
Over 365 days	**2,341**	477
	360,545	149,488

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

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

	2011	2010
	HK$'000	HK$'000
Hong Kong Dollar	**61,575**	60,792
Euro	**49,233**	32,993
Japanese Yen	**180,148**	28,821
United States Dollar	**6,699**	2,887
Pound Sterling	**3,364**	2,960
Chinese Renminbi	**59,526**	21,035
	360,545	149,488

25 ACCRUALS AND OTHER PAYABLES

	Consolidated 2011 HK$'000	Consolidated 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Unutilised coupon	**436**	763	**–**	–
Accruals				
– Rented premises	**130,309**	86,729	**–**	–
– Employment costs	**87,691**	58,700	**–**	–
– Others	**55,555**	16,454	**39**	24
Other payables	**97,468**	41,629	**–**	–
	371,459	204,275	**39**	24
Less non-current portion:				
Rented premises	**(21,935)**	(26,030)	**–**	–
	349,524	178,245	**39**	24

Other payables are denominated in the following currencies:

	Consolidated 2011 HK$'000	Consolidated 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Hong Kong Dollar	**27,848**	9,162	**–**	–
Chinese Renminbi	**54,389**	31,046	**–**	–
Japanese Yen	**13,849**	537	**–**	–
Others	**1,382**	884	**–**	–
	97,468	41,629	**–**	–

The carrying amounts of other payables approximate their fair values.

26 DERIVATIVE FINANCIAL INSTRUMENTS – CONSOLIDATED

	2011 Assets HK$'000	2011 Liabilities HK$'000	2010 Assets HK$'000	2010 Liabilities HK$'000
Foreign exchange forward contracts, at market value	**–**	**–**	–	1,001

Derivative financial instruments represent forward foreign exchange contracts designated as derivative at fair value through profit or loss. As at 28 February 2010, the notional amounts of the outstanding forward foreign exchange contracts to buy Pound Sterling, Japanese Yen and Euro for economic hedging against foreign exchange risk exposures relating to firm purchase orders of fashion wears and accessories and certain outstanding payables denominated in those currencies, were HK$60,109,000.

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:

	2011 HK$'000	2010 HK$'000
Deferred income tax assets	**51,389**	31,282
Deferred income tax liabilities	**(28,683)**	(4,582)
	22,706	26,700

Management expects the deferred income tax will be recovered after 12 months of the balance sheet date.

27 DEFERRED INCOME TAX – CONSOLIDATED (Continued)

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

	2011 HK$'000	2010 HK$'000
Beginning of the year	**26,700**	28,266
Acquisition of a business (Note 33)	**4,474**	–
Recognised in the consolidated statement of comprehensive income (Note 11)	**(9,489)**	(1,668)
Exchange differences	**1,021**	102
End of the year	**22,706**	26,700

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	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Beginning of the year	**13,657**	9,935	**12,305**	9,785	**5,320**	13,258	**31,282**	32,978
Acquisition of a business (Note 33)	**–**	–	**–**	–	**23,750**	–	**23,750**	–
Recognised in the consolidated statement of comprehensive income	**(2,161)**	3,727	**(70)**	2,545	**(2,576)**	(8,070)	**(4,807)**	(1,798)
Exchange differences	**1,274**	(5)	**368**	(25)	**(478)**	132	**1,164**	102
End of the year	**12,770**	13,657	**12,603**	12,305	**26,016**	5,320	**51,389**	31,282

Deferred tax liabilities

	Withholding tax		Accelerated tax depreciation		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Beginning of the year	**–**	–	**(4,582)**	(4,712)	**(4,582)**	(4,712)
Acquisition of a business (Note 33)	**–**	–	**(19,276)**	–	**(19,276)**	–
Recognised in the consolidated statement of comprehensive income	**(5,150)**	–	**468**	130	**(4,682)**	130
Exchange differences	**(143)**	–	**–**	–	**(143)**	–
End of the year	**(5,293)**	–	**(23,390)**	(4,582)	**(28,683)**	(4,582)

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 2011, the Group has unrecognised tax losses of HK$164,048,000 (2010: HK$31,994,000).

27 DEFERRED INCOME TAX – CONSOLIDATED (Continued)

The unrecognised tax losses will expire in the following years:

	2011 **HK$'000**	2010 HK$'000
2012	**–**	226
2013	**–**	5,371
2014	**136**	5,455
2015	**150**	6,195
2017	**11,156**	9,449
2018	**151,818**	3,066
With no expiry date	**788**	2,232
	164,048	31,994

As at 28 February 2011, deferred income tax liabilities of HK$5,152,000 have been established for the withholding tax that would be payable on the undistributed earnings of certain subsidiaries in certain tax jurisdictions totalling HK$103,033,000. No deferred tax liability was recognised as at 28 February 2010.

28 SHARE CAPITAL

Movements were:

	Number of ordinary shares '000	**Nominal value** HK$'000
Authorised:		
At 1 March 2009, 28 February 2010 and 28 February 2011		
Ordinary shares of HK$0.1 each	**3,000,000**	**300,000**
Issued and fully paid:		
At 1 March 2009 and 28 February 2010	**1,155,037**	**115,504**
Issue of scrip shares (Note 14)	**30,714**	**3,071**
Issue of shares under share option schemes (i)	**11,498**	**1,150**
At 28 February 2011	**1,197,249**	**119,725**

Note:

(i) During the year ended 28 February 2011, 6,366,000 and 5,132,000 share options were exercised at the exercise prices of HK$2.25 and HK$2.20 per share respectively.

Share options

The Company currently has two share option schemes, namely the First Share Option Scheme and the New Share Option Scheme, detailed as hereinafter. Under both share option schemes, options may be granted to eligible participants (including directors and employees) as defined in the respective 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.

In February 2005, the Company has adopted a share option scheme (the "First Share Option Scheme"), which ought to remain in force for 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"), which will remain in force for 10 years up to June 2018, 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.

28 SHARE CAPITAL (Continued)

Share options (Continued)

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 and the New 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	**14 April 2008**	**14 April 2008**	**28 December 2009**	**12 February 2010**
Number of share options granted	20,000,000	34,300,000	33,000,000	22,000,000
Exercise price per share (HK$)	2.47	2.25	1.26	1.46
Exercise period	14 April 2008 to 13 April 2013[1]	14 April 2008 to 13 April 2013[2]	28 December 2011 to 27 December 2019	12 February 2012 to 11 February 2020
Fair value at grant date (HK$)	11,406,000	17,326,000	14,634,390	14,220,491

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	**14 April 2008**	**14 April 2008**	**28 December 2009**	**12 February 2010**
Share price at the grant date	HK$2.24	HK$2.24	HK$1.25	HK$1.45
Exercise price per share	HK$2.47	HK$2.25	HK$1.26	HK$1.46
Expected volatility (Note)	43.00%	43.00%	56.80%	57.00%
Expected life of options	3.0 years	1.0 year	3.1 years	6.3 years
Expected dividend yield	4.00%	4.00%	4.00%	4.00%
Annual risk free rate	1.99%	1.99%	2.59%	2.87%

Note:

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of weekly share prices over three years preceding the grant date.

28 SHARE CAPITAL (Continued)

Share options (Continued)

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

	2011 Exercise price per share HK$	**2011** Options '000	2010 Exercise price per share HK$	2010 Options '000
Beginning of the year	**1.82**	**104,400**	2.21	63,800
Granted	**–**	**–**	1.34	55,000
Exercised	**2.23**	**(11,498)**	–	–
Forfeited	**2.25**	**(600)**	1.75	(14,400)
Adjustment due to issue of scrip shares	**1.74**	**2,376**	–	–
End of the year	**1.72**	**94,678**	1.82	104,400

Options exercised during the year ended 28 February 2011 resulted in 11,498,000 shares being issued at a weighted average exercise price of HK$2.23 each. The related weighted average share price at the time of exercise was HK$3.84 per share.

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

Expiry date	**Exercise price per share after issue of scrip share** HK$	**Exercise price per share before issue of scrip share** HK$	**Share options 2011 '000**	2010 '000
13 April 2011	2.32	2.37	**12,314**	16,960
13 April 2012	2.31	2.37	**12,676**	16,220
13 April 2013	2.31	2.36	**13,346**	16,220
27 December 2019	1.23	1.26	**33,805**	33,000
11 February 2020	1.43	1.46	**22,537**	22,000
			94,678	104,400

29 RESERVES

(a) Consolidated

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Statutory reserve (i) HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2010	700,699	26,742	32,337	41,645	–	560,796	1,362,219
Profit for the year	–	–	–	–	–	387,948	387,948
Transfer to statutory reserve	–	–	–	–	15,128	(15,128)	–
Share option scheme							
– value of employment services	–	15,050	–	–	–	–	15,050
Forfeiture of share options	–	(292)	–	–	–	292	–
Final dividend for the year ended 28 February 2010	–	–	–	–	–	(121,369)	(121,369)
Interim dividend for the year ended 28 February 2011	–	–	–	–	–	(50,223)	(50,223)
Issue of scrip shares	80,339	–	–	–	–	–	80,339
Exercise of share options	29,909	(5,445)	–	–	–	–	24,464
Currency translation differences							
– Group	–	–	–	27,456	–	–	27,456
– Jointly controlled entities	–	–	–	1,352	–	–	1,352
Balance at 28 February 2011	810,947	36,055	32,337	70,453	15,128	762,316	1,727,236
Analysed by –							
Company and subsidiaries	810,947	36,055	32,337	67,044	15,128	735,078	1,696,589
Jointly controlled entities	–	–	–	3,409	–	27,238	30,647
Balance at 28 February 2011	810,947	36,055	32,337	70,453	15,128	762,316	1,727,236
Representing –							
2011 Final dividend proposed						124,514	
Others						637,802	
						762,316	
Balance at 1 March 2009	700,699	24,618	32,337	45,722	–	292,829	1,096,205
Profit for the year	–	–	–	–	–	262,688	262,688
Share option scheme							
– value of employment services	–	7,403	–	–	–	–	7,403
Forfeiture of share options	–	(5,279)	–	–	–	5,279	–
Currency translation differences							
– Group	–	–	–	(4,123)	–	–	(4,123)
– Jointly controlled entities	–	–	–	46	–	–	46
Balance at 28 February 2010	700,699	26,742	32,337	41,645	–	560,796	1,362,219
Analysed by –							
Company and subsidiaries	700,699	26,742	32,337	39,588	–	544,481	1,343,847
Jointly controlled entities	–	–	–	2,057	–	16,315	18,372
Balance at 28 February 2010	700,699	26,742	32,337	41,645	–	560,796	1,362,219
Representing –							
2010 Final dividend proposed						121,279	
Others						439,517	
						560,796	

Note:

(i) These funds are set up by way of appropriation from the profit after taxation of the respective companies established and operating in the PRC, in accordance with the relevant laws and regulations.

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 2010	700,699	26,742	136,680	299,211	1,163,332
Profit for the year	–	–	–	209,656	209,656
Share option scheme					
– value of employment services	–	15,050	–	–	15,050
Final dividend for the year ended 28 February 2010	–	–	–	(121,369)	(121,369)
Interim dividend for the year ended 28 February 2011	–	–	–	(50,223)	(50,223)
Issue of scrip shares	80,339	–	–	–	80,339
Exercise of share options	29,909	(5,445)	–	–	24,464
Forfeiture of share options	–	(292)	–	292	–
Balance at 28 February 2011	810,947	36,055	136,680	337,567	1,321,249
Representing –					
2011 Final dividend proposed				124,514	
Others				213,053	
				337,567	
Balance at 1 March 2009	700,699	24,618	136,680	49,440	911,437
Profit for the year	–	–	–	244,492	244,492
Share option scheme					
– value of employment services	–	7,403	–	–	7,403
Forfeiture of share options	–	(5,279)	–	5,279	–
Balance at 28 February 2010	700,699	26,742	136,680	299,211	1,163,332
Representing –					
2010 Final dividend proposed				121,279	
Others				177,932	
				299,211	

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2011 HK$'000	2010 HK$'000
Profit for the year	**388,146**	262,688
Adjustments for:		
– Income tax expense	**93,118**	52,686
– Interest expense	**2,900**	2,567
– Interest income	**(5,100)**	(5,250)
– Share of profit of jointly controlled entities	**(15,923)**	(5,432)
– Depreciation of property, furniture and equipment	**127,387**	122,341
– Impairment of property, furniture and equipment	**–**	6,289
– Amortisation of intangible assets	**6,352**	4,823
– Fair value loss/(gain) on derivative financial instruments	**7,544**	(3,791)
– Loss on disposal of property, furniture and equipment	**1,870**	1,988
– Share option costs	**15,050**	7,403
– Impairment of goodwill	**–**	4,217
– Provision for impairment of amount due from a jointly controlled entity	**322**	1,206
	621,666	451,735
Changes in working capital:		
– (Increase)/decrease in inventories	**(246,899)**	16,203
– Decrease/(increase) in trade and other receivables	**36,629**	(53,010)
– Increase in prepayments and other deposits	**(102,364)**	(46,384)
– Decrease in pledged bank deposits	**–**	750
– Increase/(decrease) in trade and bill payables	**131,057**	(5,298)
– Increase in accruals and other payables	**58,533**	38,226
– Decrease/(increase) in amounts due from jointly controlled entities	**5,221**	(1,655)
– Increase in amounts due to jointly controlled entities	**20,850**	13,493
Cash generated from operations	**524,693**	414,060

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

	2011 HK$'000	2010 HK$'000
Net book amount (Note 15)	**1,904**	1,988
Loss on disposal of property, furniture and equipment	**(1,870)**	(1,988)
Proceeds from disposal of property, furniture and equipment	**34**	–

(c) Analysis of cash and cash equivalents:

	2011 HK$'000	2010 HK$'000
Cash and bank deposits	**775,841**	622,238

31 BANKING FACILITIES AND PLEDGE OF ASSETS

As at 28 February 2011, the Group had aggregate banking facilities of approximately HK$1,025,354,000 (2010: HK$496,350,000) for overdrafts, bank loans and trade financing, of which approximately HK$254,443,000 (2010: HK$310,075,000) was unutilised as at the same date. These facilities are secured by corporate guarantees provided by the Company, certain subsidiaries and pledged of property and buildings.

As at 28 February 2011, the Company provided financial guarantees of HK$427,741,000 (2010: HK$82,600,000) for the bank borrowings drawn by its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon.

32 COMMITMENTS – CONSOLIDATED

(a) Capital commitments

Capital commitments in respect of capital contribution to a jointly controlled entity as at 28 February 2011 are as follows:

	Consolidated	
	2011	2010
	HK$'000	HK$'000
Contracted but not provided for	**46,588**	–

There are no capital commitments relating to the Company as at 28 February 2011 (2010: Nil).

(b) Operating lease commitments

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	
	2011	2010
	HK$'000	HK$'000
Not later than one year	**698,554**	507,772
Later than one year and not later than five years	**1,301,167**	713,117
Later than five years	**126,770**	8,381
	2,126,491	1,229,270

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 2011 (2010: Nil).

33 BUSINESS COMBINATION – GROUP

On 31 January 2011, the Group acquired 90.27% of the equity interests in Nowhere Co., Ltd.. The acquired business contributed revenues of HK$43,449,000 and net profit of HK$2,043,000 to the Group for the period from 1 February 2011 to 28 February 2011.

Details of net liabilities acquired and goodwill are as follows:

	HK$'000
Purchase consideration:	
– cash paid	21,850
Fair value of net liabilities acquired (shown as below)	36,619
Goodwill (Note 16)	58,469

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

33 BUSINESS COMBINATION – GROUP (Continued)

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	8,006	8,006
Property, furniture and equipment	136,965	133,058
Intangible assets	10,184	43,015
Inventories	70,009	86,980
Trade and other receivables	33,693	33,693
Prepayments and other deposits	62,766	62,766
Deferred tax assets	–	23,750
Borrowings and other loans	(244,524)	(244,524)
Accruals and other payables	(104,828)	(104,828)
Trade payable	(63,159)	(63,159)
Current income tax payable	(47)	(47)
Deferred tax liabilities	–	(19,276)
Net liabilities	(90,935)	(40,566)
Net liabilities acquired (90.27% of the equity interests)	(82,087)	(36,619)
Outflow of cash to acquire business, net of cash acquired:		
– cash consideration		(21,850)
– cash and cash equivalents in subsidiaries acquired		8,006
Net cash outflow on acquisition		(13,844)

34 RELATED PARTY TRANSACTIONS – CONSOLIDATED

As at 28 February 2011, the Group was controlled by Effective Convey Limited (incorporated in the British Virgin Islands), which directly and indirectly owns a total of 58.34% 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.

(a) Details of significant transactions with related parties:

	2011 HK$'000	2010 HK$'000
Sales of fashion wears and accessories to (2)		
– FCUK IT Company (1)	**4**	93
– FCIT (Macau), Limited (1)	**390**	343
Interest income from (3)		
– FCIT China Limited (1)	**305**	289
– ZIT H.K. Limited (1)	**305**	280
Reimbursement of operating expenses by (4)		
– FCUK IT Company (1)	**15,985**	5,323
– FCIT China Limited (1)	**281**	4,766
– ZIT H.K. Limited (1)	**1,219**	879
– FCIT (Macau), Limited (1)	**321**	205

Note:

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

(2) Sales of fashion wears and accessories were made at cost.

(3) Interest income on amount due from FCIT China Limited is arisen from the amortisation of amount due from FCIT China Limited recognised at amortised cost at an effective interest rate of 5% (2010: 5%) per annum.

Interest income on amount due from ZIT H.K. Limited is charged at 5% (2010: 5%) per annum.

(4) Reimbursement of operating expenses is recharged at terms agreed by the parties.

(b) Key management compensation

	2011 HK$'000	2010 HK$'000
Directors' fees	**623**	540
Salaries and allowances	**35,928**	31,454
Bonuses	**45,133**	36,458
Pension costs – employer's contributions	**729**	684
Share options granted	**12,451**	5,943
	94,864	75,079

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 28 February 2011 HK$'000	Year ended 28 February 2010 HK$'000	Year ended 28 February 2009 HK$'000	Year ended 29 February 2008 HK$'000	Year ended 28 February 2007 HK$'000
Turnover	**3,834,422**	2,995,952	2,733,256	2,021,283	1,530,763
Cost of sales	**(1,405,482)**	(1,176,707)	(1,121,570)	(819,423)	(640,442)
Gross profit	**2,428,940**	1,819,245	1,611,686	1,201,860	890,321
Other income-incentive income	**–**	13,200	–	–	–
Other gains/(losses)	**(7,544)**	3,791	(11,123)	1,900	(4,395)
Impairment of goodwill	**–**	(4,217)	(59,569)	–	–
Operating expenses	**(1,958,255)**	(1,524,760)	(1,468,877)	(1,002,046)	(749,898)
Operating profit	**463,141**	307,259	72,117	201,714	136,028
Finance income	**5,100**	5,250	6,205	14,417	16,630
Finance cost	**(2,900)**	(2,567)	(3,419)	(827)	(620)
Share of profit/(loss) of jointly controlled entities	**15,923**	5,432	3,948	(4,828)	(3,912)
Profit before income tax	**481,264**	315,374	78,851	210,476	148,126
Income tax expense	**(93,118)**	(52,686)	(36,296)	(39,505)	(25,723)
Profit for the year	**388,146**	262,688	42,555	170,971	122,403
Dividend	**174,737**	121,279	–	119,982	51,985

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28 February 2011 HK$'000	As at 28 February 2010 HK$'000	As at 28 February 2009 HK$'000	As at 29 February 2008 HK$'000	As at 28 February 2007 HK$'000
ASSETS					
Non-current assets					
Property, furniture and equipment	**727,022**	233,395	229,124	179,850	93,191
Intangible assets	**370,722**	259,823	267,633	317,928	17,149
Investments in and amounts due from jointly controlled entities	**63,730**	39,338	32,564	21,974	83,233
Rental deposits	**199,414**	121,711	91,065	77,424	56,352
Deferred income tax assets	**51,389**	31,282	32,211	24,412	5,761
	1,412,277	685,549	652,597	621,588	255,686
Current assets					
Inventories	**736,717**	394,520	411,145	323,724	196,299
Trade and other receivables	**121,371**	120,080	67,289	39,645	9,902
Amounts due from jointly controlled entities	**21,995**	27,045	27,323	41,080	82,437
Prepayments and other deposits	**217,358**	122,747	104,011	98,920	81,360
Derivative financial instruments	**–**	–	–	2,539	1,883
Pledged bank deposits	**–**	–	750	750	750
Cash and cash equivalents	**775,841**	622,238	441,264	424,173	364,820
	1,873,282	1,286,630	1,051,782	930,831	737,451
LIABILITIES					
Current liabilities					
Bank borrowings	**(214,911)**	(47,400)	(47,400)	(10,000)	–
Trade and bill payables	**(360,545)**	(149,488)	(155,993)	(121,840)	(66,805)
Accruals and other payables	**(349,524)**	(178,245)	(135,677)	(140,200)	(71,648)
Amount due to a jointly controlled entities	**(45,055)**	(22,699)	(9,206)	(15,583)	–
Derivative financial instruments	**–**	(1,001)	(3,452)	–	(424)
Current income tax liabilities	**(42,460)**	(29,811)	(24,261)	(30,510)	(19,423)
	(1,012,495)	(428,644)	(375,989)	(318,133)	(158,300)
Net current assets	**860,787**	857,986	675,793	612,698	579,151
Total assets less current liabilities	**2,273,064**	1,543,535	1,328,390	1,234,286	834,837
Non-current liabilities					
Bank borrowings	**(379,234)**	(35,200)	(82,600)	–	–
Accruals	**(21,935)**	(26,030)	(30,136)	(8,925)	(7,585)
Deferred income tax liabilities	**(28,683)**	(4,582)	(3,945)	(4,524)	(499)
	(429,852)	(65,812)	(116,681)	(13,449)	(8,084)
Net assets	**1,843,212**	1,477,723	1,211,709	1,220,837	826,753
EQUITY					
Capital and reserves					
Share capital	**119,725**	115,504	115,504	115,468	103,950
Reserves	**1,727,236**	1,362,219	1,096,205	1,105,369	722,803
Non-controlling interests	**(3,749)**	–	–	–	–
Total equity	**1,843,212**	1,477,723	1,211,709	1,220,837	826,753