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I.T LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2018

FINANCIAL HIGHLIGHTS

- Total turnover of the Group increased by 4.8% to HK$8,383.0 million.
- Total retail sales in Hong Kong and Macau decreased by 5.1% to HK$3,282.3 million. Comparable store sales growth rate is registered at -0.9% (FY16/17: -4.5%). Total trading area is reduced by 0.3%.
- Total retail sales in Mainland China increased by 10.9% to HK$3,837.3 million on the back of double-digit percentage growth in sales area and positive comparable store sales growth rate at 0.2% (FY16/17: 7.1%).
- Total retail sales in Japan and the USA landed at HK$945.8 million or JPY13,460.9 million representing 29.3% increase in Hong Kong Dollar or 31.6% increase in base currency from FY16/17.
- Gross profit of the Group increased by 8.0% to HK$5,323.8 million at gross profit margin of 63.5% (FY16/17: 61.6%).
- Net profit of the Group increased by 37.1% to HK$431.9 million.
- Basic earnings per share increased by 38.5% to 36.0 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 2018, prepared on the basis set out in Note 2, together with the comparative figures for the year ended 28 February 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2018

	Note	**2018 HK$'000**	2017 HK$'000
Turnover	3	**8,383,043**	8,001,329
Cost of sales	5	**(3,059,224)**	(3,073,211)
Gross profit		**5,323,819**	4,928,118
Other gains/(losses), net	4	**13,604**	(14,275)
Operating expenses	5	**(4,610,139)**	(4,367,995)
Other income	6	**30,473**	25,703
Operating profit		**757,757**	571,551
Finance income	7	**22,457**	15,264
Finance costs	7	**(71,352)**	(74,043)
Share of profits/(losses) of joint ventures		**13,996**	(5,510)
Profit before income tax		**722,858**	507,262
Income tax expense	8	**(290,932)**	(192,220)
Profit for the year		**431,926**	315,042
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Currency translation differences		**188,329**	(70,672)
Cash flow hedge recognised as finance costs		**(88,733)**	56,436
Fair value changes on cash flow hedge, net of tax		**129,264**	(26,280)
Total other comprehensive income/(loss) for the year		**228,860**	(40,516)
Total comprehensive income for the year		**660,786**	274,526

	Note	2018 HK$'000	2017 HK$'000
Profit attributable to:			
– Equity holders of the Company		**430,556**	314,047
– Non-controlling interests		**1,370**	995
		431,926	315,042
Total comprehensive income attributable to:			
– Equity holders of the Company		**658,932**	273,531
– Non-controlling interests		**1,854**	995
		660,786	274,526
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share)			
– basic	9	**36.0**	26.0
– diluted	9	**34.9**	25.4
Dividends	10	**212,852**	155,454

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 28 February 2018

	Note	**28 February 2018 HK$'000**	28 February 2017 HK$'000
ASSETS			
Non-current assets			
Property, furniture and equipment		**859,433**	796,046
Intangible assets		**331,952**	321,197
Investments in and loans to joint ventures		**159,050**	138,694
Rental deposits		**313,012**	303,762
Prepayments for non-current assets		**59,558**	5,916
Deferred income tax assets		**117,233**	144,423
		1,840,238	1,710,038
Current assets			
Inventories		**1,404,759**	1,536,432
Trade and other receivables	11	**331,426**	226,765
Amounts due from joint ventures		**65,080**	60,912
Prepayments and other deposits		**380,071**	346,853
Current income tax recoverable		**1,930**	5,741
Cash and cash equivalents		**2,315,333**	1,817,804
		4,498,599	3,994,507
LIABILITIES			
Current liabilities			
Borrowings	12	**(1,254,016)**	(262,796)
Trade payables	13	**(470,964)**	(393,126)
Accruals and other payables		**(724,891)**	(621,016)
Derivative financial instruments	14	**(29,212)**	–
Amounts due to joint ventures		**(19,009)**	(24,285)
Current income tax liabilities		**(108,984)**	(117,175)
		(2,607,076)	(1,418,398)
Net current assets		**1,891,523**	2,576,109
Non-current liabilities			
Borrowings	12	**(123,355)**	(1,045,861)
Accruals		**(7,169)**	(6,733)
Derivative financial instruments	14	**(4,749)**	(158,476)
Deferred income tax liabilities		**(47,826)**	(37,371)
		(183,099)	(1,248,441)
Net assets		**3,548,662**	3,037,706
EQUITY			
Capital and reserves			
Share capital		**119,580**	119,580
Reserves		**3,425,755**	2,915,373
Non-controlling interests		**3,327**	2,753
Total equity		**3,548,662**	3,037,706

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.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial liabilities at fair value through profit or loss (including derivative instruments), which are carried at fair value.

(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 2017:

HKAS 7 (Amendments)	Statement of cash flows
HKAS 12 (Amendments)	Income taxes
HKFRS 12 (Amendments)	Disclosures of interest in other entities

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 2017 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 2018 or later periods and have not been early adopted by the Group:

Annual Improvements Projects HKFRS 1 and HKAS 28 (Amendments)	Annual Improvements 2014-2016 cycle [1]
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions [1]
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts [1]
HKFRS 9	Financial Instruments [1]
HKFRS 15	Revenue from Contracts with Customers [1]
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 [1]
HKAS 28 (Amendments)	Investments in Associates and Joint Ventures [1]
HKAS 40 (Amendments)	Transfers of Investment Property [1]
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration [1]
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation [2]
HKFRS 16	Leases [2]
HK(IFRIC) 23	Uncertainty over Income Tax Treatments [2]
HKFRS 17	Insurance Contracts [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 March 2018

[2] Effective for the Group for annual periods beginning on or after 1 March 2019

[3] Effective for the Group for annual periods beginning on or after 1 March 2021

[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"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 28 February 2018, the Group has non-cancellable operating lease commitments of HK$2,848,095,000.

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by Group

It is mandatory for financial years commencing on or after 1 March 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

3 TURNOVER AND SEGMENT INFORMATION

(a) Turnover

	2018	2017
	HK$'000	HK$'000
Turnover – sales of fashion wears and accessories	**8,383,043**	8,001,329

(b) Segment information

The chief operating decision maker ("CODM") has been identified as the executive directors that make 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 both profit before income tax, share of profits/(losses) of joint ventures, finance income and finance costs ("segment (loss)/profit"), impairment of goodwill and property, furniture and equipment, depreciation of property, furniture and equipment and amortisation of intangible assets ("EBITDA"). Finance income and finance costs 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, investments in and amounts due from joint ventures which are managed centrally.

The segment information provided to the CODM for the reportable segments for the years ended 28 February 2018 and 2017 are as follows:

	Hong Kong and Macau		Mainland China		Japan and the USA		Other		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover	**3,323,821**	3,496,875	**3,919,577**	3,601,183	**1,005,944**	787,587	**133,701**	115,684	**8,383,043**	8,001,329
EBITDA	**73,651**	20,006	**529,616**	495,414	**436,492**	326,301	**39,302**	33,385	**1,079,061**	875,106
Depreciation and amortisation	**(110,704)**	(125,469)	**(182,224)**	(150,450)	**(9,266)**	(10,771)	**(3,380)**	(3,520)	**(305,574)**	(290,210)
(Impairment)/reversal of impairment of property, furniture and equipment	**(2,677)**	(13,573)	**(13,053)**	(72)	**–**	–	**–**	300	**(15,730)**	(13,345)
Segment (loss)/profit	**(39,730)**	(119,036)	**334,339**	344,892	**427,226**	315,530	**35,922**	30,165	**757,757**	571,551
Finance income									**22,457**	15,264
Finance costs									**(71,352)**	(74,043)
Share of profits/(losses) of joint ventures									**13,996**	(5,510)
Profit before income tax									**722,858**	507,262
Total segment non-current assets	**499,488**	563,188	**896,987**	743,659	**162,951**	115,529	**4,529**	4,545	**1,563,955**	1,426,921
Total segment assets	**2,506,324**	2,324,567	**2,767,862**	2,416,358	**658,868**	563,769	**62,490**	50,081	**5,995,544**	5,354,775

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

	28 February 2018 HK$'000	28 February 2017 HK$'000
Segment assets for reportable segments	**5,933,054**	5,304,694
Other segment assets	**62,490**	50,081
	5,995,544	5,354,775
Unallocated:		
Deferred income tax assets and current income tax recoverable	**119,163**	150,164
Investments in and amounts due from joint ventures	**224,130**	199,606
	6,338,837	5,704,545

4 OTHER GAINS/(LOSSES), NET

	2018 HK$'000	2017 HK$'000
Fair value (losses)/gains on derivative financial instruments		
– foreign currency swap contracts	**(4,749)**	–
– interest rate swap contract	**–**	42
Net exchange gains/(losses)	**18,353**	(14,317)
	13,604	(14,275)

5 EXPENSES BY NATURE

	2018	2017
	HK$'000	HK$'000
Cost of inventories sold	**3,067,026**	2,954,713
(Reversal of)/provision for write-downs of inventories to net realisable value	**(6,135)**	62,948
Employment costs (including directors' emoluments)	**1,371,786**	1,321,484
Operating lease rentals of premises		
– minimum lease payments	**1,488,879**	1,492,178
– contingent rents	**283,725**	252,817
Building management fee	**252,362**	232,920
Advertising and promotion costs	**156,994**	126,016
Commission expenses	**99,799**	87,167
Bank charges	**82,983**	83,913
Utilities expenses	**57,320**	60,219
Freight charges	**35,619**	34,582
Depreciation of property, furniture and equipment	**292,343**	276,473
Impairment of property, furniture and equipment	**15,730**	13,345
Reversal of onerous contract provision	**–**	(870)
Loss on disposal of property, furniture and equipment	**7,245**	3,592
Licence fees (included in operating expenses)		
– amortisation of licence rights	**–**	173
– contingent licence fees	**18,450**	25,516
Amortisation of intangible assets (excluding licence fees)	**13,231**	13,564
Provision for/(reversal of) impairment of trade receivables	**1,436**	(280)
Provision for/(reversal of) impairment of amounts due from joint ventures	**13,348**	(372)
Auditors' remuneration		
– audit services	**2,600**	2,450
– non-audit services	**550**	550
Other expenses	**414,072**	398,108
Total	**7,669,363**	7,441,206
Representing:		
Cost of sales	**3,059,224**	3,073,211
Operating expenses	**4,610,139**	4,367,995
	7,669,363	7,441,206

6 OTHER INCOME

	2018	2017
	HK$'000	HK$'000
Government grants	**21,379**	15,289
Commission income	**1,853**	1,741
Service fees	**7,241**	7,748
Others	**–**	925
	30,473	25,703

7 FINANCE INCOME AND COSTS

	2018	2017
	HK$'000	HK$'000
Interest income from		
– bank deposits	**18,504**	11,402
– amounts due from joint ventures	**455**	810
– others *(Note i)*	**3,498**	3,052
Finance income	**22,457**	15,264
Interest expense on borrowings wholly repayable within five years	**(72,920)**	(70,263)
Net foreign exchange transaction (loss)/gain	**(87,165)**	52,656
Transfer from hedging reserve		
– interest rate and currency swaps: cash flow hedge	**88,733**	(56,436)
Finance costs	**(71,352)**	(74,043)
Net finance costs	**(48,895)**	(58,779)

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% (2017: 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% (2017: 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% (2017: 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% (2017: 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 34.81% on the estimated assessable profits of the Group's operations in Japan for the year ended 28 February 2018. The applicable rate is 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 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% for the year ended 28 February 2017. On 22 December 2017, the 2017 Tax Cuts and Jobs Act ("Tax Act") was enacted into law making significant changes to the Internal Revenue Code. Changes include, but not limited to, a decrease in the federal income tax rate for tax years beginning after 31 December 2017. Upon the completion of the Tax Act, the applicable US enterprise income tax rate for the subsidiary operating in the United Stated of America is 30%.

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

	2018	2017
	HK$'000	HK$'000
Current income tax		
– Hong Kong profits tax	**5,216**	14,884
– Mainland China enterprise income tax	**65,696**	79,662
– Overseas income tax	**185,697**	126,445
– Over-provision in prior year	**(3,558)**	(5,648)
	253,051	215,343
Deferred income tax	**37,881**	(23,123)
	290,932	192,220

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.

	2018	2017
Profit attributable to equity holders of the Company (HK$'000)	**430,556**	314,047
Weighted average number of ordinary shares in issue ('000)	**1,195,797**	1,208,804
Basic earnings per share (HK cent)	**36.0**	26.0

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.

	2018	2017
Profit attributable to equity holders of the Company (HK$'000)	**430,556**	314,047
Weighted average number of ordinary shares in issue ('000)	**1,195,797**	1,208,804
Adjustments for share options ('000)	**36,308**	27,555
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,232,105**	1,236,359
Diluted earnings per share (HK cent)	**34.9**	25.4

10 DIVIDENDS

	2018 **HK$'000**	2017 HK$'000
Final dividend, proposed, 17.8 HK cents (2017: 13.0 HK cents) per ordinary share	**212,852**	155,454

The dividends paid in the years ended 28 February 2018 and 2017 were HK$155,454,000 (13.0 HK cents per share) and HK$101,765,000 (8.4 HK cents per share) respectively.

A final dividend of 17.8 HK cents (2017: 13.0 HK cents) per ordinary share for the year ended 28 February 2018 is to be proposed at the annual general meeting.

11 TRADE AND OTHER RECEIVABLES

	28 February 2018 HK$'000	28 February 2017 HK$'000
Trade receivables	**316,659**	218,343
Less: provision for impairment of trade receivables	**(2,726)**	(1,218)
Trade receivables – net	**313,933**	217,125
Interest receivables	**2,020**	305
Other receivables	**15,473**	9,335
Trade and other receivables	**331,426**	226,765

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

	28 February 2018 HK$'000	28 February 2017 HK$'000
Beginning of the year	**1,218**	1,553
Provision for/(reversal of) impairment of trade receivables	**1,436**	(280)
Write-off of provision for impairment of trade receivables	**–**	(66)
Currency translation differences	**72**	11
End of the year	**2,726**	1,218

As of 28 February 2018, trade receivables of HK$2,726,000 (28 February 2017: HK$1,218,000) were impaired. The ageing of these receivables is as follows:

	28 February 2018 HK$'000	28 February 2017 HK$'000
Over 90 days	**2,726**	1,218

The ageing analysis of trade receivables past due but not impaired as at 28 February 2018 and 2017 is as follows:

	28 February 2018 HK$'000	28 February 2017 HK$'000
Over 90 days	**1,637**	360

There were no other receivables past due but not impaired as at 28 February 2018 and 2017.

The ageing analysis of trade receivables is as follows:

	28 February 2018 HK$'000	28 February 2017 HK$'000
0 to 30 days	**259,944**	165,726
31 to 60 days	**48,057**	48,896
61 to 90 days	**4,295**	2,143
Over 90 days	**4,363**	1,578
	316,659	218,343

12 BORROWINGS

	28 February 2018 HK$'000	28 February 2017 HK$'000
Non-current borrowings		
– Bank borrowings	**123,355**	40,377
– Senior Notes *(Note a)*	**–**	1,005,484
	123,355	1,045,861
Current borrowings		
– Portion of bank borrowings due for repayment within one year	**85,600**	179,646
– Portion of bank borrowings due for repayment after one year which contain a repayable on demand clause	**72,550**	83,150
– Senior Notes *(Note a)*	**1,095,866**	–
	1,254,016	262,796
	1,377,371	1,308,657

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. As at 28 February 2018, the effective borrowing cost was 5.4% (28 February 2017: 5.4%) per annum. Except for the Senior Notes, the bank borrowings bear interest at floating rates that are market dependent.

As at 28 February 2018, bank borrowings of HK$83,150,000 (28 February 2017: HK$93,750,000) were secured by the Group's certain land and buildings with carrying amounts of HK$190,177,000 (28 February 2017: HK$196,660,000).

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 be matured on 15 May 2018 and are listed on the Stock Exchange as at 28 February 2018.

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 year end date, 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 outstanding Senior Notes have been fully repaid on 15 May 2018.

The maturity of borrowings is as follows:

	28 February 2018 HK$'000	28 February 2017 HK$'000
Within 1 year	**1,254,016**	262,796
Between 1 and 2 years	**98,545**	1,045,861
Between 2 and 5 years	**24,810**	–
	1,377,371	1,308,657

13 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	28 February 2018 HK$'000	28 February 2017 HK$'000
0 to 30 days	**209,079**	112,211
31 to 60 days	**144,124**	137,386
61 to 90 days	**55,962**	70,901
91 to 180 days	**29,064**	36,633
181 to 365 days	**9,541**	18,251
Over 365 days	**23,194**	17,744
	470,964	393,126

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

14 DERIVATIVE FINANCIAL INSTRUMENTS

	28 February 2018 Liabilities HK$'000	28 February 2017 Liabilities HK$'000
Qualified for hedge accounting – cash flow hedge:		
Foreign currency and interest rate swap contract, at market value *(Note a)*	**(29,212)**	(158,476)
Not qualified for hedge accounting:		
Currency swap contracts, at market value *(Note b)*	**(4,749)**	–
	(33,961)	(158,476)
Less: current portion		
Foreign currency and interest rate swap contract, at market value *(Note a)*	**29,212**	–
	(4,749)	(158,476)

Notes:

(a) As at 28 February 2018, the notional principal amounts of the outstanding foreign currency and interest rate swap contract were RMB894,000,000 (28 February 2017: RMB894,000,000), which has been designated as the hedging instrument for the Senior Notes (Note 12). As at 28 February 2018, the fixed interest rate for the Senior Notes was 6.25% (28 February 2017: 6.25%) per annum. The swap exchange rate is 1.2645 HK$ per one RMB (28 February 2017: 1.2645 HK$ per one RMB) whereas the swap interest rate is 5.75% (28 February 2017: 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 2018 will be continuously released to the consolidated statement of comprehensive income until the repayment of the Senior Notes.

(b) As at 28 February 2018, the notional principal amount of the outstanding currency swap contracts to buy United States Dollar for economic hedge against foreign exchange risk exposures relating to liabilities denominated in United States Dollar was USD11,000,000.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 17.8 HK cents per share (FY16/17: 13.0 HK cents per share) for the year ended 28 February 2018. The final dividend amounts to approximately HK$212,852,000, if approved by the shareholders at the forthcoming annual general meeting.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) Group

Despite the Group's operating regions having achieved different levels of performance during the financial year, we are of the view that it was a year in which the Group made further steps forward. One facet of the Group's strategies during the year was to uplift brand image and gross margin through a controlled discount initiative while upgrading operating profitability through cost efficiency measures such as the store consolidation exercise in Hong Kong. Other key measures that the Group undertook to achieve these goals included focused and innovative marketing initiatives, brand awareness investments, and further enhancement of our brand portfolio through the introduction of new fashion concepts. Overall, it was another year of resilient underlying growth as reflected in the results of the different businesses. The Group achieved growth in revenue along with increased gross and operating profitability in most of our operating regions. Turnover of the Group rose 4.8% over last year to HK$8,383.0 million. Net profit came in at HK$431.9 million, representing an increase of 37.1% over last year.

The results in our Hong Kong and Macau segment are particularly noteworthy. They are not only due to the fact that Hong Kong is the home of the Group and is one of the leading fashion marketplaces in Asia. They also reflected the determined efforts we made to move the business in our Hong Kong and Macau segment into positive territory in the second half of the financial year. We are also particularly encouraged by the recent relevant data showing signs of gradual recovery in the fashion retail industry in Hong Kong.

Sales on the Mainland continued to grow on the back of another double-digit percentage growth in the total trading area over last year. Although these newly opened shops are yet to contribute to profits, the Group maintains a very positive view of the economic prospects of the Mainland. We see immense growth opportunities, both online and offline, on which we can capitalise in this burgeoning market.

Our business in Japan and the USA region continued to outperform, and we are particularly gratified that the responses to the two new shops that were recently opened in Los Angeles have been overwhelmingly positive.

Turnover by Market

Turnover in our Hong Kong and Macau segment decreased by 4.9%, to HK$3,323.8 million. The decrease was principally due to negative comparable store sales growth in the first half of the financial year along with a reduction in store distribution network throughout most of the financial year. The Hong Kong and Macau segment contributed 39.6% towards the total turnover (FY16/17: 43.7%).

While further increasing our market share and extending the reach of our brands are at the core of our business development on the Mainland, our total trading area in the region increased by another double-digit percentage over last year. As a result, turnover of our Mainland China operations also increased, by 8.8% to HK$3,919.6 million, contributing 46.8% towards the Group's total turnover (FY16/17: 45.0%).

Our Japan and the USA segment, which accounted for 12.0% of total Group turnover (FY16/17: 9.8%), continued to deliver sustainable and significant growth. Turnover of our Japan and the USA businesses rose by 30.0% to JPY14,316.4 million, equating to an increase of 27.7% in Hong Kong Dollars, to HK$1,005.9 million. This positive development was predominately due to the overwhelmingly positive responses to our brands' collections and the highly successful collaborative campaigns we launched with different renowned fashion names and business units around the world. Our two new shops in Los Angeles were also driving forces behind the strong performance.

Breakdown of turnover by region of operations:

	Turnover			% of Turnover	
	FY17/18	FY16/17		**FY17/18**	FY16/17
	HK$ million	HK$ million	Change		
Hong Kong and Macau	**3,323.8**	3,496.9	-4.9%	**39.6%**	43.7%
Retail sales only	***3,282.3***	*3,459.4*	*-5.1%*		
Mainland China	**3,919.6**	3,601.2	+8.8%	**46.8%**	45.0%
Retail sales only	***3,837.3***	*3,461.3*	*+10.9%*		
Japan and the USA	**1,005.9**	787.6	+27.7%	**12.0%**	9.8%
Retail sales only	***945.8***	*731.4*	*+29.3%*		
Other	**133.7**	115.6	+15.7%	**1.6%**	1.5%
Total	**8,383.0**	8,001.3	+4.8%	**100.0%**	100.0%

Brand Mix

Optimizing the range of our international brand portfolio through introduction of collections from the latest fashion ideas alongside upgrading the design and quality of our in-house brand products is an ongoing process on the Group's road to success. We are fully committed to investing in different aspects of our business such as management structure and operations with the aim of reinforcing our uniquely differentiated offerings. We are very gratified, indeed proud, of running a strong and balanced portfolio showcasing over 300 international brands featuring the latest fashion concepts alongside a number of distinctive self-established brands. Our in-house brand segment remained the largest revenue contributor, at 60.2% (FY16/17: 59.5%).

Breakdown of retail sales by brand categories:

	Retail Sales			% of Retail Sales	
	FY17/18	FY16/17		**FY17/18**	FY16/17
	HK$ million	HK$ million	Change		
In-house brands	**4,936.3**	4,624.6	+6.7%	**60.2%**	59.5%
International brands	**3,202.2**	3,089.8	+3.6%	**39.1%**	39.8%
Licensed brands	**60.6**	53.3	+13.7%	**0.7%**	0.7%
	8,199.1	7,767.7	+5.6%	**100.0%**	100.0%

Dynamics in Margin and Cost

The Group continued to deliver sustainable growth in turnover at 4.8% with gross profit also increasing by 8.0% over last year along with an enhancement in gross margin to 63.5% (FY16/17: 61.6%) amid a competitive retail landscape. Although this positive development in gross margin was a result of many different factors, internal as well as external, it was mostly affected by the decision the Group took to secure gross margin and brand integrity through a reduction in discount activities. It was also attributable to a more favorable market situation in regard to the purchasing currencies in some of the Group's operating regions, such as Mainland China, during the financial year as compared to the previous year.

Rent-to-sales ratio (including rental charges and building management fees) of the Group decreased to 24.2% (FY16/17: 24.7%) whereas staff costs-to-sales ratio (excluding share option expenses) increased slightly to 16.3% (FY16/17: 16.2%). Total operating costs as a percentage of sales increased to 55.0% (FY16/17: 54.6%).

Operating profit of HK$757.8 million was recorded for the year ended 28 February 2018, representing an increase of 32.6% over last year. The uplifts seen in the Group's revenue and gross margin were the primary factors for the growth in operating profit.

(b) Hong Kong and Macau

Although the overall consumer market was adversely affected by different regional challenges that included uncertain macroeconomic conditions and geopolitical tensions, the general climate for consumption and the retail industry as a whole turned positive towards the second half of the financial year. This uptick was best reflected by recent relevant data showing signs of gradual recovery in spending momentum. Other market factors, such as inbound tourism, also became more positive towards the second half of the financial period.

One of the Group's strategies for the year was to rationalise the store distribution network with the objective of mitigating cost pressure and upgrading operational excellence. Although this has adversely impacted our revenue, comparable store sales growth accelerated in the second half of the financial year and reached positive territory. Turnover in our Hong Kong and Macau segment decreased by 4.9% to HK$3,323.8 million, and retail sales also declined by 5.1% to HK$3,282.3 million. Comparable store sales growth registered at -0.9% (FY16/17: -4.5%).

Gross margin increased to 60.7% (FY16/17: 59.4%). Such expansion in gross margin was predominately attributable to the controlled discount activities. As a result, operating loss for the full year narrowed to HK$39.7 million (FY16/17: operating loss of HK$119.0 million).

This positive development was also due to our ongoing efforts to deliver new shopping excitements to our customers. We believe that the new generation of consumers is looking for innovative ideas and thematic consumption experiences. In this spirit, we introduced a new and very successful multi-brand store concept, "*i.t blue block*", during the year. This unique concept showcases not only a wide range of the latest fashion products but also new lines of beauty, food & beverage choices and lifestyle merchandise. In terms of innovation, it offers experiential shopping to our customers whereby they can move in a frictionless manner between differently themed attractions.

(c) Mainland China

The Group's revenue in Mainland China amounted to HK$3,919.6 million generated by more than 492 physical stores as well as online business. This performance marks another year of sustainable revenue growth of 8.8%. Total retail sales also increased by 10.9%, to HK$3,837.3 million, with comparable store sales growth registered at 0.2% (FY16/17: 7.1%). The decline in comparable store sales growth was principally due to the very high base reached in the third quarter. It also reflects our strategic decision to hold back major end-of-season promotional activities such as the *"Gig-on" sale* with the aim of safeguarding margins and strengthening brand integrity.

The market environment for purchasing currencies was positive during the financial year as compared to the previous year. As a result, gross margin increased by 2.3 percentage points to 63.2%. Operating costs rose as a percentage of sales, which was primarily due to higher staff costs and marketing expenses along with new digital investments. We believe these investments are necessary for long-term sustainable growth. We continue to see increased sales contribution from e-commerce, for example, which offers good potential for future growth opportunities. Tmall, where we have established multiple platforms in, both mono-brand and multi-brand formats, is a key complement of the Group's online business. We are exploring opportunities with other wholesale digital platforms to expand our e-commerce business. Generally, the uplifts seen in turnover and gross margin were largely sufficient to offset the increase in operating costs. As a result, operating profit of our Mainland China segment only slightly decreased by 3.1% to HK$334.3 million.

The Group has also continued to expand its retail footprint in both existing and new cities, such as Nanchang, Nantong and Xuzhou, to further extend the reach of our new and existing brands. As at the end of the financial year, our total trading area on the Mainland increased by 16.1% over last year.

(d) *Japan and the USA*

We are particularly encouraged by the performance of our Japan and the USA operations. As this has been another year of resilient underlying growth in the results of the businesses, with sales registering an increase of 30.0% to JPY14,316.4 million, sales in Hong Kong Dollar terms also rose by 27.7%, to HK$1,005.9 million. This positive development was mainly the result of our ongoing improvements in store design (physical and digital) to offer a more inspiring shopping experience to our customers. This strategy is supported by innovative marketing initiatives and collaborative activities with different renowned names around the world. In regard to profitability, gross margin remained stable at 71.0% (FY16/17: 71.1%) while operating profit increased by 35.4% to HK$427.2 million. This enhancement in operating profitability was achieved through increased efficiency as measured by operating costs on sales.

We believe that one of the most efficient ways to present our brands is through physical or direct-to-customer channel. Therefore, two new shops were opened in Los Angeles during the year to further extend the reach of our "A Bathing Ape" and "AAPE" brands to local fashion enthusiasts in the region.

Share of Results of Joint Ventures

Share of profits of joint ventures amounting to HK$14.0 million was recorded for the year ended 28 February 2018 (FY16/17: share of losses of joint ventures of HK$5.5 million). A principal driver of this growth was our joint venture business with Galeries Lafayette, which has continued to deliver positive operating results.

Inventory

Average inventory turnover cycle of the Group increased slightly to 175 days (FY16/17: 174 days). Stock-in-trade in absolute dollar terms decreased by over HK$131.7 million on a year-on-year basis, reflecting a healthier stock on hand position.

Cash Flows and Financial Position

The Group's cash and bank balances as at 28 February 2018 were HK$2,315.3 million compared to HK$1,817.8 million as at 28 February 2017 and its net cash balance amounted to HK$937.9 million (net cash is defined as cash and cash equivalents of HK$2,315.3 million less bank borrowings of HK$281.5 million and the Senior Notes of HK$1,095.9 million) versus HK$509.1 million as at 28 February 2017.

Cash inflow from operating activities for the year ended 28 February 2018 amounted to HK$993.4 million (FY16/17: HK$443.3 million).

Liquidity and Banking Facilities

As at 28 February 2018, the Group had aggregate banking facilities of approximately HK$1,433.2 million (28 February 2017: HK$1,505.1 million) for overdrafts, bank loans and trade financing, of which approximately HK$1,035.4 million (28 February 2017: HK$1,087.4 million) was unutilised 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 2018, bank borrowing was secured on land and buildings with a carrying amount of HK$190.2 million (28 February 2017: HK$196.7 million).

Contingent Liabilities

As at 28 February 2018, the Group did not have significant contingent liabilities (28 February 2017: 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 2018, the Group had a total of 6,793 (FY16/17: 6,295) 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

Looking ahead, it would appear that macroeconomic prospects are stronger and there is a general expectation that the global economy will see more sustained growth. Hong Kong saw positive sales momentum building in the second half of the financial year as witnessed by the pickup in comparable store sales growth over the period. These are encouraging signs for 2018. However, international relations and geopolitical tensions have added uncertainties to the global economic landscape.

In regard to our store expansion plan, we do not expect a notable reduction in our distribution network in the Hong Kong region in the coming year. Nevertheless, our development strategy remains selective, focusing on carefully chosen quality locations in promising areas. However, beyond our home region, the Group is determined to continue our expansion in Mainland China since the growth capacity of regions across the country is still immense. In regard to overseas markets, we aim to further extend the reach of our brands and increase our global market share as an integral part of our overall strategy. The Group will also continue to identify and take best advantage of new growth opportunities in other markets, such as those of North America, Europe and Southeast Asia.

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 2018, except for the deviation 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.

Detailed information of the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2017/18 Annual Report.

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 2018, they have complied with the required standards as 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 comprehensive income, the consolidated statement of financial position and the related notes thereto for the year ended 28 February 2018 as set out in the preliminary announcement have been reviewed and 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 2018.

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

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 2018.

The Company redeemed an aggregate principal amount of RMB894,000,000, representing all its outstanding 6.25 per cent Senior Notes due 2018 at the redemption price equal to 100% of the principal amount together with interest accrued upon its maturity on 15 May 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Unit B, Ground Floor, Vita Tower, 29 Wong Chuk Hang Road, Hong Kong on Tuesday, 21 August 2018 at 3:00 p.m. (the "2018 AGM"). Notice of the 2018 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 2018 AGM to be held on Tuesday, 21 August 2018 (or any adjournment thereof), the register of members of the Company will be closed from Wednesday, 15 August 2018 to Tuesday, 21 August 2018, both days inclusive. In order to qualify for the right to attend and vote at the 2018 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 Tuesday, 14 August 2018.

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, 27 August 2018. 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, 24 August 2018. The expected dispatch date of the dividend warrant and the expected payment date of the final dividend is on or around Monday, 10 September 2018.

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, 29 May 2018

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.