I.T LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2014

FINANCIAL HIGHLIGHTS

- Total turnover of the Group increased by 3.1% to HK$6,746.9 million.
- Total retail sales in Hong Kong decreased by 3.3% to HK$3,565.5 million at comparable store sales growth rate of -4.0%. Total floor area of retail stores in Hong Kong increased by 0.8% to 626,258 square feet.
- Total retail sales in Mainland China increased by 16.3% to HK$2,168.5 million whilst its comparable store sales growth rate remained flat. Total floor area of retail stores in Mainland China increased by 23.7% to 871,518 square feet.
- Japan landed at total retail sales of HK$411.3 million or JPY5,268.1 million, representing a 7.8% increase in its base currency from last year. But, due to weakening of the Japanese Yen, the total retail sales in HK$ dropped by 11.5%.
- Total retail sales in Macau and other regions increased by 7.2% to HK$304.6 million.
- Gross profit of the Group increased by 5.1% to HK$4,044.4 million at gross profit margin of 59.9% (FY12/13: 58.8%).
- Net profit of the Group decreased by 27.3% to HK$280.0 million.
- Basic earnings per share decreased by 25.8% to HK$0.23. Diluted earnings per share decreased by 26.7% to HK$0.22.
- Final cash dividend of 10.0 HK cents (FY12/13: 3.0 HK cents) per share is proposed, representing a total payout of HK$122.9 million (FY12/13: HK$36.8 million).

The board of directors (the "Board") of I.T Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2014, prepared on the basis set out in Note 2, together with the comparative figures for the year ended 28 February 2013, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**2014 HK$'000**	2013 HK$'000
Turnover	3	**6,746,874**	6,543,109
Cost of sales	5	**(2,702,521)**	(2,693,460)
Gross profit		**4,044,353**	3,849,649
Other gains/(losses)	4	**7,316**	(6,221)
Impairment of goodwill		**(5,557)**	–
Operating expenses	5	**(3,627,994)**	(3,367,346)
Operating profit		**418,118**	476,082
Finance income	6	**44,190**	10,649
Finance costs	6	**(75,210)**	(27,554)
Share of loss of joint ventures		**(41,768)**	(11,461)
Profit before income tax		**345,330**	447,716
Income tax expense	7	**(65,298)**	(62,685)
Profit for the year		**280,032**	385,031
Other comprehensive loss:			
Currency translation differences		**(11,320)**	(8,977)
Cash flow hedges recognised as finance costs		**(292)**	–
Fair value changes on cash flow hedge, net of tax		**(4,808)**	–
Total other comprehensive loss for the year		**(16,420)**	(8,977)
Total comprehensive income for the year		**263,612**	376,054
Profit attributable to:			
– Equity holders of the Company		**279,637**	383,697
– Non-controlling interests		**395**	1,334
		280,032	385,031
Total comprehensive income attributable to:			
– Equity holders of the Company		**263,235**	374,507
– Non-controlling interests		**377**	1,547
		263,612	376,054
Earnings per share attributable to equity holders of the Company for the year (expressed in HK$ per share)			
– basic	8	**HK$0.23**	HK$0.31
– diluted	8	**HK$0.22**	HK$0.30
Dividends	9	**122,876**	36,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 28 February 2014 HK$'000**	As at 28 February 2013 HK$'000
ASSETS			
Non-current assets			
Property, furniture and equipment		**913,145**	934,128
Intangible assets		**343,043**	359,338
Investments in and amounts due from joint ventures		**220,396**	199,074
Rental deposits		**307,028**	298,675
Prepayments for furniture and equipment		**14,862**	5,868
Derivative financial instruments		**2,622**	–
Deferred income tax assets		**135,722**	116,154
		1,936,818	1,913,237
Current assets			
Inventories		**1,116,693**	1,211,240
Trade, bills and other receivables	10	**181,242**	133,736
Amounts due from joint ventures		**36,449**	25,388
Prepayments and other deposits		**250,611**	221,299
Derivative financial instruments		**–**	1,163
Cash and cash equivalents		**2,315,498**	961,158
		3,900,493	2,553,984
LIABILITIES			
Current liabilities			
Borrowings	12	**(496,385)**	(365,661)
Trade and bills payables	11	**(357,924)**	(273,552)
Accruals and other payables		**(573,909)**	(476,177)
Derivative financial instruments		**–**	(1,600)
Amounts due to joint ventures		**(24,022)**	(51,549)
Current income tax liabilities		**(32,373)**	(23,585)
		(1,484,613)	(1,192,124)
Net current assets		**2,415,880**	1,361,860
Total assets less current liabilities		**4,352,698**	3,275,097
Non-current liabilities			
Borrowings	12	**(1,494,642)**	(668,462)
Accruals		**(9,893)**	(14,140)
Derivative financial instruments		**(6,691)**	(6,140)
Deferred income tax liabilities		**(45,155)**	(32,984)
		(1,556,381)	(721,726)
Net assets		**2,796,317**	2,553,371
EQUITY			
Capital and reserves			
Share capital		**122,876**	122,818
Reserves		**2,672,756**	2,430,553
Non-controlling interests		**685**	–
Total equity		**2,796,317**	2,553,371

NOTES

1 GENERAL INFORMATION

The Company is an investment holding company and its subsidiaries are principally engaged in the sales of fashion wears and accessories.

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

The Company has its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

These consolidated financial statements have been approved for issue by the Board on 22 May 2014.

2 BASIS OF PREPARATION

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

(a) The following new standards and amendments to standards are mandatory for the financial year beginning 1 March 2013:

Amendment to HKAS 1, "Financial statements presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

HKAS 27 (revised), "Separate financial statements", includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.

HKAS 28 (revised), "Investments in associates and joint ventures", includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

HKFRS 10, "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

HKFRS 11, "Joint arrangements" is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

HKFRS 12, "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13, "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

Amendment to HKFRS 7, "Financial instruments: Disclosures on asset and liability offsetting". The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

Amendments to HKAS 36, "Impairments of Assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13. The amendment is not mandatory for the Group until 1 March 2014, however the Group has decided to early adopt the amendment as of 1 March 2013.

Other than as disclosed above, there are no HKASs or HKFRSs that are effective for the first time for the financial year beginning on or after 1 March 2013 that would be expected to have a significant impact on the Group.

(b) The following relevant HKASs, HKFRSs, amendments to existing HKFRSs and interpretation of HKFRS have been published and are mandatory for accounting periods beginning on or after 1 January 2013 or later periods and have not been early adopted by the Group:

HKAS 32 (Amendment)	Financial instruments: Presentation – offsetting financial assets and financial liabilities [1]
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement – novation of derivatives and continuation of hedging accounting [1]
HKFRS 9	Financial instruments [4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities [1]
HKFRS 14	Regulatory deferral accounts [3]
HK(IFRIC) – Int 21	Levies [1]
Annual Improvement Projects	Annual improvement to 2010-2012 cycle and 2011-2013 cycle [2]

[1] Effective for the Group for annual period beginning 1 January 2014
[2] Effective for the Group for annual period beginning 1 July 2014
[3] Effective for the Group for annual period beginning 1 January 2016
[4] Effective date to be determined

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

3 TURNOVER AND SEGMENT INFORMATION

(a) Analysis of revenue by category

	2014	2013
	HK$'000	HK$'000
Turnover		
– Sales of fashion wears and accessories	**6,746,874**	6,543,109

The chief operating decision maker has been identified as the Board that makes strategic decisions. Management has determined the operating segments based on the internal reporting of the Group for the purposes of assessing performance and allocating resources.

The performance of the operating segments, from the geographical perspective, is 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 of joint ventures. 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 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 joint ventures which are managed on a central basis.

The segment information provided to the Board for the reportable segments for the year ended 28 February 2014 and 2013 is as follows:

	Hong Kong		Mainland China		Japan		Macau		Other		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**3,625,004**	3,708,039	**2,371,786**	2,036,381	**445,489**	514,434	**217,832**	199,958	**86,763**	84,297	**6,746,874**	6,543,109
EBITDA	**351,957**	414,023	**163,355**	171,052	**117,168**	86,557	**82,681**	70,204	**(6,982)**	(5,245)	**708,179**	736,591
Depreciation and amortisation	**(141,025)**	(139,089)	**(107,240)**	(78,596)	**(17,532)**	(32,306)	**(7,315)**	(6,740)	**(7,212)**	(2,130)	**(280,324)**	(258,861)
Impairment of property, furniture and equipment	**(770)**	(836)	**(3,410)**	–	**–**	–	**–**	–	**–**	(812)	**(4,180)**	(1,648)
Impairment of goodwill	**–**	–	**(5,557)**	–	**–**	–	**–**	–	**–**	–	**(5,557)**	–
Operating profit	**210,162**	274,098	**47,148**	92,456	**99,636**	54,251	**75,366**	63,464	**(14,194)**	(8,187)	**418,118**	476,082
Finance income											**44,190**	10,649
Finance costs											**(75,210)**	(27,554)
Share of loss of joint ventures											**(41,768)**	(11,461)
Profit before income tax											**345,330**	447,716
Total segment non-current assets	**605,910**	697,255	**758,532**	657,161	**156,641**	177,723	**40,903**	46,046	**18,714**	19,824	**1,580,700**	1,598,009
Total segment assets	**3,032,831**	1,831,579	**1,909,826**	1,747,282	**340,787**	392,272	**109,452**	103,023	**51,848**	52,449	**5,444,744**	4,126,605

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

	2014	2013
	HK$'000	HK$'000
Segment assets for reportable segments	**5,392,896**	4,074,156
Other segment assets	**51,848**	52,449
	5,444,744	4,126,605
Unallocated:		
Deferred income tax assets	**135,722**	116,154
Investments in and amounts due from joint ventures	**256,845**	224,462
	5,837,311	4,467,221

4 OTHER GAINS/(LOSSES)

	2014 **HK$'000**	2013 HK$'000
Fair value gains/(losses) from derivative financial instruments		
– forward foreign exchange contracts	**437**	(2,720)
– foreign currency swap contract	**5,401**	(140)
– interest rate swap contract	**1,478**	(3,361)
	7,316	(6,221)

5 EXPENSES BY NATURE

	2014 **HK$'000**	2013 HK$'000
Cost of inventories sold	**2,672,974**	2,641,425
(Reversal of write-downs)/write-downs of inventories to net realisable value	**(12,835)**	6,728
Employment costs (including directors' emoluments)	**1,090,513**	1,008,500
Operating lease rentals of premises		
– minimum lease payments	**1,258,137**	1,116,412
– contingent rents	**175,230**	219,274
Building management fee	**175,690**	154,009
Advertising and promotion costs	**104,357**	84,321
Commission expenses	**75,318**	92,159
Bank charges	**75,437**	73,382
Utilities expenses	**61,010**	54,156
Freight charges	**55,415**	52,606
Depreciation of property, furniture and equipment	**270,080**	245,180
Impairment of property, furniture and equipment	**4,180**	1,648
Loss on disposals of property, furniture and equipment	**3,635**	2,288
Licence fees (included in operating expenses)		
– amortisation of licence rights	**3,681**	4,278
– contingent licence fees	**11,980**	20,010
Amortisation of intangible assets (excluding licence fees)	**6,563**	9,403
Provision for/(reversal of provision for) impairment of trade receivables	**529**	(2,450)
Reversal of provision for impairment of amount due from a joint venture	**(2,408)**	(673)
Auditor's remuneration	**4,180**	4,370
Net exchange gains	**(326)**	(14,014)
Other expenses	**297,175**	287,794
Total	**6,330,515**	6,060,806
Representing:		
Cost of sales	**2,702,521**	2,693,460
Operating expenses	**3,627,994**	3,367,346
	6,330,515	6,060,806

6 FINANCE COSTS, NET

	2014 HK$'000	2013 HK$'000
Interest income from		
– bank deposits	**40,257**	8,849
– amounts due from joint ventures	**813**	778
– others (i)	**3,120**	1,022
Finance income	**44,190**	10,649
Interest expense on borrowings		
– wholly repayable within five years	**(81,211)**	(25,851)
– not wholly repayable within five years	**(1,182)**	(1,703)
Net foreign exchange transaction gain	**6,891**	–
Transfer from hedging reserve		
– interest rate and currency swaps: cash flow hedge	**292**	–
Finance costs	**(75,210)**	(27,554)
Net finance costs	**(31,020)**	(16,905)

Note:

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

7 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% (2013: 16.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

Mainland China enterprise income tax has been provided at the applicable rates of 25% (2013: 25%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 17% (2013: 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% (2013: 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.

The applicable US enterprise income tax rate for subsidiary operates in the United States of America is 45.03% (2013: 45.03%).

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

	2014	2013
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**62,082**	48,438
– Mainland China enterprise income tax	**11,806**	30,943
– Overseas income tax	**12,290**	7,292
– Over-provision in prior year	**(303)**	(5,683)
	85,875	80,990
Deferred income tax	**(20,577)**	(18,305)
	65,298	62,685

8 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.

	2014	2013
Profit attributable to equity holders of the Company (HK$'000)	**279,637**	383,697
Weighted average number of ordinary shares in issue ('000)	**1,228,702**	1,227,311
Basic earnings per share (HK$)	**0.23**	0.31

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.

	2014	2013
Profit attributable to equity holders of the Company (HK$'000)	**279,637**	383,697
Weighted average number of ordinary shares in issue ('000)	**1,228,702**	1,227,311
Adjustments for share options ('000)	**27,283**	37,933
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,255,985**	1,265,244
Diluted earnings per share (HK$)	**0.22**	0.30

9 DIVIDENDS

	2014	2013
	HK$'000	HK$'000
Final dividend, proposed, 10.0 HK cents (2013: 3.0 HK cents) per ordinary share	**122,876**	36,846

A final dividend relating to the year ended 28 February 2013 amounted to HK$36,863,000 was fully paid in July 2013.

The Board proposed a final dividend of 10.0 HK cents per ordinary share for the year ended 28 February 2014 on 22 May 2014 (2013: 3.0 HK cents per ordinary share). This proposed final dividend is not reflected as a dividend payable as of 28 February 2014, but will be recorded as a distribution of retained earnings for the year ending 28 February 2015.

10 TRADE, BILLS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	HK$'000
Trade receivables	**134,671**	102,476
Credit card receivables	**31,727**	26,685
Bills receivables	**4,671**	2,652
Less: provision for impairment of trade receivables	**(1,060)**	(586)
Trade receivables – net	**170,009**	131,227
Interest receivables	**9,482**	732
Other receivables	**1,751**	1,777
Trade, bills and other receivables	**181,242**	133,736

Retail sales are usually paid in cash or by major credit/debit cards. The Group's credit sales are only made to wholesales customers with an appropriate credit history and on credit terms within 60 days.

As of 28 February 2014, trade receivables of HK$1,060,000 (2013: HK$586,000) were impaired. The ageing of these receivables is as follows:

	2014	2013
	HK$'000	HK$'000
Over 90 days	**1,060**	586

The ageing analysis of trade receivables past due but not impaired as at 28 February 2014 and 2013 is as follows:

	2014	2013
	HK$'000	HK$'000
0 to 30 days	406	2,574
31 to 60 days	130	–
61 to 90 days	–	44
Over 90 days	1,273	231
	1,809	2,849

There were no other receivables past due but not impaired as at 28 February 2014 and 2013.

The ageing analysis of trade receivables is as follows:

	2014	2013
	HK$'000	HK$'000
0 to 30 days	163,083	126,369
31 to 60 days	2,949	2,077
61 to 90 days	1,275	996
Over 90 days	3,762	2,371
	171,069	131,813

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

11 TRADE AND BILLS PAYABLES

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

	2014	2013
	HK$'000	HK$'000
0 to 30 days	204,086	149,571
31 to 60 days	89,352	65,950
61 to 90 days	31,945	33,673
91 to 180 days	22,470	20,936
181 to 365 days	3,834	2,636
Over 365 days	6,237	786
	357,924	273,552

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

12 BORROWINGS

	2014	2013
	HK$'000	HK$'000
Non-current borrowings		
– Bank borrowings	**245,122**	668,462
– Senior Notes *(Note i)*	**1,249,520**	–
	1,494,642	668,462
Current borrowings		
– Portion of bank borrowings due for repayment within one year	**381,435**	335,661
– Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	**114,950**	30,000
	496,385	365,661
	1,991,027	1,034,123

Note i:

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

The maturity of borrowings is as follows:

	2014	2013
	HK$'000	HK$'000
Within 1 year	**496,385**	365,661
Between 1 and 2 years	**132,908**	309,143
Between 2 and 5 years	**1,361,734**	276,169
Wholly repayable within 5 years	**1,991,027**	950,973
Over 5 years	**–**	83,150
	1,991,027	1,034,123

FINAL DIVIDEND

No interim dividend (FY12/13: Nil) was paid during the fiscal year. The Board has resolved to recommend the payment of a final dividend of 10.0 HK cents per share (FY12/13: 3.0 HK cents per share) for the year ended 28 February 2014. The final dividend amounts to approximately HK$122.9 million, if approved by the shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) *Group*

The business environment during the first half of the fiscal year was particularly difficult. The prevailing challenging macro-economic conditions, which were characterized by the slow recovery of developed countries and the increasing risk of diminishing growth in emerging market economies, continued to put pressure on the global retail recovery. Consumer retail markets across the Group's principal operating regions namely Hong Kong and Mainland China were unavoidably affected by the slower sales growth which was to a large extent due to the general contraction in consumer sentiment (towards discretionary products in particular) during this prolonged downward economic cycle. Whilst a level of economic progress was seen in the second half of the fiscal year, making these macro-economic issues seem less threatening, a global economic recovery was yet to be seen. Nevertheless, the Group continues to stand strong in this turbulent market with its unique positioning and branding, managing to deliver another year of turnover growth (particularly in Mainland China) to HK$6,746.9 million, representing 3.1% growth over last year. However, the downward pricing pressure, including markdowns by many industry players, alongside the continuously surging operating costs led to net margin shrinkage. As a result, net profit decreased by 27.3% over last year.

Turnover by Markets

Turnover in Hong Kong continued to represent the major source of revenue. Hong Kong achieved total turnover of HK$3,625.0 million in FY13/14, accounting for 53.7% of total Group turnover. This represents a 2.2% decline over last year due to slow recovery of consumer sentiment in Hong Kong.

Mainland China remained the Group's second largest market, contributing 35.2% of total Group turnover in FY13/14. It achieved another year of noticeable growth, representing a 16.5% increase compared to last year, to HK$2,371.8 million. In spite of the weak consumption patterns in Mainland China, the Group continued to strategically focus on this market by expanding its retail network.

Turnover of our Japan businesses grew by 5.5% in its base currency, landing at JPY5,705.9 million or HK$445.5 million. However, owing to the weakening of Japanese Yen, the turnover in HK$ decreased by 13.4% compared to last year, contributing 6.6% of total turnover. This market remained the Group's third largest operating region.

Breakdown of turnover by region of operation:

	Turnover			**% of Turnover**	
	FY13/14	FY12/13		**FY13/14**	FY12/13
	HK$ million	HK$ million	Change		
Hong Kong	**3,625.0**	3,708.0	-2.2%	**53.7%**	56.7%
Retail sales only	***3,565.5***	*3,687.7*	*-3.3%*		
Mainland China	**2,371.8**	2,036.4	+16.5%	**35.2%**	31.1%
Retail sales only	***2,168.5***	*1,864.6*	*+16.3%*		
Japan	**445.5**	514.4	-13.4%	**6.6%**	7.9%
Retail sales only	***411.3***	*464.9*	*-11.5%*		
Macau	**217.8**	200.0	+8.9%	**3.2%**	3.1%
Other	**86.8**	84.3	+3.0%	**1.3%**	1.2%
Total	**6,746.9**	6,543.1	+3.1%	**100.0%**	100.0%

Brand Mix

The Group strongly believes that innovation is one of the keys to success; it helps to maintain the long-term competitiveness of the Group and to further enhance its differentiated market position as a fashion leader across the regions. At this juncture, the Group has continued to invest in various aspects such as human resources, brand-building and marketing activities with an aim to deliver the latest inspiring fashion products to our increasingly sophisticated customers through our international, in-house and licensed brand businesses. In FY13/14, our in-house brand businesses continued to represent the key source of revenue, representing 59.0% (FY12/13: 59.1%) of the total turnover.

Breakdown of retail sales by brand category:

	Retail Sales			**% of Retail Sales**	
	FY13/14	FY12/13		**FY13/14**	FY12/13
	HK$ million	HK$ million	Change		
In-house brands	**3,805.4**	3,721.8	+2.2%	**59.0%**	59.1%
International brands	**2,558.3**	2,439.4	+4.9%	**39.7%**	38.7%
Licensed brands	**86.2**	139.2	-38.1%	**1.3%**	2.2%
	6,449.9	6,300.4	+2.4%	**100.0%**	100.0%

Dynamics in Margin and Cost

Following 3.1% turnover growth, gross profit of the Group recorded an increase of 5.1% compared to last year, with gross margin climbing 1.1 percentage points to 59.9%. The improvement in gross margin was mainly achieved by the reduction in price discounting campaigns offered during the year.

Nonetheless, the uplift in gross margin has yet to fully offset the impact of the increasing cost of running existing stores and new store expansion. The rise in operating expenses continued to squeeze retailers' profitability, which remains a key concern in the industry as a whole. Rent (including rental charges and building management fees) remained a considerably significant portion of our total operating expenses, accounting for 23.8% of total turnover (FY12/13: 22.8%). Staff costs (excluding share option expenses), unavoidably impacted by the continuous upward pressure on wages, continued to rise and accounted for 15.8% (FY12/13: 15.1%) of the total turnover. As a result, total operating expenses increased in FY13/14, representing 53.8% (FY12/13: 51.5%) of our total turnover.

Under the upward pressure on operating costs discussed above, operating profit for the year ended 28 February 2014 declined by 12.2% over last year, landing at HK$418.1 million (FY12/13: HK$476.1 million), with operating margin dropping to 6.2% (FY12/13: 7.3%).

(b) Hong Kong

The adverse macro-economic conditions continued to weigh on the already dampened apparel retail market in Hong Kong during the year. Whilst a modest recovery in turnover growth and comparable store sales growth were recorded during the second half of the fiscal year, concrete signs of recovery with respect to customer traffic and spending momentum among local consumers and in-bound visitors were yet to be seen. Consumers remained cautious generally in view of the unfavorable global economic conditions which are expected to be persisting in the near term. As a result, our Hong Kong businesses recorded a 2.2% decline in turnover to HK$3,625.0 million and a 3.3% decline in retail sales to HK$3,565.5 million, with comparable store sales growth of -4.0% for the year. During the year, the Group took a cautious approach in relation to store network expansion, with an aim to uphold its dominant market presence by maintaining the current level of retail channels in the light of the turbulent business environment. As a result, our total trading area in Hong Kong only increased slightly by 0.8% to 626,258 square feet.

Gross margin increased 1.3 percentage points to 59.3%, mainly attributed to the less proactive discounts offered during the fiscal year. However, the uplift in gross margin was not sufficient to fully offset the increase in various operating expenses, such as rental and staff costs which remained as the Group's most significant expenses. The operating cost to sales ratio (which is defined as operating expenses divided by turnover) increased to 53.7% (FY12/13: 50.4%). As a result of the turnover shrinkage and operating costs hike discussed above, operating profit decreased by 23.3% to HK$210.2 million at a 5.8% operating margin (FY12/13: 7.4%).

(c) *Mainland China*

Our China businesses achieved another year of noticeable growth in turnover at 16.5% over last year, landing at HK$2,371.8 million. Total retail sales also increased in a similar manner by 16.3% to HK$2,168.5 million whilst comparable store sales growth remained flat (FY12/13: 8.0%). The increase in turnover and retail sales was significantly driven by store network expansion during the fiscal year, with total trading area further increasing to 871,518 square feet, representing an increase of 23.7% over last year. The increase in sales square footage also represents our strong commitment to the region in spite of the general contraction in consumer spending. The Group will continue to make the best effort to replicate our success in Hong Kong and to reinforce our influence in Mainland China in view of the growing affluence of general households with respect to the rising disposable income per capita, as well as their growing interest in developing their own personal style, thus creating high investment and consumption potential in the long run.

With regard to the operating profit, the Group has turned it around positively in contrast to an operating loss recorded in the first half of the fiscal year, landing at HK$47.1 million, which represented a 49.0% decline over last year. The decline in profitability was significantly affected by the dual pressures of a slight decrease in gross margin to 57.3% (FY12/13: 57.9%) and a higher operating cost ratio of 55.1% (FY12/13: 53.3%), as a result of the elevated cost of running existing stores and new store expansion.

(d) *Japan*

For our Japan businesses, whilst sales in Japanese Yen increased by 5.5% to JPY5,705.9 million, it dropped by 13.4% to HK$445.5 million in HK$ term in FY13/14 mainly due to weakening of Japanese Yen. A higher incidence of operating efficiency was achieved, resulting in another year of operating profit of HK$99.6 million, representing 83.7% growth over last year.

(e) *Macau*

Total retail sales in Macau increased by 8.9% to HK$217.8 million with an operating profit amounting to HK$75.4 million, representing growth of 18.7% over last year. The Group continues to enjoy the steady economic growth in Macau and the increasing in-bound tourist traffic from Mainland China in particular.

Share of Results of Joint Ventures

Our business with Galeries Lafayette, which is a material joint venture of the Group, commenced operation in mid-October 2013. Apart from the pre-opening expenses, the expenditure of running this joint venture business drove up the total operating expenses. Such expenditure was considered a longer-term investment which was not expected to be offset by the amount of revenue generated at the early stage. As a result of the loss incurred by this joint venture, total share of loss of joint ventures amounting to HK$41.8 million was recorded for the year ended 28 February 2014 (FY12/13: HK$11.5 million).

Inventory

Inventory turnover days of the Group were shortened to 157, representing a reduction of 9 days over last year. This inventory turnover enhancement was achieved through multiple promotional activities alongside a more strategic measure in stock ordering to align with sales levels and targets.

Cash Flows and Financial Position

The Group's cash and bank balances as at 28 February 2014 were HK$2,315.5 million (FY12/13: HK$961.2 million) and its net cash balance amounted to HK$324.5 million (net cash is defined as cash and cash equivalents of HK$2,315.5 million less bank borrowings of HK$741.5 million and RMB Senior Notes of HK$1,249.5 million) compared to the net debt balance of HK$73.0 million as at 28 February 2013.

Cash inflow from operating activities for the year ended 28 February 2014 amounted to HK$704.7 million (FY12/13: HK$525.4 million).

Liquidity and Banking Facilities

As at 28 February 2014, the Group had aggregate banking facilities of approximately HK$2,045.3 million (2013: approximately HK$2,060.6 million) for overdrafts, bank loans and trade financing, of which approximately HK$1,187.9 million (2013: approximately HK$937.1 million) was unutilized as at the same date. These facilities are secured by corporate guarantees provided by the Company and certain subsidiaries.

Charges of Assets

As at 28 February 2014, bank borrowings were secured on land and buildings with a carrying amount of HK$216.1 million (2013: HK$222.6 million).

Contingent Liabilities

As at 28 February 2014, the Group did not have significant contingent liabilities.

Foreign Exchange

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 the Hong Kong Dollar. Management monitors the foreign exchange risks of the Group on a regular basis, and may enter into forward exchange contracts and foreign currency swap contracts with major and reputable financial institutions for foreign exchange risk hedging.

Employment, Training and Development

The Group had a total of 6,395 employees as at 28 February 2014 (FY12/13: 6,314). The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

Future Outlook

Notwithstanding an indication of economic growth across many countries in the Eurozone and the United States witnessed towards the end of 2013, with global consumer retail markets appearing to be on a more certain front, the coming year is still expected to be fuelled by myriad economic challenges. At this juncture, the Group continues to take a cautiously optimistic view with respect to the future outlook of apparel retail markets in its operating regions.

The Group will continue to maintain its leading position in the fashion industry of Hong Kong while leveraging its unique positioning through a wide range of the latest and most distinctive fashion products, from apparel and accessories to beauty products. Multiple cross-border brand collaboration and marketing strategies are already in place for promotion of upmarket brands in the coming year. The Group will also continue to uphold its dominant market presence in its home town, Hong Kong, while exploring opportunities to further expand our businesses in a strategic manner.

Whilst Mainland China is in the midst of undergoing economic transition with general consumer confidence remaining soft, the Group remains positive with regard to this region due to the anticipated economic improvement in the longer term, characterized by the rising disposable income per capita and the demographic of the middle-income group, alongside their increasing interest in building up their own personal style. The Group with its unique "multi-brand, multi-layer" business model is positioned to capitalize on this anticipated advancement in consumer spending through the offer of quality and distinctive products and services. With regard to our growing plan, multiple development projects are working in progress with various renowned shopping mall operators. These projects are expected to complete by the end of the coming fiscal year with the aim to further strengthen our brand awareness in Mainland China.

The Group is very pleased to report that its joint venture business with Galeries Lafayette in relation to the first department store in Mainland China was opened in mid-October 2013 in Beijing. We are also glad that it has been well received and our customers are delighted by hundreds of European brands that have been introduced to the market. However, the business is still operating at its early stage where revenue is yet to cover the cost of operations; the Group will continue to refine the product mix and service level pragmatically with an aim to have the business break even within the scheduled time frame.

On a final note, the Group will continue to make its best effort to develop the fashion business among its operating regions as well as new markets. We will also continue to invest through various means to further enhance our merchandizing ability, design skills, inventory management, shopping experience and retail channel management so that the entire business will be operated in a way that is productively and efficiently sustainable in different economic environments.

CORPORATE GOVERNANCE

The Company is committed to implementing good corporate governance practices and emphasising on transparency and accountability to its shareholders and stakeholders. In the opinion of the Board, the Company has applied and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 28 February 2014, except for the deviations as mentioned below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 28 February 2014, they have complied with the required standard set out in the Model Code regarding securities transactions by Directors.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2014 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual report for the year ended 28 February 2014.

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

There was no purchase, sale or redemption of the Company's listed shares or 6.25 per cent. Senior Notes due 2018 (the "Senior Notes") by the Company or any of its subsidiaries during the year ended 28 February 2014.

In March 2014, the Company purchased Senior Notes in the principal amount aggregated up to CNY99,000,000, representing approximately 9.9% of the Senior Notes in the principal amount of CNY1,000,000,000 when issued. This CNY99,000,000 purchased Senior Notes was then duly cancelled pursuant to the terms and conditions of the Senior Notes. As at the date of this announcement, the aggregate principal amount of the Senior Notes which remains outstanding and subject to the terms of the indenture governing the Senior Notes is CNY901,000,000.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 17/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong on Wednesday, 16 July 2014 at 3:00 p.m. (the "2014 AGM"). Notice of the 2014 AGM will be published and sent to shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed as follows:

1. For the purpose of ascertaining shareholders who are entitled to attend and vote at the 2014 AGM to be held on Wednesday, 16 July 2014 (or any adjournment thereof), the register of members of the Company will be closed from Monday, 14 July 2014 to Wednesday, 16 July 2014, both days inclusive. In order to qualify for the right to attend and vote at the 2014 AGM (or any adjournment thereof), all transfers accompanied by the relevant share certificates should be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Share Registrar"), no later than 4:30 p.m. on Friday, 11 July 2014.

2. Upon the shareholders' approval of the payment of the final dividend, for the purpose of ascertaining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Tuesday, 22 July 2014. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates should be lodged with the Share Registrar, no later than 4:30 p.m. on Monday, 21 July 2014. The expected dispatch date of the dividend warrant is on or around Wednesday, 30 July 2014 and the expected payment date of the final dividend is on or around Thursday, 31 July 2014.

The address of the Share Registrar is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

By Order of the Board
Sham Kar Wai
Chairman

Hong Kong, 22 May 2014

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