I.T
ANNUAL REPORT 15/16

STOCK CODE: 999

I.T LIMITED ANNUAL REPORT

15/16

I.T is well established as a

TREND SETTER

in fashion apparel retail market in Hong Kong with stores in the PRC, Taiwan, Macau, Japan, USA, England, Singapore, Indonesia, Thailand and Canada. The Group has an extensive self managed retail network extending to around 645 stores across Greater China with staff around 6,500.

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 apparels from established and up-and-coming international designer's brands, in-house brands and licensed brands. International brands include

Acne Studios
Alexander McQueen
Ann Demeulemeester
Balenciaga
Celine
Comme des Garcons
Dior Homme
Gucci
Kenzo
Lanvin
Loewe
Moncler
Saint Laurent
Thom Browne
Tsumori Chisato
Valentino

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

I.T has established joint ventures with: French Connection in Hong Kong, Macau and the PRC; Zadig & Voltaire in Hong Kong; Camper in the PRC; and Galeries Lafayette to establish and manage department stores under the trademark of "Galeries Lafayette" in the PRC.

I.T leverages some of its in-house brands through franchisees in new markets. The brands are well accepted in Singapore, Indonesia, Thailand, England and Canada. More shops will be opened in the South East Asia in the coming years.

Executive Directors
Mr. SHAM Kar Wai
Mr. SHAM Kin Wai
Mr. CHAN Wai Kwan

DIRECTORS

Independent Non-executive Directors
Mr. Francis GOUTENMACHER
Dr. WONG Tin Yau, Kelvin, JP
Mr. MAK Wing Sum, Alvin

Company Secretary
Miss HO Suk Han Sophia

Registered Office
Clarendon House
2 Church Street
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Hong Kong

Auditor
PricewaterhouseCoopers,
Certified Public Accountants

Principal Bankers
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Standard Chartered Bank

Principal Share Registrar
Codan Services Limited

Hong Kong Branch Share Registrar
Computershare Hong Kong Investor Services Limited
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www.ithk.com

Stock Code
Shares: 00999
Senior Notes due 2018: 85923 (I.T N1805-R)

I.T POSITIONING

Store Coverage

	A. No. of stores			
	Self-managed		Franchised	
	29 February 2016	28 February 2015	29 February 2016	28 February 2015
Greater China:				
Hong Kong				
I.T	**249**	266	**–**	–
FCUK IT[1]	**7**	7	**–**	–
ZIT H.K.[1]	**3**	3	**–**	–
Mainland China				
I.T	**364**	283	**85**	115
FCIT China[1]	**20**	19	**–**	–
Camper I.T China[1]	**9**	11	**–**	–
Taiwan	**21**	21	**–**	–
Macau				
I.T	**11**	11	**–**	–
FCIT Macau[1]	**1**	1	**–**	–
Overseas:				
Japan	**22**	21	**–**	–
USA	**1**	1	**–**	–
Thailand	**–**	–	**1**	–
England	**–**	–	**3**	3
Singapore	**–**	–	**4**	4
Indonesia	**–**	–	**1**	1
South Korea	**–**	–	**–**	4
Canada	**–**	–	**3**	3

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 offering a joyous shopping ambiance

	B. Sales footage[2]			
	Self-managed		Franchised	
	29 February 2016	28 February 2015	29 February 2016	28 February 2015
Greater China:				
Hong Kong				
I.T	**598,168**	631,292	**–**	–
FCUK IT[1]	**8,702**	9,407	**–**	–
ZIT H.K.[1]	**3,597**	3,597	**–**	–
Mainland China				
I.T	**1,143,002**	978,854	**120,453**	152,047
FCIT China[1]	**31,269**	28,233	**–**	–
Camper I.T China[1]	**6,510**	7,313	**–**	–
Taiwan	**36,093**	37,404	**–**	–
Macau				
I.T	**33,087**	33,087	**–**	–
FCIT Macau[1]	**3,330**	3,330	**–**	–
Overseas:				
Japan	**48,026**	46,601	**–**	–
USA	**3,313**	3,313	**–**	–
Thailand	**–**	–	**2,152**	–
England	**–**	–	**2,317**	2,317
Singapore	**–**	–	**23,106**	23,106
Indonesia	**–**	–	**3,160**	3,160
South Korea	**–**	–	**–**	2,778
Canada	**–**	–	**8,430**	8,430

Notes:
(1) a 50% owned joint venture of the Company.
(2) represents gross area.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

Throughout 2015, fashion retail markets across the Group's principal operating regions have been undergoing an economic situation characterised by volatile financial markets and heightened geopolitical tensions as well as excessive depreciation of major Asian currencies (including the Renminbi) against the US dollar. These conditions have significantly dampened consumer spending momentum around the regions, particularly in our core market of Hong Kong. Warmer than usual winter months in 2015 and a shift in Chinese consumers' shopping pattern from Mainland China or Hong Kong to overseas markets, which was predominately attributed to the more favorable currency exchange and the easing of immigration and tax return policies in multiple tourist destinations such as Japan, were other key factors prolonging the dampening of consumer appetites. As a consequence, the markets have been promotionally driven, causing intense downward pressure on retailers' margins. Additionally, the market situation in regard to external factors such as cost of inflation in operating retail channels, which has substantially attributed to the upsurge in rentals, has contributed to a rising measure during the fiscal year, further diluting profit margins.

In spite of the aforementioned challenging conditions across our key operating regions, I am pleased to share with you that our multifaceted business model with its inherent adaptability and flexibility alongside its geographically diversified exposure, has continued to demonstrate resilience amid difficult times. From a regional perspective, our positive evolution in Mainland China, with noticeable growth in both turnover and profit alongside the sustainable enhancement in profitability of our Japan operation, has significantly offset the diminished earnings from our Hong Kong region. This growth is due to our true multifaceted fashion platform, which showcases a wide selection of fashion products with coverage across multiple regions and among different client segments around the world.

Instability in financial markets and restrained global growth, along with a strong US dollar, may continue to discourage consumer appetites in the retail landscape across the Group's key operating regions in 2016, especially in Hong Kong. As a result, consumer demand concerns remain elevated, at least until the near term. Nevertheless, we will stay focused on implementing our long-standing business strategies in exploring growth opportunities. We will continue to leverage the solid foundation of our fashion platform with strong merchandising and innovative product design capabilities to ensure that both our in-house and international brand portfolios are fueled by brands with the latest and most distinctive fashion concepts.

As a final note, I would like to offer my sincerest gratitude to our shareholders, employees, and business partners for their support, loyalty, and confidence through the years. I look forward to our continued partnership as we forge through difficult times and stay at the forefront of innovation in the fashion industry.

Sham Kar Wai
Chairman

25 May 2016

FINANCIAL HIGHLIGHTS

- Total turnover of the Group increased by 5.0% to HK$7,541.1 million.

- Total retail sales in Hong Kong decreased by 3.3% to HK$3,459.5 million irrespective of our Hong Kong segment having consistently outperformed the market index[1]. Comparable store sales growth rate in Hong Kong registered at -2.0% (FY14/15: 0.7%). Total floor area of retail stores in Hong Kong decreased by 5.2% to 598,168 square feet.

- Total retail sales in Mainland China increased by 16.4% to HK$2,983.6 million at comparable store sales growth rate of 3.9% (FY14/15: 4.5%). Total floor area of retail stores in Mainland China increased by 16.8% to 1,143,002 square feet.

- Japan landed at total retail sales of HK$517.2 million or JPY8,039.8 million, representing a 19.3% increase in Hong Kong Dollar or a 33.3% increase in base currency over last year.

- Gross profit of the Group increased by 2.3% to HK$4,566.3 million at gross profit margin of 60.6% (FY14/15: 62.2%).

- Operating profit of the Group declined by 14.7% to HK$421.3 million while Adjusted operating profit[2] increased by 1.7% over last year to HK$486.4 million[2].

- Net profit of the Group decreased by 33.0% to HK$209.7 million while Adjusted net profit[2] decreased by 7.6% over last year to HK$274.8 million[2].

- Basic earnings per share decreased by 33.1% to 17.0 HK cents. Diluted earnings per share decreased by 32.9% to 16.7 HK cents. Proposed final cash dividend amounts to 8.4 HK cents (FY14/15: 11.0 HK cents) per share or HK$101.8 million (FY14/15: HK$135.0 million). If approved, the total amount of dividend for the full year would be 8.4 HK cents (FY14/15: 12.0 HK cents) per share.

Notes:

1 Market index refers to the "value index of retail sales in wearing apparel", provided by the Census and Statistics Department of Hong Kong for the period spanning March 2015 to February 2016 and ranging from -2.2% to -17.9%.

2 If a nonrecurring foreign exchange loss of HK$65.1 million as a result of the conversion of the Group's RMB fixed deposits, amounting to RMB1,187 million, into Hong Kong Dollar in 2015 and a nonrecurring gain of HK$15.3 million from the repurchase of the Group's Senior Notes in the previous year are excluded.

Per share data	FY15/16	FY14/15	Change
EPS-basic (HK cents)	17.0	25.4	-33.1%
EPS-diluted (HK cents)	16.7	24.9	-32.9%
Dividend (HK cents)	8.4	12.0	-30.0%
Book value (HK$)[1]	2.39	2.31	3.5%

Key statistics	FY15/16	FY14/15	Change
Inventory turnover (Days)[2]	163.1	159.7	2.1%
Cash and cash equivalent (HK$ million)	1,967.1	2,294.1	-14.3%
Net cash (HK$ million)[3]	431.3	557.9	-22.7%
Debt to equity ratio (%)[4]	53.0	61.1	-13.3%
Return on equity ratio (%)[5]	7.3	11.1	-34.2%

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) Cash and cash equivalents less borrowings.

(4) Borrowings divided by total equity at the end of the year.

(5) Profit attributable to equity holders of the Company for the year divided by average of the total equity at the beginning and 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 Group has been operating in a fashion retail market that was characterised by a very challenging economic landscape throughout the financial year that ended in February 2016. Multiple peripheral and domestic economic factors continued to place downward pressure on the business environment across the Group's principal operating regions. Instability in the financial markets, alongside rising concerns over the prospect of the global economic recovery, has caused consumer appetite to remain incongruous around the various regions. Hong Kong in particular has been effected because inbound tourist traffic has been suppressed by a stronger Hong Kong Dollar, compared to major Asian currencies including the Renminbi. Profitability has been further deleveraged, which is attributed predominately to the persisting cost inflation in operating retail channels while revenue declined as a result of reduction in trading area. Sales development in Mainland China was also discouraged by restrained economic growth and a shift in the shopping patterns of consumers toward overseas markets. As a consequence of difficult times in the Asian fashion retail markets, sales growth has been largely driven by promotional campaigns, which have placed downward pressure on margins.

Although our business in Hong Kong has been undergoing challenging conditions during the financial period, from the aforementioned economic factors to warmer than usual winter months in 2015, we are committed to further reinforcing our fashion platform and strengthening our leading position in the industry through brand portfolio enhancement and innovative store layouts to create new shopping for excitement our customers. The inherent flexibility of our multifaceted business model with geographically diversified exposure has again proven to be resilient in the face of difficult times. The diminished earnings in our Hong Kong segment were largely offset by the growth in earnings of our Mainland China and Japan businesses. As a result, our overall business operations remained rather stable, managing to deliver a turnover growth of 5.0% over last year to HK$7,541.1 million. Net profit decreased by 33.0% to HK$209.7 million on a reported basis, while Adjusted net profit decreased by 7.6% to HK$274.8 million.

Turnover by Market

Despite having exercised rather prudent control over our shop portfolio in Hong Kong, it remained the largest revenue contributor to the Group, contributing 46.3% of total turnover (FY14/15: 50.6%). Turnover generated by our Hong Kong segment amounted to HK$3,494.0 million, representing a decline of 3.8% over last year on the back of a contraction in total trading area of 5.2%.

Our Mainland China segment recorded 14.0% growth in turnover to HK$3,159.4 million, contributing 41.9% to the total turnover of the Group (FY14/15: 38.6%). Our retail network expansion continued while having successfully capitalised on multiple growth opportunities in both existing and new cities during the period.

The Japan segment, which accounted for 7.4% of total Group turnover (FY14/15: 6.4%), has continued to outperform. Turnover of our Japan businesses increased by 35.8% on a constant currency basis to JPY8,689.6 million which is an increase of 21.5% in Hong Kong Dollar to HK$559.0 million.

Breakdown of turnover by region of operation:

	Turnover			% of Turnover	
	FY15/16 HK$ million	FY14/15 HK$ million	Change	FY15/16	FY14/15
Hong Kong	**3,494.0**	3,630.4	-3.8%	**46.3%**	50.6%
Retail sales only	*3,459.5*	*3,577.4*	*–3.3%*		
Mainland China	**3,159.4**	2,770.6	+14.0%	**41.9%**	38.6%
Retail sales only	*2,983.6*	*2,563.0*	*+16.4%*		
Japan	**559.0**	460.0	+21.5%	**7.4%**	6.4%
Retail sales only	*517.2*	*433.7*	*+19.3%*		
Macau	**222.0**	221.3	+0.3%	**3.0%**	3.0%
Other	**106.7**	98.2	+8.7%	**1.4%**	1.4%
Total	**7,541.1**	7,180.5	+5.0%	**100.0%**	100.0%

Brand Mix

It is our belief that building a sustainable and flexible fashion platform is the fundamental framework guiding our long-term business development in each of our operating regions. To that end, we have been working to enhance our customer offerings through a combination of in-house and international brands of fashion products while continually expanding the product range. We are pleased that we are running a balanced portfolio showcasing over 300 distinctive fashion brands, all of which have their own unique identities that complement each other well. For the period under review, our in-house brands segment continued to represent the largest revenue contributor, landing at 59.2%.

Breakdown of retail sales by brand category:

	Retail Sales			% of Retail Sales	
	FY15/16 HK$ million	FY14/15 HK$ million	Change	**FY15/16**	FY14/15
In-house brands	**4,316.2**	4,032.4	+7.0%	**59.2%**	58.5%
International brands	**2,922.5**	2,818.0	+3.7%	**40.1%**	40.9%
Licensed brands	**50.3**	43.4	+15.9%	**0.7%**	0.6%
	7,289.0	6,893.8	+5.7%	**100.0%**	100.0%

Dynamics in Margin and Cost

Irrespective of the Group having managed to deliver another year of turnover growth at 5.0%, with gross profit also increasing by 2.3% over last year, the gross margin declined by 1.6 percentage points to 60.6%. Economic uncertainties across our operating regions have significantly dampened consumer sentiment during the financial year; as a result, fashion retail markets have been promotionally driven, causing downward pressure on retailers' margins.

On a positive note, a level of increased incidence of efficiency measured by total operating cost ratio has been achieved in some of our operating regions, such as Mainland China and Japan. As a result, our total operating cost ratio decreased by 1.0 percentage point to 54.3%. Staff costs-to-sales ratio (excluding share option expenses) also declined by 0.4 percentage point to 15.4%. The rent-to-sales ratio (including rental charges and building management fee) nonetheless increased from 24.4% to 25.0% and remained the most significant portion of our total operating expenses.

An operating profit of HK$421.3 million was recorded for the year ended 29 February 2016, representing a decline of 14.7% over last year on a reported basis, while Adjusted operating profit increased by 1.7% to HK$486.4 million.

(b) Hong Kong

The persistent uncertainty around the state of the global economy, along with the headwinds from Hong Kong Dollar appreciation that discouraged in-bound tourist flows and a broad-based deflationary environment around the different regions of operation have placed excessive downward pressure on the already dampened consumer discretionary market in Hong Kong. As demonstrated by the "Value index of retail sales in wearing apparel" (provided by the Census and Statistics Department of Hong Kong), the data suggests a continuing deterioration of consumer spending momentum, for which negative monthly performance figures were recorded from the fiscal period spanning March 2015 to February 2016, ranging from -2.2% to -17.9%. Geopolitical disturbances and warmer than usual winter months in 2015 were indeed other factors driving the weaknesses, diminishing the seasonal demand uptick in the fashion retail market. At this juncture, the retail sales environment has been driven by highly promotional activity.

Irrespective of the Group having consistently outperformed the aforementioned market index, our turnover in Hong Kong declined by 3.8% to HK$3,494.0 million, and retail sales also declined by 3.3% to HK$3,459.5 million, with comparable store sales growth registered at -2.0%. It is worth highlighting that these results were achieved on the back of a net decrease in total trading area of 5.2% over last year in response to cost inflation persistence in operating retail channels in the region and rentals in particular, which accounted for the most significant portion of our operating expenses.

Gross margin decreased by 3.5 percentage points to 57.2%; the decline was principally a result of the more proactive discounting campaigns that we have offered during the year to boost sales volume. Coincidentally, the operating cost-to-sales ratio (which is defined as operating expenses divided by turnover) increased by 2.6 percentage points to 59.3%. The uplift in operating cost-to-sales ratio was attributed predominately to the dual effect of an increase in cost of running retail channels, rental in particular and the decline in turnover. As a consequence, an operating loss of HK$72.7 million was recorded for the year ended 29 February 2016, compared to an operating profit of HK$142.1 million for the previous year.

(c) **Mainland China**

Despite having experienced moderate economic developments, causing top-down pressure on Mainland China's consumption growth throughout the financial year, the Group has continued to grow its retail network. We have successfully capitalised on a number of growth opportunities and have extended our self-managed store presence to 20 cities in Mainland China, with total trading area increased by 16.8% over last year. This is representative of our long-term commitment to this region in view of the rising demographic middle-income group and the region's positive long-term economic prospects. Preparations are under way to further strengthen our multifaceted fashion platform, with an emphasis on sustainability and flexibility and an aim to establish a solid framework guiding the Group's long-term development in the region.

Turnover of our Mainland China business achieved another year of noticeable growth of 14.0% to HK$3,159.4 million amid challenging times and negative translation effect from the depreciation of the Renminbi. Total retail sales also increased in a similar manner by 16.4% to HK$2,983.6 million, with comparable store sales growth registered at 3.9% (FY14/15: 4.5%). Gross margin increased by 0.4 percentage point to 61.4%. This enhancement in gross margin was mainly attributed to fewer promotional discount offers during the financial period. Moreover, a remarkable level of enhancement in efficiency, measured by comparing operating cost-to-sales ratio has been achieved, landing at 53.1% (FY14/15: 56.8%). As a result, operating profit increased by 125.0% to HK$262.4 million.

(d) **Japan**

Benefiting from the success of a number of cross-border collaborative campaigns with renowned fashion units around the World and well-received collections for all brands within the "A Bathing Ape" group, along with the increase in in-bound tourist flows influenced by a weak Japanese Yen, our Japan segment has continued to outperform. Sales of our Japan business increased by 35.8% to JPY8,689.6 million, whereas sales in Hong Kong Dollar terms grew by 21.5% to HK$559.0 million. Gross margin landed at 67.8% (FY14/15: 69.6%). A level of increased incidence of efficiency (measured by cost-to-sales ratio) has been achieved and is more than sufficient to offset the restraint in gross margins. As a result, operating profit increased by 45.9% to HK$213.1 million.

(e) **Macau**

Total retail sales growth in Macau remained somewhat flat following the decline in tourist traffic and the downtrend in the gaming sector, increasing slightly by 0.3% to HK$222.0 million, with an operating profit amounting to HK$74.3 million, representing a decline of 1.7% over last year.

Share of Results of Joint Ventures

A share of loss of joint ventures amounting to HK$27.0 million was recorded for the year ended 29 February 2016, representing a reduction in loss of 24.6% over last year. A principal positive factor was that our joint venture business with Galeries Lafayette continued to achieve sales growth, resulting in a reduction of the loss incurred by the business.

Inventory

The inventory turnover cycle of the Group increased slightly by 3 days to 163 days, and it was to a large extent due to the diminished growth in sales of our Hong Kong business. It was 5 days lower than the 168 days recorded for the six months that ended 31 August 2015.

Cash Flows and Financial Position

The Group's cash and bank balances as at 29 February 2016 were HK$1,967.1 million compared to HK$2,294.1 million as at 28 February 2015 and its net cash balance amounted to HK$431.3 million (net cash is defined as cash and cash equivalents of HK$1,967.1 million less bank borrowings of HK$480.9 million and the Senior Notes of HK$1,054.9 million) versus HK$557.9 million as at 28 February 2015.

Cash inflow from operating activities for the year ended 29 February 2016 amounted to HK$319.3 million (FY14/15: HK$597.9 million).

Liquidity and Banking Facilities

As at 29 February 2016, the Group had aggregate banking facilities of approximately HK$1,967.2 million (28 February 2015: HK$1,950.3 million) for overdrafts, bank loans and trade financing, of which approximately HK$1,339.4 million (28 February 2015: HK$1,256.4 million) was unutilised as at the same date. These facilities are mainly secured by corporate guarantees provided by the Company and certain subsidiaries.

Charges of Assets

As at 29 February 2016, bank borrowing was secured on land and buildings with a carrying amount of HK$203.1 million (28 February 2015: HK$209.6 million).

Contingent Liabilities

As at 29 February 2016, the Group did not have significant contingent liabilities (28 February 2015: Nil).

Foreign Exchange

The Group is exposed to foreign exchange risk arising from exposure in the Japanese Yen, Macau Pataca, Pound Sterling, Euro, US Dollar, New Taiwan Dollar, Chinese Renminbi and Korean Won against the Hong Kong Dollar. Although management monitors the foreign exchange risks of the Group on a regular basis, and may enter into forward exchange contracts and foreign currency swap contracts with major and reputable financial institutions for foreign exchange risk hedging, fluctuations in the value of the Hong Kong Dollar against other currencies could affect our margins and profitability.

Employment, Training and Development

Human resources are our greatest assets, and we regard the personal development of our employees as highly important. As of 29 February 2016, the Group had a total of 6,604 (28 February 2015: 5,982) full time employees. The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, and commission/bonuses.

Future Outlook

The broad-based weakness in consumer sentiment across the Group's principal operating regions in response to the demanding macroeconomic, geopolitical, and industry conditions created an extremely challenging business environment for retail operators in 2015. We do not expect consumer spending momentum to witness any form of imminent improvement given the limited indication of a turnaround of the global economic landscape and retail sector in the near term. Therefore, 2016 appears challenging and is set to be affected by instability in tourist spending flows as well as macroeconomic and promotional headwinds. Moreover, the weakening of major Asian currencies against the US Dollar may continue to undermine consumer spending, particularly in Hong Kong, which will remain our largest market in the foreseeable future.

Although we remain cautious in relation to the recovery prospect of retail sectors across our operating regions, we are confident that our multifaceted business model, with a strong portfolio of the latest and most distinctive fashion brands, is inherently adaptable and flexible. Each of our brands has its own unique identity that complements the others, along with a geographically diversified distribution platform that will enable us to remain resilient in the midst of difficult times. We will continue to put forth our best efforts to develop our customer offerings within our in-house brands segment through a combination of innovative product designs and competitive quality merchandise. Concurrently, we will also ensure that the latest fashion ideas are delivered to our customers through our international brand platform in a timely and sustainable manner. We are enthusiastic about the pipeline of new fashion concepts and brands that will be launched in the upcoming seasons as well as focused marketing initiatives with different renowned international names and business units with an aim to further boost the brand equity of our performing brands.

With regard to network expansion, the Group intends to remain prudent about its shop portfolio in Hong Kong in the face of challenging times and cost inflation in operating retail channels. Our expansion plan in Mainland China will be rather gradual in the coming year while being open and flexible to new ideas and growth opportunities.

BIOGRAPHIES OF DIRECTORS AND MANAGEMENT TEAM

Executive Directors

Mr. SHAM Kar Wai
Aged 49, is an Executive Director, the Chairman of the Board of Directors and the Chief Executive Officer of the Company. He founded the Group in November 1988 with his brother, Mr. Sham Kin Wai. Mr. Sham Kar Wai is responsible for the overall management and strategic development of the Group. He has over 25 years of experience in the fashion retail industry and has established an extensive network of contacts with international design houses.

Mr. SHAM Kin Wai
Aged 46, is an Executive Director of the Company. 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 25 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.

Mr. CHAN Wai Kwan
Aged 45, was appointed as an Executive Director of the Company and the Chief Executive Officer of I.T China in April 2016. Mr. Chan is accounting for the development of the Group's business and operations in the PRC. He joined the Group in January 2006. Mr. Chan has over 20 years PRC experience gained from multinational companies across fashion retailing, garment sourcing and production sectors. Mr. Chan is a Fellow Member of the Hong Kong Institute of Certified Public Accountants. He holds a Master degree in Business Administration from the University of Hull and a Bachelor's degree of Arts (Honour) in Accountancy from The Hong Kong Polytechnic University.

Independent Non-executive Directors

Mr. Francis GOUTENMACHER
Aged 74, was appointed as 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 and Nomination Committee. Mr. Goutenmacher is an independent non-executive director, a member of each of the audit committee and nomination committee of The 13 Holdings Limited (formerly known as "Louis XIII Holdings Limited"). He was also an independent non-executive director and a member of each of the audit committee, remuneration committee, executive committee and nomination committee of Natural Beauty Bio-Technology Limited from 2010 to 2015. Both named companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Goutenmacher is a director and the non-executive chairman of the board of directors of PLUKKA Limited – a company listed on the Australian Securities Exchange Limited in the last quarter of 2015. 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, JP
Aged 55, was appointed as an Independent Non-executive Director in August 2007. He also serves as the Chairman 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 (the "Stock Exchange").

Dr. Wong is the immediate past chairman and was the chairman (2009-2014) of The Hong Kong Institute of Directors, a non-executive director of the Securities and Futures Commission, a member of the Financial Reporting Council, a convenor-cum-member of the Financial Reporting Review Panel, a member of the Corruption Prevention Advisory Committee of Independent Commission Against Corruption, a council member of The Hong Kong Management Association, a board director of the Hong Kong Sports Institute Limited, a council advisor and past chairman of the Hong Kong Chinese Orchestra Limited and a member of the OECD/World Bank Asian Corporate Governance Roundtable. Dr. Wong is a former member of the Main Board and GEM Listing Committee of the Stock Exchange (2007-2013) and the Standing Committee on Company Law Reform (2010-2016).

Dr. Wong is currently an independent non-executive director of Bank of Qingdao Co., Ltd., China ZhengTong Auto Services Holdings Limited, Huarong International Financial Holdings Limited (formerly known as "Simsen International Corporation Limited"), Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and Xinjiang Goldwind Science & Technology Co., Ltd.. He was also an independent non-executive director of AAG Energy Holdings Limited (2015-2016), China Metal International Holdings Inc. (2004-2013) and CIG Yangtze Ports PLC (2005-2015). All the aforementioned companies are listed on the Stock Exchange.

Dr. Wong 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.

Mr. MAK Wing Sum, Alvin
Aged 63, was appointed as an Independent Non-executive Director in March 2012. He also serves as a member of the Company's Audit Committee and Remuneration Committee and the Chairman of the Nomination Committee. Mr. Mak is a member of the Hong Kong Housing Society and a member of its audit committee and special committee on investment. He is also an independent non-executive director, chairman of audit committee and a member of remuneration committee and nomination committee of Goldpac Group Limited; an independent non-executive director, chairman of nomination committee and a member of audit committee and remuneration committee of Luk Fook Holdings (International) Limited; an independent non-executive director and a member of audit committee, nomination committee and remuneration committee of Hong Kong Television Network Limited; and an independent non-executive director of Lai Fung Holdings Limited, all companies are listed on The Stock Exchange of Hong Kong Limited. Mr. Mak, after working in Citibank for over 26 years, went into his retirement in May 2012. He last served as the Head of Markets and Banking for Citibank Hong Kong, being the country business manager for corporate and investment banking business. In Citibank, he had held various senior positions including Head of Global Banking responsible for managing all the coverage bankers. Prior to that, he also managed the Hong Kong's corporate finance business, regional asset management business and was the Chief Financial Officer of North Asia. Before joining Citibank in 1985, Mr. Mak was an audit group manager at Coopers & Lybrand (now known as PricewaterhouseCoopers). He worked for Coopers & Lybrand for eight years, five of which was in Toronto, Canada. He graduated from University of Toronto with a Bachelor of Commerce in 1976. He is a Chartered Accountant and is a member of the Canadian Institute of Chartered Accountants as well as a member of the Hong Kong Institute of Certified Public Accountants.

Management Team

Miss HO Suk Han Sophia
Aged 47, is the Company Secretary. She joined the Group in May 2005 and is also overseeing the legal issues in the PRC. She has over 20 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.

I.T HAS A UNIQUE BRAND PORTFOLIO

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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 of directors of the Company (the "Board"), the Company and its subsidiaries (the "Group") have applied and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 29 February 2016, except for the deviations as stated hereinafter.

Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive 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.

Board of Directors

The Board currently comprises six members, three of them being Executive Directors and three of them being Independent Non-executive Directors. Biographical details of the Directors are set out in the section headed *"Biographies of Directors and Management Team"* on pages 30 to 31. None of them appointed alternate director.

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 in compliance with Rule 3.13 of the Listing Rules 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.

Mr. Francis Goutenmacher and Dr. Wong Tin Yau, Kelvin, JP have been appointed as an Independent Non-executive Director since August 2006 and August 2007 respectively. They have clearly demonstrated their exercise of independent judgment and provision of objective challenges and advices to Executive Directors and management team. The Board opined that there is no evidence that length of tenure is having an adverse impact on their independence.

Independent Non-executive Directors are appointed for a one year specific term and are subject to the re-election provisions laid down in the Company's Bye-laws and the CG Code.

Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and makes recommendations to the Board regarding the consideration of a candidate as a Board member and the renewal of Directors' service term. 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 formulating the Group's strategic objectives; considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; overseeing the Group's corporate governance practices; ensuring risk management and internal control systems are in place; directing and monitoring management in pursuit of the Group's strategic objectives; and determining the remuneration packages of all directors and management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and daily administrative matters are delegated to the respective Board Committees and management of the Company.

The Board conducts at least four regular Board meetings a year, additional meetings are held to discuss significant issues and resolutions in writing signed by all Directors in lieu of a meeting are arranged as and when required. 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, ten resolution-in-writing were signed by all the Board members in the year ended 29 February 2016.

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.

Audit Committee

The primary responsibility of the Audit Committee is to review the financial reporting process of the Group and its risk management and internal control systems; to oversee the audit process; to review the Company's compliance with the CG Code; and to perform other duties assigned by the Board. Currently, the Audit Committee comprises three Independent Non-executive Directors, namely Dr. Wong Tin Yau, Kelvin, JP (Chairman of the Committee), Mr. Francis Goutenmacher and Mr. Mak Wing Sum, Alvin. All Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee and the Board review the terms of reference of the Audit Committee at least annually. The terms of reference of the Audit Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Audit Committee can be viewed on the websites of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

The Audit Committee met four times in the year ended 29 February 2016. During the year ended 29 February 2016, the Committee has reviewed the financial results of the Group on a quarterly basis, the audit plans and findings of external auditor, external auditor's independence, the accounting principles and practices of the Group, the Listing Rules and statutory compliance, internal controls, risk management, the effectiveness of the internal audit, 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 and internal control. The Audit Committee has also reviewed and made recommendation to the Board for the engagement of external auditor to perform audit and non-audit services and the 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 comprised three members, majority of which are Independent Non-executive Directors. Currently, Mr. Francis Goutenmacher, being an Independent Non-executive Director, acts as the Chairman, and Mr. Mak Wing Sum, Alvin, an Independent Non-executive Director, and Mr. Sham Kar Wai, an Executive Director, as the Committee members.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and management and the establishment of a formal and transparent procedure for developing policy on such remuneration.

The Remuneration Committee and the Board review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Remuneration Committee can be viewed on the websites of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

According to the terms of reference of the Remuneration Committee, the Remuneration Committee makes recommendation to the Board for Board's final determination of the remuneration packages of all Executive Directors and management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and make recommendation to the Board of the directors' fee of non-executive directors. The Remuneration Committee would take into consideration factors such as salaries paid by comparable companies, responsibilities and performance of the Directors and management.

The Remuneration Committee members met twice and passed five resolution-in-writing in the year ended 29 February 2016. During the year ended 29 February 2016, the Committee has discussed and reviewed the remuneration packages of the Directors and management, discussed and reviewed the extension of term of service and the Directors' fee of Independent Non-executive Directors, and reviewed its terms of reference. 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 based benefits 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 business, inflation rates, industry trends and performance of the Company are referred to when the Remuneration Committee is considering the remuneration packages of the Directors.

Nomination Committee

The Nomination Committee is responsible for reviewing the Board's structure, size, composition and diversity against factors including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of services, having regard to the Company's business activities, assets and management portfolio; selecting Board members and ensuring transparency of the selection process; reviewing and monitoring the training and continuous professional development of Directors and management; and assessing the independence of independent non-executive directors, having regard to the requirements under the Listing Rules. 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 nomination for directorships.

The Nomination Committee comprised three members, majority of which are Independent Non-executive Directors. Currently, Mr. Mak Wing Sum, Alvin, being an Independent Non-executive Director, acts as the Chairman, and Mr. Francis Goutenmacher, an Independent Non-executive Director, and Mr. Sham Kar Wai, an Executive Director, as the Committee members.

The Nomination Committee and the Board review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Nomination Committee can be viewed on the websites of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

The Nomination Committee passed five resolution-in-writing in the year ended 29 February 2016. During the year ended 29 February 2016, the Committee has discussed and reviewed the Board's structure, size, composition and diversity and its terms of reference and the Board Diversity Policy, the extension of term of service of Independent Non-executive Directors, the independence of Independent Non-executive Directors and the nomination of management candidate to the Board for consideration.

Executive Committee

The Executive Committee was established to approve routine corporate administration matters from time to time delegated by the Board and make recommendations to the Board of the Directors' fee of Independent Non-executive Directors. The Executive Committee comprised the Chief Executive Officer and one Executive Director from time to time. The Committee met twelve times in the year ended 29 February 2016.

The Executive Committee and the Board review the terms of reference of the Executive Committee at least annually. The terms of reference of the Executive Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Executive Committee can be viewed on the website of the Company (www.ithk.com).

Details of Directors' attendance of the Board meetings, Board Committees' meetings and the annual general meeting held during the year ended 29 February 2016 are set out as follows:

	Meetings attendance					
	Board (Note 7)	Executive Committee	Audit Committee (Note 8)	Remuneration Committee (Note 9)	Nomination Committee (Note 10)	Annual General Meeting held on 11 August 2015
Executive Directors (Notes 1 & 2)						
Mr. Sham Kar Wai (Notes 1 & 3)	5/5	12/12	3/4	0/2	5/5	1/1
Mr. Sham Kin Wai (Note 1)	4/5	12/12	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Mr. Francis Goutenmacher (Notes 1 & 4)	5/5	N/A	4/4	2/2	5/5	1/1
Dr. Wong Tin Yau, Kelvin, JP (Notes 1 & 5)	5/5	N/A	4/4	N/A	N/A	1/1
Mr. Mak Wing Sum, Alvin (Notes 1 & 6)	5/5	N/A	4/4	2/2	5/5	1/1

Note 1: Save that Mr. Sham Kar Wai and Mr. Sham Kin Wai are brothers, there are no other relationships (including financial, business, family or other material/relevant relationships) among the members of the Board.

Note 2: Mr. Chan Wai Kwan was appointed as Executive Director with effect from 1 April 2016.

Note 3: Mr. Sham Kar Wai is the Chairman of the Board and Chief Executive Officer.

Note 4 Mr. Francis Goutenmacher is the Chairman of Remuneration Committee.

Note 5: Dr. Wong Tin Yau, Kelvin, JP is the Chairman of Audit Committee.

Note 6: Mr. Mak Wing Sum, Alvin is the Chairman of Nomination Committee.

Note 7: This column only records the attendance of Board meetings duly convened and held. In addition to this, ten resolution-in-writing were signed by all the Directors during the year ended 29 February 2016.

Note 8: This column records the attendance of Committee meetings duly convened and held.

Note 9: This column only records the attendance of Committee meetings duly convened and held. In addition to this, five resolution-in-writing were signed by all the Committee members during the year ended 29 February 2016.

Note 10: By resolution-in-writing signed by all the Committee members.

Corporate Governance Functions

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the respective Board Committees. During the year ended 29 February 2016, the Board and Board Committees have reviewed the Company's policies and practices on corporate governance and environmental, social and governance strategy and made recommendations to the Board; reviewed and monitored the training and continuous professional development of Directors and management; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; reviewed and monitored the code of conduct applicable to employees and Directors; and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Board Diversity Policy

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. In this connection, the Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board (the "Diversity Policy").

Pursuant to the Diversity Policy, the Company considers Board diversity from a number of perspectives, including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service. The ultimate decision would be based on the merits and contributions the selected candidates can bring to the Board.

The Nomination Committee opined that the Company has a diverse Board.

The Nomination Committee and the Board would review the Diversity Policy at least annually.

Directors' Securities Transactions
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors. Employees who are likely to possess unpublished inside 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 Directors.

Directors' Training
All Directors participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure their contribution to the Board remains sound and advanced. Directors provide their records of training to the Company on a regularly basis. During the year under review, the then Directors, participated in this continuous professional development exercise by way of attending trainings and/or seminars organised by professional organisations and reading materials updating new practices, rules and regulations to keep themselves updated on the roles, functions and duties of a listed company director.

Company Secretary
Company Secretary is to ensure there is a good information flow within the Board and between the Board and management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. Company Secretary has provided her training records to the Company indicating her compliance with the training requirement under Rule 3.29 of the Listing Rules.

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 58.

During the year ended 29 February 2016, the fees paid or payable to PricewaterhouseCoopers were approximately HK$2,700,000 for audit services and approximately HK$1,583,000 for non-audit services (for the review of the interim results of the Company for the period ended 31 August 2015, tax compliance and tax advisory service) 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 ended 29 February 2016, 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 control system to safeguard the Group's assets and shareholders' interests. The Group has established an internal control system which includes, but is not limited to, a defined organisational structure with limits of authority, a budget and performance evaluation system, a management reporting system and an annual control and risk self-assessment of major business units.

To embed a risk-alert culture throughout the Group, the Internal Audit Department has conducts an annual control and risk self-assessment which allows management team to identify and analyse the risks underlying the achievement of business objectives and to determine a basis for how such identified risks can be managed and mitigated. Using this risk-based approach, the Internal Audit Department derives a yearly audit plan, which is approved by the Audit Committee on an annual basis to assess the adequacy, effectiveness, efficiency and reliability of internal control procedures over financial, operational and compliance activities of the Group. The results of independent audit reviews together with the recommended remedial actions, in the form of the internal audit reports, are submitted to the Audit Committee and the management team on a regular basis. Follow up reviews are performed to ensure all identified issues have been satisfactorily resolved.

During the year ended 29 February 2016, the Board, (i) through the Audit Committee with the assistance of the Internal Audit Department, has reviewed the effectiveness of the Group's material 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 material deficiencies found.

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. During the year ended 29 February 2016, meetings with more than 180 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 (www.ithk.com) to keep the shareholders and the public informed of the Company's latest developments.

Constitutional Documents

There is no change in the Company's constitutional documents during the year ended 29 February 2016.

The Memorandum of Association and Bye-laws of the Company is available on the websites of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

Shareholders' Rights

Convening of special general meeting on requisition by shareholders

Pursuant to Bye-law 58 of the Company's Bye-laws, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene a special general meeting, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any special general meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for putting enquiries to the Board

Shareholder(s) may at any time send their enquiries (including relief from taxation) to the Board in writing through Company Secretary whose contact details are as follows:–

Company Secretary
I.T Limited
31/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong
Tel: (852) 3197-1109
Email: cosec@ithk.com

The Company adheres the importance of the shareholders' privacy and will not disclose such information without their consent, unless required by law, the Stock Exchange, order or requirement of any court or other competent authority.

Procedures for putting forward proposals at general meetings
The following shareholder(s) are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

1. any shareholder(s) representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or

2. not less than one hundred shareholders.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement with respect to the matter referred to in the proposal must be deposited at the registered office of the Company in the case of:

(1) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(2) any other requisition, not less than one week before the meeting.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended) once valid documents received.

Communication with Shareholders
The Company's shareholders' communication policy is to provide the shareholders with equal and timely access to the Company's information to enable them to exercise their rights in an informed manner; and to ensure there is ongoing dialogues and effective communication with the shareholders and the investment community.

The general meetings of the Company are mediums for shareholders to have direct dialogues with the Board. The Chairman of the Board as well as Chairmen of the respective Board Committees are available to answer questions at the shareholders' meetings. External auditor also attends annual general meetings or special general meeting (if necessary) to address shareholders' enquiries.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at general meetings would be taken by poll.

No shareholders' enquiry was received during the year ended 29 February 2016.

The Company is committed to improving the sustainability of our operations and driving improvements. We strive to utilise resources, efficiently and effectively in our operations to reduce impacts on the environment; raise our social responsibilities as well as our stakeholders including our business partners, suppliers, staff and customers; improve the well-being of our colleagues; and embrace our responsibility as a corporate citizen and enhance the relationship with the communities.

This Environmental, Social and Governance Report presents the Group's sustainability initiatives and work done for the year ended 29 February 2016. This Report focuses on the operations of office, retail shops and warehouses of our Hong Kong operation, where our headquarters situates. We shall continue to improve our measurement and monitoring systems and the quality of disclosure in the Report. We shall extend our coverage of this Report to our other operating regions progressively.

ENVIRONMENTAL SUSTAINABILITY

We understand the potential impacts of our operations on the environment, it is therefore our commitment to ensure continual business growth, while at the same time, to achieve environmental sustainability.

To put it into practice, we have implemented a range of green measures at our headquarters, retails shops and warehouses to minimise our environmental footprints. We seize every opportunity to engage our staff in supporting green initiatives in our daily operations to call for collective effort in sustaining the environment. To this end, we have introduced several initiatives to improve energy efficiency, better waste management and enhance indoor environmental quality.

On the other hand, we realise the environmental impacts of our suppliers and service providers on emissions and resources depletion in relation to the manufacturing processes and logistics arrangement. We will continue to work closely with the supply chain and monitor their performance in order to minimise the impacts across the entire supply chain.

Energy Efficiency

In response to the call for global efforts to combat climate change, we encourage our staff to adopt environmentally responsible behaviors and implement green measures in order to minimise our carbon footprints. We have applied a number of energy saving measures in our workplace and shops. Staff members are well informed of our green measures through different communication channels, like intranet and regular meetings. We continuously cultivate our staff awareness and induce their behavioral change.

Some examples of energy saving initiatives carried out:

- maximising the use of natural light and energy-saving lighting systems;
- zoning for optimal control of lighting and air-conditioning;
- maintaining the room temperature at an average of 25°C;
- installing energy-efficient office equipment;
- turning off office equipment when not in use;
- putting reminder message about the importance of energy and resources savings on or next to office equipment;
- switching off air conditioning systems and lighting in vacant working areas after operation hours.

Minimise Greenhouse Gas Emissions

We realise that transportation by any means can result in greenhouse gas emissions. As such, I.T's Business Trip Policy has clearly defined the necessity of business trips. Staff members are required to seek approval prior to the business trip and encouraged to adopt video conference, as far as possible, with business partners and conducting in-house meeting with other regions. We have also established a system to monitor the frequency of business trips to avoid unnecessary travelling so as to minimise greenhouse gas emissions.

As we have an extensive network of retail shops in the territory, goods delivery is one of the major sources that contributes to greenhouse gas emissions. We therefore have conveyed green driving tips to our logistics contractors to help minimise roadside emissions when delivering products to our shops, such as arranging delivery services in non-peak hours, choosing the best possible delivery routes to reduce exhaust emissions, and switching off idling engines during loading and unloading. In terms of hardware, we have also encouraged our contractors to upgrade their fleet with the aim of reducing energy consumption and emissions.

Water Consumption

Traditionally, water consumption in apparel retail business is minimal as it does not involve any production and manufacturing process. To continuously bring in trendy lifestyle shopping experience to fashion lovers, we have started to operate "Sweet Monster" ice-cream and pop-corn stores in the year under review. Though such operations do not consume much water, yet we have adopted water saving measures and set up internal guidelines to ensure that our staff members are using water resources conscientiously and effectively.

Waste Management

Waste management and reduction are crucial to helping conserve the Earth's finite resources. In view of the pressing waste problem in Hong Kong, we have been monitoring our waste generation and have adopted various waste reduction measures, especially in cutting down paper waste which is generated mainly from our workplace operation, marketing activities and product packaging.

We advocate a "paperless" workplace and adopt the 3R (reduce, reuse and recycling) principles. We encourage our staff to view documents on electronic devices instead of printing out hard copies. When printing is unavoidable, duplex printing is defaulted. Apart from encouraging the reuse of single-sided paper, designated collection points have been set up in the workplace to facilitate paper recycling with certified environmental management service company. Staff members are also advised to reuse office consumables. Paper consumption and waste collected are reviewed by designated administration staff on a monthly basis to identify room for improvement and further enhance the use of resources.

Regarding our retail services, we have adopted a green marketing concept to minimise the generation of paper waste. Electronic posters and e-catalogues are used to minimise massive printing of promotion materials. In view of the significant amount of our product packaging materials, we reuse all paper boxes and packaging refills as far as feasible to deliver the merchandises between shops and for storage in workplaces to reduce wastes.

We have incorporated environmental considerations in every detail of our products. Take the plastic packaging of our in-house brands as an example – all the polybags are made of certified plastic materials (polypropylene) that are complied with all relevant European Union standards. They can be sent to plastic recyclers to convert into recycled materials to produce garbage bags, hangers or disposable plastic hand tools. We always encourage our customers to reuse and recycle the bag where appropriate to minimise environmental impacts at the consumer end of our products.

Indoor Environmental Quality

We understand that good air and water quality are vital to health. We concern our staff and customers, and therefore make every effort to provide a healthy workplace and shopping environment for them.

Apart from monitoring the indoor environmental quality in our premises, we have also implemented various measures to maintain good indoor air quality for staff, visitors and customers, e.g. air-conditioning systems and air filters are cleaned on a regular basis. Professional cleansing companies are engaged to take care of the indoor environment of our workplaces and shops.

SOCIAL SUBSTANTIALITY

I.T believes employees are the greatest capital in maintaining our leading position as one of the pioneers in the fashion apparel industry and in achieving our multifaceted business model. To empower our staff, we continuous provide wide range of capability building and career development opportunities for them. We offer competitive employment package and benefits to attract and retain competent persons. We also cherish employees' well-being and strive to provide them with a healthy and safe working environment.

EMPLOYMENT AND LABOR PRACTICES

Our Workforce

Our comprehensive workforce is essential to optimise our operation. Other than full time employees, part-time staff are also engaged to ease the pressure in the frontline. As of the end of the year under review, we had 3,415 employees in Hong Kong, with a Female to Male ratio of about 6:4, making us one of the largest employers in the apparel retail market. They are stationed at our retail shops (72%), offices (19%), and warehouses (9%). Our full-time to part-time staff ratio was 7:3. We have a young and energetic workforce, with the majority (69%) were aged below 30, 23% between 30 and 50, and 8% above 50.

We strictly adhere to all applicable labor legislations. No violation of labor law was recorded in the reporting period.

Benefits and Compensation

I.T endeavors to offer a comprehensive and competitive compensation package to attract, retain, and motivate best-in-class employees. We benchmark our compensation internally within the organisation and externally within the labor market of related fields, sectors and professions. Remuneration adjustments are based on staff's performance. To ensure that our pay rates are competitive and equitable, we conduct our own and participate in other market surveys to ensure that our pay scale aligns with the market trends. Discretionary performance bonus is offered to staff as recognition of contribution and as motivation for achieving a better self. Each year, Remuneration Committee of the Board of Directors reviews Management's proposal of the Group remuneration adjustment and discretionary performance bonus and gives advices when necessary.

Apart from the usual annual leave and paid sick leave, we offer additional leave entitlements for other circumstances like marriage, maternity and paternity, bereavement, etc. in which staff can take a relief physically and psychologically. To cater for employees' self-development, the Company adopts flexible working hours. As a special benefit in a fashion forward corporation, staff attaining a certain grade has quotas to freely choose their daily wear or accessories from our retail shops and/or shop at an attractive staff discount. To treasure and recognise staff who dedicates to the growth of the Company, long service award is to be granted to staff working for over 10 years.

Equal Opportunities

To ensure equal employment and advancement opportunities for all individuals, I.T assesses individuals based on their experience, qualifications and abilities. Our employment practices will, under no circumstances, be influenced or affected by an applicant's or employee's race, color, gender, age, disability or family status.

OCCUPATIONAL HEALTH & SAFETY

I.T puts strong emphasis on the occupational health and safety of all operations in our offices, shops and, especially, warehouses. It is our target to have zero accident in our operations and thus we have engaged an external professional safety consultant to conduct regular safety audits to identify and eliminate any potential health and safety risks.

Policy, Management Systems and Emergency Planning

Management fully supports the perusal of excellent workplace safety. Our safety policy stipulates our health and safety commitment and framework to govern our daily operations. We have implemented a comprehensive safety management system to identify and control all high risk operations as well as provide necessary guidance for staff. We have also formulated emergency plans and arranged relevant drills from time to time to raise our staff awareness in handling associated emergency situations.

Safety Statistics

We continuously monitor the injury rate and lost day rate in our operation as key indicators to gauge our safety performance. In the year under review, we had not recorded any injury case in our office. The injury rate per 1,000 employees at our shops and warehouses were 4.64 and 10.31 respectively, which were well below the 2014 industry average of 12.8. In addition, all our Hong Kong operations had less than one lost day per employee from occupational injuries in the year under review. These prove the effectiveness of our safety management, which protects our most valuable asset of all – our staff.

Staff Development and Training

We believe nurturing talents is the cornerstone of our business development. We are committed to offering different training opportunities to our staff, striving to provide them with a suitable platform for career advancement and developing professionalism. In the year under review, the average training hours for our managerial grade, general grade, and part-time staff in Hong Kong were 21.4, 20.8, and 16.7 hours respectively; and Directors, Management and finance, accounting, legal and compliance staff attended their requested continuous professional training courses organised by various professional institutes.

Maintaining a professional sales team is our key success. According to different job duties, we offer a range of training topics to facilitate our staff's professional and personal development. These includes training on sales and marketing skills, communication skills, leadership and management skills, styling and cosmetics, etc. We have also developed a variety of programs and competitions to motivate our staff to pursue continuous improvements. For instance, we have arranged Top Sales Award, Image and Styling Competition, Shop Incentive Games, Mystery Shopper Service Awards, and Long Service Awards over the years, fostering team cohesion and cultivating a harmonious working environment.

Apart from incentive and recognition schemes, we also organised corporate wise team building events, like I.T Sports Day, where our staff can further build the team spirit and friendship.

OPERATING PRACTICES

The Group upholds a high standard of business integrity and service excellence throughout its operations. We have clear and stringent procedures in place to protect customers' data privacy and ensure our service quality. In addition to the Company's effort, we believe mutual collaboration with our supply chain is of vital importance to ensure our business sustainability in the long run.

Business Conduct

Business integrity is one of the major focuses under the Company's corporate governance. We believe honesty and trustworthiness are important business assets and indispensable for maintaining long term business growth and success. We request all our staff to maintain a high level of business ethics to protect the interests and business operations of the Group. To reinforce staff integrity, we have established the Code of Business Conducts (the "Code") and guidelines to lay down our approach and requirements on business ethics. Corruption, bribery or fraud in any form is strictly prohibited. We have the Code incorporated in employee's handbook. All new staff members are well briefed of these during orientation and existing staff can assess relevant information in the Company's intranet. No incident of corruption was identified in the reporting year.

In addition, a whistleblowing policy and system is in place for employees and stakeholders to directly report any misconduct or dishonest activity, such as suspected corruption, fraud and other forms of criminality, to the Chairman of the Audit Committee of the Board of Directors who is an Independent Non-executive Director of the Company to ensure investigation be conducted independently. There was no whistleblowing case received in the reporting year.

Regulatory Compliance

Data security is our top priority. As such, we have established a privacy policy to ensure that all personal data is protected against unauthorised access, processing or erasure. The collected data is solely used for our e-commerce business and formal marketing purposes, such as broadcasting VIP promotional offers, new products and services to customers.

To protect customers' privacy, all staff members are trained on the data protection principles and are required to strictly follow the Personal Data (Privacy) Ordinance (Chapter 486, Laws of Hong Kong). I.T carries over 300 international brands and licensed brands, all staff members are guided by internal policies and are well aware of the respect of third parties' intellectual property rights and pay extreme attention to ensure the proper usage of these intellectual properties. During the reporting year, our staff fully complied with the relevant requirements and no violation had been observed.

Quality Product

I.T showcases a collection of international brands and in-house brands and offers unique shopping experience to our customers. We have therefore stipulated systematic inspection procedures in checking the quality of the products we deliver. Using a four-level approach, we require our suppliers or relevant parties to carry out sufficient quality assurance and quality control inspections and audits in areas of fabric inspections, in-process garment inspections, statistical audits and production monitoring. The inspection activities help identify in-process improvements and enable us to receive quality products. During the year under review, we did not aware of any material non-compliance or breach of legislation related to product safety.

Quality Service

Operating an array of multi-brand shops for fashion lovers, we strive to provide them with a comfortable and pleasant shopping experience. We have made use of different platforms and social media such as Facebook, twitter, Weibo, YouTube and Instagram to promote our latest initiatives and activities as well as collect feedback from them.

Whenever complaint about our product or service quality is received, management staff would be informed on details of the complaint within 24-hour. Relevant brand or retail team will be assigned to investigate the case and propose corrective action to prevent re-occurrence of the issue in future, including but not limited to refinement in the supply chain management. It is our pledge to reply the message sender within five to seven business days and resolve the case in a timely and satisfactory manner.

During the year under review, 197 complaints were received in relation to products and 419 to services and others. All cases were resolved. Other than complaints, we also received compliments from our customers, 59 messages were received in relation to our services and others.

Supply Chain Management

As a retailer, we understand the importance to work closely with our supply chain to ensure the sustainability of our business. To this end, we have established a supplier management system to monitor the operations of our suppliers and contractors to ensure their operations are fully complied with local laws and regulations in relation to social and environmental aspects. Evaluation on the suppliers and contractors' performance will be carried out according to the pre-defined procurement guidelines during the tendering and quotation processes. In addition, the Company has maintained close dialogues with suppliers and contractors to share our sustainability approaches and ensure that their activities are also carried out in a sustainable manner. We have also gauged their performance and operation efficiency and effectiveness through business meetings, factory visits and labor and employment practices reviews, sampling and costing exercises, quality assurance checks and fabric inspections as and when appropriate.

COMMUNITY

As a corporate citizen, I.T fully embraces our social responsibilities. We, being part of the local economy, believe that we have to do more than just fulfilling our legal and economical obligations. I.T strives to support local cluster development through investing in the community. In the year under review, we have collaborated with a number of charitable organisations to push forward social improvements in various aspects, such as promoting environmental awareness, supporting children development and caring for people in need.

PROMOTING ENVIRONMENTAL AWARENESS

Adhering to the motto "Every Effort Counts", I.T believes it takes every one of us to combat global climate change. We fully support a variety of environmental initiatives. Through our active involvement and participation, we spread green messages to our stakeholders through emails and social media, aiming to inspire them to develop a green lifestyle for the environment. On the other hand, we also promoted green programs to the local community through donations.

I.T Shopping Green and "Trees•COOLiving" Green Education Program
I.T launched the "I.T Shopping Green" from April to August 2015 complimenting the plastic shopping bag levy scheme which came into effect on 1 April 2015. We moved a step further ahead, free shopping bags will not be provided for customers despite they are paper bags or plastic ones. To promote green shopping, we contributed all fund collected from the request for shopping bag within this period to the "Trees Cooliving" Green Education Program run by the Friends of the Earth (HK). In addition, to promote sustainable living and tree-friendly behaviors, we contributed over HK$220,000 in support of the Friends of the Earth (HK) for their green education programs.

"Plastic is NOT Fantastic" Campaign
I.T joined the WWF-Hong Kong's "Plastic is NOT Fantastic" Campaign to support their conservation and education work. From September 2015 to February 2016, we have contributed over HK$340,000 to the campaign.

CARING FOR PEOPLE IN NEED AND SUPPORTING CHILDREN DEVELOPMENT

I.T also treasures the diversity in our society. To promote an inclusive society, we continuously organise and participate in fund raising activities like donations to children education funds to support their growth and assist them in maximising their development potentials, HIV prevention, education and care programs, etc. Through our continued efforts, we share our care and love with the community.

Examples of meaningful activities:

izzue x Rainie Yang Autograph Event
As an innovative fashion label seeking to infuse some great music into the contemporary fashion, izzue, our in-house brand, first time joined forces with Taiwanese Diva Rainie Yang to present 'A TALE OF TWO RAINIE' (Deluxe Edition) and held izzue x Rainie Yang Autograph Event on 27 April 2015. izzue specially designed a tote bag for the event. Certain sales proceeds were donated to Make-A-Wish® Hong Kong to grant wishes to children with life threatening medical conditions.

Kiss and Share
b+ab, our in-house brand, launched the "Kiss and Share" in February and March 2016 for the underprivileged. b+ab donated part of the sales proceeds of each SON & Park Lip Crayon to Hong Kong Association for Cleft Lip and Palate to support the healthy physical and psychological growth of the patients.

REPORT OF THE DIRECTORS

The Directors of I.T Limited (the "Company") have pleasure in submitting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 29 February 2016.

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 16 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 29 February 2016 are set out in Note 16 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 59.

The board of directors of the Company (the "Board") has resolved to recommend the payment of a final dividend of 8.4 HK cents per share for the year ended 29 February 2016 (2015: 11.0 HK cents).

BUSINESS REVIEW

A review of the Group's business for the year ended 29 February 2016, a discussion on the Group's future business development and principal risks and uncertainties that the Group is facing are provided in the sections headed *"Message from the Chairman"* on pages 18 to 19 and *"Management Discussion and Analysis"* on pages 24 to 29.

The financial risk management objectives and policies of the Group is laid out in Note 3 to the consolidated financial statements.

No important event affecting the Group had occurred since the end of the year ended 29 February 2016.

An analysis of the Group's performance for the year ended 29 February 2016 by financial key performance indicators is set out on page 20 to 21.

The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to comply with all prevailing laws and regulations in all its operating regions. During the year, the Company did not aware of any material non-compliance or breach of legislation.

SUSTAINABILITY

The Group is committed to improving the sustainability of its operations and driving improvements. It strives to utilise resources efficiently and effectively in its operations to reduce impacts on the environment; raise its social responsibilities and its stakeholders'; improve the well-being of its staffs; and embrace its responsibility as a corporate citizen and enhance the relationship with the communities. The Company maintains harmonious relationship with its stakeholders including its business partners, suppliers, logistics service providers, staffs and customers for the long term growth. During the year, the Company continued:–

– ***Environmental***
  to push forward energy saving measures and emissions reduction throughout its operations, covering packaging, lighting and supplies. Eco-friendly supplies or equipment like recycled paper, LED lights, packaging materials, etc. were used whenever practicable. Packaging materials and fixtures and furniture were reused as far as possible. To reduce carbon emissions, consumption of electricity and water was minimised and business travels were carried out only when necessary. We continuously worked with our suppliers and logistics service providers in exploring further opportunities to reduce emissions.

– ***Employee***
  to dedicate to providing a safe, healthy and joyous working environment for all staff and to provide opportunities for staffs' self-development and advancement in all aspects. The Company provided numerous training programs to enhance the staffs' skills and standards. Two ways performance assessment systems and incentive mechanism were in place to enhance staffs' care development. Safety audits were conducted to identify and eliminate risks and a safe and healthy workplace is maintained.

– ***Community***
  to be actively involved in the charities and community services. Various activities were conducted to promote environmental awareness, support children development and care for people in need.

The Group's first environmental, social and governance report (the "ESG Report") as set out in the section headed *"Environmental, Social and Governance Report"* on pages 41 to 45 laid out the details of the policies and attainments of the Company on the environmental and social aspects and how it works with its stakeholders for the sustainability.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$885,000 (2015: HK$702,000).

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 29 February 2016, the Company's reserve available for cash distribution, as computed in accordance with The Companies Act 1981 of Bermuda (as amended), amounted to HK$1,123,742,000, of which HK$101,806,000 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 121 and 122.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 29 February 2016, the Board considered the value of the Company's shares was consistently undervalued and the Company purchased a total of 15,626,000 shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK$31,689,400. All the purchased shares were cancelled.

Month	Number of shares purchased	Purchase price per share Highest HK$	Lowest HK$	Total purchase price paid HK$
March 2015	2,408,000	2.59	2.14	5,382,540
July 2015	550,000	2.65	2.52	1,409,120
August 2015	2,528,000	2.04	1.92	5,038,040
September 2015	1,472,000	2.16	1.99	3,037,860
December 2015	224,000	2.08	2.03	460,500
January 2016	3,366,000	2.13	1.83	6,981,420
February 2016	5,078,000	1.86	1.81	9,379,920
Total	15,626,000			31,689,400

As at 29 February 2016, the total number of issued shares of the Company was 1,211,977,307.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares or the 6.25 per cent Senior Notes due 2018 during the year ended 29 February 2016.

On 1 March 2016, the Company further purchased its 494,000 shares on the Stock Exchange. The total purchase price paid was HK$916,380, with the highest and lowest price at HK$1.88 and HK$1.84 respectively. The said shares were subsequently cancelled.

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
Mr. Chan Wai Kwan (appointed on 1 April 2016)

Independent Non-executive
Mr. Francis Goutenmacher
Dr. Wong Tin Yau, Kelvin, JP
Mr. Mak Wing Sum, Alvin

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Chan Wai Kwan shall hold office until the forthcoming annual general meeting of the Company (the "2016 AGM"), being eligible, offer himself for re-election.

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Sham Kin Wai and Dr. Wong Tin Yau, Kelvin, JP will retire by rotation at the 2016 AGM and being eligible, offer themselves 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, JP will expire on 31 July 2016 while Mr. Mak Wing Sum, Alvin's on 30 March 2017. 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 Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Mr. Francis Goutenmacher and Dr. Wong Tin Yau, Kelvin, JP have been appointed as an Independent Non-executive Director since August 2006 and August 2007 respectively. They have clearly demonstrated their exercise of independent judgment and provision of objective challenges and advices to Executive Directors and management team. There is no evidence that length of tenure is having an adverse impact on their independence.

The Board considers that all Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors who are proposed for re-election at the 2016 AGM does not have a service contract with the Company which is not determinable within one year without payment of compensation, other than the 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 34 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 Directors and management team are reviewed by the Remuneration Committee and the Board which are detailed in the paragraph headed "Remuneration Committee" under the Corporate Governance Report on page 36.

PENSION-DEFINED CONTRIBUTION PLANS

Details of pension defined contribution plans of the Group are set out in Note 9 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

The Company's Bye-laws provide that all Directors and officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors' and officers' liability insurance is arranged to cover the Directors and officers of the Company and its subsidiaries against any potential costs and liabilities arising from claims brought against them.

BIOGRAPHICAL DETAILS OF DIRECTORS AND MANAGEMENT TEAM

Biographical details of the Directors and management team as at the date of this report are set out in the section headed *"Biographies of Directors and Management Team"* on pages 30 to 31.

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 2015 are set out below:

Name of Directors	Details of changes
Independent Non-executive Directors	
Mr. Francis Goutenmacher	– appointed as a director and the non-executive chairman of the board of directors of PLUKKA Limited, a company listed on the Australian Securities Exchange Limited, with effect from 3 December 2015.
	– resigned as an independent non-executive director and a member of the audit committee, remuneration committee, executive committee and nomination committee of Natural Beauty Bio-Technology Limited, a company listed on the Stock Exchange, with effect from 18 December 2015.
Dr. Wong Tin Yau, Kelvin, JP	– appointed as a member of Financial Reporting Council with effect from 1 December 2015.
	– ceased as a member of Appeal Board Panel (Town Planning) with effect from 18 December 2015.
	– ceased as a member of Standing Committee on Company Law Reform with effect from 31 January 2016.
	– resigned as an independent non-executive director, the chairman of audit committee and a member of nomination committee of AAG Energy Holdings Limited, a company listed on the Stock Exchange, with effect from 28 April 2016.

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 29 February 2016, the interests and 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 (Chapter 571, Laws of Hong Kong) (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 Issuers (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	Beneficiary of trust (Note 1)	Interest in underlying shares/equity derivatives (Note 2)	Direct interest	Total	Percentage of issued shares (Note 4)
Sham Kar Wai (Note 3)	698,564,441	35,048,379	6,834,000	740,446,820	61.09%
Sham Kin Wai (Note 3)	698,564,441	35,048,379	6,834,000	740,446,820	61.09%

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 detailed in the section headed *"Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company"* below.

(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.

(4) The issued shares of the Company was 1,211,977,307 shares as at 29 February 2016.

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

The interests 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)
	Strengthen Source 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 a trust	100%
	Fresh Start Holdings Limited	Beneficiary of a trust	100%
	Fortune Symbol Limited	Beneficiary of a trust	100%
	Fine Honour Limited	Beneficiary of a trust	100%
	Effective Convey Limited	Beneficiary of a trust	100%
	Dynamic Vitality Limited	Beneficiary of a trust	100%
Sham Kin Wai	3WH Limited	Beneficial owner	50%
	Strengthen Source 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 a trust	100%
	Fresh Start Holdings Limited	Beneficiary of a trust	100%
	Fortune Symbol Limited	Beneficiary of a trust	100%
	Fine Honour Limited	Beneficiary of a trust	100%
	Effective Convey Limited	Beneficiary of a trust	100%
	Dynamic Vitality Limited	Beneficiary of a trust	100%

Note: 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 29 February 2016.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed in the section headed "*Share Options*" below, 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

The Company adopted a share option scheme on 30 June 2008 (the "Scheme"). The Scheme is to provide incentives or rewards to selected eligible participants for their contribution or potential contribution to the Group. Pursuant to the Scheme, the Company may grant options to eligible participants as defined in the 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 Scheme will remain in force for a period of 10 years up to June 2018.

No participant with options granted was in excess of the individual limit as stipulated in the 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 Scheme and any other scheme adopted by the Group from time to time would not in aggregate exceed 30% of the Shares in issue from time to time. The maximum number of shares issued and to be issued upon exercise of options granted under the 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.

As at the date of this report, the total number of shares available for issue under the Scheme and any other share option schemes of the Company is 55,226,003, representing 4.56% of the issued shares of the Company.

No share option was granted, exercised or lapsed during the year ended 29 February 2016. The outstanding options granted under the Scheme and yet to be exercised are set out below:

	Date of grant	Exercise period	Exercise price per share HK$	Number of Share Options as at 1 March 2015 and 29 February 2016
Director				
Sham Kar Wai	12 February 2010	12 February 2012 to 11 February 2020	1.43	11,268,379
	18 March 2011	18 March 2017 to 17 March 2021	4.96	11,500,000
	17 September 2012	17 September 2018 to 16 September 2022	3.42	12,280,000
Sham Kin Wai	12 February 2010	12 February 2012 to 11 February 2020	1.43	11,268,379
	18 March 2011	18 March 2017 to 17 March 2021	4.96	11,500,000
	17 September 2012	17 September 2018 to 16 September 2022	3.42	12,280,000
Continuous contract employees	28 December 2009	28 December 2011 to 27 December 2019	1.23	33,805,137
	18 March 2011	18 March 2017 to 17 March 2021	4.96	17,250,000
				121,151,895

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

As at 29 February 2016, 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 shares (Note 13)	Long/short position
Yau Shuk Ching Chingmy (Notes 1 & 2)	Beneficiary of a trust/ Interest of spouse	740,446,820	61.09%	Long
Wong Choi Shan (Notes 1 & 3)	Beneficiary of a trust/ Interest of spouse	740,446,820	61.09%	Long
Effective Convey Limited (Note 4)	Beneficial owner/ Interest in corporation	698,564,441	57.01%	Long
Dynamic Vitality Limited (Notes 1 & 5)	Interest in corporation	698,564,441	57.01%	Long
HSBC International Trustee Limited (Notes 1 & 5)	Interest in corporation	698,564,441	57.01%	Long
Fine Honour Limited (Note 4)	Beneficial owner	169,197,830	13.98%	Long
Yeung Chun Kam (Note 6)	Joint interest	64,270,000	5.27%	Long
Yeung Chun Fan (Note 6)	Joint interest	64,270,000	5.27%	Long
Cheung Wai Yee (Note 7)	Interest of spouse	64,270,000	5.27%	Long
Greenwoods Asset Management Limited (Note 8)	Interest in controlled company	61,878,000	5.04%	Long
Greenwoods Asset Management Holdings Limited (Notes 8 & 9)	Interest in controlled company	61,878,000	5.04%	Long
Unique Element Corp. (Notes 8 & 10)	Interest in controlled company	61,878,000	5.04%	Long
Jiang Jinzhi (Notes 8 & 11)	Interest in controlled company	61,878,000	5.04%	Long
The Capital Group Companies, Inc. (Note 12)	Interest in corporation	61,568,000	5.02%	Long

Notes:

1. 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 (both are Directors of the Company) and their respective family members. HSBC International Trustee Limited is the trustee of The ABS 2000 Trust.

2. Spouse of Mr. Sham Kar Wai. Out of the 740,446,820 shares, Ms. Yau as a beneficiary of The ABS 2000 Trust, is interested in 698,564,441 shares while the rest of the shares is held in the capacity of interest of spouse.

3. Spouse of Mr. Sham Kin Wai. Out of the 740,446,820 shares, Ms. Wong as a beneficiary of The ABS 2000 Trust, is interested in 698,564,441 shares while the rest of the shares is held in the capacity of interest of spouse.

4. 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. Fortune Symbol Limited, Fresh Start Holdings Limited and Sure Elite Limited each held 60,028,130 shares.

5. 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 HSBC International Trustee Limited is therefore deemed interested in the shares held by Effective Convey Limited.

6. 64,270,000 shares are held by Dr. Yeung Chun Kam and Mr. Yeung Chun Fan jointly.

7. Spouse of Mr. Yeung Chun Fan.

8. According to the notice filed by Greenwoods Asset Management Limited, out of the 61,878,000 shares, 14,128,000 shares are held by Greenwoods Asset Management Limited and 6,528,000 shares and 41,222,000 shares held by its controlled corporation, Golden China Master Fund and Greenwoods China Alpha Master Fund respectively.

9. According to the notice filed by Greenwoods Asset Management Holdings Limited, Greenwoods Asset Management Holdings Limited held the shares through its controlled corporations, Greenwoods Asset Management Limited, Golden China Master Fund and Greenwoods China Alpha Master Fund.

10. According to the notice filed by Unique Element Corp., Unique Element Corp. held the shares through its controlled corporations, Greenwoods Asset Management Holdings Limited, Greenwoods Asset Management Limited, Golden China Master Fund and Greenwoods China Alpha Master Fund.

11. According to the notice filed by Jiang Jinzhi, Jiang Jinzhi held the shares through its controlled corporations, Unique Element Corp., Greenwoods Asset Management Holdings Limited, Greenwoods Asset Management Limited, Golden China Master Fund and Greenwoods China Alpha Master Fund.

12. The shares are held by Capital Research and Management Company, a wholly-owned subsidiary of The Capital Group Companies, Inc..

13. The issued shares of the Company was 1,211,977,307 shares as at 29 February 2016.

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.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 29 February 2016, which did not constitute connected transactions under the Listing Rules, are disclosed in Note 32 to the consolidated financial statements.

CONTINUING DISCLOSURE REQUIREMENTS

The following circumstances giving rise to the obligations of disclosure pursuant to Rule 13.18 of the Listing Rules continue to exist after the year ended 29 February 2016.

(a) The Notes

Terms used herein have the same meaning as those defined in the announcement made by the Company on 8 May 2013 (the "Notes Announcement").

On 8 May 2013, the Company made the Notes Announcement that the Company has entered into the Subscription Agreement with the Joint Lead Managers in relation to the issue of the Notes. Pursuant to the terms and conditions of the Notes, if (among other matters), the Permitted Holders (as explained hereinafter) collectively do not or cease to (i) maintain management control over the management and business of the Group; or (ii) own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the Voting Stock in the Company, free from Security, each holder of the Notes will have the right to require the Company to redeem the Notes at 101% of their principal amount, together with accrued interest. Permitted Holders means any or all of the following: (1) Mr. Sham Kar Wai and Mr. Sham Kin Wai; (2) any Affiliate (other than an Affiliate as defined in clauses (2) or (3) of the definition of Affiliate in the Notes Announcement) of the Person specified in (1) hereof; and (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by Persons specified in (1) and (2) hereof.

Principal terms of the Notes are set out below:

Notes:	principal amount of CNY1,000,000,000 to be matured on 15 May 2018;
Issue Date:	15 May 2013;
Issue Price:	100%;
Interest:	the Notes would bear interest from and including 15 May 2013 at the rate of 6.25% per annum, payable semi-annually in arrears on 15 May and 15 November in each year commencing on 15 November 2013.

Up to the date of this report, the aggregate principal amount of the Notes which remains outstanding and subject to the terms of indenture governing the Notes is CNY894,000,000.

(b) The New Facilities

Reference is made to the announcements made by the Company on 24 February 2012 and 1 December 2014 pursuant to Rule 13.18 of the Listing Rules. Terms used herein have the same meaning as those defined in the announcement dated 1 December 2014 (the "New Facilities Announcement").

On 1 December 2014, the Company made the New Facilities Announcement that I.T Finance Limited, an indirectly wholly-owned subsidiary of the Company, as the borrower has entered into the New Facility Agreement for the purpose of refinancing in full the facilities under the facility agreement dated 24 February 2012. Pursuant to the New Facility Agreement, it is (among other matters) an event of default if (i) Mr. Sham Kar Wai and Mr. Sham Kin Wai, the current Executive Directors, and the Sham's Family Trust collectively do not or cease to maintain management control over the management and business of the Group; or (ii) the Sham's Family and the Sham's Family Trust collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights in the Company, free from any Security. Upon occurrence of an event of default, commitments of the Lenders or any part thereof under the New Facility Agreement may be cancelled, and/or all or any part of the Loans together with accrued interest and all other amounts accrued or outstanding may become immediately due and payable, and/or all or any part of the Loans may become payable on demand.

Details of the New Facility are set out below:

New Facility Agreement:	The facility agreement dated 1 December 2014 and executed by I.T Finance Limited, the Guarantors, the Facility Agent and the Lenders;
Borrower:	I.T Finance Limited;
Guarantors:	the Company and four indirectly wholly-owned subsidiaries of the Company;
Lenders:	Hang Seng Bank Limited and The Hongkong and Shanghai Banking Corporation Limited;
Facility Agent:	Hang Seng Bank Limited;
Facility:	a term loan of HK$380,352,500 repayable over a period of 39 months from the date of signing of the New Facility Agreement.

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 section headed *"Corporate Governance Report"* on pages 34 to 40.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the 2016 AGM and being eligible, offer themselves for re-appointment.

On behalf of the Board

Sham Kar Wai
Chairman

Hong Kong, 25 May 2016

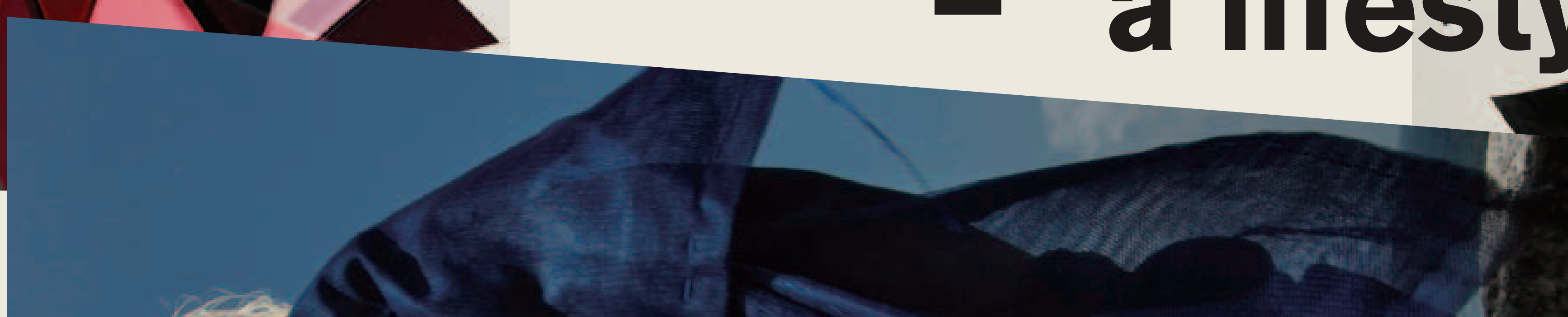
I.T IS

a fashion icon

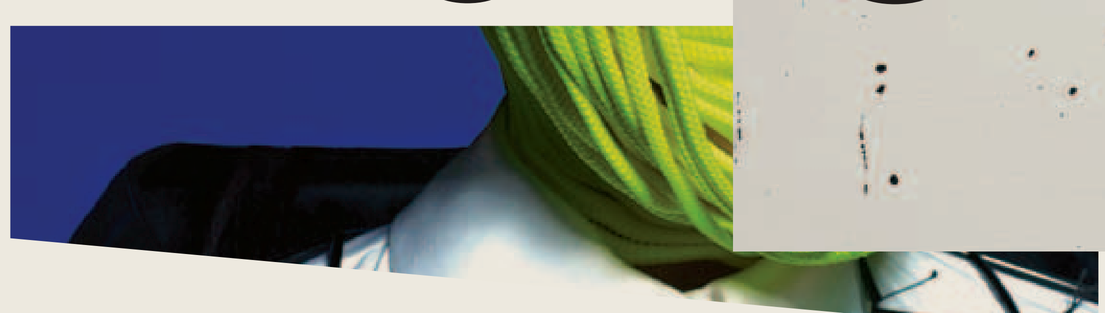
TREND SETTING

inspiration

a lifestyle



MOVING FORWARD



羅兵咸永道

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 set out on pages 59 to 120, which comprise the consolidated statement of financial position as at 29 February 2016, 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 financial position of the Company and its subsidiaries as at 29 February 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 May 2016

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 29 February 2016

	Note	2016 HK$'000	2015 HK$'000
Turnover	5	7,541,132	7,180,540
Cost of sales	7	(2,974,792)	(2,716,192)
Gross profit		4,566,340	4,464,348
Other losses, net	6	(63,786)	(19,329)
Operating expenses	7	(4,095,277)	(3,971,212)
Other income	8	13,984	19,960
Operating profit		421,261	493,767
Finance income	10	41,307	63,509
Finance costs	10	(79,513)	(85,092)
Share of losses of joint ventures	17	(27,008)	(35,821)
Profit before income tax		356,047	436,363
Income tax expense	11	(146,310)	(123,503)
Profit for the year		209,737	312,860
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Currency translation differences		(36,904)	(62,886)
Cash flow hedge recognised as finance costs	10	39,606	26,030
Fair value changes on cash flow hedge, net of tax		(10,807)	(116,581)
Total other comprehensive loss for the year		(8,105)	(153,437)
Total comprehensive income for the year		201,632	159,423
Profit attributable to:			
– Equity holders of the Company	12	209,011	312,471
– Non-controlling interests		726	389
		209,737	312,860
Total comprehensive income attributable to:			
– Equity holders of the Company		200,812	159,170
– Non-controlling interests		820	253
		201,632	159,423
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share)			
– basic	12	17.0	25.4
– diluted	12	16.7	24.9
Dividends	13	101,806	147,312

The notes on page 63 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2016

	Note	29 February 2016 HK$'000	28 February 2015 HK$'000
ASSETS			
Non-current assets			
Property, furniture and equipment	14	856,606	836,410
Intangible assets	15	345,633	322,404
Investments in and loans to joint ventures	17	139,278	166,828
Rental deposits	20	296,483	316,835
Prepayments for non-current assets	20	15,675	41,765
Deferred income tax assets	26	129,594	132,427
		1,783,269	1,816,669
Current assets			
Inventories	18	1,390,974	1,260,598
Trade and other receivables	19	232,423	243,926
Amounts due from joint ventures	17	52,880	50,086
Prepayments and other deposits	20	370,735	285,613
Current income tax recoverable		1,603	21,714
Cash and cash equivalents	21	1,967,111	2,294,103
		4,015,726	4,156,040
LIABILITIES			
Current liabilities			
Borrowings	22	(273,396)	(267,431)
Trade payables	23	(433,130)	(385,280)
Accruals and other payables	24	(649,489)	(707,859)
Derivative financial instruments	25	(42)	(30)
Amounts due to joint ventures	17	(33,863)	(33,693)
Current income tax liabilities		(68,406)	(100,949)
		(1,458,326)	(1,495,242)
Net current assets		2,557,400	2,660,798
Non-current liabilities			
Borrowings	22	(1,262,462)	(1,468,808)
Accruals	24	(8,583)	(12,017)
Derivative financial instruments	25	(132,196)	(122,378)
Deferred income tax liabilities	26	(40,636)	(34,145)
		(1,443,877)	(1,637,348)
Net assets		2,896,792	2,840,119
EQUITY			
Capital and reserves			
Share capital	27	121,198	122,760
Reserves	28	2,773,836	2,716,421
Non-controlling interests		1,758	938
Total equity		2,896,792	2,840,119

The consolidated financial statements on pages 59 to 120 were approved by the board of Directors on 25 May 2016 and were signed on its behalf.

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

The notes on page 63 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2016

	Note	Attributable to equity holders of the Company			
		Share capital HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 March 2015		122,760	2,716,421	938	2,840,119
Comprehensive income:					
– Profit for the year		–	209,011	726	209,737
Other comprehensive income/(loss):					
– Currency translation differences		–	(36,998)	94	(36,904)
– Cash flow hedge recognised as finance costs		–	39,606	–	39,606
– fair value changes on cash flow hedge, net of tax		–	(10,807)	–	(10,807)
Total comprehensive income		–	200,812	820	201,632
Transactions with equity holders:					
Final dividend for the year ended 28 February 2015		–	(134,685)	–	(134,685)
Repurchase of shares	27 & 28	(1,562)	(30,127)	–	(31,689)
Share option scheme					
– value of employment services	28	–	23,876	–	23,876
Reversal of tax credit from exercise of share options		–	(2,461)	–	(2,461)
Total transactions with equity holders		(1,562)	(143,397)	–	(144,959)
Balance at 29 February 2016		121,198	2,773,836	1,758	2,896,792
Balance at 1 March 2014		122,876	2,672,756	685	2,796,317
Comprehensive income:					
– Profit for the year		–	312,471	389	312,860
Other comprehensive income/(loss):					
– Currency translation differences		–	(62,750)	(136)	(62,886)
– Cash flow hedge recognised as finance costs		–	26,030	–	26,030
– fair value changes on cash flow hedge, net of tax		–	(116,581)	–	(116,581)
Total comprehensive income		–	159,170	253	159,423
Transactions with equity holders:					
Final dividend for the year ended 28 February 2014		–	(122,760)	–	(122,760)
Interim dividend for the period ended 31 August 2014		–	(12,276)	–	(12,276)
Repurchase of shares	27 & 28	(116)	(2,966)	–	(3,082)
Share option scheme					
– value of employment services	28	–	23,798	–	23,798
Reversal of tax credit from exercise of share options		–	(1,301)	–	(1,301)
Total transactions with equity holders		(116)	(115,505)	–	(115,621)
Balance at 28 February 2015		122,760	2,716,421	938	2,840,119

The notes on page 63 to 120 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 29 February 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash generated from operations	29(a)	549,457	748,816
Interest paid		(76,904)	(63,394)
Hong Kong profits tax paid		(36,928)	(47,023)
Overseas income tax paid		(116,369)	(40,535)
Net cash generated from operating activities		319,256	597,864
Cash flows from investing activities			
Purchase of property, furniture and equipment		(321,914)	(274,711)
Purchase of intangible assets		(17,903)	(4,210)
Increase in prepayments for non-current assets		(1,112)	(26,903)
Proceeds from disposal of property, furniture and equipment	29(b)	–	2,543
Dividend received from joint ventures		–	2,500
Capital injection to a joint venture		(6,000)	–
Interest received		44,627	63,188
Net cash used in investing activities		(302,302)	(237,593)
Cash flows from financing activities			
Repurchase of shares		(31,689)	(3,082)
Proceeds from borrowings		360,048	527,456
Repayments of borrowings		(523,129)	(626,557)
Buy-back of Senior Notes		–	(119,598)
Dividends paid		(134,685)	(135,036)
Net cash used in financing activities		(329,455)	(356,817)
Net (decrease)/increase in cash and cash equivalents		(312,501)	3,454
Cash and cash equivalents, beginning of the year		2,294,103	2,315,498
Currency translation differences		(14,491)	(24,849)
Cash and cash equivalents, end of the year	29(c)	1,967,111	2,294,103

The notes on page 63 to 120 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 (the "Stock Exchange").

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

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 the Company have been prepared in accordance with all applicable 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) Effect of adopting new standards, amendments to standards and interpretations

The following new and amended to standards and interpretation are mandatory for the financial year beginning 1 March 2015:

- Hong Kong Accounting Standard ("HKAS") 19 (Amendment), "Defined Benefit Plans: Employee Contributions". The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. This is not currently applicable to the Group as the Group has no material contributions from defined benefit plans.

- HKFRSs (Amendment), "Annual Improvements 2012". These amendments include changes from the 2010–2012 cycle of the annual improvements project, that affect the below standards:

  - HKFRS 8, "Operating Segments". The standard is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported. No additional disclosure is required as no significant judgement is made by management in aggregating operating segments, and therefore no reconciliation is presented.

  - HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets". Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. There is no significant financial impact to the Group as the Group has no property, plant and equipment and intangible assets accounted for using revaluation model.

  - HKAS 24, "Related Party Disclosures". The reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided. There is no significant financial impact to the Group except some modification of accounting disclosure.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

(a) Effect of adopting new standards, amendments to standards and interpretations (Continued)

– HKFRSs (Amendment), "Annual Improvements 2013". These amendments include changes from the 2010–2012 cycle of the annual improvements project, that affect the below standards:

- HKFRS 3, "Business Combinations". It clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement. There is no significant financial impact to the Group as the Group has no joint arrangement.

- HKFRS 13, "Fair Value Measurement". It clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9. There is no significant financial impact to the Group as the Group has neither financial assets nor liabilities within the scope of HKAS 39 or HKFRS 9.

- HKAS 40, "Investment Property". It clarifies that the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property. The clarification does not affect the classification of the Group's owner occupied properties.

The Group has adopted these standards and the adoption of these standards did not have a significant impact on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1 March 2015 that would be expected to have a material impact on the Group.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following relevant HKFRSs, amendments to existing HKASs and HKFRSs have been published and are mandatory for accounting periods beginning on or after 29 February 2016 or later periods and have not been early adopted by the Group:

HKFRS 9	Financial Instruments [2]
HKFRS 10 HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception [1]
HKFRS 11 (Amendment)	Accounting for Acquisition of Interest in Joint Operations [1]
HKFRS 14	Regulatory Deferral Accounts [1]
HKFRS 15	Revenue from Contracts with Customers [2]
HKAS 1 (Amendment)	Disclosure Initiative [1]
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation [1]
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants [1]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements [1]
Annual Improvements Project	Annual Improvement 2012-2014 Cycle [1]

[1] Effective for the Group for annual periods beginning on or after 1 January 2016
[2] Effective for the Group for annual periods beginning on or after 1 January 2018
[3] Effective date to be determined

The Group will apply the above HKFRS, amendments to existing HKFRSs and interpretations of HKFRS when they become effective. The Group anticipates that the application of the above new, revised or amended standards and interpretations have no material impact on the results and the financial position of the Group.

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

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2016.

(a) Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 (Note 2.6). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 CONSOLIDATION (Continued)

(b) Joint arrangement

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

Impairment testing of the investments in joint ventures are required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the joint venture 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.

2.3 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 executive 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 or valuation where item are re-measured. 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, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(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

Leasehold land classified as finance lease and all other 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 costs 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
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 arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the brand level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(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.

Licence rights are amortised using the straight-line method to allocate the cost over their estimated useful lives (1 to 3 years).

(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) Trademarks

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 (8 to 10 years).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 INTANGIBLE ASSETS (Continued)

(e) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over five years.

(f) 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).

(g) 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 NON-FINANCIAL ASSETS

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the amounts that are settled or expected to be settled more 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 statement of financial position 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 joint ventures" in the statement of financial position.

2.9 IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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 certain derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the intended relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 25. Movements on the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

(a) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Amounts accumulated in equity are reclassified to the consolidated statement of comprehensive income in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of currency and interest rate swap contracts hedging exchange difference of the borrowing is recognised in the consolidated statement of comprehensive income within finance costs. The gain or loss relating to the ineffective portion is recognised in the consolidated statement of comprehensive income within other gains/(losses).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

(b) Derivatives at fair value through profit or loss

Derivatives financial instruments recognised at fair value through profit or loss include certain derivative instruments that do not qualify for hedge accounting. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair values of derivative financial instruments are recognised immediately in the consolidated statement of comprehensive income.

2.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method of costing. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, 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.

2.13 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2.14 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 payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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.

2.16 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates 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 consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 statement of financial position 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 joint ventures, except for deferred income tax liability 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.

2.17 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to trust-administered pension funds. The Group has defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to trustee-administered pension funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plan

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, 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 (for example, an entity's share price);
- 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 EMPLOYEE BENEFITS (Continued)

(e) Share-based compensation (Continued)

Non-market performance and service 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. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

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 in the parent entity accounts.

2.19 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(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.

2.22 BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 LEASES

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.

Leases of property, furniture and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2.24 DIVIDEND DISTRIBUTIONS

Dividend distribution to the company's shareholders is recognised as a liability in the group's and the company's financial statements in the period in which the dividends are approved by the company's shareholders or directors, where appropriate.

2.25 GOVERNMENT GRANTS

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government grants relating to costs are defined and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 COMPARATIVE FIGURES

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

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. The Group uses derivative financial instruments to hedge certain risk exposures.

(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 Taiwan Dollar, Chinese Renminbi and Korean Won 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 and currency swap 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. The Group has entered into interest rate and currency swap contracts to hedge against the foreign exchange risk of the Senior Notes.

At 29 February 2016, if Chinese Renminbi had strengthened/weakened by 5% against the United States Dollar with all other variables held constant, profit for the year and shareholders' equity would have been approximately HK$157,000 (28 February 2015: HK$200,000) lower/higher mainly as a result of foreign exchange differences on translation of United States Dollar-denominated bank balances of certain subsidiaries whose functional currency is Chinese Renminbi.

At 29 February 2016, if Hong Kong Dollar had strengthened/weakened by 5% against the Euro with all other variables held constant, profit for the year and shareholders' equity would have been approximately HK$1,648,000 lower/higher (28 February 2015: HK$2,050,000 higher/lower) mainly as a result of foreign exchange differences on translation of Euro-denominated bank balances, trade payables and borrowings of certain subsidiaries whose functional currency is Hong Kong Dollar.

At 29 February 2016, if Hong Kong Dollar had strengthened/weakened by 5% against the Pound Sterling with all other variables held constant, profit for the year and shareholders' equity would have been approximately HK$416,000 lower/higher (28 February 2015: HK$589,000 higher/lower) mainly as a result of foreign exchange differences on translation of Pound Sterling-denominated bank balances, trade payables and borrowings of certain subsidiaries whose functional currency is Hong Kong Dollar.

At 29 February 2016, if Hong Kong Dollar had strengthened/weakened by 10% against the Japanese Yen with all other variables held constant, profit for the year and shareholders' equity would have been approximately HK$3,147,000 (28 February 2015: HK$2,897,000) higher/lower mainly as a result of foreign exchange differences on translation of Japanese Yen-denominated bank balances, trade payables and borrowings of certain subsidiaries whose functional currency is Hong Kong Dollar.

At 29 February 2016, if Hong Kong Dollar had strengthened/weakened by 5% against the Chinese Renminbi with all other variables held constant, profit for the year and shareholders' equity would have been approximately HK$640,000 higher/lower (28 February 2015: HK$72,308,000 lower/higher) mainly as a result of foreign exchange differences on translation of Chinese Renminbi denominated bank balances and trade payables of certain subsidiaries whose functional currency is Hong Kong Dollar.

At 29 February 2016, if Japanese Yen had strengthened/weakened by 10% against the United States Dollar with all other variables held constant, profit for the year and shareholders' equity would have been approximately HK$2,687,000 (28 February 2015: HK$2,690,000) lower/higher mainly as a result of foreign exchange differences on translation of Japanese Yen denominated payables of certain subsidiaries whose functional currency is United States Dollar.

At 29 February 2016, foreign exchange risks on financial assets and liabilities denominated in Macau Pataca and New Taiwan Dollar 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, derivative financial instruments and amounts due from joint ventures. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. As at 29 February 2016, 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.

The credit quality of trade and other receivables, rental deposits and amount due from joint ventures have been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The Group also makes deposits (current and non-current) for rental of certain of its retail outlets with the relevant landlords. Management does not expect any loss arising from non-performance by these counterparties.

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 60 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.

As at 29 February 2016, the Company provided corporate guarantees of HK$480,934,000 (28 February 2015: HK$642,407,000) to certain banks in respect of the bank facilities of certain of its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon.

Disclosure on credit risk for amount due from joint ventures, trade and other receivables, and rental deposits is on Notes 17, 19 and 20 to the consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (CONTINUED)

(c) Liquidity risk

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

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the statement of financial position date.

	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 29 February 2016					
Borrowings subject to a repayment on demand clause	105,476	–	–	–	105,476
Borrowings and interest payment	173,955	173,955	39,610	–	387,520
Senior notes and interest payment	66,368	66,368	1,068,743	–	1,201,479
Trade payables	433,130	–	–	–	433,130
Accruals and other payables	649,489	–	–	–	649,489
Amounts due to joint ventures	33,863	–	–	–	33,863
Interest rate swap contract not qualified for hedge accounting	57	–	–	–	57
	1,462,338	240,323	1,108,353	–	2,811,014
As at 28 February 2015					
Borrowings subject to a repayment on demand clause	116,159	–	–	–	116,159
Borrowings and interest payment	165,108	174,454	222,991	–	562,553
Senior notes and interest payment	69,011	69,011	1,177,214	–	1,315,236
Trade payables	385,280	–	–	–	385,280
Accruals and other payables	707,859	–	–	–	707,859
Amounts due to joint ventures	33,693	–	–	–	33,693
Interest rate swap contract not qualified for hedge accounting	1,054	57	–	–	1,111
	1,478,164	243,522	1,400,205	–	3,121,891

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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 from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on interest or exchange rates (where applicable) prevailing at the statement of financial position date.

	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 29 February 2016					
Currency and interest rate swap contracts – cash flow hedges:					
– outflow	(65,002)	(65,002)	(1,162,964)	–	(1,292,968)
– inflow	66,368	66,368	1,095,077	–	1,227,813
Currency swap contracts – not qualified for hedge accounting					
– outflow	–	–	–	–	–
– inflow	–	–	–	–	–
As at 28 February 2015					
Currency and interest rate swap contracts – cash flow hedges:					
– outflow	(65,002)	(65,002)	(1,227,965)	–	(1,357,969)
– inflow	69,011	69,011	1,207,696	–	1,345,718
Currency swap contracts – not qualified for hedge accounting					
– outflow	(131,303)	–	–	–	(131,303)
– inflow	131,420	–	–	–	131,420

The following table summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's net assets, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – borrowings subject to a repayment on demand clause based on scheduled repayments				
	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 29 February 2016	11,726	11,726	32,926	56,416	112,794
As at 28 February 2015	11,809	11,809	33,009	68,597	125,224

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(d) **Cash flow and fair value interest rate risk**

To manage their interest rate risk arising from certain future commercial transactions and recognised liabilities, entities in the Group use interest rate swap contracts, transacted with external financial institutions.

Except for the short-term bank deposits as at 29 February 2016 of HK$823,756,000 (28 February 2015: HK$1,440,127,000), held at effective interest rate of 0.8% per annum (28 February 2015: 2.3% per annum), the bank borrowings as at 29 February 2016 of HK$480,934,000 (28 February 2015: HK$642,407,000) held at effective interest rate of 2.5% (28 February 2015: 2.2%) per annum and the borrowings in the form of Senior Notes as at 29 February 2016 of HK$1,054,924,000 (28 February 2015: HK$1,093,832,000) held at fixed interest rate of 6.25% (28 February 2015: 6.25%) per annum, the Group has no significant interest-bearing assets and liabilities. 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 29 February 2016, if interest rates on cash and cash equivalents and floating 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$6,624,000 higher/lower (28 February 2015: HK$2,116,000). The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the statement of financial position 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 statement of financial position date.

Except for the borrowings in the form of Senior Notes as at 29 February 2016 of HK$1,054,924,000 (28 February 2015: HK$1,093,833,000) held at fixed interest rate of 6.25% (28 February 2015: 6.25%) per annum, 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 carrying amounts of the Group's current financial assets, including cash and cash equivalents, amounts due from joint ventures, trade and other receivables and rental deposits, and current financial liabilities, including amounts due to joint ventures, trade payables, other payables and short-term bank borrowings, approximate their fair values due to their short maturities.

The fair value of financial assets and 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.

The Group measures its fair value of the financial instruments carried at fair value as at 29 February 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- 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).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 FAIR VALUE ESTIMATION (Continued)

The following table presents the Group's financial instruments carried at fair value as at 29 February 2016 and 28 February 2015:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 29 February 2016				
Liabilities				
Currency and interest rate swap contracts – cash flow hedges	–	(132,196)	–	(132,196)
Interest rate swap contract not qualified for hedge accounting	–	(42)	–	(42)
	–	(132,238)	–	(132,238)
As at 28 February 2015				
Liabilities				
Currency and interest rate swap contracts – cash flow hedges	–	(121,389)	–	(121,389)
Currency swap contract not qualified for hedge accounting	–	(30)	–	(30)
Interest rate swap contract not qualified for hedge accounting	–	(989)	–	(989)
	–	(122,408)	–	(122,408)

There were no transfers between levels 1, 2 and 3 during the year.

The fair value of financial instruments in level 2 that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data (such as, foreign currency forward exchange rate data) where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2.

3.3 CAPITAL RISK MANAGEMENT

The Group's objectives on managing capital are to finance its operations with its owned capital and external borrowings, 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 obtain financing from external borrowings, adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of available cash and cash equivalents, current ratio and gearing ratio as shown in and derived from the consolidated statement of financial position. The table below analyses the Group's capital structure:

	29 February 2016	28 February 2015
Cash and cash equivalents (HK$'000)	1,967,111	2,294,103
Current ratio (Current assets divided by current liabilities)	2.75	2.78
Gearing ratio (Cash and cash equivalents less total borrowings, divided by total equity)	–	–

The Group's strategy is to maintain healthy current ratio and gearing ratio, 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) Impairment of investments in joint ventures, property, furniture and equipment and intangible assets

Investments in joint ventures, 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.

(b) 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 value-in-use calculations prepared on the basis of management's assumption and estimates. These estimations require the use of judgements and estimates.

The management has performed sensitivity analysis. Based on the sensitivity analysis performed, the recoverable amounts of the CGUs still exceed their corresponding carrying amounts and thus no impairment is required. The sensitivity analysis has assumed an increase in discount rate by 1% or a decrease in gross profit margin percentage by 0.5%, with all changes taken in insolation.

(c) Net realisable value of inventories

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

(d) Fair value of derivatives and other financial instruments

The fair value of financial instruments in level 2 that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. These valuations require the use of judgements and estimates.

(e) Provision for impairment of deposits, trade and other receivables and amounts due from joint ventures

The Group's management determines the provision for impairment of deposits, trade and other receivables and amounts due from joint ventures 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 statement of financial position date.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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) Revenue

	2016 HK$'000	2015 HK$'000
Turnover – sales of fashion wears and accessories	7,541,132	7,180,540

(b) Segment information

The chief operating decision maker ("CODM") has been identified as the executive directors that makes strategic decisions. The CODM 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 CODM considers the business from geographic perspective and assesses the performance of the geographical segment based on a measure of profit before impairment of goodwill, intangible assets and property, furniture and equipment, depreciation of property, furniture and equipment, and amortisation of intangible assets ("EBITDA"). The measure excludes the effects of share of losses of joint ventures. Finance income and expenses, losses arising from conversion of Chinese Renminbi fixed deposit into Hong Kong Dollar and net gains on buy-back of Senior Notes are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

Segment assets exclude deferred income tax assets, current income tax recoverable, and investments in and amounts due from joint ventures which are managed on a central basis.

5 TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the year ended 29 February 2016 and 28 February 2015 is as follows:

	Hong Kong		Mainland China		Japan		Macau		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	3,494,028	3,630,405	3,159,410	2,770,556	559,013	459,979	221,974	221,283	106,707	98,317	7,541,132	7,180,540
EBITDA	59,127	274,798	403,287	279,197	222,202	163,665	82,926	83,261	14,743	5,182	782,285	806,103
Depreciation and amortisation	(121,977)	(131,863)	(148,575)	(143,814)	(9,073)	(17,540)	(8,668)	(7,699)	(5,665)	(7,028)	(293,958)	(307,944)
(Impairment)/reversal of impairment of property, furniture and equipment	(9,660)	(875)	7,663	(18,784)	–	–	–	–	220	–	(1,777)	(19,659)
Impairment of intangible assets	(143)	–	–	–	–	–	–	–	–	–	(143)	–
Segment profit/(loss)	(72,653)	142,060	262,375	116,599	213,129	146,125	74,258	75,562	9,298	(1,846)	486,407	478,500
Net gains on buy-back of Senior Notes											–	15,267
Losses arising from conversion of Chinese Renminbi fixed deposit into Hong Kong Dollar											(65,146)	–
Operating profit											421,261	493,767
Finance income											41,307	63,509
Finance costs											(79,513)	(85,092)
Share of losses of joint ventures											(27,008)	(35,821)
Profit before income tax											356,047	436,363
Total segment non-current assets	579,558	609,514	761,902	735,539	127,781	122,412	36,780	39,121	8,376	10,828	1,514,397	1,517,414
Total segment assets	2,750,970	3,010,315	2,219,089	2,124,597	379,368	296,970	64,071	111,357	62,142	58,415	5,475,640	5,601,654

5 TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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

	2016 HK$'000	2015 HK$'000
Segment assets for reportable segments	5,413,498	5,543,239
Other segment assets	62,142	58,415
	5,475,640	5,601,654
Unallocated:		
Deferred income tax assets and current income tax recoverable	131,197	154,141
Investments in and amounts due from joint ventures	192,158	216,914
	5,798,995	5,972,709

6 OTHER LOSSES, NET

	2016 HK$'000	2015 HK$'000
Fair value gains/(losses) on derivative financial instruments		
– foreign currency swap contract	30	(2,652)
– interest rate swap contract	947	894
Net exchange gains/(losses)	387	(32,838)
Net gains on buy-back of Senior Notes (Note 22)	–	15,267
Losses arising from conversion of Chinese Renminbi fixed deposit into Hong Kong Dollar (a)		
– fair value losses from forward exchange contracts	(15,377)	–
– exchange losses	(49,769)	–
Others	(4)	–
	(63,786)	(19,329)

Note a:

During the year ended 29 February 2016, due to unexpected high volatility of exchange rate of Chinese Renminbi against Hong Kong Dollar, the Group had converted RMB1,187,000,000 fixed deposits into Hong Kong Dollar which results in fair value losses from forward exchange contracts and exchange losses of HK$15,377,000 and HK$49,769,000 respectively.

7 EXPENSES BY NATURE

	2016 HK$'000	2015 HK$'000
Cost of inventories sold	2,880,861	2,677,931
Provision for write-downs of inventories to net realisable value	31,850	41,997
Employment costs (including directors' emoluments) (Note 9)	1,184,543	1,158,709
Operating lease rentals of premises		
– minimum lease payments	1,446,719	1,365,107
– contingent rents	221,309	186,421
Building management fee	220,174	198,665
Advertising and promotion costs	124,178	114,257
Commission expenses	71,029	70,240
Bank charges	84,421	81,820
Utilities expenses	65,796	64,326
Freight charges	38,283	40,645
Depreciation of property, furniture and equipment	279,818	301,049
Impairment of property, furniture and equipment	1,777	19,659
Impairment of intangible assets	143	–
(Reversal of)/provision for onerous contract provision	(34,937)	24,278
Loss on disposals of property, furniture and equipment	7,181	9,395
Licence fees (included in operating expenses)		
– amortisation of licence rights	2,123	3,095
– contingent licence fees	22,099	18,340
Amortisation of intangible assets (excluding licence fees)	12,017	3,800
(Reversal of)/provision for impairment of trade receivables	(1,900)	2,275
Provision for impairment of amounts due from joint ventures	6,585	3,837
Auditors' remuneration		
– audit services	2,700	3,774
– non-audit services	600	800
Other expenses	402,700	296,984
Total	7,070,069	6,687,404
Representing:		
Cost of sales	2,974,792	2,716,192
Operating expenses	4,095,277	3,971,212
	7,070,069	6,687,404

8 OTHER INCOME

	2016 HK$'000	2015 HK$'000
Government grants	12,859	14,389
Others	1,125	5,571
	13,984	19,960

9 EMPLOYMENT COSTS

	2016 HK$'000	2015 HK$'000
Salaries, commission and allowances	1,026,384	1,015,777
Pension costs – employer's contributions to defined contribution plans and provision for long service payment	125,569	113,380
Share-based payment	23,876	23,798
Welfare and other benefits	8,714	5,754
	1,184,543	1,158,709

(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$1,500 per month (for period after 1 June 2014) 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 MOP15 per month, while the Group contributes up to MOP30 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.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two (2015: two) directors whose emoluments are reflected in note 34. The emoluments payable to the remaining three (2015: three) individuals are as follows:

	2016 HK$'000	2015 HK$'000
Salaries	10,190	10,097
Bonus	9,500	9,500
Other benefits (i)	7,832	7,803
Employer's contributions to pension scheme	321	300
	27,843	27,700

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 (2015: three) individuals fell within the following bands:

	2016	2015
HK$4,000,001 – HK$4,500,000	–	–
HK$5,500,001 – HK$6,000,000	1	1
HK$8,500,001 – HK$9,000,000	–	–
HK$10,000,001 – HK$10,500,000	1	1
HK$10,500,001 – HK$11,000,000	–	–
HK$12,000,001 – HK$12,500,000	1	1
	3	3

(c) During the year ended 29 February 2016, 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 (2015: Nil).

10 FINANCE INCOME AND COSTS

	2016 HK$'000	2015 HK$'000
Interest income from		
– bank deposits	39,736	59,045
– amounts due from joint ventures	455	833
– others (i)	1,116	3,631
Finance income	41,307	63,509
Interest expense on borrowings wholly repayable within five years	(82,193)	(84,005)
Net foreign exchange transaction gain	42,286	24,943
Transfer from hedging reserve		
– interest rate and currency swaps: cash flow hedge	(39,606)	(26,030)
Finance costs	(79,513)	(85,092)
Net finance costs	(38,206)	(21,583)

Note:

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

11 INCOME TAX EXPENSE

The Company is exempted from income taxes in Bermuda until March 2035. The Company's subsidiaries established in the British Virgin Islands are incorporated under the BVI 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% (2015: 16.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

Mainland China enterprise income tax has been provided at the applicable rates of 25% (2015: 25%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 17% (2015: 17%) 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% (2015: 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% (2015: 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 37.11% for the period from 1 March 2015 to 31 August 2015 and 35.36% for the period from 1 September 2015 to 29 February 2016. The applicable rate for the period from 1 March 2014 to 31 August 2014 was 43.41% and 40.85% for the period from 1 September 2014 to 28 February 2015 on the estimated assessable profits of the Group's operations in Japan.

The applicable US enterprise income tax rate for subsidiary operating in the United States of America is 45.03% (2015: 45.03%).

11 INCOME TAX EXPENSE (Continued)

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

	2016 HK$'000	2015 HK$'000
Current income tax		
– Hong Kong profits tax	5,711	35,707
– Mainland China enterprise income tax	54,215	27,957
– Overseas income tax	81,792	56,385
– (Over)/under-provision in prior year	(349)	14,561
	141,369	134,610
Deferred income tax (Note 26)	4,941	(11,107)
	146,310	123,503

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

	2016 HK$'000	2015 HK$'000
Profit before income tax	356,047	436,363
Adjustment: share of losses of joint ventures, net of tax	27,008	35,821
Adjusted profit before income tax	383,055	472,184
Tax calculated at applicable tax rates	123,825	114,949
Income not subject to tax	(6,800)	(13,276)
Expenses not deductible for tax purposes	23,396	10,071
Impact of deferred tax previously not recognised	(4,639)	(10,416)
Withholding tax	12,442	7,614
Utilisation of previously unrecognised tax loss	(1,565)	–
(Over)/under-provision in prior year	(349)	14,561
Income tax expense	146,310	123,503

The weighted average applicable tax rate was 32.3% (2015: 24.3%). The increase is mainly caused by a change of the distribution of profits of the Group's entities operating in different locations.

12 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.

	2016	2015
Profit attributable to equity holders of the Company (HK$'000)	209,011	312,471
Weighted average number of ordinary shares in issue ('000)	1,226,275	1,227,913
Basic earnings per share (HK cent)	17.0	25.4

12 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.

	2016	2015
Profit attributable to equity holders of the Company (HK$'000)	209,011	312,471
Weighted average number of ordinary shares in issue ('000)	1,226,275	1,227,913
Adjustments for share options ('000)	25,839	25,720
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,252,114	1,253,633
Diluted earnings per share (HK cent)	16.7	24.9

13 DIVIDENDS

	2016 HK$'000	2015 HK$'000
Interim dividend paid of Nil (2015: 1.0 HK cent) per ordinary share	–	12,276
Final dividend, proposed, 8.4 HK cents (2015: 11.0 HK cents) per ordinary share	101,806	135,036
	101,806	147,312

The dividends paid in the year ended 29 February 2016 and the year ended 28 February 2015 were HK$134,685,000 (11.0 HK cents per share) and HK$135,036,000 (11.0 HK cents per share) respectively.

A final dividend of 8.4 HK cents (2015: 11.0 HK cents per ordinary share) for the year ended 29 February 2016 is to be proposed at the annual general meeting.

14 PROPERTY, FURNITURE AND EQUIPMENT

	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 2014					
Cost	279,234	1,396,732	211,306	53,640	1,940,912
Accumulated depreciation and impairment	(22,558)	(843,945)	(129,540)	(31,724)	(1,027,767)
Net book amount	256,676	552,787	81,766	21,916	913,145
Year ended 28 February 2015					
Opening net book amount	256,676	552,787	81,766	21,916	913,145
Additions	–	241,993	26,252	6,466	274,711
Disposals	–	(11,028)	(910)	–	(11,938)
Impairment	–	(19,659)	–	–	(19,659)
Depreciation	(6,795)	(257,903)	(29,392)	(6,959)	(301,049)
Currency translation differences	(6,004)	(10,588)	(1,362)	(846)	(18,800)
Closing net book amount	243,877	495,602	76,354	20,577	836,410
At 28 February 2015					
Cost	273,055	1,504,355	229,450	57,151	2,064,011
Accumulated depreciation and impairment	(29,178)	(1,008,753)	(153,096)	(36,574)	(1,227,601)
Net book amount	243,877	495,602	76,354	20,577	836,410
Year ended 29 February 2016					
Opening net book amount	243,877	495,602	76,354	20,577	836,410
Additions	–	272,107	44,770	5,037	321,914
Disposals	–	(6,017)	(1,164)	–	(7,181)
Impairment	–	(1,777)	–	–	(1,777)
Depreciation	(8,762)	(237,400)	(29,214)	(4,442)	(279,818)
Currency translation differences	(1,073)	(9,560)	(3,031)	722	(12,942)
Closing net book amount	234,042	512,955	87,715	21,894	856,606
At 29 February 2016					
Cost	271,300	1,331,616	216,083	60,597	1,879,596
Accumulated depreciation and impairment	(37,258)	(818,661)	(128,368)	(38,703)	(1,022,990)
Net book amount	234,042	512,955	87,715	21,894	856,606

Depreciation and impairment expenses have been included in operating expenses.

As at 29 February 2016, certain bank borrowings of the Group are secured by the land and buildings with carrying amounts of HK$203,143,000 (28 February 2015: HK$209,627,000) (Note 22).

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

15 INTANGIBLE ASSETS

	Goodwill HK$'000	Licence rights HK$'000	Franchise contracts and distribution agreements HK$'000	Trademarks HK$'000	Computer software HK$'000	Other intangible assets HK$'000	Club debentures HK$'000	Total HK$'000
At 1 March 2014								
Cost	383,664	5,343	21,097	31,110	–	3,904	8,098	453,216
Accumulated amortisation and impairment	(77,240)	(3,550)	(14,049)	(11,430)	–	(3,904)	–	(110,173)
Net book amount	306,424	1,793	7,048	19,680	–	–	8,098	343,043
Year ended 28 February 2015								
Opening net book amount	306,424	1,793	7,048	19,680	–	–	8,098	343,043
Additions	–	3,610	–	600	–	–	–	4,210
Amortisation	–	(3,095)	(1,853)	(1,947)	–	–	–	(6,895)
Currency translation differences	(13,853)	(28)	(134)	(3,939)	–	–	–	(17,954)
Closing net book amount	292,571	2,280	5,061	14,394	–	–	8,098	322,404
At 28 February 2015								
Cost	368,046	7,206	20,330	21,768	–	3,323	8,098	428,771
Accumulated amortisation and impairment	(75,475)	(4,926)	(15,269)	(7,374)	–	(3,323)	–	(106,367)
Net book amount	292,571	2,280	5,061	14,394	–	–	8,098	322,404
Year ended 29 February 2016								
Opening net book amount	292,571	2,280	5,061	14,394	–	–	8,098	322,404
Additions	–	–	1,395	489	43,221	–	–	45,105
Amortisation	–	(2,123)	(2,068)	(2,768)	(7,181)	–	–	(14,140)
Impairment	–	–	–	(143)	–	–	–	(143)
Currency translation differences	(7,839)	8	(142)	602	(222)	–	–	(7,593)
Closing net book amount	284,732	165	4,246	12,574	35,818	–	8,098	345,633
At 29 February 2016								
Cost	355,651	3,677	21,129	22,864	42,955	3,496	8,098	457,870
Accumulated amortisation and impairment	(70,919)	(3,512)	(16,883)	(10,290)	(7,137)	(3,496)	–	(112,237)
Net book amount	284,732	165	4,246	12,574	35,818	–	8,098	345,633

Amortisation and impairment expenses have been included in operating expenses.

15 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

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

The majority of the goodwill is allocated to the in-house brands operated by the Group. The following is a summary of goodwill allocation for each operating segment:

	Opening HK$'000	Currency translation differences HK$'000	Ending HK$'000
2016			
China	252,590	(9,925)	242,665
Japan	39,981	2,086	42,067
	292,571	(7,839)	284,732
2015			
China	259,458	(6,868)	252,590
Japan	46,966	(6,985)	39,981
	306,424	(13,853)	292,571

The recoverable amounts of the CGUs are determined based on value in use estimations. These estimations use cash flow projections based on financial forecasts approved by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. 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. 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.

The key assumptions used for value-in-use calculations for the year ended 29 February 2016 and 28 February 2015 are as follows:

	China		Japan	
	29 February 2016	28 February 2015	**29 February 2016**	28 February 2015
Long-term growth rate	2%	2%	0%	0%
Gross margin	49% to 77%	50% to 77%	61% to 62%	62%
Discount rate (pre-tax)	16%	16%	23%	23%

During the year ended 29 February 2016 and 28 February 2015, no impairment was recognised in respect of the goodwill.

16 SUBSIDIARIES

Details of the principal subsidiaries as at 29 February 2016:

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
AAPE Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
b&ab Limited	Hong Kong	HK$500,000	–	100%	–	Retail of fashion wears and accessories
Black Chocoolate Limited	Hong Kong	HK$1	–	100%	–	Lease holding
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
Cheerwood Limited	Hong Kong	HK$2	–	100%	–	Lease holding
Chocoolate Limited	Hong Kong	HK$500,000	–	100%	–	Trading of fashion wears and accessories
Double Park Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
Elegant Century Enterprises Limited	Hong Kong	HK$500,000	–	100%	–	Trading of fashion wears and accessories
Guangzhou Sparkle Star Trading Limited (ii)	Mainland China	USD1,100,000	–	100%	–	Retail of fashion wears and accessories
i.t apparels Limited	Hong Kong	HK$1,000,000	–	100%	–	Retail and trading of fashion wears and accessories
I.T China Limited	Hong Kong	HK$60,000,000	–	100%	–	Investment holding
I.T China Sourcing Limited	Hong Kong	HK$1	–	100%	–	Sourcing
I.T Distribution Limited	Hong Kong	HK$2	–	100%	–	Trading of fashion wears and accessories

16 SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 29 February 2016 (Continued):

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
I.T ezhop (HK) Limited	Hong Kong	HK$1	–	100%	–	Retail of fashion wears and accessories
I.T ezhop (Shanghai) Limited (ii)	Mainland China	RMB600,000	–	100%	–	Retail of fashion wears and accessories
I.T Licensing Limited	Hong Kong	HK$1,000,000	–	100%	–	Retail of fashion wears and accessories
I.T (Macau) Limited	Macau	MOP9,270,000	–	100%	–	Retail of fashion wears and accessories
I.T Nowhere Holdings (HK) Limited	Hong Kong	HK$1	–	100%	–	Investment holding
I.T Sourcing Limited	Hong Kong	HK$2	–	100%	–	Sourcing
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%	100%	–	Investment holding
Izzue Limited	Hong Kong	HK$500,000	–	100%	–	Trading of fashion wears and accessories
Jetchance Limited	Hong Kong	HK$300,000	–	100%	–	Lease holding
Joyful Fair Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
Kenchart Investments Limited	Hong Kong	HK$300,000	–	100%	–	Trading of fashion wears and accessories
King Chart Limited	Hong Kong	HK$10,000	–	100%	–	Lease holding
Legend Grace International Limited	Hong Kong	HK$2	–	100%	–	Lease holding
Mega Charm Apparels (Chengdu) Limited (ii)	Mainland China	RMB30,000,000	–	100%	–	Retail of fashion wears and accessories

16 SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 29 February 2016 (Continued):

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Mega Charm Apparels (Beijing) Limited (ii)	Mainland China	US$4,000,000	–	100%	–	Retail of fashion wears and accessories
Mega Charm Apparels (Shanghai) Limited (ii)	Mainland China	US$12,000,000	–	100%	–	Retail of fashion wears and accessories
New Concepts Corporation Limited	Hong Kong	HK$2	–	100%	–	Investment holding and trading of fashion wears and accessories
Prime Vantage Trading (Shanghai) Limited (ii)	Mainland China	US$1,000,000	–	100%	–	Retail of fashion wears and accessories
Pride Wide Trading (Shanghai) Limited (ii)	Mainland China	US$600,000	–	100%	–	Retail of fashion wears and accessories
Regent Cheer Limited	Hong Kong	HK$1,000,000	–	100%	–	Retail of fashion wears and accessories
Right Young Limited	Hong Kong	HK$1	–	100%	–	Retail of food and beverages
Top Honour Corporation Limited	Hong Kong	HK$4,000,000	–	100%	–	Lease holding
Nowhere Co., Ltd.	Japan	JPY77,000,000	–	99.5%	0.5%	Investment holding and trading of fashion wears and accessories
USApe LLC	Delaware, U.S.A	USD750,000	–	100%	–	Retail of fashion wears and accessories
Venilla Suite Limited	Hong Kong	HK$300,000	–	100%	–	Lease holding
Zoompac Apparel (Shanghai) Limited (ii)	Mainland China	US$8,000,000	–	100%	–	Retail and trading of fashion wears and accessories

Notes:

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

(ii) I.T ezhop (Shanghai) Limited, Mega Charm Apparels (Shanghai) Limited, Pride Wide Trading (Shanghai) Limited, Prime Vantage Trading (Shanghai) Limited, Zoompac Apparel (Shanghai) Limited, Guangzhou Sparkle Star Trading Limited, Mega Charm Apparels (Chengdu) Limited and Mega Charm Apparels (Beijing) Limited, are wholly foreign owned enterprises established in Shanghai, Guangzhou, Chengdu and Beijing, Mainland China to be operated for 30 years up to year 2044, 20 years up to year 2027, 20 years up to year 2028, 20 years up to year 2027, 30 years up to year 2035, 30 years up to 2040, 30 years up to year 2043 and 20 years up to year 2030, respectively.

17 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

	29 February 2016 HK$'000	28 February 2015 HK$'000
Share of net assets (note (a))	119,936	145,491
Loans to joint ventures (note (b))	19,342	21,337
	139,278	166,828
Amounts due from joint ventures (note (b))	52,880	50,086
Amounts due to joint ventures (note (b))	(33,863)	(33,693)

(a) Share of net assets of joint ventures

	29 February 2016 HK$'000	28 February 2015 HK$'000
Beginning of the year	145,491	184,237
Share of results of joint ventures		
– loss before income tax	(27,910)	(35,478)
– income tax credit/(expense)	902	(343)
– currency translation differences	(4,547)	(425)
Capital injection in a joint venture	6,000	–
Distribution of dividend	–	(2,500)
End of the year	119,936	145,491

Details of the principal joint ventures as at 29 February 2016:

Name	Place of incorporation/ establishment and operations	Issued and fully paid capital/ registered capital	Percentage of equity interest attributable to the Group	Principal activities
FCUK IT Company	Hong Kong	HK$12,000,002	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	US$3,700,000	50%	Retail of fashion wears and accessories
FCIT (Macau), Limited	Macau	MOP$1,030,000	50%	Retail of fashion wears and accessories
Galeries Lafayette (China) Limited	Hong Kong	HK$425,485,166	50%	Investment holding
Galeries Lafayette (Beijing) Limited (ii)	Mainland China	US$15,000,000	50%	Operation of a department store
Macaron (Beijing) Limited (iii)	Mainland China	US$100,000	50%	Operation of a supermarket
Camper I.T China Limited	Hong Kong	HK$6,000,000	50%	Investment holding
Camper (Shanghai) Limited (iv)	Mainland China	US$2,100,000	50%	Retail of foot wears

17 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(a) Share of net assets of joint ventures (Continued)

Notes:

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

(ii) Galeries Lafayette (Beijing) Limited is a joint venture, which is a wholly owned foreign enterprise of Galeries Lafayette (China) Limited, established in Beijing, Mainland China to be operated for 30 years up to year 2041.

(iii) Macaron (Beijing) Limited is a joint venture, which is a wholly owned foreign enterprise of Galeries Lafayette (China) Limited, established in Beijing, Mainland China to be operated for 30 years up to year 2043.

(iv) Camper (Shanghai) Limited is a joint venture, which is a wholly owned foreign enterprise of Camper I.T China Limited, established in Shanghai, Mainland China to be operated for 30 years up to year 2042.

Galereies Lafayette (China) Limited is a material joint venture of the Group.

Set out below is the summary of combined financial information for all the joint ventures of the Group.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of establishment.

Summarised statement of financial position

	29 February 2016 HK$'000	28 February 2015 HK$'000
Assets		
Non-current assets	194,105	231,938
Current assets		
– Cash and cash equivalents	95,617	136,533
– Other current assets	220,279	188,565
	315,896	325,098
Total assets	510,001	557,036
Liabilities		
Non-current liabilities		
– Financial liabilities	(15,290)	(14,494)
– Other non-current liabilities	(755)	(1,304)
	(16,045)	(15,798)
Current liabilities		
– Financial liabilities (excluding trade and other payables)	(216,521)	(204,952)
– Other current liabilities (including trade and other payables)	(57,435)	(56,264)
	(273,956)	(261,216)
Total liabilities	(290,001)	(277,014)
Net assets	220,000	280,022

17 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(a) Share of net assets of joint ventures (Continued)

Summarised statement of comprehensive income

	29 February 2016 HK$'000	28 February 2015 HK$'000
Turnover	489,815	472,366
Cost of sales	(189,432)	(156,420)
Other expenditures	(358,690)	(395,291)
Loss after tax	(58,307)	(79,345)
Other comprehensive loss	(6,791)	(850)
Total comprehensive loss	(65,098)	(80,195)

Set out below are the assets, liabilities, turnover and result of the material joint venture of the Group:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Turnover	311,823	265,723
Non-current assets	169,055	210,311
Current assets	152,142	154,901
Current liabilities	(146,461)	(141,530)
Net assets	174,736	223,682
Loss	(38,738)	(71,292)
Other comprehensive loss	(5,105)	(84)
Total comprehensive loss	(43,843)	(71,376)

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

17 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(b) Balances with joint ventures

	29 February 2016 HK$'000	28 February 2015 HK$'000
Due from joint ventures		
ZIT H.K. Limited (i)	14,252	11,614
FCIT China Limited (ii)	32,290	30,887
Glory Premium Limited (v)	2,069	1,880
Galeries Lafayette (China) Limited (iv)	952	1,707
Galeries Lafayette (Beijing) Limited (v)	18,870	15,870
Camper (Shanghai) Limited (iii)	13,330	13,302
FCUK IT Company (v)	881	–
	82,644	75,260
Less: provision for impairment	(10,422)	(3,837)
Due from joint ventures, net of provision	72,222	71,423
Due to joint ventures		
Kenchart Apparels (Shanghai) Limited (v)	(27,796)	(32,735)
FCUK IT Company (v)	(2,245)	(884)
ZIT H.K. Limited (v)	(3,533)	(74)
Camper I.T China Limited (v)	(141)	–
FCIT China Limited (v)	(148)	–
	(33,863)	(33,693)

Notes:

(i) As at 29 February 2016, the loans to ZIT H.K. Limited of approximately HK$12,069,000 (28 February 2015: HK$11,614,000) is unsecured, bears interest at 5% (28 February 2015: 5%) per annum and has no fixed term of repayment.

(ii) As at 29 February 2016, the loans to FCIT China Limited of approximately HK$7,645,000 (28 February 2015: HK$7,247,000) is unsecured, non-interest bearing and fully repayable in December 2016. This amount is carried at amortised costs using the effective interest rate of 5.5% (28 February 2015: 5.5%) per annum. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(iii) As at 29 February 2016, the loans to Camper (Shanghai) Limited of approximately HK$10,050,000 (28 February 2015: HK$10,050,000) is unsecured, non-interest bearing and has no fixed term of repayment.

(iv) As at 28 February 2015, the loan to Galeries Lafayette (China) Limited of HK$1,707,000 was unsecured, carried interest at HIBOR plus 0.3% per annum. The loan balance has been fully settled as at 29 February 2016.

(v) The remaining balances with joint ventures are unsecured, non-interest bearing and repayable on demand.

17 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(b) Balances with joint ventures (Continued)

Movement on the provision for impairment of amounts due from joint ventures is as follows:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Beginning of the year	3,837	–
Provision for the year	6,585	3,837
End of the year	10,422	3,837

The carrying amounts of amounts due to joint ventures approximate their fair values.

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

Loans to and amounts due from joint ventures are denominated in the following currencies:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Hong Kong Dollar	20,919	15,871
Pound Sterling	5,321	5,465
Euro	3,153	997
United States Dollar	29,062	29,062
Macau Pataca	1,968	1,460
Chinese Renminbi	22,221	22,405
	82,644	75,260

Amounts due to joint ventures are denominated in the following currencies:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Hong Kong Dollar	6,026	958
Chinese Renminbi	27,837	32,735
	33,863	33,693

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

18 INVENTORIES

	29 February 2016 HK$'000	28 February 2015 HK$'000
Merchandise stock for resale	1,387,421	1,254,305
Raw materials	3,553	6,268
Consumables	–	25
	1,390,974	1,260,598

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$2,880,861,000 (28 February 2015: HK$2,677,931,000).

19 TRADE AND OTHER RECEIVABLES

	29 February 2016 HK$'000	28 February 2015 HK$'000
Trade receivables	182,949	186,868
Credit card receivables	45,259	52,572
Less: provision for impairment of trade receivables	(1,553)	(3,390)
Trade receivables – net	226,655	236,050
Interest receivables	902	5,339
Other receivables	4,866	2,537
Trade and other receivables	232,423	243,926

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

	29 February 2016 HK$'000	28 February 2015 HK$'000
Beginning of the year	3,390	1,060
(Reversal of)/provision for the year	(1,900)	2,275
Write-off of provision for impairment	–	(243)
Currency translation differences	63	298
End of the year	1,553	3,390

19 TRADE AND OTHER RECEIVABLES (Continued)

As of 29 February 2016, trade receivables of HK$1,553,000 (28 February 2015: HK$3,390,000) were impaired. The ageing of these receivables is as follows:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Over 90 days	1,553	3,390

The ageing analysis of trade receivables past due but not impaired as at 29 February 2016 and 28 February 2015 is as follows:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Over 90 days	192	13,721

There were no other receivables past due but not impaired as at 29 February 2016 and 28 February 2015.

The ageing analysis of trade receivables is as follows:

	29 February 2016 HK$'000	28 February 2015 HK$'000
0 to 30 days	176,678	199,497
31 to 60 days	45,862	21,974
61 to 90 days	3,923	858
Over 90 days	1,745	17,111
	228,208	239,440

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

	29 February 2016 HK$'000	28 February 2015 HK$'000
Chinese Renminbi	151,104	168,201
Hong Kong Dollar	41,253	37,655
Japanese Yen	25,364	24,200
Others	14,702	13,870
	232,423	243,926

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 29 February 2016 and 28 February 2015, the maximum exposure to credit risk is the carrying values of trade and other receivables. The Group does not hold any collateral.

20 PREPAYMENTS AND OTHER DEPOSITS

	29 February 2016 HK$'000	28 February 2015 HK$'000
Rental deposits	478,354	436,393
Prepayments	180,741	187,069
Utility and other deposits	23,798	20,751
	682,893	644,213
Less non-current portion:		
Rental deposits	(296,483)	(316,835)
Prepayments for non-current assets	(15,675)	(41,765)
	370,735	285,613

Rental deposits are carried at amortised costs using the effective interest rates ranging from 0.2% to 5% (28 February 2015: ranging from 0.2% to 5%) per annum determined at the inception date of the rental agreement.

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 29 February 2016 and 28 February 2015, the maximum exposure to credit risk is the carrying values of rental deposits. The Group does not hold any collateral against the rental deposits.

21 CASH AND CASH EQUIVALENTS

	29 February 2016 HK$'000	28 February 2015 HK$'000
Cash at bank and in hand	1,143,355	853,976
Short-term bank deposits	823,756	1,440,127
	1,967,111	2,294,103

The interest rates for short-term bank deposits was approximately 0.8% (28 February 2015: 2.3%) per annum.

21 CASH AND CASH EQUIVALENTS (Continued)

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, all of which had an original maturity of not more than 3 months. Cash at bank earned interest at floating rates based on daily bank deposit rates.

As at 29 February 2016 and 28 February 2015, 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:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Chinese Renminbi	491,697	1,909,523
Hong Kong Dollar	1,161,833	201,493
Japanese Yen	134,886	92,093
Euro	56,847	5,759
United States Dollar	50,303	25,502
Pound Sterling	33,644	4,690
Others	37,901	55,043
	1,967,111	2,294,103

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.

22 BORROWINGS

	29 February 2016 HK$'000	28 February 2015 HK$'000
Non-current borrowings		
– Bank borrowings	207,538	374,976
– Senior Notes (Note a)	1,054,924	1,093,832
	1,262,462	1,468,808
Current borrowings		
– Portion of bank borrowings due for repayment within one year	179,646	163,081
– Portion of bank borrowings due for repayment after one year which contain a repayable on demand clause	93,750	104,350
	273,396	267,431
	1,535,858	1,736,239

22 BORROWINGS (Continued)

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The effective borrowing cost was 5.1% (as at 28 February 2015: 4.8%) per annum.

As at 29 February 2016, bank borrowings of HK$104,350,000 (28 February 2015: HK$114,950,000) were secured by the Group's certain land and buildings with carrying amounts of HK$203,143,000 (28 February 2015: HK$209,627,000) (Note 14).

Note a:

On 15 May 2013, the Company issued senior notes, with an aggregate nominal value of RMB1,000,000,000 (equivalent to HK$1,264,500,000) at par value (the "Senior Notes"), which bear interest at 6.25% per annum and the interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately RMB987,395,936 (equivalent to HK$1,248,606,276). The Senior Notes will mature on 15 May 2018 and are listed on the Stock Exchange.

During the year ended 28 February 2015, the Group purchased Senior Notes in the principal amount of RMB106,000,000, representing approximately 10.6% of the Senior Notes in the principal amount of RMB1,000,000,000 issued in May 2013. This RMB106,000,000 purchased Senior Notes was then duly cancelled pursuant to the terms and conditions of the Senior Notes. As at the date of this report, the aggregate principal amount of the Senior Notes which remains outstanding and subject to the terms of the indenture governing the Senior Notes is RMB894,000,000.

During the year ended 28 February 2015, the Group also terminated the interest rate and currency swap with a notional amount of RMB106,000,000 which was designated as a cash flow hedge for the Senior Notes with a face value of RMB106,000,000. After deducting the related transaction costs, the buy-back resulted in a pretax profit of HK$15,267,000.

The maturity of borrowings is as follows:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Within 1 year	273,396	267,431
Between 1 and 2 years	169,046	163,668
Between 2 and 5 years	1,093,416	1,305,140
	1,535,858	1,736,239

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

	29 February 2016 HK$'000	28 February 2015 HK$'000
Chinese Renminbi	1,054,924	1,093,832
Hong Kong Dollar	480,934	495,717
Japanese Yen	–	38,882
Euro	–	73,299
United States Dollar	–	34,509
	1,535,858	1,736,239

Details of the Group's banking facilities are set out in Note 30.

23 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	29 February 2016 HK$'000	28 February 2015 HK$'000
0 to 30 days	249,279	242,136
31 to 60 days	94,831	70,999
61 to 90 days	57,396	35,754
91 to 180 days	18,510	20,436
181 to 365 days	6,219	5,863
Over 365 days	6,895	10,092
	433,130	385,280

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

The trade payables are denominated in the following currencies:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Chinese Renminbi	205,292	109,409
Hong Kong Dollar	12,579	79,731
Euro	23,640	47,933
Japanese Yen	101,018	86,359
United States Dollar	59,298	42,797
Pound Sterling	25,233	19,015
Korean Won	6,065	–
Others	5	36
	433,130	385,280

24 ACCRUALS AND OTHER PAYABLES

	29 February 2016 HK$'000	28 February 2015 HK$'000
Unutilised coupon	5,659	6,649
Accruals		
– Rented premises	239,807	261,871
– Employment costs	42,445	94,334
– Others	140,302	160,942
Other payables	229,859	196,080
	658,072	719,876
Less non-current portion:		
Accruals – Rented premises	(8,583)	(12,017)
	649,489	707,859

Other payables are denominated in the following currencies:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Chinese Renminbi	166,132	159,104
Hong Kong Dollar	51,324	30,557
Japanese Yen	10,330	4,899
Others	2,073	1,520
	229,859	196,080

The carrying amounts of other payables approximate their fair values.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	29 February 2016		28 February 2015	
	Assets HK$'000	Liabilities HK$'000	Assets HK$'000	Liabilities HK$'000
Qualified for hedge accounting – cash flow hedge:				
Foreign currency and interest rate swap contract, at market value (a)	–	(132,196)	–	(121,389)
Not qualified for hedge accounting:				
Foreign currency swap contract, at market value	–	–	–	(30)
Interest rate swap contract, at market value (b)	–	(42)	–	(989)
	–	(132,238)	–	(122,408)
Less: current portion				
Foreign currency swap contracts, at market value	–	–	–	30
Interest rate swap contract, at market value (b)	–	42	–	–
	–	(132,196)	–	(122,378)

Notes:

(a) As at 29 February 2016, the notional principal amounts of the outstanding foreign currency and interest rate swap contract were RMB894,000,000 (as at 28 February 2015: RMB894,000,000), which has been designated as the hedging instrument for the Senior Notes (Note 22). As at 29 February 2016, the fixed interest rate for the Senior Notes was 6.25% (as at 28 February 2015: 6.25%) per annum. The swap exchange rate is 1.2645 HK$ per one RMB (as at 28 February 2015: 1.2645 HK$ per one RMB) whereas the swap interest rate is 5.75% (as at 28 February 2015: 5.75%) per annum. Gains and losses recognised in the hedging reserve in equity (Note 28) on foreign currency and interest rate swap contract as of 29 February 2016 will be continuously released to the statement of comprehensive income until the repayment of the Senior Notes.

(b) As at 29 February 2016, the notional principal amount of the outstanding interest rate swap contract for hedging against interest rate risk exposures relating to liabilities with floating interest rates was HK$114,620,000 (28 February 2015: HK$247,528,000). The remaining maturity of the contract is 2 March 2016.

26 DEFERRED INCOME TAX

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:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	125,071	127,997
– Deferred income tax assets to be recovered within 12 months	4,523	4,430
	129,594	132,427
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(25,186)	(18,951)
– Deferred income tax liabilities to be settled within 12 months	(15,450)	(15,194)
	(40,636)	(34,145)
Deferred income tax assets (net)	88,958	98,282

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

	29 February 2016 HK$'000	28 February 2015 HK$'000
Beginning of the year	98,282	90,567
Recognised in the consolidated statement of comprehensive income (Note 11)	(4,941)	11,107
Recognised directly in equity	(2,461)	(1,301)
Currency translation differences	(1,922)	(2,091)
End of the year	88,958	98,282

26 DEFERRED INCOME TAX (Continued)

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

Deferred tax assets –

	Decelerated tax depreciation		Provision and others		Share-based payments		Tax losses		Total	
	29 February 2016 HK$'000	28 February 2015 HK$'000	**29 February 2016 HK$'000**	28 February 2015 HK$'000	**29 February 2016 HK$'000**	28 February 2015 HK$'000	**29 February 2016 HK$'000**	28 February 2015 HK$'000	**29 February 2016 HK$'000**	28 February 2015 HK$'000
Beginning of the year	**31,173**	25,768	**103,757**	62,522	**7,809**	9,110	**16,270**	38,322	**159,009**	135,722
Recognised in the consolidated statement of comprehensive income	**6,350**	7,253	**(24,662)**	43,893	**–**	–	**15,389**	(21,235)	**(2,923)**	29,911
Recognised directly in equity	**–**	–	**–**	–	**(2,461)**	(1,301)	**–**	–	**(2,461)**	(1,301)
Currency translation differences	**679**	(1,848)	**(2,537)**	(2,658)	**–**	–	**(225)**	(817)	**(2,083)**	(5,323)
End of the year	**38,202**	31,173	**76,558**	103,757	**5,348**	7,809	**31,434**	16,270	**151,542**	159,009

Deferred tax liabilities –

	Withholding tax		Accelerated tax depreciation		Total	
	29 February 2016 HK$'000	28 February 2015 HK$'000	**29 February 2016 HK$'000**	28 February 2015 HK$'000	**29 February 2016 HK$'000**	28 February 2015 HK$'000
Beginning of the year	**(24,827)**	(18,467)	**(35,900)**	(26,688)	**(60,727)**	(45,155)
Recognised in the consolidated statement of comprehensive income	**(12,442)**	(7,614)	**10,424**	(11,190)	**(2,018)**	(18,804)
Currency translation differences	**247**	1,254	**(86)**	1,978	**161**	3,232
End of the year	**(37,022)**	(24,827)	**(25,562)**	(35,900)	**(62,584)**	(60,727)

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 29 February 2016, the Group has unrecognised tax losses of HK$1,300,000 (28 February 2015: HK$40,439,000).

The unrecognised tax losses will expire in the following years:

	29 February 2016 HK$'000	28 February 2015 HK$'000
2017	**–**	6,589
2018	**48**	4,547
2019	**124**	124
2020	**702**	2,018
2021	**426**	–
2023	**–**	7,234
2024	**–**	11,041
2025	**–**	8,886
	1,300	40,439

27 SHARE CAPITAL

Movements were:

	Number of ordinary shares '000	Share capital HK$'000
Issued and fully paid:		
At 1 March 2014	1,228,763	122,876
Repurchase of shares (i)	(1,160)	(116)
At 28 February 2015	1,227,603	122,760
Repurchase of shares (i)	(15,626)	(1,562)
At 29 February 2016	1,211,977	121,198

Notes:

(i) During the year ended 29 February 2016, the Group acquired 15,626,000 (28 February 2015: 1,160,000) of its shares through purchases on the Stock Exchange. The total amount paid to acquire the shares was HK$31,689,000 (28 February 2015: HK$3,082,000) and has been deducted from shareholders' equity.

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.

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.

27 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:

	29 February 2016 Exercise price per share HK$	29 February 2016 Options '000	28 February 2015 Exercise price per share HK$	28 February 2015 Options '000
Beginning of the year	**2.95**	**121,152**	2.95	121,152
Exercised	**–**	**–**	–	–
Expired	**–**	**–**	–	–
End of the year	**2.95**	**121,152**	2.95	121,152

No options were exercised during the year ended 29 February 2016 and 28 February 2015.

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

Expiry date	Average exercise price per share after issue of scrip shares during the year ended 28 February 2011 HK$	Average exercise price per share before issue of scrip shares during the year ended 28 February 2011 HK$	Share options 29 February 2016 '000	Share options 28 February 2015 '000
27 December 2019	1.23	1.26	**33,805**	33,805
11 February 2020	1.43	1.46	**22,537**	22,537
17 March 2021	4.96	4.96	**40,250**	40,250
16 September 2022	3.42	3.42	**24,560**	24,560
			121,152	121,152

28 RESERVES

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Statutory reserve (i) HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2015	891,538	120,988	48,524	14,492	50,191	(95,651)	1,686,339	2,716,421
Profit for the year	–	–	–	–	–	–	209,011	209,011
Transfer to statutory reserve	–	–	–	–	5,681	–	(5,681)	–
Share option scheme								
– value of employment services	–	23,876	–	–	–	–	–	23,876
Repurchase of shares	(30,127)	–	–	–	–	–	–	(30,127)
Final dividend for the year ended 28 February 2015	–	–	–	–	–	–	(134,685)	(134,685)
Currency translation differences								
– Group	–	–	–	(32,451)	–	–	–	(32,451)
– Joint ventures	–	–	–	(4,547)	–	–	–	(4,547)
Reversal of tax credit from exercise of share options	–	–	(2,461)	–	–	–	–	(2,461)
Cash flow hedge recognised as finance costs	–	–	–	–	–	39,606	–	39,606
Fair value change on cash flow hedge, net of tax	–	–	–	–	–	(10,807)	–	(10,807)
Balance at 29 February 2016	861,411	144,864	46,063	(22,506)	55,872	(66,852)	1,754,984	2,773,836
Analysed by–								
Company and subsidiaries	861,411	144,864	46,063	(24,434)	55,872	(66,852)	1,754,984	2,771,908
Joint ventures	–	–	–	1,928	–	–	–	1,928
Balance at 29 February 2016	861,411	144,864	46,063	(22,506)	55,872	(66,852)	1,754,984	2,773,836
Representing –								
2016 Final dividend proposed							101,806	
Others							1,653,178	
							1,754,984	

28 RESERVES (Continued)

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Statutory reserve (i) HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2014	894,504	97,190	49,825	77,242	42,280	(5,100)	1,516,815	2,672,756
Profit for the year	–	–	–	–	–	–	312,471	312,471
Transfer to statutory reserve	–	–	–	–	7,911	–	(7,911)	–
Share option scheme								
– value of employment services	–	23,798	–	–	–	–	–	23,798
Repurchase of shares	(2,966)	–	–	–	–	–	–	(2,966)
Final dividend for the year ended 28 February 2014	–	–	–	–	–	–	(122,760)	(122,760)
Interim dividend for the period ended 31 August 2014	–	–	–	–	–	–	(12,276)	(12,276)
Currency translation differences								
– Group	–	–	–	(62,325)	–	–	–	(62,325)
– Joint ventures	–	–	–	(425)	–	–	–	(425)
Reversal of tax credit from exercise of share options	–	–	(1,301)	–	–	–	–	(1,301)
Cash flow hedge recognised as finance costs	–	–	–	–	–	26,030	–	26,030
Fair value change on cash flow hedge, net of tax	–	–	–	–	–	(116,581)	–	(116,581)
Balance at 28 February 2015	891,538	120,988	48,524	14,492	50,191	(95,651)	1,686,339	2,716,421
Analysed by–								
Company and subsidiaries	891,538	120,988	48,524	8,017	50,191	(95,651)	1,686,339	2,709,946
Joint ventures	–	–	–	6,475	–	–	–	6,475
Balance at 28 February 2015	891,538	120,988	48,524	14,492	50,191	(95,651)	1,686,339	2,716,421
Representing –								
2015 Final dividend proposed							135,036	
Others							1,551,303	
							1,686,339	

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 Mainland China, in accordance with the relevant laws and regulations.

29 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2016 HK$'000	2015 HK$'000
Profit before tax for the year	356,047	436,363
Adjustments for:		
– Interest expense	79,513	85,092
– Interest income	(41,307)	(63,509)
– Share of loss of joint ventures	27,008	35,821
– Depreciation of property, furniture and equipment	279,818	301,049
– Impairment for property, furniture and equipment	1,777	19,659
– Amortisation of intangible assets	14,140	6,895
– Impairment of intangible assets	143	–
– Fair value (gains)/losses on derivative financial instruments	(977)	1,758
– Loss on disposal of property, furniture and equipment	7,181	9,395
– Net gains on buy back of Senior Notes	–	(15,267)
– Share-based payment	23,876	23,798
	747,219	841,054
Changes in working capital:		
– Inventories	(139,267)	(166,144)
– Trade and other receivables	4,417	(74,207)
– Prepayments and other deposits	(61,864)	(52,799)
– Amounts due from joint ventures	(1,677)	1,040
– Trade payables	50,457	37,682
– Accruals and other payables	(51,143)	151,893
– Amounts due to joint ventures	1,315	10,297
Cash generated from operations	549,457	748,816

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

	2016 HK$'000	2015 HK$'000
Net book amount (Note 14)	7,181	11,938
Loss on disposal of property, furniture and equipment	(7,181)	(9,395)
Proceeds from disposal of property, furniture and equipment	–	2,543

(c) Analysis of cash and cash equivalents:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Cash and bank deposits	1,967,111	2,294,103

30 BANKING FACILITIES AND PLEDGE OF ASSETS

As at 29 February 2016, the Group had aggregate banking facilities of approximately HK$1,967,203,000 (28 February 2015: HK$1,950,303,000) at floating rate for overdrafts, bank loans and trade financing, of which approximately HK$1,339,357,000 (28 February 2015: HK$1,256,426,000) was unutilised as at the same date. These facilities are secured by corporate guarantees provided by the Company and certain subsidiaries as well as pledge of certain property, furniture and equipment.

31 COMMITMENTS

(a) Capital commitments

	29 February 2016 HK$'000	28 February 2015 HK$'000
Contracted but not provided for		
– acquisition of fixture and furniture	2,448	229

(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:

	29 February 2016 HK$'000	28 February 2015 HK$'000
Not later than one year	1,255,749	1,196,930
Later than one year and not later than five years	1,964,502	1,686,012
Later than five years	18,110	64,073
	3,238,361	2,947,015

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.

32 RELATED PARTY TRANSACTIONS

As at 29 February 2016, the Group was controlled by Effective Convey Limited (incorporated in the British Virgin Islands), which directly and indirectly owns a total of 57.63% 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:

	2016 HK$'000	2015 HK$'000
Interest income from (2)		
– FCIT China Limited (1)	399	358
– ZIT H.K. Limited (1)	455	455
– Galeries Lafayette (China) Limited (1)	–	20
Service fees incomes from (4)		
– FCUK IT Company (1)	9,948	3,440
– FCIT China Limited (1)	15	32
– ZIT H.K. Limited (1)	2,346	2,023
– FCIT (Macau), Limited (1)	552	603
– Galeries Lafayette (China) Limited (1)	2,590	1,608
Reimbursement of sales from (3)		
– Galeries Lafayette (Beijing) Limited (1)	72,712	69,671
Commission fees payable to (4)		
– Galeries Lafayette (Beijing) Limited (1)	19,945	18,290
Purchase of goods from (5)		
– FCIT China Limited (1)	1,666	440

Notes:

(1) FCUK IT Company, FCIT China Limited, ZIT H.K. Limited, FCIT (Macau), Limited, Galeries Lafayette (China) Limited and Galeries Lafayette (Beijing) Limited are joint ventures of the Group.

(2) 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 5.5% (28 February 2015: 5.5%) per annum.

Interest income on amount due from ZIT H.K. Limited is charged at 5% (28 February 2015: 5%) per annum.

Interest income on amount due from Galeries Lafayette (China) Limited is charged at HIBOR + 0.3% per annum during the year ended 28 February 2015.

(3) Sales are reimbursed at terms agreed by the parties.

(4) Service fees and commission fees are recharged at terms agreed by the parties.

(5) Purchase of goods are carried out at arms length.

(b) Key management compensation

The directors of the Company are considered as the key management of the Group. Details of the remuneration paid to them are set out in Note 34.

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	29 February 2016 HK$'000	28 February 2015 HK$'000
ASSETS			
Non-current assets			
Investments in and amounts due from subsidiaries		301,000	256,407
Current assets			
Prepayments and other deposits		165	–
Cash and cash equivalents		1,080	731
Amounts due from subsidiaries		3,328,129	3,280,350
		3,329,374	3,281,081
LIABILITIES			
Current liabilities			
Accruals and other payables		(21,912)	(18,913)
Amount due to a subsidiary		(232,224)	–
Current income tax liabilities		(6,470)	(6,470)
		(260,606)	(25,383)
Net current assets		3,068,768	3,255,698
Non-current liabilities			
Borrowings		(1,054,924)	(1,093,832)
Financial instrument liabilities		(132,196)	(121,389)
		(1,187,120)	(1,215,221)
Net assets		2,182,648	2,296,884
EQUITY			
Capital and reserves			
Share capital		121,198	122,760
Reserves	(a)	2,061,450	2,174,124
Total equity		2,182,648	2,296,884

The statement of financial position of the Company was approved by the Board of Directors on 25 May 2016 and were signed on its behalf.

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2015	891,538	119,273	136,680	(95,651)	1,122,284	2,174,124
Loss for the year	–	–	–	–	(537)	(537)
Share option scheme						
– value of employment services	–	23,876	–	–	–	23,876
Repurchase of shares	(30,127)	–	–	–	–	(30,127)
Final dividend for the year ended 28 February 2015	–	–	–	–	(134,685)	(134,685)
Cash flow hedge recognised as finance costs	–	–	–	39,606	–	39,606
Fair value change on cash flow hedge, net of tax	–	–	–	(10,807)	–	(10,807)
Balance at 29 February 2016	861,411	143,149	136,680	(66,852)	987,062	2,061,450
Representing –						
2016 Final dividend proposed					101,806	
Others					885,256	
					987,062	
Balance at 1 March 2014	894,504	95,475	136,680	(5,100)	1,119,983	2,241,542
Profit for the year	–	–	–	–	137,337	137,337
Share option scheme						
– value of employment services	–	23,798	–	–	–	23,798
Repurchase of shares	(2,966)	–	–	–	–	(2,966)
Final dividend for the year ended 28 February 2014	–	–	–	–	(122,760)	(122,760)
Interim dividend for the period ended 31 August 2014	–	–	–	–	(12,276)	(12,276)
Cash flow hedge recognised as finance costs	–	–	–	26,030	–	26,030
Fair value change on cash flow hedge, net of tax	–	–	–	(116,581)	–	(116,581)
Balance at 28 February 2015	891,538	119,273	136,680	(95,651)	1,122,284	2,174,124
Representing –						
2015 Final dividend proposed					135,036	
Others					987,248	
					1,122,284	

34 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

The remuneration of each director and the chief executive for the year ended 29 February 2016 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
Name of directors	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contributions to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors							
Mr. Sham Kar Wai (Chief Executive Officer)	–	7,743	–	1,680	8,095	18	17,536
Mr. Sham Kin Wai	–	5,254	–	1,560	8,095	18	14,927
Independent non-executive directors							
Dr. Wong Tin Yau, Kelvin, JP	269	–	–	–	–	–	269
Mr. Francis Goutenmacher	269	–	–	–	–	–	269
Mr. Mak Wing Sun, Alvin	269	–	–	–	–	–	269
	807	12,997	–	3,240	16,190	36	33,270

The remuneration of each director and the chief executive for the year ended 28 February 2015 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
Name of directors	Fees	Salary	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contributions to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors							
Mr. Sham Kar Wai (Chief Executive Officer)	–	7,393	14,427	1,680	8,106	17	31,623
Mr. Sham Kin Wai	–	5,002	11,803	1,560	8,106	17	26,488
Independent non-executive directors							
Dr. Wong Tin Yau, Kelvin, JP	260	–	–	–	–	–	260
Mr. Francis Goutenmacher	260	–	–	–	–	–	260
Mr. Mak Wing Sun, Alvin	260	–	–	–	–	–	260
	780	12,395	26,230	3,240	16,212	34	58,891

No remunerations were paid or receivable in respect of accepting office as directors during the year ended 29 February 2016 (2015: Nil).

No directors waived any emoluments during the year ended 29 February 2016 (2015: Nil).

No emoluments were paid or receivable in respect of directors' other services in connection with the management of affairs of the Company or its subsidiary undertakings during the year ended 29 February 2016 (2015: Nil).

There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities as at 29 February 2016 (28 February 2015: Nil).

Except disclosed above, no director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year ended 29 February 2016 (2015: Nil).

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 29 February 2016 HK$'000	Year ended 28 February 2015 HK$'000	Year ended 28 February 2014 HK$'000	Year ended 28 February 2013 HK$'000	Year ended 29 February 2012 HK$'000
Turnover	7,541,132	7,180,540	6,746,874	6,543,109	5,741,642
Cost of sales	(2,974,792)	(2,716,192)	(2,702,521)	(2,693,460)	(2,201,683)
Gross profit	4,566,340	4,464,348	4,044,353	3,849,649	3,539,959
Other losses, net	(63,786)	(19,329)	(5,074)	(6,221)	(2,776)
Impairment of goodwill	–	–	(5,557)	–	–
Operating expenses	(4,095,277)	(3,971,212)	(3,625,354)	(3,367,346)	(2,961,879)
Other income	13,984	19,960	9,750	–	–
Operating profit	421,261	493,767	418,118	476,082	575,304
Finance income	41,307	63,509	44,190	10,649	6,385
Finance costs	(79,513)	(85,092)	(75,210)	(27,554)	(11,993)
Share of (losses)/profit of joint ventures	(27,008)	(35,821)	(41,768)	(11,461)	4,086
Profit before income tax	356,047	436,363	345,330	447,716	573,782
Income tax expense	(146,310)	(123,503)	(65,298)	(62,685)	(100,652)
Profit for the year	209,737	312,860	280,032	385,031	473,130
Dividend	101,806	147,312	122,876	36,846	187,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 29 February 2016 HK$'000	As at 28 February 2015 HK$'000	As at 28 February 2014 HK$'000	As at 28 February 2013 HK$'000	As at 29 February 2012 HK$'000
ASSETS					
Non-current assets					
Property, furniture and equipment	856,606	836,410	913,145	934,128	880,887
Intangible assets	345,633	322,404	343,043	359,338	373,018
Investments in and loans to joint ventures	139,278	166,828	220,396	199,074	118,059
Rental deposits	296,483	316,835	307,028	298,675	277,738
Prepayment for non-current assets	15,675	41,765	14,862	5,868	4,437
Derivative financial instruments	–	–	2,622	–	–
Deferred income tax assets	129,594	132,427	135,722	116,154	77,782
	1,783,269	1,816,669	1,936,818	1,913,237	1,731,921
Current assets					
Inventories	1,390,974	1,260,598	1,116,693	1,211,240	1,237,808
Trade, bills and other receivables	232,423	243,926	181,242	133,736	155,450
Amounts due from joint ventures	52,880	50,086	36,449	25,388	23,648
Prepayments and other deposits	370,735	285,613	250,611	221,299	216,063
Derivative financial instruments	–	–	–	1,163	116
Current income tax recoverable	1,603	21,714	–	–	–
Cash and cash equivalents	1,967,111	2,294,103	2,315,498	961,158	626,944
	4,015,726	4,156,040	3,900,493	2,553,984	2,260,029
LIABILITIES					
Current liabilities					
Borrowings	(273,396)	(267,431)	(496,385)	(365,661)	(263,088)
Trade and bill payables	(433,130)	(385,280)	(357,924)	(273,552)	(409,038)
Accruals and other payables	(649,489)	(707,859)	(573,909)	(476,177)	(463,583)
Amounts due to joint ventures	(33,863)	(33,693)	(24,022)	(51,549)	(50,064)
Derivative financial instruments	(42)	(30)	–	(1,600)	–
Current income tax liabilities	(68,406)	(100,949)	(32,373)	(23,585)	(48,754)
	(1,458,326)	(1,495,242)	(1,484,613)	(1,192,124)	(1,234,527)
Net current assets	2,557,400	2,660,798	2,415,880	1,361,860	1,025,502
Total assets less current liabilities	4,340,669	4,477,467	4,352,698	3,275,097	2,757,423
Non-current liabilities					
Borrowings	(1,265,462)	(1,468,808)	(1,494,642)	(668,462)	(437,126)
Accruals	(8,583)	(12,017)	(9,893)	(14,140)	(18,079)
Derivative financial instruments	(132,196)	(122,378)	(6,691)	(6,140)	(2,639)
Deferred income tax liabilities	(40,636)	(34,145)	(45,155)	(32,984)	(30,801)
	(1,443,877)	(1,637,348)	(1,556,381)	(721,726)	(488,645)
Net assets	2,896,792	2,840,119	2,796,317	2,553,371	2,268,778
EQUITY					
Capital and reserves					
Share capital	121,198	122,760	122,876	122,818	122,067
Reserves	2,773,836	2,716,421	2,672,756	2,430,553	2,148,649
Non-controlling interests	1,758	938	685	–	(1,938)
Total equity	2,896,792	2,840,119	2,796,317	2,553,371	2,268,778

I.T LIMITED ANNUAL REPORT
2015/2016