INDEPENDENT AUDITOR'S REPORT

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 (together, the "Group") set out on pages 2 to 47, which comprise the consolidated and company balance sheets as at 28 February 2013, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 28 February 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 3 May 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2013

	Note	**2013 HK$'000**	2012 HK$'000
Turnover	5	**6,543,109**	5,741,642
Cost of sales	7	**(2,693,460)**	(2,201,683)
Gross profit		**3,849,649**	3,539,959
Other loss	6	**(6,221)**	(2,776)
Operating expenses	7	**(3,367,346)**	(2,961,879)
Operating profit		**476,082**	575,304
Finance income	10	**10,649**	6,385
Finance costs	10	**(27,554)**	(11,993)
Share of (loss)/profit of jointly controlled entities	18	**(11,461)**	4,086
Profit before income tax		**447,716**	573,782
Income tax expense	11	**(62,685)**	(100,652)
Profit for the year		**385,031**	473,130
Other comprehensive income:			
Currency translation differences		**(8,977)**	27,157
Total comprehensive income for the year		**376,054**	500,287
Profit attributable to:			
– Equity holders of the Company	12	**383,697**	471,300
– Non-controlling interests		**1,334**	1,830
		385,031	473,130
Total comprehensive income attributable to:			
– Equity holders of the Company		**374,507**	498,476
– Non-controlling interests		**1,547**	1,811
		376,054	500,287
Earnings per share for profit for the year (expressed in HK$ per share)			
– basic	13	**HK$0.31**	HK$0.39
– diluted	13	**HK$0.30**	HK$0.37
Dividends	14	**36,846**	187,967

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

CONSOLIDATED BALANCE SHEETS

As at 28 February 2013

	Note	**As at 28 February 2013 HK$'000**	As at 29 February 2012 HK$'000 (Restated)	As at 1 March 2011 HK$'000 (Restated)
ASSETS				
Non-current assets				
Property, furniture and equipment	15	**934,128**	880,887	727,022
Intangible assets	16	**359,338**	373,018	370,722
Investments in and amounts due from jointly controlled entities	18	**199,074**	118,059	63,730
Rental deposits	21	**298,675**	277,738	199,414
Prepayments for furniture and equipment	21	**5,868**	4,437	–
Deferred income tax assets	27	**116,154**	77,782	51,389
		1,913,237	1,731,921	1,412,277
Current assets				
Inventories	19	**1,211,240**	1,237,808	736,717
Trade and other receivables	20	**133,736**	155,450	121,371
Amounts due from jointly controlled entities	18	**25,388**	23,648	21,995
Prepayments and other deposits	21	**221,299**	216,063	217,358
Derivative financial instruments	26	**1,163**	116	–
Cash and cash equivalents	22	**961,158**	626,944	775,841
		2,553,984	2,260,029	1,873,282
LIABILITIES				
Current liabilities				
Bank borrowings	23	**(365,661)**	(263,088)	(296,542)
Trade and bill payables	24	**(273,552)**	(409,038)	(278,914)
Accruals and other payables	25	**(476,177)**	(463,583)	(349,524)
Derivative financial instruments	26	**(1,600)**	–	–
Amounts due to jointly controlled entities	18	**(51,549)**	(50,064)	(45,055)
Current income tax liabilities		**(23,585)**	(48,754)	(42,460)
		(1,192,124)	(1,234,527)	(1,012,495)
Net current assets		**1,361,860**	1,025,502	860,787
Total assets less current liabilities		**3,275,097**	2,757,423	2,273,064
Non-current liabilities				
Bank borrowings	23	**(668,462)**	(437,126)	(379,234)
Accruals	25	**(14,140)**	(18,079)	(21,935)
Derivative financial instruments	26	**(6,140)**	(2,639)	–
Deferred income tax liabilities	27	**(32,984)**	(30,801)	(28,683)
		(721,726)	(488,645)	(429,852)
Net assets		**2,553,371**	2,268,778	1,843,212
EQUITY				
Capital and reserves				
Share capital	28	**122,818**	122,067	119,725
Reserves	29	**2,430,553**	2,148,649	1,727,236
Non-controlling interests		**–**	(1,938)	(3,749)
Total equity		**2,553,371**	2,268,778	1,843,212

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

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

BALANCE SHEETS

As at 28 February 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Investments in and amounts due from subsidiaries	17	**1,556,131**	1,563,483
Current assets			
Prepayments and other deposits	21	**168**	168
Cash and cash equivalents	22	**250**	1,079
		418	1,247
Net current assets		**418**	1,247
Total assets less current liabilities		**1,556,549**	1,564,730
Net assets		**1,556,549**	1,564,730
EQUITY			
Capital and reserves			
Share capital	28	**122,818**	122,067
Reserves	29	**1,433,731**	1,442,663
Total equity		**1,556,549**	1,564,730

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2013

	Note	Attributable to equity holders of the Company: Share capital HK$'000	Attributable to equity holders of the Company: Reserves HK$'000	Non–controlling interests HK$'000	Total HK$'000
Balance at 1 March 2012		122,067	2,148,649	(1,938)	2,268,778
Comprehensive income:					
– Profit for the year		–	383,697	1,334	385,031
Other comprehensive income:					
– Currency translation differences		–	(9,190)	213	(8,977)
Total comprehensive income		–	374,507	1,547	376,054
Transaction with owners:					
Final dividend for the year ended 29 February 2012		–	(158,430)	–	(158,430)
Exercise of share options	28 & 29	751	17,177	–	17,928
Share option scheme – value of employment services	29	–	20,442	–	20,442
Tax credit from exercise of share options		–	32,834	–	32,834
Acquisition of non-controlling interests		–	(4,626)	391	(4,235)
		751	(92,603)	391	(91,461)
Balance at 28 February 2013		122,818	2,430,553	–	2,553,371
Balance at 1 March 2011		119,725	1,727,236	(3,749)	1,843,212
Comprehensive income:					
– Profit for the year		–	471,300	1,830	473,130
Other comprehensive income:					
– Currency translation differences		–	27,176	(19)	27,157
Total comprehensive income		–	498,476	1,811	500,287
Transaction with owners:					
Final dividend for the year ended 28 February 2011		–	(126,906)	–	(126,906)
Interim dividend for the year ended 29 February 2012		–	(30,501)	–	(30,501)
Exercise of share options	28 & 29	2,342	50,612	–	52,954
Share option scheme – value of employment services	29	–	29,732	–	29,732
		2,342	(77,063)	–	(74,721)
Balance at 29 February 2012		122,067	2,148,649	(1,938)	2,268,778

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 28 February 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**646,312**	491,729
Interest paid		**(27,554)**	(11,993)
Hong Kong profits tax paid		**(81,826)**	(60,857)
Overseas income tax paid		**(11,486)**	(57,205)
Net cash generated from operating activities		**525,446**	361,674
Cash flows from investing activities			
Purchase of property, furniture and equipment		**(314,017)**	(387,191)
Purchase of intangible assets		**(7,073)**	(4,845)
Proceeds from disposal of property, furniture and equipment	30(b)	**2,090**	8,545
Capital injection in a jointly controlled entity		**(89,168)**	–
Shareholders' loans to jointly controlled entities		**–**	(59,046)
Dividend received from jointly controlled entities		**11,000**	10,000
Interest received		**8,849**	2,977
Net cash used in investing activities		**(388,319)**	(429,560)
Cash flows from financing activities			
Proceeds from exercise of share options		**17,928**	52,954
Repayments of bank borrowings		**(261,253)**	(433,093)
Proceeds from bank borrowings		**605,132**	450,194
Acquisition of non-controlling interests		**(4,235)**	–
Dividends paid		**(158,430)**	(157,407)
Net cash generated from/(used in) financing activities		**199,142**	(87,352)
Net increase/(decrease) in cash and cash equivalents		**336,269**	(155,238)
Cash and cash equivalents, beginning of the year		**626,944**	775,841
Currency translation differences		**(2,055)**	6,341
Cash and cash equivalents, end of the year	30(d)	**961,158**	626,944

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

1 GENERAL INFORMATION

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

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

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

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

These consolidated financial statements have been approved for issue by the board of directors on 3 May 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 BASIS OF PREPARATION

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

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

(a) The following new standards, amendments and interpretations to existing standards are mandatory for the annual period beginning on or after 1 March 2012, but are currently not relevant to the Group:

HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets

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

HKFRS 1 Amendment	Government Loans (effective for annual period beginning on or after 1 January 2013)
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual period beginning on or after 1 January 2013)
HKFRS 9	Financial Instruments (effective for annual period beginning on or after 1 January 2015)
HKFRS 10	Consolidated Financial Statements (effective for annual period beginning on or after 1 January 2013)
HKFRS 11	Joint Arrangements (effective for annual period beginning on or after 1 January 2013)
HKFRS 12	Disclosure of Interests in Other Entities (effective for annual period beginning on or after 1 January 2013)
HKFRS 10, HKFRS 11 and HKFRS 12 Amendment	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective for annual period beginning on or after 1 January 2013)
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities (effective for annual period beginning on or after 1 January 2013)
HKFRS 13	Fair Value Measurement (effective for annual period beginning on or after 1 January 2013)
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income (effective for annual period beginning on or after 1 July 2012)
HKAS 19 (2011)	Employee Benefits (effective for annual period beginning on or after 1 January 2013)
HKAS 27 (2011)	Separate Financial Statements (effective for annual period beginning on or after 1 January 2013)
HKAS 28 (2011)	Investments in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2013)
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities (effective for annual period beginning on or after 1 January 2014)
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine (effective for annual period beginning on or after 1 January 2013)
Annual Improvements Project	Annual Improvements 2009-2011 Cycle (effective for annual period beginning on or after 1 January 2013)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

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

The Group has not early adopted these new standards, amendments and interpretations to existing standards in the financial statements for the year ended 28 February 2013. The adoption of the above new standards, amendments and interpretations to existing standards in future periods is not expected to result in substantial changes to the Group's accounting policies.

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

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

2.2 CONSOLIDATION

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

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

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

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

Impairment testing of the investments in subsidiaries is required upon receiving dividends 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) Jointly controlled entities

The Group's interests in jointly controlled entities are accounted for by equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in jointly controlled entities equals or exceeds its interest in the jointly controlled entities, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the jointly controlled entities.

The Group determines at each reporting date whether there is any objective evidence that the interest in jointly controlled entities is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the interest in jointly controlled entities and its carrying value and recognises the amount adjacent to 'share of profit of a jointly controlled entity in the consolidated statement of comprehensive income.

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

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

2.3 SEGMENT REPORTING

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

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

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

(b) Transactions and balances

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

(c) Group companies

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 PROPERTY, FURNITURE AND EQUIPMENT

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

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

2.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over I.T Limited'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) Trademark

Acquired trademarks are shown at historical cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their average estimated useful lives (8 to 10 years).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 INTANGIBLE ASSETS (Continued)

(e) Other intangible assets

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

(f) Club debentures

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

2.7 IMPAIRMENT OF 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.

2.8 LOANS AND RECEIVABLES

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

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. The Group's loans and receivables comprise "trade and other receivables", "cash and cash equivalents" and "amounts due from jointly controlled entities" in the consolidated balance sheet.

2.9 DERIVATIVE FINANCIAL INSTRUMENTS

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

2.10 INVENTORIES

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

2.11 TRADE AND OTHER RECEIVABLES

Trade 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.

2.12 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.

2.13 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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)

2.14 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.

2.15 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 balance sheet 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 balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and jointly controlled entities, except 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.

2.16 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 balance sheet 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 EMPLOYEE BENEFITS (Continued)

(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).

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.

2.17 SHARE CAPITAL

Ordinary shares are classified as equity.

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

2.18 REVENUE RECOGNITION

Revenue 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 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.

2.20 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.

2.21 DIVIDEND DISTRIBUTIONS

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

2.22 COMPARATIVES FIGURES

Certain figures for bank borrowings and trade and bills payables have been reclassified to be consistent with the current year presentation. The following is the summary of the effects of the reclassification on the consolidated balance sheet as at 29 February 2012 and 1 March 2011; and on the consolidated statement of cash flows for the year ended 29 February 2012:

	As at 29 February 2012 HK$'000	As at 1 March 2011 HK$'000
Consolidated balance sheet		
Increase/(decrease) in:		
Current liabilities		
Bank borrowings	78,910	81,631
Trade and bill payables	(78,910)	(81,631)
	–	–

	2012 HK$'000
Consolidated statement of cash flows	
Increase in net cash generated from operating activities	2,721
Increase in net cash used in financing activities	(2,721)
	–

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

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

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

(a) Foreign exchange risk

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

To manage their foreign exchange risk arising from certain future commercial transactions and recognised liabilities, entities in the Group use forward foreign 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.

At 28 February 2013, if Chinese Renminbi had strengthened/weakened by 5% against the United States Dollar with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$1,952,000 (2012: HK$57,000) 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 28 February 2013, if Hong Kong Dollar had strengthened/weakened by 5% against the Euro with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$196,000 lower/higher (2012: HK$2,944,000 higher/lower) mainly as a result of foreign exchange differences on translation of Euro-denominated bank balances, trade payables, derivative financial instruments and bank borrowings.

At 28 February 2013, if Hong Kong Dollar had strengthened/weakened by 5% against the Japanese Yen with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$1,361,000 (2012: HK$3,579,000) higher/lower mainly as a result of foreign exchange differences on translation of Japanese Yen-denominated bank balances, trade payables, derivative financial instruments and bank borrowings.

At 28 February 2013, if Hong Kong Dollar had strengthened/weakened by 5% against the Chinese Renminbi with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$9,719,000 (2012: HK$19,892,000) lower/higher mainly as a result of foreign exchange differences on translation of Chinese Renminbi denominated bank balances and derivative financial instruments.

At 28 February 2013, if Japanese Yen had strengthened/weakened by 5% against the United States Dollar with all other variables held constant, profit for the year and equity holders' equity would have been approximately HK$2,555,000 (2012: HK$3,061,000) lower/higher mainly as a result of foreign exchange differences on translation of Japanese Yen denominated payables.

At 28 February 2013, foreign exchange risks on financial assets and liabilities denominated in Macau Pataca, New Taiwan Dollar and Pound Sterling were insignificant to the Group.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables, rental deposits, derivative financial instruments and amounts due from jointly controlled entities. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. As at 28 February 2013, 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 jointly controlled entities have been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

As at 28 February 2013, all the derivative financial instruments are contracted with high quality financial institutions without significant credit risk. Management does not expect any losses from non-performance by these institutions.

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

As at 28 February 2013, the Company provided financial guarantees of HK$1,034,123,000 (2012: HK$690,419,000) for the bank borrowings drawn by its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon.

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

(c) Liquidity risk

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

The table below analyses the Group's and the entity's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 28 February 2013					
Term loan subject to a repayment on demand clause	31,679	–	–	–	31,679
Borrowings and interest payment	356,550	327,292	285,654	94,127	1,063,623
Trade and bill payables	273,552	–	–	–	273,552
Accruals and other payables	476,177	–	–	–	476,177
Due to jointly controlled entities	51,549	–	–	–	51,549
Foreign exchange forward contract	147,138	–	–	–	147,138
Interest rate swap contract	1,243	1,228	782	–	3,253
Currency swap contract	27,728	27,728	136,502	–	191,958
	1,365,616	356,248	422,938	94,127	2,238,929
As at 29 February 2012					
Borrowings and interest payment	267,461	171,079	178,040	95,460	712,040
Trade and bill payables	409,038	–	–	–	409,038
Accruals and other payables	463,583	–	–	–	463,583
Due to jointly controlled entities	50,064	–	–	–	50,064
Foreign exchange forward contract	110,400	–	–	–	110,400
Currency swap contract	20,796	27,728	164,230	–	212,754
	1,321,342	198,807	342,270	95,460	1,957,879

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk

The following table summarises the maturity analysis of term loans 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 term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – term loans subject to a repayment on demand clause based on scheduled repayments				
	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 28 February 2013	916	30,763	–	–	31,679

The Group's gross settled derivative financial instruments include foreign exchange contracts and foreign currency swap contract. The foreign exchange contracts require undiscounted contractual cash inflows of HK$147,073,000 (2012: HK$110,435,000) and undiscounted contractual cash outflows of HK$147,137,000 (2012: HK$110,400,000). The foreign currency swap contract requires undiscounted contractual cash inflows of HK$190,902,000 (2012: HK$209,614,000) and undiscounted contractual cash outflows of HK$191,958,000 (2012: HK$212,754,000).

The Group's net settled derivative includes interest rate swap contract. The interest rate swap contract requires undiscounted contractual cash inflows of HK$2,731,000 (2012: nil) and undiscounted contractual cash outflows of HK$5,984,000 (2012: nil).

(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 28 February 2013 of HK$126,503,000 (2012: HK$75,032,000), held at effective interest rate of 0.6% per annum (2012: 0.6% per annum), and the bank borrowings as at 28 February 2013 of HK$1,034,123,000 (2012: HK$700,214,000) held at effective interest rate of 2.3% (2012: 1.9%) per annum, the Group has no significant interest-bearing assets and liabilities. The bank borrowings at floating rate expose the Group to cash flow interest rate risk which is insignificant to the Group. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

At 28 February 2013, if interest rates on cash and cash equivalents and bank borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's net interest income would have been approximately HK$730,000 (2012: HK$733,000) lower/higher. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates which have the most impact on the Group over the period until the next annual balance sheet date.

The Company has no significant interest-bearing assets and liabilities. The Company's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

3.2 FAIR VALUE ESTIMATION

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

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

At 28 February 2013, the Group has foreign exchange forward contracts, foreign currency swap and interest rate swap with notional principal amount of HK$147,137,000 (2012: HK$110,400,000), HK$129,570,000 (2012: HK$129,570,000) and HK$275,000,000 (2012: nil) respectively, which were measured by level 2 of the fair value measurement hierarchy.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 FAIR VALUE ESTIMATION (Continued)

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

The fair value of financial 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.

3.3 CAPITAL RISK MANAGEMENT

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

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

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

	2013	2012
Cash and cash equivalents (HK$'000)	**961,158**	626,944
Current ratio (Current assets divided by current liabilities)	**2.14**	1.83

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Investments in jointly controlled entities, property, furniture and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. These calculations require use of judgements and estimates.

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

As at 28 February 2013, the carrying amounts of property, furniture and equipment, intangible assets and investments in jointly controlled entities disclosed in Notes 15, 16 and 18 to the consolidated financial statements respectively are subject to the impairment review.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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. These estimations require the use of assumptions and judgements.

As at 28 February 2013, the carrying amount of goodwill disclosed in Note 16 to the consolidated financial statements is subject to the impairment review.

Management believes that the recoverable amounts of CGUs will exceed the carrying amounts of CGUs even if there is a 1% decrease in gross margin, 1% decrease in long-term growth rate or 1% increase in discount rate.

(c) Net realisable value of inventories

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

As at 28 February 2013, the carrying amounts of merchandise stock for resale disclosed in Note 19 to the consolidated financial statements are subject to the review of net realisable value.

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

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

As at 28 February 2013, the carrying amounts of amounts due from jointly controlled entities, other receivables and deposits disclosed in Notes 18, 20 and 21 to the consolidated financial statements respectively are subject to the impairment review.

(e) 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.

Details of the income taxes expenses are disclosed in Note 11.

(f) 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.

As at 28 February 2013, the carrying amounts of deferred income tax assets and liabilities are disclosed in Note 27.

(g) 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.

Details of the share-based payments are disclosed in Note 8.

5 TURNOVER AND SEGMENT INFORMATION

(a) Analysis of revenue by category

	2013 HK$'000	2012 HK$'000
Turnover		
– Sales of fashion wears and accessories	**6,543,109**	5,741,642

(b) Segment information

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

The board of directors considers the business from geographic perspective and assesses the performance of the geographical segment based on a measure of operating profit before impairment of goodwill and property, furniture and equipment, depreciation of property, furniture and equipment, and amortisation of intangible assets ("EBITDA"). The measure excludes the effects of share of (loss)/profit from jointly controlled entities. Finance income and expenses 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 board of directors is measured in a manner consistent with that in the financial statements.

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

The segment information provided to the board of directors for the reportable segments for the year ended 28 February 2013 and 29 February 2012 is as follows:

	Hong Kong		Mainland China		Japan		Others		Total	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Turnover	**3,708,039**	3,408,539	**2,036,381**	1,544,457	**514,434**	560,013	**284,255**	228,633	**6,543,109**	5,741,642
EBITDA	**414,023**	479,027	**171,052**	215,274	**86,557**	53,072	**64,959**	71,270	**736,591**	818,643
Depreciation and amortisation	**(139,089)**	(114,091)	**(78,596)**	(69,836)	**(32,306)**	(34,787)	**(8,870)**	(13,446)	**(258,861)**	(232,160)
Impairment of property, furniture and equipment	**(836)**	(6,971)	**–**	–	**–**	(4,208)	**(812)**	–	**(1,648)**	(11,179)
Operating profit	**274,098**	357,965	**92,456**	145,438	**54,251**	14,077	**55,277**	57,824	**476,082**	575,304
Finance income									**10,649**	6,385
Finance costs									**(27,554)**	(11,993)
Share of (loss)/profit of jointly controlled entities									**(11,461)**	4,086
Profit before income tax									**447,716**	573,782
Total segment non-current assets	**697,255**	704,358	**657,161**	546,795	**177,723**	231,929	**65,870**	52,998	**1,598,009**	1,536,080
Total segment assets	**1,831,579**	1,904,583	**1,747,282**	1,328,738	**392,272**	424,688	**155,472**	114,452	**4,126,605**	3,772,461

5 TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

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

	2013 HK$'000	2012 HK$'000
Segment assets for reportable segments	**3,971,133**	3,658,009
Other segments assets	**155,472**	114,452
	4,126,605	3,772,461
Unallocated:		
Deferred income tax assets	**116,154**	77,782
Investments in and amounts due from jointly controlled entities	**224,462**	141,707
	4,467,221	3,991,950

6 OTHER LOSS

	2013 HK$'000	2012 HK$'000
Fair value loss from derivative financial instruments		
– forward foreign exchange contracts	**2,720**	137
– foreign currency swap contract	**140**	2,639
– interest rate swap contract	**3,361**	–
	6,221	2,776

7 EXPENSES BY NATURE

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	**2,641,425**	2,081,466
Write-downs of inventories to net realisable value	**6,728**	99,673
Employment costs (including directors' emoluments) (Note 8)	**1,008,500**	912,222
Operating lease rentals of premises		
– minimum lease payments	**1,116,412**	892,337
– contingent rents	**219,274**	185,599
Building management fee	**154,009**	119,044
Advertising and promotion costs	**84,321**	99,420
Commission expenses	**92,159**	101,116
Bank charges	**73,382**	62,391
Utilities expenses	**54,156**	40,895
Freight charges	**52,606**	43,568
Depreciation of property, furniture and equipment	**245,180**	217,340
Impairment of property, furniture and equipment	**1,648**	11,179
Loss on disposals of property, furniture and equipment	**2,288**	1,214
Licence fees (included in operating expenses)		
– amortisation of licence rights	**4,278**	4,760
– contingent licence fees	**20,010**	20,112
Amortisation of intangible assets (excluding licence fees)	**9,403**	10,060
(Reversal of)/provision for impairment of trade receivables	**(2,450)**	3,559
(Reversal of)/provision for impairment of amount due from a jointly controlled entity	**(673)**	200
Auditor's remuneration	**4,370**	4,590
Net exchange gains	**(14,014)**	(23,024)
Other expenses	**287,794**	275,841
Total	**6,060,806**	5,163,562
Representing:		
Cost of sales	**2,693,460**	2,201,683
Operating expenses	**3,367,346**	2,961,879
	6,060,806	5,163,562

8 EMPLOYMENT COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2013 HK$'000	2012 HK$'000
Salaries, commission and allowances	**899,732**	760,169
(Reversal of bonus)/bonus	**(3,303)**	47,770
Pension costs – employer's contributions to defined contribution plans and provision for long service payment	**84,980**	62,851
Share options granted	**20,442**	29,732
Welfare and other benefits	**6,649**	11,700
	1,008,500	912,222

(a) Pension – defined contribution plans

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a maximum contribution of HK$1,000 per month (for the period before 31 May 2012) and HK$1,250 per month (for the period after 1 June 2012) 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.

During the year ended 28 February 2013, the amount of the Group's employer contributions to defined contribution plans is approximately HK$84,980,000 (2012: HK$62,851,000).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 28 February 2013 is set out below:

Name of directors	Fees HK$'000	Salaries HK$'000	Bonus HK$'000	Other benefits (i) HK$'000	Employer's contributions to pension scheme HK$'000	Total HK$'000
Executive directors						
Mr Sham Kar Wai	–	6,908	–	8,107	14	15,029
Mr Sham Kin Wai	–	4,651	–	7,987	14	12,652
Independent non-executive directors						
Mr Francis Goutenmacher	245	–	–	–	–	245
Dr Wong Tin Yau, Kelvin	245	–	–	–	–	245
Mr Mak Wing Sum, Alvin (ii)	226	–	–	–	–	226
	716	11,559	–	16,094	28	28,397

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

(a) Directors' emoluments (Continued)

The remuneration of each director of the Company for the year ended 29 February 2012 is set out below:

Name of directors	Fees	Salaries	Bonus	Other benefits (i)	Employer's contributions to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors						
Mr Sham Kar Wai	–	6,158	16,673	9,877	12	32,720
Mr Sham Kin Wai	–	4,149	13,642	9,722	12	27,525
Independent non-executive directors						
Mr Wong Wai Ming (ii)	189	–	–	–	–	189
Mr Francis Goutenmacher	227	–	–	–	–	227
Dr Wong Tin Yau, Kelvin	227	–	–	–	–	227
	643	10,307	30,315	19,599	24	60,888

Notes:

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

(ii) Mr. Wong Wai Ming resigned as independent non-executive director on 31 December 2011. Mr. Mak Wing Sum, Alvin, was appointed as independent non-executive director on 31 March 2012.

No directors waived any emoluments during the year ended 28 February 2013 (2012: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two (2012: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2012: three) individuals are as follows:

	2013	2012
	HK$'000	HK$'000
Salaries	**7,103**	7,272
Bonus	**–**	6,510
Other benefits (i)	**10,047**	15,759
Employer's contributions to pension scheme	**318**	279
	17,468	29,820

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 (2012: three) individuals fell within the following bands:

	2013	2012
HK$4,000,001 – HK$4,500,000	**1**	–
HK$6,000,001 – HK$6,500,000	**–**	1
HK$6,500,001 – HK$7,000,000	**2**	–
HK$10,500,001 – HK$11,000,000	**–**	1
HK$12,500,001 – HK$13,000,000	**–**	1
	3	3

(c) During the year ended 28 February 2013, 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 (2012: Nil).

10 FINANCE INCOME AND COSTS

	2013 HK$'000	2012 HK$'000
Interest income from		
– bank deposits	**8,849**	2,977
– amounts due from jointly controlled entities	**778**	1,067
– others (i)	**1,022**	2,341
Finance income	**10,649**	6,385
Interest expense on bank borrowings		
– wholly repayable within five years	**(25,851)**	(10,401)
– not wholly repayable within five years	**(1,703)**	(1,592)
Finance costs	**(27,554)**	(11,993)
Net finance costs	**(16,905)**	(5,608)

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 2016. 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% (2012: 16.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

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

Mainland China enterprise income tax has been provided at the applicable rates of 25% (2012: ranging from 24% to 25%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 17% (2012: 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% (2012: 9% to 12%) on the estimated assessable profit in excess of HK$196,000 (approximately MOP200,000) and below HK$295,000 (approximately MOP300,000) and a fixed rate of 12% on assessable profit in excess of HK$295,000 (approximately MOP300,000).

Japan Corporate Income Tax has been provided at the applicable rate of 42% on the estimated assessable profits of the Group's operations in Japan. According to the "Amendment to the 2011 Tax Reform Bill ("2011 Reform Amendment Law") and "Special Measures to Secure the Financial Resources to Implement the Restoration from the Tohoku Earthquake" ("Special Restoration Tax Law"), the Corporate income tax rates are gradually reduced from 42% to 35.64%, effective for tax years beginning on or after 1 April 2012 (for corporations with capital exceeding JPY100 million in the Tokyo Metropolitan Area). The effective applicable tax rates is gradually decreased to 40.69% for 2012, 38.01% for 2013 to 2015, 35.64% for tax years beginning on or after 1 April 2015, according to Restoration surtax stipulated in the Special Restoration Tax Law and related circular.

11 INCOME TAX EXPENSE (Continued)

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

	2013 HK$'000	2012 HK$'000
Current income tax		
– Hong Kong profits tax	**48,438**	76,723
– Mainland China enterprise income tax	**30,943**	41,345
– Overseas income tax	**7,292**	6,513
– Over-provision in prior year	**(5,683)**	(476)
	80,990	124,105
Deferred income tax (Note 27)	**(18,305)**	(23,453)
	62,685	100,652

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

	2013 HK$'000	2012 HK$'000
Profit before income tax	**447,716**	573,782
Adjustment: share of loss/(profit) of jointly controlled entities, net of tax	**11,461**	(4,086)
Adjusted profit before income tax	**459,177**	569,696
Tax calculated at applicable tax rates	**87,526**	102,291
Income not subject to tax	**(3,274)**	(653)
Expenses not deductible for tax purposes	**14,707**	12,730
Withholding tax on dividend distributable from subsidiaries in Mainland China	**1,214**	6,378
Tax loss not recognised	**1,889**	577
Utilisation of previously unrecognised tax losses	**(24,701)**	(20,195)
Over-provision in prior year	**(5,683)**	(476)
Tax credit from share option recharge	**(8,993)**	–
Income tax expense	**62,685**	100,652

The weighted average applicable tax rate was 19.1% (2012: 18.0%). The increase is mainly caused by a change of the distribution of profits of the Group's entities operating in different locations.

12 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$111,879,000 (2012: HK$198,477,000).

13 EARNINGS PER SHARE

Basic

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

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**383,697**	471,300
Weighted average number of ordinary shares in issue ('000)	**1,227,311**	1,216,443
Basic earnings per share (HK$)	**0.31**	0.39

13 EARNINGS PER SHARE (Continued)

Diluted

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

	2013	2012
Profit attributable to equity holders of the Company (HK$'000)	**383,697**	471,300
Weighted average number of ordinary shares in issue ('000)	**1,227,311**	1,216,443
Adjustments for share options ('000)	**37,933**	45,090
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,265,244**	1,261,533
Diluted earnings per share (HK$)	**0.30**	0.37

14 DIVIDENDS

	2013 **HK$'000**	2012 HK$'000
Interim dividend, paid, of nil HK cents (2012: 2.5 HK cents) per ordinary share	**–**	30,501
Final dividend, proposed, 3.0 HK cents (2012: 12.9 HK cents) per ordinary share	**36,846**	157,466
	36,846	187,967

A final dividend relating to the year ended 29 February 2012 amounted to HK$158,430,000 was fully paid in September 2012.

An interim dividend relating to the six months ended 31 August 2011 amounted to HK$30,501,000 was paid in December 2011.

The board of directors proposed a final dividend of 3.0 HK cents per ordinary share for the year ended 28 February 2013 on 3 May 2013 (2012: 12.9 HK cents per ordinary share). This proposed final dividend is not reflected as a dividend payable as of 28 February 2013, but will be recorded as a distribution of retained earnings for the year ending 28 February 2014.

15 PROPERTY, FURNITURE AND EQUIPMENT – CONSOLIDATED

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles and yacht HK$'000	Total HK$'000
At 1 March 2011					
Cost	281,664	741,854	121,194	53,516	1,198,228
Accumulated depreciation and impairment	(2,206)	(396,803)	(64,206)	(7,991)	(471,206)
Net book amount	279,458	345,051	56,988	45,525	727,022
Year ended 29 February 2012					
Opening net book amount	279,458	345,051	56,988	45,525	727,022
Additions	8,023	342,538	35,723	907	387,191
Disposals	–	(8,504)	(1,255)	–	(9,759)
Impairment	–	(11,068)	(111)	–	(11,179)
Depreciation	(6,841)	(178,126)	(23,897)	(8,476)	(217,340)
Exchange differences	393	2,858	1,415	286	4,952
Closing net book amount	281,033	492,749	68,863	38,242	880,887
At 29 February 2012					
Cost	290,071	1,024,335	153,146	54,567	1,522,119
Accumulated depreciation and impairment	(9,038)	(531,586)	(84,283)	(16,325)	(641,232)
Net book amount	281,033	492,749	68,863	38,242	880,887
Year ended 28 February 2013					
Opening net book amount	281,033	492,749	68,863	38,242	880,887
Additions	20	276,527	37,411	59	314,017
Disposals	–	(4,014)	(364)	–	(4,378)
Impairment	–	(1,648)	–	–	(1,648)
Depreciation	(6,820)	(202,091)	(28,200)	(8,069)	(245,180)
Exchange differences	(6,507)	(3,530)	921	(454)	(9,570)
Closing net book amount	267,726	557,993	78,631	29,778	934,128
At 28 February 2013					
Cost	283,534	1,203,752	183,302	54,010	1,724,598
Accumulated depreciation and impairment	(15,808)	(645,759)	(104,671)	(24,232)	(790,470)
Net book amount	267,726	557,993	78,631	29,778	934,128

Depreciation and impairment expenses have been included in operating expenses.

As at 28 February 2013, bank borrowings are secured on land and buildings with carrying amounts of HK$222,580,000 (2012: HK$229,057,000).

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

16 INTANGIBLE ASSETS – CONSOLIDATED

	Goodwill	Licence rights	Franchise contracts and distribution agreements	Trademark	Other intangible assets	Club debentures	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 March 2011							
Cost	374,821	9,623	20,522	35,526	4,860	6,098	451,450
Accumulated amortisation and impairment	(67,705)	(6,784)	(5,768)	(269)	(202)	–	(80,728)
Net book amount	307,116	2,839	14,754	35,257	4,658	6,098	370,722
Year ended 29 February 2012							
Opening net book amount	307,116	2,839	14,754	35,257	4,658	6,098	370,722
Additions	–	3,457	–	1,388	–	–	4,845
Amortisation	–	(4,760)	(2,820)	(4,716)	(2,524)	–	(14,820)
Exchange differences	11,079	2	471	595	124	–	12,271
Closing net book amount	318,195	1,538	12,405	32,524	2,258	6,098	373,018
At 29 February 2012							
Cost	388,866	10,520	21,250	37,555	4,924	6,098	469,213
Accumulated amortisation and impairment	(70,671)	(8,982)	(8,845)	(5,031)	(2,666)	–	(96,195)
Net book amount	318,195	1,538	12,405	32,524	2,258	6,098	373,018
Year ended 28 February 2013							
Opening net book amount	318,195	1,538	12,405	32,524	2,258	6,098	373,018
Additions	–	4,656	–	417	–	2,000	7,073
Amortisation	–	(4,278)	(2,823)	(4,349)	(2,231)	–	(13,681)
Exchange differences	(3,451)	(29)	68	(3,633)	(27)	–	(7,072)
Closing net book amount	314,744	1,887	9,650	24,959	–	8,098	359,338
At 28 February 2013							
Cost	386,419	9,784	21,195	33,290	4,308	8,098	463,094
Accumulated amortisation and impairment	(71,675)	(7,897)	(11,545)	(8,331)	(4,308)	–	(103,756)
Net book amount	314,744	1,887	9,650	24,959	–	8,098	359,338

Amortisation expense has been included in operating expenses.

Impairment tests for goodwill

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

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

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

16 INTANGIBLE ASSETS – CONSOLIDATED (Continued)

Key assumptions used for value in use estimations

	China		Japan	
	2013	2012	**2013**	2012
Long-term growth rate	**2% to 5%**	2% to 5%	**1%**	1%
Gross margin	**35% to 75%**	35% to 78%	**55%**	58%
Discount rate	**16%**	16%	**23%**	23%

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

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

17 INVESTMENTS IN AND AMOUNTS DUE FROM SUBSIDIARIES – COMPANY

	2013 HK$'000	2012 HK$'000
Unlisted investments, at cost	**250,273**	229,831
Share-based payment recharge from subsidiaries	**(20,398)**	–
Amounts due from subsidiaries	**1,326,256**	1,333,652
	1,556,131	1,563,483

(a) Details of the principal subsidiaries as at 28 February 2013:

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Percentage of equity interest attributable to the Group (i)	Principal activities
b&ab Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Blossom Glory Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Century Team Corporation Limited	Hong Kong	HK$2	100%	Investment holding
Charm Source Limited	Hong Kong	HK$5,000,000	100%	Retail of fashion wears and accessories
Cheerwood Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Chocoolate Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Double Park Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Elegant Century Enterprises Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
i.t apparels Limited	Hong Kong	HK$500,000	100%	Retail and trading of fashion wears and accessories
I.T China Limited	Hong Kong	HK$60,000,000	100%	Investment holding
I.T Distribution Limited	Hong Kong	HK$2	100%	Trading of fashion wears and accessories
I.T (Macau) Limited	Macau	MOP9,270,000	100%	Retail of fashion wears and accessories

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

(a) Details of the principal subsidiaries as at 28 February 2013 (Continued):

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Percentage of equity interest attributable to the Group (i)	Principal activities
I.T Nowhere Holdings (HK) Limited	Hong Kong	HK$1	100%	Investment holding
I.T Taiwan Limited	Hong Kong and Taiwan	HK$1	100%	Retail of fashion wears and accessories
ithk holdings limited	British Virgin Islands	US$20,000	100%	Investment holding
Izzue Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Jetchance Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Joyful Fair Limited	Hong Kong	HK$500,000	100%	Retail of fashion wears and accessories
Kenchart Investments Limited	Hong Kong	HK$300,000	100%	Retail of fashion wears and accessories
King Chart Limited	Hong Kong	HK$10,000	100%	Retail of fashion wears and accessories
Legend Grace International Limited	Hong Kong	HK$2	100%	Retail of fashion wears and accessories
Mega Charm Apparels (Shanghai) Limited (ii)	Mainland China	US$12,000,000	100%	Retail of fashion wears and accessories
Mega Charm Apparels (Beijing) Limited (ii)	Mainland China	US$4,000,000	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
Nowhere Co., Ltd.	Japan	JPY77,000,000	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
Top Honour Corporation Limited	Hong Kong	HK$4,000,000	100%	Retail of fashion wears and accessories
USApe LLC	Delaware, U.S.A	US$750,000	100%	Retail of fashion wears and accessories
Venilla Suite Limited	Hong Kong	HK$300,000	100%	Retail of fashion wears and accessories
Zoompac Apparel (Shanghai) Limited (ii)	Mainland China	US$8,000,000	100%	Retail and trading of fashion wears and accessories

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

(a) Details of the principal subsidiaries as at 28 February 2013 (Continued):

Notes:

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

(ii) Mega Charm Apparels (Shanghai) Limited, Prime Vantage Trading (Shanghai) Limited, Zoompac Apparel (Shanghai) Limited and Mega Charm Apparels (Beijing) Limited, are wholly foreign owned enterprises established in Shanghai and Beijing, Mainland China to be operated for 20 years up to 2027, 20 years up to 2027, 30 years up to 2035 and 20 years up to 2030, respectively.

(b) Amounts due from subsidiaries

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

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

18 INVESTMENTS IN AND BALANCES WITH JOINTLY CONTROLLED ENTITIES – CONSOLIDATED

	2013 **HK$'000**	2012 HK$'000
Share of net assets	**172,885**	49,621
Amounts due from jointly controlled entities	**53,985**	95,167
Less: provision for impairment of amount due from a jointly controlled entity	**(2,408)**	(3,081)
	51,577	92,086
	224,462	141,707
Less: current portion of amounts due from jointly controlled entities	**(25,388)**	(23,648)
	199,074	118,059
Amounts due to jointly controlled entities	**(51,549)**	(50,064)

(a) Share of net assets of jointly controlled entities

	2013 **HK$'000**	2012 HK$'000
Beginning of the year	**49,621**	54,138
Share of results of jointly controlled entities		
– (loss)/profit before income tax	**(10,823)**	6,771
– income tax expense	**(638)**	(2,685)
– currency translation differences	**1,757**	1,397
Capital injection in a jointly controlled entity	**89,168**	–
Conversion of shareholders' loans into capital	**54,800**	–
Distribution of dividend	**(11,000)**	(10,000)
End of the year	**172,885**	49,621

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

	2013 **HK$'000**	2012 HK$'000
Revenues	**88,524**	81,837
(Loss)/profit	**(11,461)**	4,086
Non-current assets	**74,295**	20,398
Current assets	**136,553**	114,991
Non-current liabilities	**(8,114)**	(59,625)
Current liabilities	**(29,849)**	(26,143)
Commitments	**–**	74,894

The accumulated losses not recognised as at 28 February 2013 were approximately HK$2,408,000 (2012: HK$3,081,000).

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

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

Details of the principal jointly controlled entities as at 28 February 2013:

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$2	50%	Retail of fashion wears and accessories
FCIT China Limited	Hong Kong	HK$2	50%	Investment holding
ZIT H.K. Limited	Hong Kong	HK$1,000,000	50%	Retail of fashion wears and accessories
Glory Premium Limited	Hong Kong	HK$4,500,000	50%	Investment holding
Kenchart Apparel (Shanghai) Limited (i)	Mainland China	US$3,700,000	50%	Retail of fashion wears and accessories
FCIT (Macau), Limited	Macau	MOP1,030,000	50%	Retail of fashion wears and accessories
Galeries Lafayette (China) Limited	Hong Kong	HK$311,936,200	50%	Investment holding
Galeries Lafayette (Beijing) Limited (ii)	Mainland China	US$12,000,000	50%	Operation of a department store
Camper I.T China Limited	Hong Kong	HK$6,000,000	50%	Investment holding
Camper (Shanghai) Limited (iii)	Mainland China	US$600,000	50%	Retail of foot wears

Notes:

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

(ii) Galeries Lafayette (Beijing) Limited is a jointly controlled entity, 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 2041.

(iii) Camper (Shanghai) Limited is a jointly controlled entity, 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 2042.

(b) Balances with jointly controlled entities

Name	2013 HK$'000	2012 HK$'000
Due from jointly controlled entities		
ZIT H.K. Limited (i)	**10,730**	7,287
FCIT China Limited (ii)	**28,655**	27,749
Glory Premium Limited (iv)	**1,442**	1,574
FCUK IT Company (iv)	**635**	374
Galeries Lafayette (China) Limited (iii)	**482**	55,102
Camper (Shanghai) Limited (iv)	**9,633**	–
	51,577	92,086
Due to jointly controlled entities		
Kenchart Apparels (Shanghai) Limited (iv)	**(49,836)**	(48,284)
FCUK IT Company (iv)	**(1,713)**	(1,780)
	(51,549)	(50,064)

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

(b) Balances with jointly controlled entities (Continued)

Notes:

(i) As at 28 February 2013, the amount due from ZIT H.K. Limited of approximately HK$10,730,000 (2012: HK$7,164,000) is unsecured, bears interest at 5% per annum and fully repayable at the termination of the joint venture. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(ii) As at 28 February 2013, the amount due from FCIT China Limited of approximately HK$6,387,000 (2012: HK$6,172,000) is unsecured, non-interest bearing and fully repayable in 2016. This amount is carried at amortised costs using the effective interest rate of 5% (2012: 5%) per annum. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(iii) As at 28 February 2013, the amount due from Galeries Lafayette (China) Limited of approximately HK$482,000 (2012: HK$55,102,000) is unsecured, bears interest at HIBOR plus 0.3% per annum (2012: HIBOR plus 0.3% per annum) and fully repayable in 2017.

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

Movement on the provision for impairment of amount due from a jointly controlled entity is as follows:

	2013	2012
	HK$'000	HK$'000
Beginning of the year	**3,081**	2,881
(Reversal of provision)/provision for the year	**(673)**	200
End of the year	**2,408**	3,081

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

	Carrying amounts		**Fair values**	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Due from jointly controlled entities	**51,577**	92,086	**52,299**	93,358

The fair values of amounts due from jointly controlled entities are based on cash flows discounted using the rate of 1.4% (2012: 1.5%) per annum.

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

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

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

	2013	2012
	HK$'000	HK$'000
Hong Kong Dollar	**11,365**	7,661
Pound Sterling	**5,460**	5,460
Euro	**997**	997
United States Dollar	**32,313**	76,394
Macau Pataca	**1,442**	1,574
	51,577	92,086

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

	2013	2012
	HK$'000	HK$'000
Hong Kong Dollar	**1,713**	1,780
Chinese Renminbi	**49,836**	48,284
	51,549	50,064

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

19 INVENTORIES – CONSOLIDATED

	2013	2012
	HK$'000	HK$'000
Merchandise stock for resale	**1,207,813**	1,233,182
Consumables	**3,427**	4,626
	1,211,240	1,237,808

The cost of inventories recognised as expense and included in cost of sales amounted to approximately HK$2,641,425,000 (2012: HK$2,081,466,000).

20 TRADE AND OTHER RECEIVABLES – CONSOLIDATED

	2013	2012
	HK$'000	HK$'000
Trade receivables – gross	**131,813**	154,504
Less: provision for impairment of trade receivables	**(586)**	(3,471)
Trade receivables – net	**131,227**	151,033
Other receivables	**2,509**	4,417
Trade and other receivables	**133,736**	155,450

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

	2013	2012
	HK$'000	HK$'000
Beginning of the year	**3,471**	–
(Reversal of provision)/provision for the year	**(2,450)**	3,559
Exchange differences	**(435)**	(88)
End of the year	**586**	3,471

As of 28 February 2013, trade receivables of HK$586,000 (2012: HK$3,471,000) were impaired. The amount of the provision was HK$586,000 as of 28 February 2013 (2012: HK$3,471,000). The ageing of these receivables is as follows:

	2013	2012
	HK$'000	HK$'000
Over 90 days	**586**	3,471

The ageing analysis of trade receivables past due but not impaired as at 28 February 2013 and 29 February 2012 is as follows:

	2013	2012
	HK$'000	HK$'000
0 to 30 days	**2,574**	633
31 to 60 days	**–**	–
61 to 90 days	**44**	94
Over 90 days	**231**	142
	2,849	869

There were no other receivables past due but not impaired as at 28 February 2013 and 29 February 2012.

20 TRADE AND OTHER RECEIVABLES – CONSOLIDATED (Continued)

The ageing analysis of trade receivables is as follows:

	2013 HK$'000	2012 HK$'000
0 to 30 days	**126,369**	145,664
31 to 60 days	**2,077**	3,640
61 to 90 days	**996**	1,296
Over 90 days	**2,371**	3,904
	131,813	154,504

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

	2013 HK$'000	2012 HK$'000
Chinese Renminbi	**84,606**	102,627
Hong Kong Dollar	**18,503**	17,678
Japanese Yen	**21,202**	20,341
Others	**9,425**	14,804
	133,736	155,450

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

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

As at 28 February 2013 and 29 February 2012, the maximum exposure to credit risk is the carrying values of trade and other receivables. The Group does not hold any collateral.

21 PREPAYMENTS AND OTHER DEPOSITS

	Consolidated		**Company**	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Rental deposits	**388,592**	354,001	**–**	–
Prepayments	**120,291**	121,585	**168**	168
Utility and other deposits	**16,959**	22,652	**–**	–
	525,842	498,238	**168**	168
Less non-current portion:				
Rental deposits	**(298,675)**	(277,738)	**–**	–
Prepayments for furniture and equipment	**(5,868)**	(4,437)	**–**	–
	221,299	216,063	**168**	168

Rental deposits are carried at amortised costs using the effective interest rates ranging from 0.3% to 5% (2012: ranging from 0.3% to 5%) per annum determined at the inception date of the rental agreement.

21 PREPAYMENTS AND OTHER DEPOSITS (Continued)

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

	Consolidated			
	Carrying amounts		Fair values	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Rental deposits	**388,592**	354,001	**387,573**	345,321

The fair values of rental deposits are based on cash flows discounted using the rate of 1.4% (2012: 1.5%) per annum.

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

As at 28 February 2013 and 29 February 2012, the maximum exposure to credit risk is the carrying values of rental deposits. The Group does not hold any collateral against the rental deposits.

22 CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**834,655**	551,912	**250**	1,079
Short-term bank deposits	**126,503**	75,032	**–**	–
	961,158	626,944	**250**	1,079

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

As at 28 February 2013 and 29 February 2012, the maximum exposure to credit risk approximates the carrying amounts of the cash at bank and short-term bank deposits.

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

Cash and cash equivalents are denominated in the following currencies:

	Consolidated		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong Dollar	**225,093**	180,396	**250**	1,079
Euro	**14,337**	43,063	**–**	–
Japanese Yen	**77,223**	108,442	**–**	–
United States Dollar	**9,343**	3,094	**–**	–
Pound Sterling	**906**	6,857	**–**	–
Chinese Renminbi	**593,798**	274,510	**–**	–
Others	**40,458**	10,582	**–**	–
	961,158	626,944	**250**	1,079

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

23 BANK BORROWINGS – CONSOLIDATED

	As at 28 February 2013 HK$'000	As at 29 February 2012 HK$'000 (Restated)	As at 1 March 2011 HK$'000 (Restated)
Non-current bank borrowings	**668,462**	437,126	379,234
Current bank borrowings			
– Portion of bank borrowings due for repayment within one year	**335,661**	263,088	296,542
– Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	**30,000**	–	–
	365,661	263,088	296,542
	1,034,123	700,214	675,776

The maturity of bank borrowings is as follows:

	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
Within 1 year	**365,661**	263,088	296,542
Between 1 and 2 years	**309,143**	168,580	84,857
Between 2 and 5 years	**276,169**	174,796	190,027
Wholly repayable within 5 years	**950,973**	606,464	571,426
Over 5 years	**83,150**	93,750	104,350
	1,034,123	700,214	675,776

The fair value of borrowings approximates their carrying amount, as the impact of discounting is not significant. The effective borrowing cost was 2.3% (2012: 1.9%) per annum.

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

	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
Hong Kong Dollar	**745,412**	446,750	392,550
Renminbi	**130,053**	–	–
Japanese Yen	**109,305**	206,101	245,369
Euro	**44,708**	47,363	37,857
United States Dollar	**4,645**	–	–
	1,034,123	700,214	675,776

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

24 TRADE AND BILL PAYABLES – CONSOLIDATED

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

	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
0 to 30 days	**149,571**	159,030	158,716
31 to 60 days	**65,950**	104,318	71,184
61 to 90 days	**33,673**	64,889	22,039
91 to 180 days	**20,936**	73,355	20,416
181 to 365 days	**2,636**	6,067	4,218
Over 365 days	**786**	1,379	2,341
	273,552	409,038	278,914

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

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

	2013 HK$'000	2012 HK$'000 (Restated)	2011 HK$'000 (Restated)
Hong Kong Dollar	**66,505**	88,971	61,575
Euro	**20,425**	68,208	45,858
Japanese Yen	**73,235**	125,297	101,892
United States Dollar	**28,067**	15,024	6,699
Pound Sterling	**7,471**	11,345	3,364
Chinese Renminbi	**77,849**	100,048	59,526
Others	**–**	145	–
	273,552	409,038	278,914

25 ACCRUALS AND OTHER PAYABLES – CONSOLIDATED

	2013 HK$'000	2012 HK$'000
Unutilised coupon	**11,749**	4,853
Accruals		
– Rented premises	**227,506**	167,206
– Employment costs	**41,318**	91,393
– Others	**63,316**	80,251
Other payables	**146,428**	137,959
	490,317	481,662
Less non-current portion:		
Accruals – Rented premises	**(14,140)**	(18,079)
	476,177	463,583

Other payables are denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Hong Kong Dollar	**37,283**	37,042
Chinese Renminbi	**97,965**	86,120
Japanese Yen	**9,999**	13,969
Others	**1,181**	828
	146,428	137,959

The carrying amounts of other payables approximate their fair values.

26 DERIVATIVE FINANCIAL INSTRUMENTS – CONSOLIDATED

	2013		2012	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Current portion:				
Foreign exchange forward contracts, at market value (a)	**1,163**	**(1,600)**	116	–
Non-current portion:				
Foreign currency swap contract, at market value (b)	**–**	**(2,779)**	–	(2,639)
Interest rate swap contract, at market value (c)	**–**	**(3,361)**	–	–
	–	**(6,140)**	–	(2,639)

Notes:

(a) As at 28 February 2013, the notional principal amounts of the outstanding forward foreign exchange contracts to buy Japanese Yen, Pound Sterling and Euro for economic hedging against foreign exchange risk exposures relating to firm purchase orders of fashion wears and accessories and certain outstanding payables denominated in those currencies, were HK$84,616,000, HK$11,728,000 and HK$50,793,000 (2012: HK$110,400,000, Nil and Nil) respectively. The remaining maturities of these contracts are within three months (2012: one month).

(b) As at 28 February 2013, the notional principal amount of the outstanding foreign currency swap contract to buy Chinese Renminbi for economic hedge against foreign exchange risk exposures relating to liabilities denominated in Chinese Renminbi was HK$129,570,000 (2012: HK$129,570,000). The remaining maturity of the contract is within three years.

(c) As at 28 February 2013, the notional principal amount of the outstanding interest rate swap contract for economic hedge against interest rate risk exposures relating to liabilities with floating interest rates was HK$275,000,000 (2012: Nil). The remaining maturity of the contract is within four years.

27 DEFERRED INCOME TAX – CONSOLIDATED

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

	2013 HK$'000	2012 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**110,080**	70,473
– Deferred income tax assets to be recovered within 12 months	**6,074**	7,309
	116,154	77,782
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	**(13,421)**	(12,009)
– Deferred income tax liabilities to be recovered within 12 months	**(19,563)**	(18,792)
	(32,984)	(30,801)
Deferred tax income tax assets (net)	**83,170**	46,981

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

	2013 HK$'000	2012 HK$'000
Beginning of the year	**46,981**	22,706
Recognised in the consolidated statement of comprehensive income (Note 11)	**18,305**	23,453
Recognised directly in equity	**19,922**	–
Exchange differences	**(2,038)**	822
End of the year	**83,170**	46,981

27 DEFERRED INCOME TAX – CONSOLIDATED (Continued)

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

Deferred tax assets –

	Decelerated tax depreciation		Provision		Share-based payments		Tax losses		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Beginning of the year	**14,106**	12,770	**37,046**	12,603	**–**	–	**26,630**	26,016	**77,782**	51,389
Recognised in the consolidated statement of comprehensive income	**(3,633)**	1,430	**14,311**	23,339	**–**	–	**10,923**	75	**21,601**	24,844
Recognised directly in equity	**–**	–	**–**	–	**19,922**	–	**–**	–	**19,922**	–
Exchange differences	**(540)**	(94)	**269**	1,104	**–**	–	**(2,880)**	539	**(3,151)**	1,549
End of the year	**9,933**	14,106	**51,626**	37,046	**19,922**	–	**34,673**	26,630	**116,154**	77,782

Deferred tax liabilities –

	Withholding tax		Accelerated tax depreciation		Total	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Beginning of the year	**(12,006)**	(5,293)	**(18,795)**	(23,390)	**(30,801)**	(28,683)
Recognised in the consolidated statement of comprehensive income	**(4,336)**	(6,378)	**1,040**	4,987	**(3,296)**	(1,391)
Exchange differences	**146**	(335)	**967**	(392)	**1,113**	(727)
End of the year	**(16,196)**	(12,006)	**(16,788)**	(18,795)	**(32,984)**	(30,801)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 28 February 2013, the Group has unrecognised tax losses of HK$58,584,000 (2012: HK$116,179,000).

The unrecognised tax losses will expire in the following years:

	2013	2012
	HK$'000	HK$'000
2014	**–**	141
2015	**–**	193
2017	**6,986**	9,039
2018	**4,823**	5,052
2019	**42,503**	100,966
2023	**4,272**	–
With no expiry date	**–**	788
	58,584	116,179

28 SHARE CAPITAL

Movements were:

	Number of ordinary shares '000	Nominal value HK$'000
Authorised:		
At 1 March 2011, 29 February 2012 and 28 February 2013		
Ordinary shares of HK$0.1 each	**3,000,000**	300,000
Issued and fully paid:		
At 1 March 2011	**1,197,249**	119,725
Issue of shares under share option schemes (i)	**23,417**	2,342
At 29 February 2012	**1,220,666**	122,067
Issue of shares under share option schemes (ii)	**7,518**	751
At 28 February 2013	**1,228,184**	122,818

Notes:

(i) During the year ended 29 February 2012, 6,844,000 and 16,573,000 share options were exercised at the exercise prices of HK$2.41 and HK$2.20 per share respectively.

(ii) During the year ended 28 February 2013, 6,824,000 and 694,000 share options were exercised at the exercise prices of HK$2.41 and HK$2.20 per share respectively.

Share options

The Company currently has two share option schemes, namely the First Share Option Scheme and the New Share Option Scheme, detailed as hereinafter. Under both share option schemes, options may be granted to eligible participants (including directors and employees) as defined in the respective share option scheme to subscribe for shares in the Company. The exercise price is determined by the Board and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited on the date of the offer; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of offer. A consideration of HK$10 is payable on acceptance of the grant of options.

In February 2005, the Company has adopted a share option scheme (the "First Share Option Scheme"), which ought to remain in force for 10 years up to February 2015. At the 2008 annual general meeting of the Company held on 30 June 2008, the shareholders of the Company approved the adoption of a new share option scheme (the "New Share Option Scheme"), which will remain in force for 10 years up to June 2018, and the termination of the First Share Option Scheme. The operation of the First Share Option Scheme was terminated with effect from the conclusion of the 2008 annual general meeting. No further options could thereafter be offered under the First Share Option Scheme but the provisions of the First Share Option Scheme would remain in full force and effect. Options granted under the First Share Option Scheme and remain unexpired prior to the termination of the First Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the First Share Option Scheme.

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.

28 SHARE CAPITAL (Continued)

Share options (Continued)

The details of the share options granted are as follows:

Grant date	14 April 2008	14 April 2008	28 December 2009	12 February 2010	18 March 2011	17 September 2012
Number of share options granted	20,000,000	34,300,000	33,000,000	22,000,000	40,250,000	24,560,000
Exercise price per share (HK$)	2.47	2.25	1.26	1.46	4.96	3.42
Exercise period	14 April 2008 to 13 April 2013 (1)	14 April 2008 to 13 April 2013 (2)	28 December 2011 to 27 December 2019	12 February 2012 to 11 February 2020	18 March 2017 to 17 March 2021	17 September 2018 to 16 September 2022
Fair value at grant date (HK$)	11,406,000	17,326,000	14,634,390	14,220,491	106,260,000	36,594,400

Notes:

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

	Number of options	Exercise period
Tranche 1	6,680,000	From 14 April 2008 to 13 April 2011
Tranche 2	6,660,000	From 14 April 2009 to 13 April 2012
Tranche 3	6,660,000	From 14 April 2010 to 13 April 2013
Total	20,000,000	

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

	Number of options	Exercise period
Tranche 1	11,980,000	From 14 April 2008 to 13 April 2011
Tranche 2	11,160,000	From 14 April 2009 to 13 April 2012
Tranche 3	11,160,000	From 14 April 2010 to 13 April 2013
Total	34,300,000	

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

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

Grant date	14 April 2008	14 April 2008	28 December 2009	12 February 2010	18 March 2011	17 September 2012
Share price at the grant date	HK$2.24	HK$2.24	HK$1.25	HK$1.45	HK$4.95	HK$3.36
Exercise price per share	HK$2.47	HK$2.25	HK$1.26	HK$1.46	HK$4.96	HK$3.42
Expected volatility (Note)	43.00%	43.00%	56.80%	57.00%	62.90%	61.59%
Expected life of options	3.0 years	1.0 year	3.1 years	6.3 years	9.2 years	10.0 years
Expected dividend yield	4.00%	4.00%	4.00%	4.00%	2.81%	4.58%
Annual risk free rate	1.99%	1.99%	2.59%	2.87%	2.61%	0.808%

Note:

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

28 SHARE CAPITAL (Continued)

Share options (Continued)

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

	2013 Exercise price per share HK$	**2013** Options '000	2012 Exercise price per share HK$	2012 Options '000
Beginning of the year	**2.77**	**111,510**	1.72	94,678
Granted	**3.42**	**24,560**	4.96	40,250
Exercised	**2.39**	**(7,518)**	2.26	(23,417)
Forfeited	**–**	**–**	2.20	(1)
End of the year	**2.92**	**128,552**	2.77	111,510

Options exercised during the year ended 28 February 2013 resulted in 7,518,000 (2012: 23,417,000) shares being issued at a weighted average exercise price of HK$2.39 (2012: HK$2.26) each. The related weighted average share price at the time of exercise was HK$4.39 (2012: HK$6.51) per share.

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 2013 '000**	Share options 2012 '000
13 April 2011	2.32	2.37	**–**	–
13 April 2012	2.31	2.37	**–**	7,344
13 April 2013	2.31	2.36	**7,400**	7,574
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**	–
			128,552	111,510

29 RESERVES

(a) Consolidated

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Translation reserve HK$'000	Statutory reserve (i) HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2012	872,237	55,109	32,337	97,629	27,044	1,064,293	2,148,649
Profit for the year	–	–	–	–	–	383,697	383,697
Transfer to statutory reserve	–	–	–	–	10,268	(10,268)	–
Share option scheme							
– value of employment services	–	20,442	–	–	–	–	20,442
Final dividend for the year ended 29 February 2012	–	–	–	–	–	(158,430)	(158,430)
Exercise of share options	20,725	(3,548)	–	–	–	–	17,177
Currency translation differences							
– Group	–	–	–	(10,947)	–	–	(10,947)
– Jointly controlled entities	–	–	–	1,757	–	–	1,757
Tax credit from exercise of share options	–	–	32,834	–	–	–	32,834
Acquisition of non-controlling interests	–	–	(4,626)	–	–	–	(4,626)
Balance at 28 February 2013	892,962	72,003	60,545	88,439	37,312	1,279,292	2,430,553
Analysed by–							
Company and subsidiaries	892,962	72,003	60,545	81,876	37,312	1,279,292	2,423,990
Jointly controlled entities	–	–	–	6,563	–	–	6,563
Balance at 28 February 2013	892,962	72,003	60,545	88,439	37,312	1,279,292	2,430,553
Representing –							
2013 Final dividend proposed						36,846	
Others						1,242,446	
						1,279,292	
Balance at 1 March 2011	810,947	36,055	32,337	70,453	15,128	762,316	1,727,236
Profit for the year	–	–	–	–	–	471,300	471,300
Transfer to statutory reserve	–	–	–	–	11,916	(11,916)	–
Share option scheme							
– value of employment services	–	29,732	–	–	–	–	29,732
Final dividend for the year ended 28 February 2011	–	–	–	–	–	(126,906)	(126,906)
Interim dividend for the year ended 29 February 2012	–	–	–	–	–	(30,501)	(30,501)
Exercise of share options	61,290	(10,678)	–	–	–	–	50,612
Currency translation differences							
– Group	–	–	–	25,779	–	–	25,779
– Jointly controlled entities	–	–	–	1,397	–	–	1,397
Balance at 29 February 2012	872,237	55,109	32,337	97,629	27,044	1,064,293	2,148,649
Analysed by–							
Company and subsidiaries	872,237	55,109	32,337	92,823	27,044	1,064,293	2,143,843
Jointly controlled entities	–	–	–	4,806	–	–	4,806
Balance at 29 February 2012	872,237	55,109	32,337	97,629	27,044	1,064,293	2,148,649
Representing –							
2012 Final dividend proposed						157,466	
Others						906,827	
						1,064,293	

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 RESERVES (Continued)

(b) Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2012	872,237	55,109	136,680	378,637	1,442,663
Profit for the year	–	–	–	111,879	111,879
Share option scheme					
– value of employment services	–	20,442	–	–	20,442
Final dividend for the year ended 29 February 2012	–	–	–	(158,430)	(158,430)
Exercise of share options	20,725	(3,548)	–	–	17,177
Balance at 28 February 2013	892,962	72,003	136,680	332,086	1,433,731
Representing –					
2013 Final dividend proposed				36,846	
Others				295,240	
				332,086	
Balance at 1 March 2011	810,947	36,055	136,680	337,567	1,321,249
Profit for the year	–	–	–	198,477	198,477
Share option scheme					
– value of employment services	–	29,732	–	–	29,732
Final dividend for the year ended 28 February 2011	–	–	–	(126,906)	(126,906)
Interim dividend for the year ended 29 February 2012	–	–	–	(30,501)	(30,501)
Exercise of share options	61,290	(10,678)	–	–	50,612
Balance at 29 February 2012	872,237	55,109	136,680	378,637	1,442,663
Representing –					
2012 Final dividend proposed				157,466	
Others				221,171	
				378,637	

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2013 HK$'000	2012 HK$'000
Profit for the year	**385,031**	473,130
Adjustments for:		
– Income tax expense	**62,685**	100,652
– Interest expense	**27,554**	11,993
– Interest income	**(10,649)**	(6,385)
– Share of loss/(profit) of jointly controlled entities	**11,461**	(4,086)
– Depreciation of property, furniture and equipment	**245,180**	217,340
– Impairment for property, furniture and equipment	**1,648**	11,179
– Amortisation of intangible assets	**13,681**	14,820
– Fair value loss on derivative financial instruments	**6,221**	2,776
– Loss on disposal of property, furniture and equipment	**2,288**	1,214
– Share option costs	**20,442**	29,732
	765,542	852,365
Changes in working capital:		
– Decrease/(increase) in inventories	**21,748**	(488,004)
– Decrease/(increase) in trade and other receivables	**19,058**	(29,884)
– Increase in prepayments and other deposits	**(27,632)**	(73,715)
– (Decrease)/increase in trade and bill payables	**(129,962)**	124,198
– Increase in accruals and other payables	**10,335**	103,956
– Increase in amounts due from jointly controlled entities	**(13,513)**	(386)
– Increase in amounts due to jointly controlled entities	**736**	3,199
Cash generated from operations	**646,312**	491,729

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

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

	2013 HK$'000	2012 HK$'000
Net book amount (Note 15)	**4,378**	9,759
Loss on disposal of property, furniture and equipment	**(2,288)**	(1,214)
Proceeds from disposal of property, furniture and equipment	**2,090**	8,545

(c) Significant non-cash transactions

On 11 May 2012, shareholders' loans of HK$54,800,000 granted to a jointly controlled entity were converted into capital of the jointly controlled entity.

(d) Analysis of cash and cash equivalents:

	2013 HK$'000	2012 HK$'000
Cash and bank deposits	**961,158**	626,944

31 BANKING FACILITIES AND PLEDGE OF ASSETS

As at 28 February 2013, the Group had aggregate banking facilities of approximately HK$2,060,557,000 (2012: HK$1,531,113,000) at floating rate for overdrafts, bank loans and trade financing, of which approximately HK$937,121,000 (2012: HK$718,003,000) was unutilised as at the same date. These facilities are secured by corporate guarantees provided by the Company, certain subsidiaries and pledged of certain property, furniture and equipment.

As at 28 February 2013, the Company provided financial guarantees of HK$1,034,123,000 (2012: HK$690,419,000) for the bank borrowings drawn by its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon.

32 COMMITMENTS – CONSOLIDATED

(a) Capital commitments

	Consolidated	
	2013 HK$'000	2012 HK$'000
Authorised but not contracted for		
– capital contribution to a jointly controlled entity	**–**	88,200
Contracted but not provided for		
– fixture and furniture	**1,409**	1,218
	1,409	89,418

(b) Operating lease commitments

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

	Consolidated	
	2013 HK$'000	2012 HK$'000
Not later than one year	**1,118,414**	968,236
Later than one year and not later than five years	**1,878,352**	1,960,866
Later than five years	**140,543**	195,212
	3,137,309	3,124,314

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

There are no operating lease commitments relating to the Company as at 28 February 2013 (2012: Nil).

33 RELATED PARTY TRANSACTIONS – CONSOLIDATED

As at 28 February 2013, the Group was controlled by Effective Convey Limited (incorporated in the British Virgin Islands), which directly and indirectly owns a total of 56.87% 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:

	2013 **HK$'000**	2012 HK$'000
Interest income from [(2)]		
– FCIT China Limited [(1)]	**339**	322
– ZIT H.K. Limited [(1)]	**456**	443
– Galeries Lafayette (China) Limited [(1)]	**–**	302
Reimbursement of operating expenses by [(3)]		
– FCUK IT Company [(1)]	**8,360**	8,757
– FCIT China Limited [(1)]	**56**	122
– ZIT H.K. Limited [(1)]	**1,982**	1,903
– FCIT (Macau), Limited [(1)]	**596**	453

Notes:

(1) FCUK IT Company, FCIT China Limited, ZIT H.K. Limited, FCIT (Macau), Limited and Galeries Lafayette (China) Limited are jointly controlled entities 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% (2012: 5%) per annum.

Interest income on amount due from ZIT H.K. Limited is charged at 5% (2012: 5%) per annum.

For the year ended 29 February 2012, interest income on amount due from Galeries Lafayette (China) Limited is charged at HIBOR plus 0.3% per annum.

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

(b) Key management compensation

	2013 **HK$'000**	2012 HK$'000
Directors' fees	**716**	643
Salaries and allowances	**17,530**	15,141
Bonus	**–**	30,675
Pension costs – employer's contributions	**51**	40
Share options granted	**12,855**	16,434
	31,152	62,933