I.T LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

FINANCIAL HIGHLIGHTS

- Total turnover of the Group increased by 6.1% to HK$8,001.3 million.
- Total retail sales in Hong Kong decreased by 6.3% to HK$3,242.9 million. Sales area in Hong Kong also decreased by 7.7%. Comparable store sales growth rate in Hong Kong registered at -4.2% (FY15/16: -2.0%).
- Total retail sales in Mainland China increased by 16.0% to HK$3,461.3 million. Sales area in Mainland China increased by 18.2%. Comparable store sales growth rate in Mainland China registered at 7.1% (FY15/16: 3.9%).
- Total retail sales in Japan landed at HK$731.4 million or JPY10,227.0 million, representing 41.4% increase in Hong Kong Dollar or 27.2% increase in base currency from FY15/16.
- Total retail sales in Macau decreased by 2.5% to HK$216.5 million.
- Gross profit of the Group increased by 7.9% to HK$4,928.1 million at gross profit margin of 61.6% (FY15/16: 60.6%).
- Net profit of the Group increased by 50.2% to HK$315.0 million.
- If the exceptional non-recurring foreign exchange loss of HK$65.1 million as a result of the conversion of the Group's RMB fixed deposits, amounting to RMB1,187 million, into Hong Kong Dollar in FY15/16 is excluded, net profit of the Group increased by 14.6% to HK$315.0 million.
- Basic earnings per share increased by 52.9% to 26.0 HK cents.

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 2017, prepared on the basis set out in Note 2, together with the comparative figures for the year ended 29 February 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**2017** **HK$'000**	2016 HK$'000
Turnover	3	**8,001,329**	7,541,132
Cost of sales	5	**(3,073,211)**	(2,974,792)
Gross profit		**4,928,118**	4,566,340
Other losses, net	4	**(14,275)**	(63,786)
Operating expenses	5	**(4,367,995)**	(4,107,326)
Other income	6	**25,703**	26,033
Operating profit		**571,551**	421,261
Finance income	7	**15,264**	41,307
Finance costs	7	**(74,043)**	(79,513)
Share of losses of joint ventures		**(5,510)**	(27,008)
Profit before income tax		**507,262**	356,047
Income tax expense	8	**(192,220)**	(146,310)
Profit for the year		**315,042**	209,737
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Currency translation differences		**(70,672)**	(36,904)
Cash flow hedge recognised as finance costs		**56,436**	39,606
Fair value changes on cash flow hedge, net of tax		**(26,280)**	(10,807)
Total other comprehensive loss for the year		**(40,516)**	(8,105)
Total comprehensive income for the year		**274,526**	201,632

	Note	2017 HK$'000	2016 HK$'000
Profit attributable to:			
– Equity holders of the Company		**314,047**	209,011
– Non-controlling interests		**995**	726
		315,042	209,737
Total comprehensive income attributable to:			
– Equity holders of the Company		**273,531**	200,812
– Non-controlling interests		**995**	820
		274,526	201,632
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share)			
– basic	9	**26.0**	17.0
– diluted	9	**25.4**	16.7
Dividends	10	**155,454**	101,806

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**28 February 2017 HK$'000**	29 February 2016 HK$'000
ASSETS			
Non-current assets			
Property, furniture and equipment		**796,046**	856,606
Intangible assets		**321,197**	345,633
Investments in and loans to joint ventures		**138,694**	139,278
Rental deposits		**303,762**	296,483
Prepayments for non-current assets		**5,916**	15,675
Deferred income tax assets		**144,423**	129,594
		1,710,038	1,783,269
Current assets			
Inventories		**1,536,432**	1,390,974
Trade and other receivables	11	**226,765**	232,423
Amounts due from joint ventures		**60,912**	52,880
Prepayments and other deposits		**346,853**	370,735
Current income tax recoverable		**5,741**	1,603
Cash and cash equivalents		**1,817,804**	1,967,111
		3,994,507	4,015,726
LIABILITIES			
Current liabilities			
Borrowings	12	**(262,796)**	(273,396)
Trade payables	13	**(393,126)**	(433,130)
Accruals and other payables		**(621,016)**	(649,489)
Derivative financial instruments	14	**–**	(42)
Amounts due to joint ventures		**(24,285)**	(33,863)
Current income tax liabilities		**(117,175)**	(68,406)
		(1,418,398)	(1,458,326)
Net current assets		**2,576,109**	2,557,400
Non-current liabilities			
Borrowings	12	**(1,045,861)**	(1,262,462)
Accruals		**(6,733)**	(8,583)
Derivative financial instruments	14	**(158,476)**	(132,196)
Deferred income tax liabilities		**(37,371)**	(40,636)
		(1,248,441)	(1,443,877)
Net assets		**3,037,706**	2,896,792
EQUITY			
Capital and reserves			
Share capital		**119,580**	121,198
Reserves		**2,915,373**	2,773,836
Non-controlling interests		**2,753**	1,758
Total equity		**3,037,706**	2,896,792

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 24 May 2017.

2 BASIS OF PREPARATION

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

(a) New standards and amendments to standards adopted by the Group

The following new and amendments to standards are mandatory for the financial year beginning 1 March 2016:

Annual Improvements Projects (Amendments)	Annual Improvements 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

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 2016 that are expected to have a material impact on the Group.

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

The following new standards and amendments to existing standards have been published and are mandatory for accounting periods beginning on or after 28 February 2017 or later periods and have not been early adopted by the Group:

HKAS 7 (Amendments)	Disclosure Initiative [1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses [1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [2]
HKFRS 9	Financial Instruments [2]
HKFRS 15	Revenue from Contracts with Customers [2]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 [2]
HKFRS 16	Leases [3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

1 Effective for the Group for annual periods beginning on or after 1 January 2017

2 Effective for the Group for annual periods beginning on or after 1 January 2018

3 Effective for the Group for annual periods beginning on or after 1 January 2019

4 Effective date to be determined

The Group will apply the above new standards and amendments to existing standards when they become effective. The Group anticipates that the application of the above new standards and amendments to existing standards have no material impact on the results and the financial position of the Group, except for HKFRS 16 "Leases" as explained below:

HKFRS 16 "Leases"

The Group is a lessee of certain land and buildings which are currently classified as operating leases. As at 28 February 2017, the Group has non-cancellable operating lease commitment of HK$3,128,806,000. The Group's current accounting policy for such leases is to record the rental expenses in the Group's consolidated statement of comprehensive income in the year they are incurred with the related operating lease commitments being separately disclosed. HKFRS 16 provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated statement of financial position. Instead, all non-current leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation. The new standard will therefore result in derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the Group's consolidated statement of financial position. In the Group's consolidated statement of comprehensive income, the annual rental and amortisation expenses of prepaid operating lease under otherwise identical circumstances will decrease, while depreciation of right of use of assets and interest expense arising from the financial liabilities will increase. The Group expects to adopt the new standards when they become effective.

3 TURNOVER AND SEGMENT INFORMATION

(a) Turnover

	2017	2016
	HK$'000	HK$'000
Turnover – sales of fashion wears and accessories	**8,001,329**	7,541,132

(b) Segment information

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

The CODM considers the business from geographic perspective and assesses the performance of the geographical segment based on a measure of profit before impairment of goodwill, intangible assets and property, furniture and equipment, depreciation of property, furniture and equipment, amortisation of intangible assets, share of losses of joint ventures and income tax expense ("EBITDA"). Finance income, finance costs and losses arising from conversion of Chinese Renminbi fixed deposit into Hong Kong Dollar are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. The information provided to the CODM is measured in a manner consistent with that in the financial statements.

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

The segment information provided to the CODM for the reportable segments for the years ended 28 February 2017 and 29 February 2016 are as follows:

	Hong Kong		Mainland China		Japan		Macau		Other		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	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	**3,280,361**	3,494,028	**3,601,183**	3,159,410	**787,587**	559,013	**216,514**	221,974	**115,684**	106,707	**8,001,329**	7,541,132
EBITDA	**(56,877)**	59,127	**495,414**	403,287	**326,301**	222,202	**76,883**	82,926	**33,385**	14,743	**875,106**	782,285
Depreciation and amortisation	**(114,440)**	(121,977)	**(150,450)**	(148,575)	**(10,771)**	(9,073)	**(11,029)**	(8,668)	**(3,520)**	(5,665)	**(290,210)**	(293,958)
(Impairment)/reversal of impairment of property, furniture and equipment	**(13,573)**	(9,660)	**(72)**	7,663	**–**	–	**–**	–	**300**	220	**(13,345)**	(1,777)
Impairment of intangible assets	**–**	(143)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(143)
Segment profit/(loss)	**(184,890)**	(72,653)	**344,892**	262,375	**315,530**	213,129	**65,854**	74,258	**30,165**	9,298	**571,551**	486,407
Losses arising from conversion of Chinese Renminbi fixed deposit into Hong Kong Dollar											**–**	(65,146)
Operating profit											**571,551**	421,261
Finance income											**15,264**	41,307
Finance costs											**(74,043)**	(79,513)
Share of losses of joint ventures											**(5,510)**	(27,008)
Profit before income tax											**507,262**	356,047
Total segment non-current assets	**525,887**	579,558	**743,659**	761,902	**115,529**	127,781	**37,301**	36,780	**4,545**	8,376	**1,426,921**	1,514,397
Total segment assets	**2,106,955**	2,750,970	**2,416,358**	2,219,089	**563,769**	379,368	**217,612**	64,071	**50,081**	62,142	**5,354,775**	5,475,640

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

	28 February 2017 HK$'000	29 February 2016 HK$'000
Segment assets for reportable segments	**5,304,694**	5,413,498
Other segment assets	**50,081**	62,142
	5,354,775	5,475,640
Unallocated:		
Deferred income tax assets and current income tax recoverable	**150,164**	131,197
Investments in and amounts due from joint ventures	**199,606**	192,158
	5,704,545	5,798,995

4 OTHER LOSSES, NET

	2017 HK$'000	2016 HK$'000
Fair value gains on derivative financial instruments		
– foreign currency swap contract	**–**	30
– interest rate swap contract	**42**	947
Net exchange (losses)/gains	**(14,317)**	387
Losses arising from conversion of Chinese Renminbi fixed deposit into Hong Kong Dollar *(Note a)*		
– fair value losses from forward exchange contracts	**–**	(15,377)
– exchange losses	**–**	(49,769)
Others	**–**	(4)
	(14,275)	(63,786)

Note a:

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

5 EXPENSES BY NATURE

	2017	2016
	HK$'000	HK$'000
Cost of inventories sold	**2,954,713**	2,880,861
Provision for write-downs of inventories to net realisable value	**62,948**	31,850
Employment costs (including directors' emoluments)	**1,321,484**	1,184,543
Operating lease rentals of premises		
– minimum lease payments	**1,492,178**	1,446,719
– contingent rents	**252,817**	221,309
Building management fee	**232,920**	220,174
Advertising and promotion costs	**126,016**	124,178
Commission expenses	**87,167**	71,029
Bank charges	**83,913**	84,421
Utilities expenses	**60,219**	65,796
Freight charges	**34,582**	38,283
Depreciation of property, furniture and equipment	**276,473**	279,818
Impairment of property, furniture and equipment	**13,345**	1,777
Impairment of intangible assets	**–**	143
Reversal of onerous contract provision	**(870)**	(34,937)
Loss on disposal of property, furniture and equipment	**3,592**	7,181
Licence fees (included in operating expenses)		
– amortisation of licence rights	**173**	2,123
– contingent licence fees	**25,516**	22,099
Amortisation of intangible assets (excluding licence fees)	**13,564**	12,017
Reversal of impairment of trade receivables	**(280)**	(1,900)
(Reversal of)/provision for impairment of amounts due from joint ventures	**(372)**	6,585
Auditors' remuneration		
– audit services	**2,450**	2,700
– non-audit services	**550**	600
Other expenses	**398,108**	414,749
Total	**7,441,206**	7,082,118
Representing:		
Cost of sales	**3,073,211**	2,974,792
Operating expenses	**4,367,995**	4,107,326
	7,441,206	7,082,118

6 OTHER INCOME

	2017	2016
	HK$'000	HK$'000
Government grants	**15,289**	12,859
Others	**10,414**	13,174
	25,703	26,033

7 FINANCE INCOME AND COSTS

	2017	2016
	HK$'000	HK$'000
Interest income from		
– bank deposits	**11,402**	39,337
– amounts due from joint ventures	**810**	854
– others *(Note i)*	**3,052**	1,116
Finance income	**15,264**	41,307
Interest expense on borrowings wholly repayable within five years	**(70,263)**	(82,193)
Net foreign exchange transaction gain	**52,656**	42,286
Transfer from hedging reserve		
– interest rate and currency swaps: cash flow hedge	**(56,436)**	(39,606)
Finance costs	**(74,043)**	(79,513)
Net finance costs	**(58,779)**	(38,206)

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 2035. The Company's subsidiaries established in the British Virgin Islands are incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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 rate of 25% (2016: 25%) on the estimated assessable profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 17% (2016: 17%) on the estimated assessable profits of the Group's operations in Taiwan.

Macau Complementary (Corporate) Tax has been provided at the applicable rate of 12% (2016: 12%) on the estimated assessable profit in excess of HK$582,000 (approximately MOP600,000) of the Group's operations in Macau.

Japan Corporate Income Tax has been provided at the applicable rate of 35.36% for the period from 1 March 2016 to 31 August 2016 and 34.81% for the period from 1 September 2016 to 28 February 2017. The applicable rate for the period from 1 March 2015 to 31 August 2015 was 37.11% and 35.36% for the period from 1 September 2015 to 29 February 2016 on the estimated assessable profits of the Group's operations in Japan.

The applicable US enterprise income tax rate for subsidiary operating in the United States of America is 45.03% (2016: 45.03%).

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

	2017	2016
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**14,884**	5,711
– Mainland China enterprise income tax	**79,662**	54,215
– Overseas income tax	**126,445**	81,792
– Over-provision in prior year	**(5,648)**	(349)
	215,343	141,369
Deferred income tax	**(23,123)**	4,941
	192,220	146,310

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.

	2017	2016
Profit attributable to equity holders of the Company (HK$'000)	**314,047**	209,011
Weighted average number of ordinary shares in issue ('000)	**1,208,804**	1,226,275
Basic earnings per share (HK cent)	**26.0**	17.0

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.

	2017	2016
Profit attributable to equity holders of the Company (HK$'000)	**314,047**	209,011
Weighted average number of ordinary shares in issue ('000)	**1,208,804**	1,226,275
Adjustments for share options ('000)	**27,555**	25,839
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,236,359**	1,252,114
Diluted earnings per share (HK cent)	**25.4**	16.7

10 DIVIDENDS

	2017	2016
	HK$'000	HK$'000
Final dividend, proposed, 13.0 HK cents (2016: 8.4 HK cents) per ordinary share	**155,454**	101,806

The dividends paid in the years ended 28 February 2017 and 29 February 2016 were HK$101,765,000 (8.4 HK cents per share) and HK$134,685,000 (11.0 HK cents per share) respectively.

A final dividend of 13.0 HK cents (2016: 8.4 HK cents per ordinary share) for the year ended 28 February 2017 is to be proposed at the annual general meeting.

11 TRADE AND OTHER RECEIVABLES

	28 February 2017	29 February 2016
	HK$'000	HK$'000
Trade receivables	**218,343**	228,208
Less: provision for impairment of trade receivables	**(1,218)**	(1,553)
Trade receivables – net	**217,125**	226,655
Interest receivables	**305**	902
Other receivables	**9,335**	4,866
Trade and other receivables	**226,765**	232,423

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

	28 February 2017	29 February 2016
	HK$'000	HK$'000
Beginning of the year	**1,553**	3,390
Reversal of impairment of trade receivables	**(280)**	(1,900)
Write-off of provision for impairment	**(66)**	–
Currency translation differences	**11**	63
End of the year	**1,218**	1,553

As of 28 February 2017, trade receivables of HK$1,218,000 (29 February 2016: HK$1,553,000) were impaired. The ageing of these receivables is as follows:

	28 February 2017 HK$'000	29 February 2016 HK$'000
Over 90 days	**1,218**	1,553

The ageing analysis of trade receivables past due but not impaired as at 28 February 2017 and 29 February 2016 is as follows:

	28 February 2017 HK$'000	29 February 2016 HK$'000
Over 90 days	**360**	192

There were no other receivables past due but not impaired as at 28 February 2017 and 29 February 2016.

The ageing analysis of trade receivables is as follows:

	28 February 2017 HK$'000	29 February 2016 HK$'000
0 to 30 days	**165,726**	176,678
31 to 60 days	**48,896**	45,862
61 to 90 days	**2,143**	3,923
Over 90 days	**1,578**	1,745
	218,343	228,208

12 BORROWINGS

	28 February 2017 HK$'000	29 February 2016 HK$'000
Non-current borrowings		
– Bank borrowings	**40,377**	207,538
– Senior Notes *(Note a)*	**1,005,484**	1,054,924
	1,045,861	1,262,462
Current borrowings		
– Portion of bank borrowings due for repayment within one year	**179,646**	179,646
– Portion of bank borrowings due for repayment after one year which contain a repayable on demand clause	**83,150**	93,750
	262,796	273,396
	1,308,657	1,535,858

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. As at 28 February 2017, the effective borrowing cost was 5.4% (29 February 2016: 5.1%) per annum. Except for the Senior Notes, the bank borrowings bear interest at floating rates that are market dependent.

As at 28 February 2017, bank borrowings of HK$93,750,000 (29 February 2016: HK$104,350,000) were secured by the Group's certain land and buildings with carrying amounts of HK$196,660,000 (29 February 2016: HK$203,143,000).

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. The purchased Senior Notes amounting to RMB106,000,000 was then duly cancelled pursuant to the terms and conditions of the Senior Notes. As at 28 February 2017 and 29 February 2016, 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 maturity of borrowings is as follows:

	28 February 2017 HK$'000	29 February 2016 HK$'000
Within 1 year	**262,796**	273,396
Between 1 and 2 years	**1,045,861**	169,046
Between 2 and 5 years	**–**	1,093,416
	1,308,657	1,535,858

13 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	28 February 2017 HK$'000	29 February 2016 HK$'000
0 to 30 days	**112,211**	249,279
31 to 60 days	**137,386**	94,831
61 to 90 days	**70,901**	57,396
91 to 180 days	**36,633**	18,510
181 to 365 days	**18,251**	6,219
Over 365 days	**17,744**	6,895
	393,126	433,130

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

14 DERIVATIVE FINANCIAL INSTRUMENTS

	28 February 2017		29 February 2016	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Qualified for hedge accounting – cash flow hedge:				
Foreign currency and interest rate swap contract, at market value *(Note a)*	**–**	**(158,476)**	–	(132,196)
Not qualified for hedge accounting:				
Interest rate swap contract, at market value *(Note b)*	**–**	**–**	–	(42)
	–	**(158,476)**	–	(132,238)
Less: current portion				
Interest rate swap contract, at market value *(Note b)*	**–**	**–**	–	42
	–	**(158,476)**	–	(132,196)

Notes:

(a) As at 28 February 2017, the notional principal amounts of the outstanding foreign currency and interest rate swap contract were RMB894,000,000 (29 February 2016: RMB894,000,000), which has been designated as the hedging instrument for the Senior Notes (Note 12). As at 28 February 2017, the fixed interest rate for the Senior Notes was 6.25% (29 February 2016: 6.25%) per annum. The swap exchange rate is 1.2645 HK$ per one RMB (29 February 2016: 1.2645 HK$ per one RMB) whereas the swap interest rate is 5.75% (29 February 2016: 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 2017 will be continuously released to the consolidated statement of comprehensive income until the repayment of the Senior Notes.

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

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 13.0 HK cents per share (FY15/16: 8.4 HK cents per share) for the year ended 28 February 2017. The final dividend amounts to approximately HK$155,454,000, if approved by the shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) *Group*

Financial year 2016/17 was not an encouraging year for the fashion retail business across many of the Group's operating regions. It was, indeed, an eventful year comprising political instabilities in advanced economies, economic adjustment on the Mainland, and upward currency pressure on the Hong Kong Dollar. These economic conditions have placed further suppressions on the retail industries around the various regions. The warmer than usual winter months in Hong Kong, alongside declining inbound tourist flow, made for an even more difficult trading environment in the midst of a dampened state of local consumption.

Despite the Group's operating results in Hong Kong being considerably affected by the aforementioned challenging conditions, we have continued to strengthen our leadership role and competitive advantages over the broader market through improvement of the consumer experience and further enhancement of our brand portfolio to ensure that we are delivering an optimal mix of the latest fashion products to our customers in a timely manner. Other market situations related to cost inflation in operating retail channels, such as rental and staff costs, also remain negative. Retailers in general have limited potential to reduce costs and, as a result, our store consolidation exercise in Hong Kong has inevitably continued with the objectives of mitigating cost pressure and enhancing overall store efficiency.

In contrast, our expansion on the Mainland continued against a backdrop of generally soft spending patterns and moderate economic development. The Group believes that the fundamentals of China, which include the growth of both the middle and upper classes, remain strong, and demand for quality and innovative fashion products is growing as well. As a result, our total trading area in China has increased by 18.2% compared to last year, and new cities were added (such as Nanning, Changchun and Kunming) to reflect our positive view to the growth of the region. Our self-managed stores are now present in 28 cities in China.

On the other hand, a growth in revenue along with increased profitability was achieved in our Japan segment. The success of a wide range of inspirational marketing campaigns and cross-border collaborative activities with numerous renowned business units were the key factors for that encouraging set of results.

The overall result of the Group has again been validated by the strength of our multifaceted business model that is inherently adaptable and flexible. The diminished earnings in our Hong Kong segment were largely offset by the improvement in earnings of our Mainland China and Japan businesses. Consequently, the Group managed to deliver another year of sustainable growth in turnover of 6.1% over last year to HK$8,001.3 million. Net profit came in at HK$315.0 million, representing an increase of 14.6% over last year if the exceptional non-recurring foreign exchange loss of HK$65.1 million as a result of the conversion of the Group's RMB fixed deposits into Hong Kong Dollar in FY15/16 is excluded. On a reporting basis, net profit of the Group increased by 50.2% to HK$315.0 million.

Turnover by Market

Our turnover in Hong Kong declined by 6.1%, to HK$3,280.4 million on the heels of a reduction in total trading area of 7.7%. Hong Kong contributed 41.0% of the total turnover (FY15/16: 46.3%).

The Group believes the marketplace in Mainland China will offer immense business opportunities in the longer term as a new class of rapidly growing cities is expected to soon become wealthy enough for their consumers to participate in the evolution of fashion. As a result, our retail network expansion has continued. And along with positive comparable store sales growth recorded for the period, our Mainland China operations have achieved another year of noticeable growth of 14.0%, to HK$3,601.2 million. It contributed 45.0% to total Group turnover (FY15/16: 41.9%).

The Japan segment, which accounted for 9.8% of total Group turnover (FY15/16: 7.4%), has continued to deliver sustainable growth. Turnover of our Japan businesses increased by 26.7% in local currency to JPY11,012.1 million, and there was an increase of 40.9% in Hong Kong Dollar to HK$787.6 million.

Breakdown of turnover by region of operations:

	Turnover			% of Turnover	
	FY16/17	FY15/16		**FY16/17**	FY15/16
	HK$ million	HK$ million	Change		
Hong Kong	**3,280.4**	3,494.0	-6.1%	**41.0%**	46.3%
Retail sales only	***3,242.9***	*3,459.5*	*-6.3%*		
Mainland China	**3,601.2**	3,159.4	+14.0%	**45.0%**	41.9%
Retail sales only	***3,461.3***	*2,983.6*	*+16.0%*		
Japan	**787.6**	559.0	+40.9%	**9.8%**	7.4%
Retail sales only	***731.4***	*517.2*	*+41.4%*		
Macau	**216.5**	222.0	-2.5%	**2.7%**	3.0%
Other	**115.6**	106.7	+8.3%	**1.5%**	1.4%
Total	**8,001.3**	7,541.1	+6.1%	**100.0%**	100.0%

Brand Mix

Alongside reviewing store portfolios to ensure we have the optimal mix of distribution channels, space, and store count in each of our operating districts, we also persistently upgrade the assortments of our brand portfolio with an aim to reinforce our uniquely differentiated offerings. That upgrade may lead to a rebalancing between international brand and in-house brand segments, adding new brands, and omitting nonperforming ones. Today, we are pleased that we are running a balanced portfolio showcasing over 300 distinctive fashion brands, all of which have their own identities that complement each other well. For the period under review, our in-house brand segment remained the largest revenue contributor, at 59.5% (FY15/16: 59.2%).

Breakdown of retail sales by brand category:

	Retail Sales			% of Retail Sales	
	FY16/17	FY15/16		**FY16/17**	FY15/16
	HK$ million	HK$ million	Change		
In-house brands	**4,624.6**	4,316.2	+7.2%	**59.5%**	59.2%
International brands	**3,089.8**	2,922.5	+5.7%	**39.8%**	40.1%
Licensed brands	**53.3**	50.3	+6.0%	**0.7%**	0.7%
	7,767.7	7,289.0	+6.6%	**100.0%**	100.0%

Dynamics in Margin and Cost

The Group continued to deliver sustainable growth in turnover at 6.1% with gross profit also increasing by 7.9% over last year along with an enhancement in gross margin of 1.0 percentage point to 61.6% amid a competitive retail landscape. Such expansion in gross margin was principally attributed to a reduction in mark-downs as related to sales during the period.

Cost-to-sales measure in our Hong Kong segment was significantly affected by, on the negative side, the decline in sales and the increase in the costs of running retail channels (rental and staff costs in particular) and on the positive side an offset from cost-to-sales efficiency enhancements achieved in many of our other key markets, such as Mainland China and Japan. As a consequence, the total operating cost ratio of the Group remained rather stable at 54.6% (FY15/16: 54.5%). The rent-to-sales ratio (including rental charges and building management fees) decreased by 0.3 percentage point to 24.7% whereas staff costs-to-sales ratio (excluding share option expenses) increased from 15.4% to 16.2%.

An operating profit of HK$571.6 million was recorded for the year ended 28 February 2017, representing an increase of 35.7% over that of last year. If the exceptional non-recurring foreign exchange loss of HK$65.1 million recorded in FY15/16 is excluded, the operating profit of the Group increased by 17.5% to HK$571.6 million.

(b) Hong Kong

As we noted earlier, our core market of Hong Kong has been affected by falling inbound tourist flows as a result of the strength of the Hong Kong Dollar along with weakening local consumption patterns. The general weakness in spending momentum was attributed to a wide range of challenges that included uncertain macroeconomic conditions, geopolitical disturbances around the regions, and the warmer than usual winter in 2016.

Turnover in Hong Kong declined by 6.1%, to HK$3,280.4 million, and retail sales also declined by 6.3%, to HK$3,242.9 million with comparable store sales growth registered at -4.2%. It is worth reiterating that this set of results was achieved on the back of a net decrease in trading area of 7.7% over last year. Rising cost pressure, particularly rental and staff costs, continued to suppress the profitability of our Hong Kong segment. As a result, our store consolidation exercise has continued.

The gross margin increased to 58.8% (FY15/16: 57.2%), such expansion in gross margin was predominately attributed to the fewer promotional discounting campaigns offered during the period. Nevertheless, such enhancement in gross margin was not sufficient to completely offset a decline in efficiency measured by operating cost on sales, which increased by 4.6 percentage points to 64.2%. As a result, an operating loss of HK$184.9 million was recorded for the year compared to an operating loss of HK$72.7 million for the previous year.

(c) *Mainland China*

Turning to Mainland China, we are gratified with the Group's achievements during the period alongside the progress in retail network expansion that we have achieved amid moderate economic developments and generally soft spending momentum. Our total trading area on the Mainland increased by 18.2% over last year owing to our positive future view of the consumer discretionary segment in this region. This means that we are now present in 28 cities and include new cities such as Changzhou, Guiyang, Kunming, Jinan, Taiyuan, Nanning and Changchun. The Group believes the marketplace will offer compelling business opportunities in the foreseeable future as Chinese consumers are increasingly more selective and fashion conscious, which has provided a favorable business environment for us that is underpinned by the unique nature of our brand portfolio that showcases a wide range of the latest fashion concepts.

Turnover of our Mainland China business managed to deliver another year of noticeable growth of 14.0% to HK$3,601.2 million amid negative translation effect from the depreciation of the Chinese Renminbi. Total retail sales also increased by 16.0%, to HK$3,461.3 million with comparable store sales growth registered at 7.1% (FY15/16: 3.9%). The gross margin decreased by 0.5 percentage point to 60.9%, owing predominately to exchange differences from the devaluation of Chinese Renminbi over the previous year. Moreover, a level of enhancement in efficiency measured by comparing operating cost-to-sales ratio has been achieved, landing at 51.8% (FY15/16: 53.6%) and, as a result, operating profit increased by 31.5% to HK$344.9 million.

(d) Japan

Our Japan business has continued to fare well in this highly competitive and fashion-enthusiastic market. We reinforced our customer loyalty and brand awareness through ongoing improvements in store designs (physical and digital) as well as focused and inspirational marketing efforts. We joined hands with numerous renowned street-wear names, fashion, sportswear names, and other business units around the world to further boost the brand equity of our brands within the A Bathing Ape group. The overwhelming responses to those marketing initiatives were evident in the additional sales growth driven for our Japan segment. Sales of our Japan business increased by 26.7%, to JPY11,012.1 million, whereas sales in Hong Kong Dollar terms grew by 40.9% to HK$787.6 million. Gross margin landed at 71.1% (FY15/16: 67.8%). Operating profit also increased by 48.0%, to HK$315.5 million as a result of the gross margin expansion and an efficiency enhancement measured by operating cost on sales.

(e) Macau

Total retail sales in Macau decreased by 2.5% to HK$216.5 million. Operating profit also decreased, by 11.3% over last year to HK$65.9 million.

Share of Results of Joint Ventures

A share of losses of joint ventures amounting to HK$5.5 million was recorded for the year ended 28 February 2017, representing a 79.6% decline in loss over last year. A principal positive factor was that our joint venture business with Galeries Lafayette has continued to achieve sales growth targets.

Inventory

The inventory turnover cycle of the Group increased to 174 days (FY15/16: 163 days). The increase in stock was, to a large extent, explained by the Group's continued expansion, particularly in Mainland China, but it also was due to the sales development in our Hong Kong segment trending lower than expected.

Cash Flows and Financial Position

The Group's cash and bank balances as at 28 February 2017 were HK$1,817.8 million compared to HK$1,967.1 million as at 29 February 2016 and its net cash balance amounted to HK$509.1 million (net cash is defined as cash and cash equivalents of HK$1,817.8 million less bank borrowings of HK$303.2 million and the Senior Notes of HK$1,005.5 million) versus HK$431.3 million as at 29 February 2016.

Cash inflow from operating activities for the year ended 28 February 2017 amounted to HK$443.3 million (FY15/16: HK$319.3 million).

Liquidity and Banking Facilities

As at 28 February 2017, the Group had aggregate banking facilities of approximately HK$1,505.1 million (29 February 2016: HK$1,967.2 million) for overdrafts, bank loans and trade financing, of which approximately HK$1,087.4 million (29 February 2016: HK$1,339.4 million) was unutilised as at the same date. These facilities are mainly secured by corporate guarantees provided by the Company and certain subsidiaries.

Charges of Assets

As at 28 February 2017, bank borrowing was secured on land and buildings with a carrying amount of HK$196.7 million (29 February 2016: HK$203.1 million).

Contingent Liabilities

As at 28 February 2017, the Group did not have significant contingent liabilities (29 February 2016: Nil).

Foreign Exchange

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

Employment, Training and Development

Human resources are our greatest assets, and we regard the personal development of our employees as highly important. As of 28 February 2017, the Group had a total of 6,295 (FY15/16: 6,604) full time employees. The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, and commission/bonuses.

Outlook

We anticipate that 2017 will be another eventful year fueled by uncertainties over global economic developments, economic adjustment on the Mainland, and geopolitical tensions across the various regions. Consumer spending momentum is, in general, projected to remain weak and affected by currency headwinds. For instance, the ongoing strength of the Hong Kong Dollar may further encourage outbound spending over local consumption and, concurrently, discourage inbound tourist traffic from Mainland China to Hong Kong.

Nevertheless, we also see growth opportunities in the coming year that we plan to capitalise on with an aim to expand our geographical reach, Mainland China in particular. We will continue to increase market share across all distribution channels that include our multi-brands, single-brand, and shop-in-shop or pop-up store formats alongside our digital channel.

We are confident that the Group is even better equipped after difficult times and is well positioned for changes in the industry. We are looking forward to delivering strong collections of the latest and most distinctive fashion brands and to the launch of new fashion concepts and emerging names along with new shopping experiences. We will pursue our sustainable growth strategy by further leveraging the competitive strengths and advantages we have successfully developed, including our solid financial fundamentals, a well-balanced business around a portfolio of diverse yet complementary fashion brands, and our leading position in the fashion industry.

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 2017, 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 2017, 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 Group's consolidated statement of comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 28 February 2017 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, risk management and internal control systems 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 2017.

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

During the year ended 28 February 2017, the Company purchased a total of 16,180,000 shares on the Stock Exchange at an aggregate consideration of HK$50,297,449. All the purchased shares were cancelled.

Month	Number of shares purchased	Purchase price per share Highest	Purchase price per share Lowest	Total purchase price paid
		HK$	HK$	HK$
March 2016	494,000	1.88	1.84	916,380
November 2016	5,948,000	3.20	2.82	17,868,583
December 2016	9,738,000	3.39	3.13	31,512,486
Total	16,180,000			50,297,449

As at 28 February 2017, the total number of issued shares of the Company was 1,195,797,307.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares or the 6.25 per cent Senior Notes due 2018 during the year ended 28 February 2017.

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, 15 August 2017 at 3:00 p.m. (the "2017 AGM"). Notice of the 2017 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 2017 AGM to be held on Tuesday, 15 August 2017 (or any adjournment thereof), the register of members of the Company will be closed from Wednesday, 9 August 2017 to Tuesday, 15 August 2017, both days inclusive. In order to qualify for the right to attend and vote at the 2017 AGM (or any adjournment thereof), all transfers accompanies 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 Tuesday, 8 August 2017.

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, 21 August 2017. 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, 18 August 2017. The expected dispatch date of the dividend warrant and the expected payment date of the final dividend is on or around Monday, 25 September 2017.

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, 24 May 2017

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