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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2015

FINANCIAL HIGHLIGHTS

- Total turnover of the Group increased by 6.4% to HK\$7,180.5 million.
- Total retail sales in Hong Kong increased by 0.3% to HK\$3,577.4 million at comparable store sales growth rate of 0.7%. Total floor area of retail stores in Hong Kong increased by 0.8% to 631,292 square feet.
- Total retail sales in Mainland China increased by 18.2% to HK\$2,563.0 million at comparable store sales growth rate of 4.5% (FY13/14: 0.03%). Total floor area of retail stores in Mainland China increased by 12.3% to 978,854 square feet.
- Japan landed at total retail sales of HK\$433.7 million or JPY6,030.0 million, representing a 5.4% increase in Hong Kong dollar or a 14.5% increase in base currency from last year.
- Total retail sales in Macau increased by 1.6% to HK\$221.3 million.
- Gross profit of the Group increased by 10.4% to HK\$4,464.3 million at gross profit margin of 62.2% (FY13/14: 59.9%).
- Net profit of the Group increased by 11.7% to HK\$312.9 million.
- Basic earnings per share increased by 11.4% to 25.4 HK cents. Diluted earnings per share increased by 11.7% to 24.9 HK cents.
- Proposed final cash dividend amounts to 11.0 HK cents (FY13/14: 10.0 HK cents) per share or HK\$135.0 million (FY13/14: HK\$122.9 million). If approved, the total amount of dividend for the full year would be 12.0 HK cents (FY13/14: 10.0 HK cents) per share.

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 2015, prepared on the basis set out in Note 2, together with the comparative figures for the year ended 28 February 2014, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | <i>Note</i> | 2015 HK\$'000 | 2014 HK\$'000 |
|--|-------------|--------------------------------|------------------|
| Turnover | 3 | 7,180,540 | 6,746,874 |
| Cost of sales | 5 | (2,716,192) | (2,702,521) |
| Gross profit | | 4,464,348 | 4,044,353 |
| Other losses, net | 4 | (19,329) | (5,074) |
| Impairment of goodwill | | – | (5,557) |
| Operating expenses | 5 | (3,971,212) | (3,625,354) |
| Other income | 6 | 19,960 | 9,750 |
| Operating profit | | 493,767 | 418,118 |
| Finance income | 7 | 63,509 | 44,190 |
| Finance costs | 7 | (85,092) | (75,210) |
| Share of losses of joint ventures | | (35,821) | (41,768) |
| Profit before income tax | | 436,363 | 345,330 |
| Income tax expense | 8 | (123,503) | (65,298) |
| Profit for the year | | 312,860 | 280,032 |
| Other comprehensive loss: | | | |
| Items that may be reclassified to profit or loss | | | |
| Currency translation differences | | (62,886) | (11,320) |
| Cash flow hedge recognised as finance costs | | 26,030 | (292) |
| Fair value changes on cash flow hedge, net of tax | | (116,581) | (4,808) |
| Total other comprehensive loss for the year | | (153,437) | (16,420) |
| Total comprehensive income for the year | | 159,423 | 263,612 |
| Profit attributable to: | | | |
| – Equity holders of the Company | | 312,471 | 279,637 |
| – Non-controlling interests | | 389 | 395 |
| | | 312,860 | 280,032 |
| Total comprehensive income attributable to: | | | |
| – Equity holders of the Company | | 159,170 | 263,235 |
| – Non-controlling interests | | 253 | 377 |
| | | 159,423 | 263,612 |
| Earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share) | | | |
| – basic | 9 | 25.4 | 22.8 |
| – diluted | 9 | 24.9 | 22.3 |
| Dividends | 10 | 147,312 | 122,876 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | | As at 28 February 2015 HK\$'000 | | As at 28 February 2014 HK\$'000 |
|---------------------------------------|----|--|--|----|--|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| | | | 836,410 | | 913,145 |
| | | | 322,404 | | 343,043 |
| | | | 166,828 | | 220,396 |
| | | | 316,835 | | 307,028 |
| | | | 41,765 | | 14,862 |
| | | | – | | 2,622 |
| | 14 | | 132,427 | | 135,722 |
| | | | <u>1,816,669</u> | | <u>1,936,818</u> |
| Current assets | | | | | |
| | | | 1,260,598 | | 1,116,693 |
| | | | 243,926 | 11 | 181,242 |
| | | | 50,086 | | 36,449 |
| | | | 285,613 | | 250,611 |
| | | | 21,714 | | – |
| | | | 2,294,103 | | 2,315,498 |
| | | | <u>4,156,040</u> | | <u>3,900,493</u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| | | | (267,431) | 13 | (496,385) |
| | | | (385,280) | 12 | (357,924) |
| | | | (707,859) | | (573,909) |
| | | | (30) | 14 | – |
| | | | (33,693) | | (24,022) |
| | | | (100,949) | | (32,373) |
| | | | <u>(1,495,242)</u> | | <u>(1,484,613)</u> |
| Net current assets | | | <u>2,660,798</u> | | <u>2,415,880</u> |
| Total assets less current liabilities | | | <u>4,477,467</u> | | <u>4,352,698</u> |
| Non-current liabilities | | | | | |
| | | | (1,468,808) | 13 | (1,494,642) |
| | | | (12,017) | | (9,893) |
| | | | (122,378) | 14 | (6,691) |
| | | | (34,145) | | (45,155) |
| | | | <u>(1,637,348)</u> | | <u>(1,556,381)</u> |
| Net assets | | | <u>2,840,119</u> | | <u>2,796,317</u> |
| EQUITY | | | | | |
| Capital and reserves | | | | | |
| | | | 122,760 | | 122,876 |
| | | | 2,716,421 | | 2,672,756 |
| | | | 938 | | 685 |
| Total equity | | | <u>2,840,119</u> | | <u>2,796,317</u> |

NOTES

1 GENERAL INFORMATION

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

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

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

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

These consolidated financial statements have been approved for issue by the Board on 26 May 2015.

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).

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32, Laws of Hong Kong) for this financial year and the comparative period.

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

The following new standards and amendments to standards are mandatory for the financial year beginning 1 March 2014:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27, “Consolidation for investment entities”, these amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an “investment entity” definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make.

Amendments to HKAS 32, “Financial instruments: Presentation on asset and liability offsetting”, these amendments are to the application guidance in HKAS 32, “Financial instruments: Presentation”, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendment to HKAS 39, “Financial instruments: Recognition and measurement on novation of derivatives”, this amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

HK(IFRIC)–Int 21, “Levies”, this is an interpretation of HKAS 37, “Provisions, contingent liabilities and contingent assets”. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

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

There are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1 March 2014 that would be expected to have a material impact on the Group.

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

The following relevant HKASs, HKFRSs, amendments to existing HKFRSs and interpretation of HKFRS have been published and are mandatory for accounting periods beginning on or after 28 February 2015 or later periods and have not been early adopted by the Group:

| | |
|-----------------------------|--|
| HKAS 19 (Amendment) | Employee benefits: defined benefit plans – employee contributions ¹ |
| HKAS 16 and 38 (Amendment) | Classification of acceptable methods of depreciation and amortisation ² |
| HKFRS 9 | Financial instruments ⁴ |
| HKFRS 11 (Amendment) | Accounting for acquisition of interest in joint operations ² |
| HKFRS 14 | Regulatory deferral accounts ² |
| HKFRS 15 | Revenue from contracts with customers ³ |
| HKAS 27 (Amendment) | Equity method ² |
| HKAS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture ² |
| Annual Improvements Project | Annual improvements 2010–2012 cycle ¹ |
| Annual Improvements Project | Annual improvements 2011–2013 cycle ¹ |
| Annual Improvements Project | Annual improvements 2012–2014 cycle ² |

¹ Effective for the Group for annual period beginning 1 July 2014

² Effective for the Group for annual period beginning 1 January 2016

³ Effective for the Group for annual period beginning 1 January 2017

⁴ Effective for the Group for annual period beginning 1 January 2018

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

(c) **Comparative figures**

Certain figures for operating expenses, other losses, net and other income have been reclassified to be consistent with the current year presentation.

3 TURNOVER AND SEGMENT INFORMATION

(a) **Revenue**

| | 2015 | 2014 |
|---|-------------------------|------------------|
| | HK\$'000 | HK\$'000 |
| Turnover – sales of fashion wears and accessories | <u>7,180,540</u> | <u>6,746,874</u> |

(b) **Segment information**

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

The CODM considers the business from geographic perspective and assesses the performance of the geographical segment based on a measure of profit before impairment of goodwill 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 and net gains on buy-back of Senior Notes are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

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

The segment information provided to the CODM for the reportable segments for the year ended 28 February 2015 and 2014 is as follows:

| | Hong Kong | | Mainland China | | Japan | | Macau | | Other | | Total | |
|--|------------------|------------------|------------------|------------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | 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 | <u>3,630,405</u> | <u>3,625,004</u> | <u>2,770,556</u> | <u>2,371,786</u> | <u>459,979</u> | <u>445,489</u> | <u>221,283</u> | <u>217,832</u> | <u>98,317</u> | <u>86,763</u> | <u>7,180,540</u> | <u>6,746,874</u> |
| EBITDA | <u>274,798</u> | <u>351,957</u> | <u>279,197</u> | <u>163,355</u> | <u>163,665</u> | <u>117,168</u> | <u>83,261</u> | <u>82,681</u> | <u>5,182</u> | <u>(6,982)</u> | <u>806,103</u> | <u>708,179</u> |
| Depreciation and amortisation | <u>(131,863)</u> | <u>(141,025)</u> | <u>(143,814)</u> | <u>(107,240)</u> | <u>(17,540)</u> | <u>(17,532)</u> | <u>(7,699)</u> | <u>(7,315)</u> | <u>(7,028)</u> | <u>(7,212)</u> | <u>(307,944)</u> | <u>(280,324)</u> |
| Impairment of property, furniture and equipment | <u>(875)</u> | <u>(770)</u> | <u>(18,784)</u> | <u>(3,410)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(19,659)</u> | <u>(4,180)</u> |
| Impairment of goodwill | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,557)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,557)</u> |
| Segment profit | <u>142,060</u> | <u>210,162</u> | <u>116,599</u> | <u>47,148</u> | <u>146,125</u> | <u>99,636</u> | <u>75,562</u> | <u>75,366</u> | <u>(1,846)</u> | <u>(14,194)</u> | <u>478,500</u> | <u>418,118</u> |
| Net gains on buy-back of Senior Notes | | | | | | | | | | | <u>15,267</u> | <u>-</u> |
| Operating profit | | | | | | | | | | | <u>493,767</u> | <u>418,118</u> |
| Finance income | | | | | | | | | | | <u>63,509</u> | <u>44,190</u> |
| Finance costs | | | | | | | | | | | <u>(85,092)</u> | <u>(75,210)</u> |
| Share of losses of joint ventures | | | | | | | | | | | <u>(35,821)</u> | <u>(41,768)</u> |
| Profit before income tax | | | | | | | | | | | <u>436,363</u> | <u>345,330</u> |
| Total segment non-current assets | <u>609,514</u> | <u>605,910</u> | <u>735,539</u> | <u>758,532</u> | <u>122,412</u> | <u>156,641</u> | <u>39,121</u> | <u>40,903</u> | <u>10,828</u> | <u>18,714</u> | <u>1,517,414</u> | <u>1,580,700</u> |
| Total segment assets | <u>3,010,315</u> | <u>3,032,831</u> | <u>2,124,597</u> | <u>1,909,826</u> | <u>296,970</u> | <u>340,787</u> | <u>111,357</u> | <u>109,452</u> | <u>58,415</u> | <u>51,848</u> | <u>5,601,654</u> | <u>5,444,744</u> |

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

| | 2015 | 2014 |
|---|-------------------------|------------------|
| | HK\$'000 | HK\$'000 |
| Segment assets for reportable segments | 5,543,239 | 5,392,896 |
| Other segment assets | 58,415 | 51,848 |
| | <u>5,601,654</u> | <u>5,444,744</u> |
| Unallocated: | | |
| Deferred income tax assets and current income tax recoverable | 154,141 | 135,722 |
| Investments in and amounts due from joint ventures | 216,914 | 256,845 |
| | <u>5,972,709</u> | <u>5,837,311</u> |
| 4 OTHER LOSSES, NET | | |
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Fair value gains/(losses) on derivative financial instruments | | |
| – forward foreign exchange contracts | – | 437 |
| – foreign currency swap contract | (2,652) | 5,401 |
| – interest rate swap contract | 894 | 1,478 |
| Net exchange losses | (32,838) | (12,390) |
| Net gains on buy-back of Senior Notes (<i>Note 13</i>) | 15,267 | – |
| | <u>(19,329)</u> | <u>(5,074)</u> |

5 EXPENSES BY NATURE

| | 2015 | 2014 |
|---|------------------|-------------|
| | HK\$'000 | HK\$'000 |
| Cost of inventories sold | 2,677,931 | 2,672,974 |
| Provision for/(reversal of) write-downs of inventories to net realisable value | 41,997 | (12,835) |
| Employment costs (including directors' emoluments) | 1,158,709 | 1,090,513 |
| Operating lease rentals of premises | | |
| – minimum lease payments | 1,365,107 | 1,258,137 |
| – contingent rents | 186,421 | 175,230 |
| Building management fee | 198,665 | 175,690 |
| Advertising and promotion costs | 114,257 | 104,357 |
| Commission expenses | 70,240 | 75,318 |
| Bank charges | 81,820 | 75,437 |
| Utilities expenses | 64,326 | 61,010 |
| Freight charges | 40,645 | 55,415 |
| Depreciation of property, furniture and equipment | 301,049 | 270,080 |
| Impairment of property, furniture and equipment | 19,659 | 4,180 |
| Onerous contract provision | 24,278 | 11,200 |
| Loss on disposals of property, furniture and equipment | 9,395 | 3,635 |
| Licence fees (included in operating expenses) | | |
| – amortisation of licence rights | 3,095 | 3,681 |
| – contingent licence fees | 18,340 | 11,980 |
| Amortisation of intangible assets (excluding licence fees) | 3,800 | 6,563 |
| Provision for impairment of trade receivables | 2,275 | 529 |
| Provision/(reversal of provision) for impairment of amount due from a joint venture | 3,837 | (2,408) |
| Auditors' remuneration | | |
| – audit services | 3,774 | 3,592 |
| – non-audit services | 800 | 800 |
| Other expenses | 296,984 | 282,797 |
| | <hr/> | <hr/> |
| Total | 6,687,404 | 6,327,875 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Representing: | | |
| Cost of sales | 2,716,192 | 2,702,521 |
| Operating expenses | 3,971,212 | 3,625,354 |
| | <hr/> | <hr/> |
| | 6,687,404 | 6,327,875 |
| | <hr/> <hr/> | <hr/> <hr/> |

6 OTHER INCOME

| | 2015 | 2014 |
|-------------------|----------------------|--------------|
| | HK\$'000 | HK\$'000 |
| Government grants | 14,389 | 9,750 |
| Others | 5,571 | – |
| | <u>19,960</u> | <u>9,750</u> |

7 FINANCE INCOME AND COSTS

| | 2015 | 2014 |
|--|------------------------|-----------------|
| | HK\$'000 | HK\$'000 |
| Interest income from | | |
| – bank deposits | 59,045 | 40,257 |
| – amounts due from joint ventures | 833 | 813 |
| – others (i) | 3,631 | 3,120 |
| | <u>63,509</u> | <u>44,190</u> |
| Finance income | 63,509 | 44,190 |
| | ----- | ----- |
| Interest expense on borrowings wholly repayable within five years | (84,005) | (82,393) |
| Net foreign exchange transaction gain | 24,943 | 6,891 |
| Transfer from hedging reserve | | |
| – interest rate and currency swaps: cash flow hedge | (26,030) | 292 |
| | <u>(85,092)</u> | <u>(75,210)</u> |
| Finance costs | (85,092) | (75,210) |
| | ----- | ----- |
| Net finance costs | <u>(21,583)</u> | <u>(31,020)</u> |

Note:

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

8 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% (2014: 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% (2014: rates of 25%) on the profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 17% (2014: 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% (2014: 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 43.41% for the period from 1 March 2014 to 30 August 2014 and 40.85% for the period from 1 September 2014 to 28 February 2015 (2014: 43.41%) on the estimated assessable profits of the Group's operations in Japan.

The applicable US enterprise income tax rate for subsidiary operates in the United States of America is 45.03% (2014: 45.03%).

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

| | 2015 HK\$'000 | 2014 HK\$'000 |
|--|-----------------------|----------------------|
| Current income tax | | |
| – Hong Kong profits tax | 35,707 | 62,082 |
| – Mainland China enterprise income tax | 27,957 | 11,806 |
| – Overseas income tax | 56,385 | 12,290 |
| – Under/(over)-provision in prior year | 14,561 | (303) |
| | <u>134,610</u> | <u>85,875</u> |
| Deferred income tax | (11,107) | (20,577) |
| | <u><u>123,503</u></u> | <u><u>65,298</u></u> |

9 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.

| | 2015 | 2014 |
|---|-------------------------|-------------------------|
| Profit attributable to equity holders of the Company (HK\$'000) | <u><u>312,471</u></u> | <u><u>279,637</u></u> |
| Weighted average number of ordinary shares in issue ('000) | <u><u>1,227,913</u></u> | <u><u>1,228,702</u></u> |
| Basic earnings per share (HK cent) | <u><u>25.4</u></u> | <u><u>22.8</u></u> |

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.

| | 2015 | 2014 |
|--|-------------------------|-------------------------|
| Profit attributable to equity holders of the Company (HK\$'000) | <u><u>312,471</u></u> | <u><u>279,637</u></u> |
| Weighted average number of ordinary shares in issue ('000) | <u><u>1,227,913</u></u> | <u><u>1,228,702</u></u> |
| Adjustments for share options ('000) | <u><u>25,720</u></u> | <u><u>27,283</u></u> |
| Weighted average number of ordinary shares for diluted earnings per share ('000) | <u><u>1,253,633</u></u> | <u><u>1,255,985</u></u> |
| Diluted earnings per share (HK cent) | <u><u>24.9</u></u> | <u><u>22.3</u></u> |

10 DIVIDENDS

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---|------------------|------------------|
| Interim dividend paid of 1.0 HK cent (2013: nil) per ordinary share | 12,276 | – |
| Final dividend, proposed, 11.0 HK cents (2014: 10.0 HK cents) per ordinary share | 135,036 | 122,876 |
| | <u>147,312</u> | <u>122,876</u> |

The dividends paid in the year ended 28 February 2015 and the year ended 28 February 2014 were HK\$135,036,000 (11.0 HK cents per share) and HK\$36,863,000 (3.0 HK cents per share) respectively.

The Board proposed a final dividend of 11.0 HK cents per ordinary share for the year ended 28 February 2015 on 26 May 2015 (2014: 10.0 HK cents per ordinary share). This proposed final dividend is not reflected as a dividend payable as of 28 February 2015, but will be recorded as a distribution of retained earnings for the year ending 29 February 2016.

11 TRADE, BILLS AND OTHER RECEIVABLES

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---|------------------|------------------|
| Trade receivables | 186,868 | 134,671 |
| Credit card receivables | 52,572 | 31,727 |
| Bills receivables | – | 4,671 |
| Less: provision for impairment of trade receivables | (3,390) | (1,060) |
| Trade and bills receivables – net | <u>236,050</u> | <u>170,009</u> |
| Interest receivables | 5,339 | 9,482 |
| Other receivables | 2,537 | 1,751 |
| Trade, bills and other receivables | <u>243,926</u> | <u>181,242</u> |

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

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---------------------------------------|------------------|------------------|
| Beginning of the year | 1,060 | 586 |
| Provision for the year | 2,275 | 529 |
| Write-off of provision for impairment | (243) | – |
| Currency translation differences | 298 | (55) |
| End of the year | <u>3,390</u> | <u>1,060</u> |

As of 28 February 2015, trade and bills receivables of HK\$3,390,000 (2014: HK\$1,060,000) were impaired. The ageing of these receivables is as follows:

| | 2015 HK\$'000 | 2014 HK\$'000 |
|--------------|--------------------------------|------------------|
| Over 90 days | 3,390 | 1,060 |

The ageing analysis of trade and bills receivables past due but not impaired as at 28 February 2015 and 2014 is as follows:

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---------------|--------------------------------|------------------|
| 0 to 30 days | – | 406 |
| 31 to 60 days | – | 130 |
| 61 to 90 days | – | – |
| Over 90 days | 13,721 | 1,273 |
| | 13,721 | 1,809 |

There were no other receivables past due but not impaired as at 28 February 2015 and 2014.

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

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---------------|--------------------------------|------------------|
| 0 to 30 days | 199,497 | 163,083 |
| 31 to 60 days | 21,974 | 2,949 |
| 61 to 90 days | 858 | 1,275 |
| Over 90 days | 17,111 | 3,762 |
| | 239,440 | 171,069 |

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

12 TRADE AND BILLS PAYABLES

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

| | 2015 HK\$'000 | 2014 HK\$'000 |
|-----------------|------------------|------------------|
| 0 to 30 days | 242,136 | 204,086 |
| 31 to 60 days | 70,999 | 89,352 |
| 61 to 90 days | 35,754 | 31,945 |
| 91 to 180 days | 20,436 | 22,470 |
| 181 to 365 days | 5,863 | 3,834 |
| Over 365 days | 10,092 | 6,237 |
| | <u>385,280</u> | <u>357,924</u> |

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

13 BORROWINGS

| | 2015 HK\$'000 | 2014 HK\$'000 |
|---|------------------|------------------|
| Non-current borrowings | | |
| – Bank borrowings | 374,976 | 245,122 |
| – Senior Notes (<i>Note a</i>) | 1,093,832 | 1,249,520 |
| | <u>1,468,808</u> | <u>1,494,642</u> |
| Current borrowings | | |
| – Portion of bank borrowings due for repayment within one year | 163,081 | 381,435 |
| – Portion of bank borrowings due for repayment after one year which contain a repayable on demand clause | 104,350 | 114,950 |
| | <u>267,431</u> | <u>496,385</u> |
| | <u>1,736,239</u> | <u>1,991,027</u> |

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The effective borrowing cost was 4.8% (as at 28 February 2014: 4.9%) per annum.

Note a:

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

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

The Group also terminated the interest rate and currency swap with a notional amount of RMB106,000,000 which was designated as a cash flow hedge for the Senior Notes with a face value of RMB106,000,000. After deducting the related transaction costs, the buy-back resulted in a pretax profit of HK\$15,267,000 (Note 4).

The maturity of borrowings is as follows:

| | 2015 | 2014 |
|-----------------------|-------------------------|------------------|
| | HK\$'000 | HK\$'000 |
| Within 1 year | 267,431 | 496,385 |
| Between 1 and 2 years | 163,668 | 132,908 |
| Between 2 and 5 years | 1,305,140 | 1,361,734 |
| | <u>1,736,239</u> | <u>1,991,027</u> |

14 DERIVATIVE FINANCIAL INSTRUMENTS

| | 2015 | | 2014 | |
|--|--------------------|-------------------------|--------------------|-------------------------|
| | Assets HK\$'000 | Liabilities HK\$'000 | Assets HK\$'000 | Liabilities HK\$'000 |
| Qualified for hedge accounting – cash flow hedge: | | | | |
| Foreign currency and interest rate swap contract, at market value (a) | – | (121,389) | – | (4,808) |
| Not qualified for hedge accounting: | | | | |
| Foreign currency swap contract, at market value (b) | – | (30) | 2,622 | – |
| Interest rate swap contract, at market value (c) | – | (989) | – | (1,883) |
| | – | (122,408) | 2,622 | (6,691) |
| Less: current portion | | | | |
| Foreign currency swap contracts, at market value (b) | – | 30 | – | – |
| | – | (122,378) | 2,622 | (6,691) |

Notes:

- (a) As at 28 February 2015, the notional principal amounts of the outstanding foreign currency and interest rate swap contract were RMB894,000,000 (as at 28 February 2014: RMB1,000,000,000), which has been designated as the hedging instrument for the Senior Notes (Note 13). As at 28 February 2015, the fixed interest rate for the Senior Notes was 6.25% (as at 28 February 2014: 6.25%) per annum. The swap exchange rate is 1.2645 HK\$ per one RMB (as at 28 February 2014: 1.2645 HK\$ per one RMB) whereas the swap interest rate is 5.75% (as at 28 February 2014: 5.75%) per annum. Gains and losses recognised in the hedging reserve in equity on foreign currency and interest rate swap contract as of 28 February 2015 will be continuously released to the statement of comprehensive income until the repayment of the Senior Notes.
- (b) As at 28 February 2015, 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\$129,686,000 (2014: HK\$132,615,000). The maturity of the contract is 1 March 2015.
- (c) As at 28 February 2015, the notional principal amount of the outstanding interest rate swap contract for hedging against interest rate risk exposures relating to liabilities with floating interest rates was HK\$247,528,000 (2014: HK\$275,000,000). The maturity of the contract is 2 March 2016.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 11.0 HK cents per share (FY13/14: 10.0 HK cents per share) for the year ended 28 February 2015. The final dividend amounts to approximately HK\$135.0 million, if approved by the shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) Group

Generally speaking, the global economic conditions have been stable throughout the financial year ended 28 February 2015. And the business environment across the Group's principal operating regions, namely Hong Kong, Mainland China and Japan, has also stabilized gradually. However, the economic recovery on a global scale remained subdued and uncertain. Multiple domestic and peripheral factors, alongside the intensified regional tensions, continued to have considerable impacts on the retail business. In particular, the political demonstration which began in late September 2014 in Hong Kong caused a level of disruption to our operations. In addition, increasing operating costs which were substantially attributed to the upsurge in rental and staff costs, remained a major concern to the Group and the retail industry as a whole. In the midst of the aforementioned economic and political landscape, consumer appetite remained incongruous across various regions.

On a positive note, our business operations have generally stabilized, managing to deliver a turnover growth of 6.4% over last year to HK\$7,180.5 million, with net profit increased by 11.7% to HK\$312.9 million. These results were achieved in the context of the strong brand heritage and highly distinctive fashion products that we have delivered, through active reviews and studies of fashion trends by our creative and adaptive merchandizing and design teams. Moreover, customer experience has been further enhanced through revamped retail channels, combining more focused and effective marketing initiatives and promotional campaigns throughout the financial year.

Turnover by Market

Our Hong Kong segment provided the major source of revenue as in previous years, accounting for 50.6% of total turnover. The Group has adhered to its prudent yet flexible approach on the home front during this prolonged industry down cycle. As a result, turnover in Hong Kong increased only slightly by 0.1% over last year, to HK\$3,630.4 million.

Contributing 38.6% to the total turnover of the Group in the year ended 28 February 2015, Mainland China has achieved another year of noticeable performance on the back of double-digit percentage growth in its sales footage. The Mainland China segment recorded 16.8% growth in turnover over last year, to HK\$2,770.6 million and remained the second largest contributor.

The Japan segment, which comprised 6.4% of total Group turnover, has continued to outperform. Despite reduction in trading area, turnover of our Japan businesses increased by 12.1% in base currency, landing at JPY6,394.80 million. However, owing to the weakening of the Japanese Yen, the turnover in HK\$ increased only by 3.3% to HK\$460.0 million compared to last year and remained the third largest operating region.

Breakdown of turnover by region of operation:

| | Turnover | | Change | % of Turnover | |
|--------------------------|-------------------------|-------------------------|---------------|----------------------|----------------------|
| | FY14/15 HK\$ million | FY13/14 HK\$ million | | FY14/15 | FY13/14 |
| Hong Kong | 3,630.4 | 3,625.0 | +0.1% | 50.6% | 53.7% |
| <i>Retail sales only</i> | <i>3,577.4</i> | <i>3,565.5</i> | <i>+0.3%</i> | | |
| Mainland China | 2,770.6 | 2,371.8 | +16.8% | 38.6% | 35.2% |
| <i>Retail sales only</i> | <i>2,563.0</i> | <i>2,168.5</i> | <i>+18.2%</i> | | |
| Japan | 460.0 | 445.5 | +3.3% | 6.4% | 6.6% |
| <i>Retail sales only</i> | <i>433.7</i> | <i>411.3</i> | <i>+5.4%</i> | | |
| Macau | 221.3 | 217.8 | +1.6% | 3.0% | 3.2% |
| Other | 98.2 | 86.8 | +13.1% | 1.4% | 1.3% |
| Total | <u>7,180.5</u> | <u>6,746.9</u> | +6.4% | <u>100.0%</u> | <u>100.0%</u> |

Brand Mix

It is important to upgrade our own competitiveness in the marketplace in order to sustain long-term growth. Strong goodwill of our in-house brands and highly distinctive international brands assortment, alongside a strategic mix among these brand categories, allow us to remain a highly responsive organization to adapt to changes in the retail market conditions. For the year under review, our in-house brands segment continued to represent the largest revenue contributor, landing at 58.5%.

Breakdown of retail sales by brand category:

| | Retail Sales | | Change | % of Retail Sales | |
|----------------------|-------------------------|-------------------------|--------|----------------------|----------------------|
| | FY14/15 HK\$ million | FY13/14 HK\$ million | | FY14/15 | FY13/14 |
| In-house brands | 4,032.4 | 3,805.4 | +6.0% | 58.5% | 59.0% |
| International brands | 2,818.0 | 2,558.3 | +10.2% | 40.9% | 39.7% |
| Licensed brands | 43.4 | 86.2 | -49.7% | 0.6% | 1.3% |
| | <u>6,893.8</u> | <u>6,449.9</u> | +6.9% | <u>100.0%</u> | <u>100.0%</u> |

Dynamics in Margin and Cost

Continuous improvement in gross margin has been achieved, primarily attributed to a general reduction in price discounting campaigns offered during the year alongside the 6.4% increase in turnover. Gross profit of the Group recorded an increase of 10.4% over last year, with gross margin advancing by 2.3 percentage points to 62.2%.

Nevertheless, the Group was operating in a cost environment which was more complex than could have been envisaged during the year. The persisting cost inflation in running retail channels, substantially attributed to the upsurge in rental and staff costs, not only decelerated the path of growth of retail operators in the regions, but continued to dilute operating profit margins. Rent (including rental charges and building management fees) remained a considerably significant portion of our total operating expenses, increasing to 24.4% of total turnover (FY13/14: 23.8%). Staff costs (excluding share option expenses) remained flat at 15.8% of total turnover. At this juncture, the total operating expenses have inevitably increased to 55.3% of total turnover (FY13/14: 53.7%).

On the positive front, the increase in gross profit was able to offset the additional cost of operations. As a result, the operating profit of the Group increased by 18.1% to HK\$493.8 million at an operating profit margin of 6.9% (FY13/14: 6.2%).

(b) *Hong Kong*

The year ended 28 February 2015 was indeed a challenging period for many retail operators in the region, with a number of local and peripheral factors having considerable impacts on their operating performances. Regional conflicts alongside multiple macroeconomic factors continued to soften consumer sentiment. The political demonstration, which lasted for more than two months, highly affected our retail business during the period. Whilst the shift of the Chinese New Year period from January last year to February this year extended the traditional shopping season, the pace of recovery progressed very slowly. As a result, spending momentum and store traffic among local consumers and in-bound visitors showed no sign of noticeable improvement. At this juncture, our Hong Kong businesses only increased slightly by 0.1% in turnover to HK\$3,630.4 million, and a 0.3% increase in retail sales to HK\$3,577.4 million, with comparable store sales growth registered at 0.7%. The Group maintained its prudent yet flexible approach in relation to store expansion in the face of ongoing difficulty in the business environment. As a result, our total trading area in Hong Kong increased only by 0.8% to 631,292 square feet. Nonetheless, we are maintaining a dominant and balanced retail presence in the region, with more bigger size stores to facilitate new ideas and new shopping excitement including various in-store marketing campaigns which enable us to extend direct interaction with our customers.

As a result of less proactive discounts offered during the year, gross margin increased 1.4 percentage points to 60.7%. However, such achievement in gross margin has yet to fully offset the increase in operating costs, such as rental and staff costs which remained the most significant portion of our operating expenses. Operating cost to sales ratio (which is defined as operating expenses divided by turnover) increased 3.0 percentage points to 56.7%. Consequently, operating profit inevitably declined by 25.1% to HK\$157.3 million at a 4.3% margin (FY13/14: 5.8%).

(c) *Mainland China*

Our long-term commitment to Mainland China was witnessed by another year of double-digit percentage growth in total trading area to 978,854 square feet, representing an increase of 12.3% over last year in spite of the general contraction in consumer spending throughout the year. And while we were continuing our long-term investments in this region, we saw some of the investments that were made in previous years start to bear fruit, as witnessed by the 4.5% comparable store sales growth achieved for the year (FY13/14: 0.03%). On the back of the aforementioned factors, our Mainland China segment has achieved another year of growth in turnover at 16.8%, landing at HK\$2,770.6 million. Total retail sales also increased in a similar manner by 18.2% to HK\$2,563.0 million. The ongoing urbanization in the country, hence improving livelihoods, alongside the growing interest in developing one's own personal style among the middle-income class in particular, provides a favourable business environment for premium distinctive fashion products in the long run.

Operating profit landed at HK\$116.6 million, representing 147.3% growth over the same period last year despite increase in operating cost to sales ratio to 57.5% (FY13/14: 55.7%). This remarkable achievement was primarily a result of an increase in gross margin to 61.0% (FY13/14: 57.3%), mainly attributed to the less proactive discounts offered during the year.

(d) *Japan*

The Japan segment continued to grow steadily, helped again by further improvement in gross margin to 76.4% (FY13/14: 72.7%) and ongoing efforts to enhance operating efficiency, measured by cost to sales ratio. Sales in Japanese Yen grew by 12.1% to JPY6,394.8 million, whereas sales in Hong Kong dollar terms grew by 3.3% to HK\$460.0 million despite strategic consolidation in floor areas during the year to enhance overall store productivity. Consequently, operating profit increased by 46.7% to HK\$146.1 million.

(e) *Macau*

Macau is now showing modest growth following the downtrend in the gaming sector. Total retail sales in Macau increased by 1.6% to HK\$221.3 million with an operating profit amounting to HK\$75.6 million, representing growth of 0.3%. The retail network increased 3.4% to 33,087 square feet as at the year end, and the Group will continue to seek growth opportunities in this region.

Share of Results of Joint Ventures

A share of loss of joint ventures amounting to HK\$35.8 million was recorded for the year ended 28 February 2015, representing a 14.2% decline over last year. A related factor to this enhancement was that our joint venture business with Galeries Lafayette has started to perform with sales growth, resulting in a decline in the loss incurred by the business.

Inventory

Inventory turnover cycle of the Group increased slightly by 3 days to 160 days, partially due to the effect of the political demonstration on our sales performance. It was 17 days lower than the 177 days recorded for the six months ended 31 August 2014.

Cash Flows and Financial Position

The Group's cash and bank balances as at 28 February 2015 were HK\$2,294.1 million, compared to HK\$2,315.5 million as at 28 February 2014 and its net cash balance amounted to HK\$557.9 million (net cash is defined as cash and cash equivalents of HK\$2,294.1 million less bank borrowings of HK\$642.4 million and RMB Senior Notes of HK\$1,093.8 million) versus HK\$324.5 million as at 28 February 2014.

Cash inflow from operating activities for the year ended 28 February 2015 amounted to HK\$597.9 million (FY13/14: HK\$704.7 million).

Liquidity and Banking Facilities

As at 28 February 2015, the Group had aggregate banking facilities of approximately HK\$1,950.3 million (28 February 2014: HK\$2,045.3 million) for overdrafts, bank loans and trade financing, of which approximately HK\$1,256.4 million (28 February 2014: HK\$1,187.9 million) was unutilized as at the same date. These facilities are mainly secured by corporate guarantees provided by the Company and certain subsidiaries.

Charges of Assets

As at 28 February 2015, bank borrowings were secured on land and buildings with a carrying amount of HK\$209.6 million (28 February 2014: HK\$216.1 million).

Contingent Liabilities

As at 28 February 2015, the Group did not have significant contingent liabilities.

Foreign Exchange

The Group is exposed to foreign exchange risk arising from the exposure in the 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

Human resources are our greatest assets and we regard the personal development of our employees as highly important. As at 28 February 2015, the Group had a total of 5,982 (FY13/14: 6,395) employees. The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

Future Outlook

It is anticipated that at least in the near term, the aforementioned challenges in the consumer retail markets across the Group's key operating regions will continue to place considerable strain on the performance of retail operators. The Hong Kong – Mainland China conflict and the Occupy Central movement may create heightened uncertainty for the retail environment in Hong Kong, where the bulk of the Group's revenue is derived. Meanwhile, the retailing markets in Mainland China will likely continue to be undermined by multiple economic & political factors.

Amidst challenging times, the Group remains optimistic with regard to the long-term economic prospect in these regions. In particular, Mainland China's growth opportunities are vastly abundant, where modern retail landscape is still in its infancy, and a large number of underserved cities have yet to be explored. The urbanization process, alongside the rising demographic middle-income group, is also expected to be the impetus for high consumption in the long run. At this juncture, we intend to maintain our strategy to explore development opportunities in Mainland China, with an aim to further broaden our market presence and brand awareness. As for the Hong Kong operation, the growth plan will be to remain prudent, while being open to new ideas and opportunities. Our strong cash position will enable us to flexibly execute new potential concepts, when value-added opportunities that further broaden our brand equity arise.

Despite undergoing a challenging year, with subsequent periods that can be expected to be fuelled by economic and political uncertainties, the Group is enthusiastic and looking forward to the upcoming seasons. Exciting new initiatives include new brands and new ideas for store concepts, focused marketing investments with renowned multinational names and business units, as well as the roll-out of a wide range of the latest and most distinctive collections of fashion products. We will stay focused with these initiatives, and remain vigilant to further enhance our merchandizing capability, shop productivity, and customer service level, to stay at the forefront of our industry, with sustainable long term growth.

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 2015, except for the deviations as mentioned below.

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

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 2015, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group’s consolidated statement of financial position and the consolidated statement of comprehensive income and the related notes thereto for the year ended 28 February 2015 as set out in the preliminary announcement 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 2015.

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

During the year ended 28 February 2015, the Company purchased its listed shares and 6.25 per cent. senior notes due 2018 (the “Notes”) on the Stock Exchange as follows:

Shares purchased

| Date of purchase | Number of shares purchased | Percentage of the then issued shares ^{*2} | Purchase price | | Total paid HK\$ |
|------------------|-------------------------------|--|----------------|-------------|------------------|
| | | | Highest HK\$ | Lowest HK\$ | |
| 5 June 2014 | 614,000 | 0.05% | 2.65 | 2.59 | 1,623,980 |
| 6 June 2014 | 546,000 | 0.04% | 2.69 | 2.65 | 1,458,140 |
| Total | <u>1,160,000^{*1}</u> | <u>0.09%</u> | | | <u>3,082,120</u> |

* Notes:

- 1,160,000 shares were cancelled on 23 June 2014.
- The closing balance of the issued shares as at 5 and 6 June 2014 was 1,228,763,307 shares.

Notes purchased

| | Amount of the Notes purchased CNY | Percentage of the Notes purchased compared to the principal amount of CNY1,000,000,000 when issued |
|------------|---|---|
| March 2014 | 99,000,000 | 9.9% |
| June 2014 | 7,000,000 | 0.7% |
| Total | <u>106,000,000*</u> | <u>10.6%</u> |

* Note:

1. After the purchases, the Notes were cancelled pursuant to the terms of the indenture governing the Notes.
2. After cancellation of the Notes with an amount of CNY106,000,000 the aggregate principal amount of the Notes which remains outstanding and subject to the terms of indenture governing the Notes is CNY894,000,000.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares or the Notes during the year ended 28 February 2015.

In March 2015, the Company purchased its listed shares on the Stock Exchange as follows:

Shares purchased

| Date of purchase | Number of shares purchased | Percentage of the then issued shares | Purchase price | | Total paid HK\$ |
|------------------|----------------------------------|--|-----------------|----------------|--------------------|
| | | | Highest HK\$ | Lowest HK\$ | |
| 4 March 2015 | 1,266,000 ^{*1} | 0.10% ^{*3} | 2.16 | 2.14 | 2,726,520 |
| 9 March 2015 | 260,000 ^{*1} | 0.02% ^{*3} | 2.27 | 2.25 | 588,240 |
| 10 March 2015 | 220,000 ^{*1} | 0.02% ^{*3} | 2.30 | 2.26 | 504,360 |
| 11 March 2015 | 552,000 ^{*1} | 0.04% ^{*3} | 2.33 | 2.30 | 1,280,560 |
| 24 March 2015 | 90,000 ^{*2} | 0.007% ^{*4} | 2.58 | 2.55 | 231,060 |
| 25 March 2015 | 20,000 ^{*2} | 0.002% ^{*4} | 2.59 | 2.59 | 51,800 |
| Total | <u>2,408,000</u> | | | | <u>5,382,540</u> |

* Notes:

1. 2,298,000 shares were cancelled on 23 March 2015.
2. 110,000 shares were cancelled on 17 April 2015.
3. The closing balance of the issued shares as at 4, 9, 10 and 11 March 2015 was 1,227,603,307 shares.
4. The closing balance of the issued shares as at 24 and 25 March 2015 was 1,225,305,307 shares.

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 Tuesday, 11 August 2015 at 3:00 p.m. (the “2015 AGM”). Notice of the 2015 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 2015 AGM to be held on Tuesday, 11 August 2015 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 7 August 2015 to Tuesday, 11 August 2015, both days inclusive. In order to qualify for the right to attend and vote at the 2015 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 Thursday, 6 August 2015.
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 Monday, 17 August 2015. 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 Friday, 14 August 2015. The expected dispatch date of the dividend warrant and the expected payment date of the final dividend is on or around Friday, 28 August 2015.

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, 26 May 2015

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.