I.T LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

- Total turnover of the Group increased by 9.6% to HK$2,996 million.
- Total retail sales in Hong Kong increased by 5.1% to HK$2,109.0 million, and comparable store sales increased by 5.5%.
- Total retail sales in Mainland China increased by 22.2% to HK$706.4 million, and comparable store sales increased by 10.3%.
- Gross profit increased by 12.9% to HK$1,819.2 million and gross profit margin increased by 1.7 percentage points to 60.7%.
- EBITDA (operating profit before impairment of goodwill and furniture and equipment, depreciation of furniture and equipment, amortisation and write-off of intangible assets) increased by 78.1% to HK$444.9 million.
- Profit for the year increased by 517.3% to HK$262.7 million.
- Basic earnings per share increased by 517.3% to HK$0.23.
- Final dividend (with an option to elect scrip shares) of HK$0.105 per share is proposed representing a total payout of approximately HK$121.3 million and payout ratio of approximately 46.2% of the net profit (2009: Nil).

The board of directors (the "Board") of I.T Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2010, prepared on the basis set out in Note 1, together with the comparative figures for the year ended 28 February 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**2010** **HK$'000**	2009 HK$'000
Turnover	2	**2,995,952**	2,733,256
Cost of sales	4	**(1,176,707)**	(1,121,570)
Gross profit		**1,819,245**	1,611,686
Other income – incentive income		**13,200**	–
Other gains/(losses)	3	**3,791**	(11,123)
Impairment of goodwill		**(4,217)**	(59,569)
Operating expenses	4	**(1,524,760)**	(1,468,877)
Operating profit		**307,259**	72,117
Finance income	5	**5,250**	6,205
Finance costs	5	**(2,567)**	(3,419)
Share of profit of jointly controlled entities		**5,432**	3,948
Profit before income tax		**315,374**	78,851
Income tax expense	6	**(52,686)**	(36,296)
Profit for the year		**262,688**	42,555
Other comprehensive (loss)/income:			
Currency translation differences		**(4,077)**	23,188
Total comprehensive income for the year		**258,611**	65,743
Earnings per share for profit for the year (expressed in HK$ per share)			
– basic	7	**HK$0.23**	HK$0.04
– diluted	7	**HK$0.23**	HK$0.04
Dividend	8	**121,279**	–

CONSOLIDATED BALANCE SHEET

	Note	As at 28 February 2010 HK$'000	As at 28 February 2009 HK$'000
ASSETS			
Non-current assets			
Furniture and equipment		**233,395**	229,124
Intangible assets		**259,823**	267,633
Investments in and amounts due from jointly controlled entities		**39,338**	32,564
Rental deposits		**121,711**	91,065
Deferred income tax assets		**31,282**	32,211
		685,549	652,597
Current assets			
Inventories		**394,520**	411,145
Trade and other receivables	9	**120,080**	67,289
Amounts due from jointly controlled entities		**27,045**	27,323
Prepayments and other deposits		**122,747**	104,011
Pledged bank deposits		**–**	750
Cash and cash equivalents		**622,238**	441,264
		1,286,630	1,051,782
LIABILITIES			
Current liabilities			
Bank borrowings	11	**(47,400)**	(47,400)
Trade and bill payables	10	**(149,488)**	(155,993)
Accruals and other payables		**(178,245)**	(135,677)
Amounts due to jointly controlled entities		**(22,699)**	(9,206)
Derivative financial instruments		**(1,001)**	(3,452)
Current income tax liabilities		**(29,811)**	(24,261)
		(428,644)	(375,989)
Net current assets		**857,986**	675,793
Total assets less current liabilities		**1,543,535**	1,328,390
Non-current liabilities			
Bank borrowings	11	**(35,200)**	(82,600)
Accruals		**(26,030)**	(30,136)
Deferred income tax liabilities		**(4,582)**	(3,945)
		(65,812)	(116,681)
Net assets		**1,477,723**	1,211,709
EQUITY			
Capital and reserves			
Share capital		**115,504**	115,504
Reserves		**1,362,219**	1,096,205
Total equity		**1,477,723**	1,211,709

NOTES:

1. Principal accounting policies

Basis of preparation

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

(a) The following new standards, amendments and interpretations to existing standards are mandatory for the accounting periods beginning on or after 1 March 2009.

HKAS 1 (Revised), 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKAS 23 (Revised), 'Borrowing Costs'. The revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. This amendment has no material impact on the Group's financial statements as the Group's accounting policy on borrowing costs has complied with the revised requirements.

HKFRS 2 (Amendment), 'Share-based Payment'. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment to HKFRS 2 has no impact on the Group's consolidated financial statements.

HKFRS 7 (Amendment), 'Financial Instruments – Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKFRS 8, 'Operating Segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has applied HKFRS 8 from 1 March 2009 with no impact on the number of reportable segments and the manner in which the segments are reported.

HK(IFRIC)-Int 13, 'Customer Loyalty Programmes'. HK(IFRIC)-Int 13 addresses accounting by entities that grant loyalty award credits (such as 'points' or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services ('awards') to customers who redeem award credits. The Group has applied HK(IFRIC)-Int 13 from 1 March 2009.

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

HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers

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

HKAS 24 (Amendment)	Related Party Disclosures (effective for annual period beginning on or after 1 January 2011)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective for annual period beginning on or after 1 July 2009)
HKAS 32 (Amendment)	Classification of Right Issues (effective for annual period beginning on or after 1 February 2010)
HKAS 39 (Amendment)	Eligible Hedged Items (effective for annual period beginning on or after 1 July 2009)
HKFRS 3 (Revised)	Business Combinations (effective for annual period beginning on or after 1 July 2009)
HKFRS 9	Financial Instruments (effective for annual period beginning on or after 1 January 2013)

HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement (effective for annual period beginning on or after 1 January 2011)
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners (effective for annual period beginning on or after 1 July 2009)
HK(IFRIC)-Int 19	Extinguish Financial Liabilities with Equity Instruments (effective for annual period beginning on or after 1 July 2010)

HKFRS 9,'Financial Instruments', (effective for annual period beginning on or after 1 January 2013). It improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of HKAS 39 by applying a consistent approach to classify financial assets and replace the numerous categories of financial assets in HKAS 39, each of which had its own classification criteria. It also results in one impairment method, replacing the numerous impairment methods in HKAS 39 that arises from the different classification categories.

The Group has not early adopted these new standards, amendments and interpretations to existing standards in the financial statements for the year ended 28 February 2010. The adoption of the above new standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

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

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

2. Turnover and segment information

(a) Analysis of revenue by category

	2010	2009
	HK$'000	HK$'000
Turnover		
– Sales of fashion wears and accessories	**2,995,952**	2,733,256

(b) Segment information

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

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

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

The segment information provided to the Board for the reportable segments for the year ended 28 February 2010 and 2009 is as follows:

	Hong Kong		**Mainland China**		**Others**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**2,127,385**	2,026,155	**763,610**	636,805	**104,957**	70,296	**2,995,952**	2,733,256
EBITDA	**334,413**	226,090	**82,081**	28,155	**28,435**	(4,453)	**444,929**	249,792
Depreciation and amortisation	**(71,163)**	(74,775)	**(48,354)**	(31,220)	**(7,647)**	(4,633)	**(127,164)**	(110,628)
Impairment of furniture and equipment	**(2,053)**	–	**(4,236)**	–	**–**	–	**(6,289)**	–
Write off of licence right	**–**	(7,478)	**–**	–	**–**	–	**–**	(7,478)
Goodwill impairment	**–**	–	**–**	(59,569)	**(4,217)**	–	**(4,217)**	(59,569)
Share of profit/(loss) from jointly controlled entities	**5,721**	5,171	**(967)**	(498)	**678**	(725)	**5,432**	3,948
Finance income	**2,807**	3,949	**2,343**	282	**100**	1,974	**5,250**	6,205
Finance cost	**(2,531)**	(2,953)	**(36)**	(466)	**–**	–	**(2,567)**	(3,419)
Profit/(Loss) before income tax	**267,194**	150,004	**30,831**	(63,316)	**17,349**	(7,837)	**315,374**	78,851
Income tax (expense)/credit	**(45,650)**	(28,517)	**(4,388)**	(11,983)	**(2,648)**	4,204	**(52,686)**	(36,296)
Total segment assets	**1,031,497**	804,921	**749,840**	722,653	**93,177**	84,707	**1,874,514**	1,612,281
Total segment liabilities	**331,862**	338,983	**97,622**	84,816	**37,691**	55,720	**467,175**	479,519

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

	2010	2009
	HK$'000	HK$'000
Segment assets for reportable segments	**1,781,337**	1,527,574
Other segments assets	**93,177**	84,707
	1,874,514	1,612,281
Unallocated:		
Deferred income tax assets	**31,282**	32,211
Investments in and amounts due from jointly controlled entities	**66,383**	59,887
	1,972,179	1,704,379

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

	2010	2009
	HK$'000	HK$'000
Segment liabilities for reportable segments	**429,484**	423,799
Other segments liabilities	**37,691**	55,720
	467,175	479,519
Unallocated:		
Deferred income tax liabilities	**4,582**	3,945
Amounts due to jointly controlled entities	**22,699**	9,206
	494,456	492,670

3. Other gains/(losses)

	2010	2009
	HK$'000	HK$'000
Derivative financial instruments, at market value – forward foreign exchange contracts	**3,791**	(11,123)

4. Expenses by nature

	2010	2009
	HK$'000	HK$'000
Cost of inventories sold	**1,147,839**	1,108,831
Write-downs of inventories to net realisable value	**15,206**	25,258
Employment costs (including directors' emoluments)	**502,053**	499,765
Operating lease rentals of premises		
– minimum lease payments	**502,814**	484,426
– contingent rents	**98,523**	78,447
Advertising and promotion costs	**34,208**	52,566
Depreciation of furniture and equipment	**122,341**	102,135
Impairment of furniture and equipment	**6,289**	–
Loss on disposals of furniture and equipment	**1,988**	6,016
Licence fees (included in operating expenses)		
– amortisation of licence rights	**3,095**	6,849
– write off of licence rights	**–**	7,478
– contingent licence fees	**5,107**	4,226
Amortisation of trademark, franchise contracts and distribution agreements (included in operating expenses)	**1,728**	1,644
Provision for impairment of receivables	**73**	1,022
Provision for impairment of amount due from a jointly controlled entity	**1,206**	1,353
Auditor's remuneration	**2,450**	2,810
Net exchange gains	**(3,953)**	(38,555)
Other expenses	**260,500**	246,176
Total	**2,701,467**	2,590,447
Representing:		
Cost of sales	**1,176,707**	1,121,570
Operating expenses	**1,524,760**	1,468,877
	2,701,467	2,590,447

5. Finance income and costs

	2010	2009
	HK$'000	HK$'000
Interest income from		
– bank deposits	**1,274**	1,724
– amounts due from jointly controlled entities (i)	**569**	391
– others (i)	**3,407**	4,090
Finance income	**5,250**	6,205
Interest expense on		
– bank borrowings wholly repayable within five years	**(2,567)**	(2,694)
– licence fees payable (i)	**–**	(725)
Finance costs	**(2,567)**	(3,419)
Net finance income	**2,683**	2,786

Note:

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

6. Income tax expense

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

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

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

Mainland China enterprise income tax has been provided at the applicable rates ranging from 20% to 25% (2009: ranging from 18% to 25%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 20% (2009: 25%) 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% (2009: 9%) on the estimated assessable profit in excess of HK$196,000 (approximately MOP200,000) and below HK$295,000 (approximately MOP300,000) and a fixed rate of 12% on assessable profit in excess of HK$295,000 (approximately MOP300,000).

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

	2010	2009
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**41,424**	32,050
– Mainland China enterprise income tax	**7,916**	12,496
– Overseas income tax	**1,600**	–
– Under/(over)-provision in prior year	**78**	(239)
Deferred income tax	**1,668**	(8,011)
	52,686	36,296

7. 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.

	2010	2009
Profit attributable to equity holders of the Company (HK$'000)	**262,688**	42,555
Weighted average number of ordinary shares in issue ('000)	**1,155,037**	1,154,963
Basic earnings per share (HK$)	**0.23**	0.04

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.

	2010	2009
Profit attributable to equity holders of the Company (HK$'000)	**262,688**	42,555
Weighted average number of ordinary shares in issue ('000)	**1,155,037**	1,154,963
Adjustments for share options ('000)	**–***	–*
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,155,037**	1,154,963
Diluted earnings per share (HK$)	**0.23**	0.04

* No dilutive effect for the year ended 28 February 2010 and 2009 since all the other options are anti-dilutive.

8. Dividend

	2010	2009
	HK$'000	HK$'000
Final, proposed, of HK10.5 cents (2009: Nil) per ordinary share	**121,279**	–

The dividends paid in the year ended 28 February 2009 were HK$98,178,000 (HK8.5 cents per share for final dividend in 2008). The Directors recommend the payment of a final dividend of HK$121,279,000 for the year ended 28 February 2010 (2009: Nil). The final dividend in respect of the year ended 28 February 2010 of HK10.5 cents per ordinary share, which will be satisfied by cash, with an alternative to shareholders to elect to receive such final dividend (or part thereof) by way of scrip dividend, amounting to a total dividend of HK$121,279,000, is proposed for approval at the upcoming annual general meeting. The proposed dividend has not been dealt with as a dividend payable as at 28 February 2010 but has been dealt with as an appropriation of retained earnings for the year ended 28 February 2010.

9. Trade and other receivables

	2010	2009
	HK$'000	HK$'000
Trade receivables	**77,611**	59,448
Less: provision for impairment of receivables	**–**	(361)
Trade receivables, net	**77,611**	59,087
Other receivables	**42,469**	27,316
Less: provision for impairment of receivables	**–**	(19,114)
Other receivables, net	**42,469**	8,202
Trade and other receivables	**120,080**	67,289

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

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

The ageing analysis of trade receivables is as follows:

	2010	2009
	HK$'000	HK$'000
0 to 30 days	**74,769**	56,223
31 to 60 days	**2,758**	2,749
61 to 90 days	**38**	4
Over 90 days	**46**	111
	77,611	59,087

10. Trade and bill payables

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

	2010	2009
	HK$'000	HK$'000
0 to 30 days	**112,683**	113,722
31 to 60 days	**18,766**	23,287
61 to 90 days	**7,292**	7,648
91 to 180 days	**6,499**	8,590
181 to 365 days	**3,771**	1,666
Over 365 days	**477**	1,080
	149,488	155,993

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

11. Bank borrowings

	2010	2009
	HK$'000	HK$'000
Non-current bank borrowings	**35,200**	82,600
Current bank borrowings	**47,400**	47,400
	82,600	130,000

The maturity of bank borrowings is as follows:

	2010	2009
	HK$'000	HK$'000
Within 1 year	**47,400**	47,400
Between 1 and 2 years	**35,200**	47,400
Between 2 and 5 years	**–**	35,200
	82,600	130,000

As at 28 February 2010, bank borrowings are secured and bear interest ranging from 3-month Hong Kong Interbank Offered Rate ("HIBOR") plus 1.3% per annum to 1-month HIBOR plus 1.6% per annum (2009: HIBOR plus 1.3 to 1.9% per annum).

The carrying amounts of bank borrowings approximate their fair values.

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

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK10.5 cents per share (2009: Nil) for the year ended 28 February 2010.

In order to maintain a strong balance sheet for future growth, the Board has recommended providing the shareholders with an option to receive the final dividend in the form of new fully paid shares in lieu of cash. Subject to the approval of shareholders at the forthcoming annual general meeting to be held on 30 July 2010, the final dividend will be payable to those shareholders whose names appear on the register of members on 30 July 2010.

The scrip dividend scheme is conditional upon the passing of the relevant resolution at the forthcoming annual general meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued under the scrip dividend scheme. Further details of the scrip dividend scheme will be set out in a circular to the shareholders to be dispatched on or around 28 June 2010. Dividend warrants and share certificates for new shares to be issued under the scrip dividend scheme will be dispatched by ordinary mail on or around 27 August 2010.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) Group

The global financial crisis hit the retail market during the first half of the financial year, consumer sentiment revived in the second half of the financial year. Hong Kong continues to be the key revenue contributor, the total turnover from Hong Kong operations increased moderately by 5.0% to HK$2,127.4 million (2009: HK$2,026.2 million). The Mainland China was less hit by the financial crisis and we managed to increase the total turnover in this market by 19.9% to HK$763.6 million (2009: HK$636.8 million). The proportion of turnover contributed by the Mainland China market also increased from 23.3% to 25.5%.

Breakdown of turnover by region of operation:

	2010 HK$'million	2009 HK$'million	**Change**	**2010**	2009
Hong Kong	**2,127.4**	2,026.2	+5.0%	**71.0%**	74.1%
Mainland China	**763.6**	636.8	+19.9%	**25.5%**	23.3%
Others	**105.0**	70.3	+49.3%	**3.5%**	2.6%
	2,996.0	2,733.3	+9.6%	**100.0%**	100.0%

Overall, total turnover of the Group increased by 9.6% to HK$2,996.0 million (2009: HK$2,733.3 million).

Hong Kong continues to be the key retail sales contributor, accounting for 72.2% of the total retail sales of the Group. With our expansion in Mainland China during the year, the proportion of retail sales from this region increased by 2.4 percentage points to about 24.2% of the total retail sales of the Group.

Breakdown of retail sales by region:

	2010	2009
Hong Kong	**72.2%**	75.6%
Mainland China	**24.2%**	21.8%
Others	**3.6%**	2.6%
	100.0%	100.0%

For the Group as a whole, retail sales from in-house brands increased faster than the international brands and became the largest contributor to the retail sales of the Group notwithstanding international brands continue to be a major revenue contributor.

Breakdown of retail sales by brand category:

	2010	2009
In-house brands	**49.6%**	47.7%
International brands	**47.0%**	47.7%
Licensed brands	**3.4%**	4.6%
	100.0%	100.0%

Given that the retail market has revived in the second half of the financial year, less discount was offered during this period for our in-house brands and international brands. As a result, gross profit increased by 12.9% to HK$1,819.2 million for the year ended 28 February 2010 (2009: HK$1,611.7 million). The gross profit margin also increased by 1.7 percentage points to 60.7% (2009: 59.0%).

Due to the stringent costs control measures, total operating expenses only increased by 3.8% to HK$1,524.8 million (2009: HK$1,468.9 million). As a percentage to total turnover, we managed to decrease the operating expenses by 2.8 percentage points from 53.7% for the year ended 28 February 2009 to 50.9% for the year ended 28 February 2010. Total rental expenses (including rental charges, management fee, rates and government rent) as a percentage to total turnover decreased slightly from 23.6% for the year ended 28 February 2009 to 23.1% for the year ended 28 February 2010. Total staff cost as a percentage of total turnover decreased from 18.3% for the year ended 28 February 2009 to 16.8% for the year ended 28 February 2010. Advertising and promotion expenses reduced by 35.0% to HK$34.2 million (2009: HK$52.6 million). As a percentage of total turnover, the advertising and promotion expenses decreased to 1.1% for the year ended 28 February 2010 (2009: 1.9%).

Increase in total revenue, together with our tight control on the operating costs, operating profit increased by 326.1% to HK$307.3 million (2009: HK$72.1 million) and EBITDA (operating profit before impairment of goodwill and furniture and equipment, depreciation of furniture and equipment, amortisation and write-off of intangible assets) increased by 78.1% to HK$444.9 million (2009: HK$249.8 million). If the one off incentive income from a business partner of HK$13.2 million, and impairment of goodwill of HK$4.2 million (2009: HK$59.6 million) were excluded, the adjusted net profit of the Group would have been HK$253.7 million representing an increase of 148.3% as compared on the same basis for the year ended 28 February 2009.

(b) *Hong Kong*

Sales from retail operation increased moderately by 5.1% to HK$2,109.0 million (2009: HK$2,005.9 million) at an overall comparable store sales growth rate of 5.5%. Given that less discount was offered in the second half of the financial year, gross profit margin from retail operation increased slightly from 60.5% for the year ended 28 February 2009 to 61.8% for the year ended 28 February 2010.

Retail sales from in-house brands increased by 6.5% whereas retail sales from international brands increased by 5.0%. With a higher annual growth rate, in-house brands accounted for 47.8% (2009: 47.3%) of the total retail sales. Retail sales of international brands accounted for 47.8% (2009: 47.7%) of the total retail sales while licensed brands accounted for 4.4% of total retail sales (2009: 5.0%).

Rental expenses (including rental charges, management fee, rates and government rent) as a percentage of total turnover was maintained at 22.0% (2009: 22.3%). Due to the tight control on the increment of headquarter staff, staff cost as a percentage of total turnover decreased slightly from 19.8% for the year ended 28 February 2009 to 18.5% for the year ended 28 February 2010. On a higher revenue and gross profit base, together with an effective control on the operating costs, the operating margin (operating profit excluding other income as a percentage to total turnover) increased from 7.1% for the year ended 28 February 2009 to 11.7% for the year ended 28 February 2010.

(c) Mainland China

Mainland China was less affected by the financial crisis and retail sales in this area recorded an increment even in the first half of the financial year. Sales from retail operations increased by 22.2% to HK$706.4 million (2009: HK$578.1 million) at an overall comparable store growth rate of 10.3%. Similar to Hong Kong, less discount was offered in the second half of the financial year and gross profit margin of retail operation increased by 3.4 percentage points from 55.3% for the year ended 28 February 2009 to 58.7% for the year ended 28 February 2010.

International brands accounted for 49.7% of the total retail sales for the year ended 28 February 2010 (2009: 52.5%). More in-house brands shops were opened and total retail sales of in-house brands increased faster than international brands. Therefore, the importance of in-house brands is increasing and accounted for 49.7% of the total retail sales (2009: 44.0%), while licensed brands accounted for 0.6% (2009: 3.5%) of total retail sales. The increasing proportion of in-house brands to the total retail sales also explained the increase of gross profit margin of our Mainland China operation.

Rental expenses (including rental charge and management fee) as a percentage to total turnover increased from 25.3% for the year ended 28 February 2009 to 26.4% for the year ended 28 February 2010, which was mainly due to the amortisation of rental incentives. Similar to our Hong Kong operation, we have tight controls on the increment of back office and supporting staff. This, together with a higher revenue base, decreased the staff cost as a percentage of total turnover from 13.6% for the year ended 28 February 2009 to 12.2% for the year ended 28 February 2010. We revisited the depreciation policy on leasehold improvements of the stores and revised its estimates on the remaining useful life of leasehold improvements and this increased the depreciation charges of about HK$14.4 million. Notwithstanding the increase in costs as explained above, we managed to turn around the Mainland China operation to be profitable with an operating margin (operating profit excluding impairment of goodwill as a percentage to total turnover) of 3.9% (2009: a slight operating loss with negative operating margin of 0.5%).

(d) Others

Total net sales from Taiwan retail operation increased by 6.7% for the year ended 28 February 2010 with a comparable store growth rate of 6.0%. Macau operation reported a remarkable comparable store growth rate of 29.5% due to the surge of tourists particularly in the second half of the financial year which increased the sales of our stores in The Venetian.

Outside Greater China, four franchised stores of our in-house brand http://www.izzue.com were opened in France by Galeries Lafayette and two franchised stores of our in-house brand 5cm were opened in the Philippines during the year. In total, we had twenty-one franchised stores in Saudi Arabia, Thailand, Australia, the Philippines and France. Two more franchised stores of http://www.izzue.com were opened in Berlin in March 2010 by Galeries Lafayette and we are planning to expand into the European market.

Share of Results of Jointly Controlled Entities

Results of jointly controlled entities included the joint ventures with French Connection Group plc and Zadig & Voltarie Holding. The share of profit increased by 37.6% to HK$5.4 million for the year ended 28 February 2010 (2009: HK$3.9 million).

Cash Flows

Net cash inflow from operating activities increased from HK$135.6 million for the year ended 28 February 2009 to HK$366.0 million for the year ended 28 February 2010 due to the increase in sales revenue and effective control of operating expenses. Net cash used for investing activities for the year ended 28 February 2010 was HK$137.0 million (2009: HK$154.0 million) which mainly represented the acquisition of furniture and equipment for retail operations. During the year ended 28 February 2010, net cash used for financing activities was HK$47.4 million (2009: net cash inflow of HK$22.7 million), which was mainly due to the repayment of bank loans.

Inventory

Inventory turnover days for the year ended 28 February 2010 were 125.0 days (2009: 119.6 days).

Liquidity and Capital Resources

As at 28 February 2010, total cash and bank balances amounted to HK$622.2 million (2009: HK$442.0 million) and total liabilities of HK$494.5 million (2009: HK$492.7 million). As at 28 February 2010, shareholders' equity was HK$1,477.7 million (2009: HK$1,211.7 million).

As at 28 February 2010, the Group had aggregate banking facilities of approximately HK$496.4 million (2009: HK$525.0 million) for overdrafts, bank loans and trade financing, of which approximately HK$310.1 million (2009: HK$270.7 million) was unutilised. These facilities are secured by corporate guarantees provided by the Company and certain subsidiaries as at 28 February 2010 and also by Group's bank deposits of HK$750,000 as at 28 February 2009. The Group had HK$82.6 million bank borrowings as at 28 February 2010 (28 February 2009: HK$130.0 million). The current ratio as at 28 February 2010 was 3.0 (28 February 2009: 2.8) and the gearing was 5.6% (28 February 2009: 10.7%) based on shareholders' equity.

Contingent Liabilities

As at 28 February 2010, the Group did not have significant contingent liabilities (2009: Nil).

Foreign Exchange

To manage our foreign exchange exposure on sourcing for merchandise from Europe and Japan, the Group entered into forward exchange contracts with major and reputable financial institutions to hedge foreign exchange risk. As at 28 February 2010, the notional amounts of outstanding forward foreign exchange contracts to buy Japanese Yen, Euros and Sterling Pounds for hedging against foreign exchange risk exposure relating to firm purchase order of fashion wears and accessories and certain outstanding payables denominated in those currencies, are approximately HK$60.1 million (2009: HK$66.9 million).

Employment, Training and Development

The Group had a total of 3,693 employees as at 28 February 2010 (2009: 3,286). Training and development courses were regularly organised for employees to enhance their technical and product knowledge as well as sales and marketing and business management skills. The Group offered competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses. In addition, share options were granted to selected employees based on their individual performance.

Future Outlook

We saw an improvement of the business environment, particularly the consumer markets, in the fourth quarter of 2009 and the first quarter of 2010. Looking ahead, 2010 will still be a challenging year in Mainland China and Hong Kong. Being a fashion trend setter in the retail industry, we are optimistic about the prospects of these markets.

With continuous economic growth, rising disposable income and increasingly affluent urban consumers in Mainland China, we believe there will be great opportunities for us to further expand into this market. To drive faster growth in our China operations, more resources will be invested and we plan for expanding our retail network by around 30% new sales area in the year ending 28 February 2011. We will continue to open more shops in the cities where we have our direct sales points, i.e. Beijing, Shanghai, Hangzhou and Nanjing, to strengthen our network and to increase our market penetration. We will also expand our retail network in other large cities where we have not yet entered. Opening more shops is an effective strategy to promote our brands in Mainland China. In addition, we shall also actively seek new business partners to further extend our retail network and increase our brands awareness.

The retail market in Hong Kong was tough in the first half of 2009 but gradually recovered in the second half. Hong Kong is our core market, providing stable source of revenue and cash flow. To maintain profitable growth in this area, we will continue to seek for opportunities of opening stores in prime locations or shopping malls with a view to increase new sales area by around 10% in 2010. With better design and layout in our shops, we can further strengthen our prestigious fashion icon image and attract more tourists, particularly from Mainland China, to capture more market share in the industry.

To further strengthen our brand image and competitiveness, more marketing resources will be allocated to promote our in-house labels with more cross-branded and "special edition" fashioned products to be introduced to the market. While focusing on developing our in-house brands with higher gross profit margin, it is envisaged that the in-house brand segment will grow faster than the international brands segment in Hong Kong and Mainland China in the coming future.

For Taiwan and Macau, we will focus on the organic growth of same store sales and profits. Currently, only one in-house brand, http://www.izzue.com, has been launched in Taiwan and we will seek opportunities to replicate the success of our other brands in Hong Kong to this market. We will also continue to look for opportunities, to engage franchisees to further develop our wholesale business for our in-house brands in regions outside Greater China and particularly in Europe.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

In the opinion of the Board, the Company has complied with the Code Provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 28 February 2010 except for the deviations as mentioned below.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 28 February 2010, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual report for the year ended 28 February 2010.

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2010 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 28 February 2010.

By Order of the Board
Sham Kar Wai
Chairman

Hong Kong, 2 June 2010

As at the date of this announcement, the Board comprises Mr. SHAM Kar Wai and Mr. SHAM Kin Wai as Executive Directors and Mr. WONG Wai Ming, Mr. Francis GOUTENMACHER and Dr. WONG Tin Yau, Kelvin as Independent Non-executive Directors.