I.T

I.T LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2013

FINANCIAL HIGHLIGHTS

- Total turnover of the Group increased by 14.0% to HK$6,543.1 million.
- Total retail sales in Hong Kong increased by 8.9% to HK$3,687.7 million at comparable store sales growth rate of +1.2%. Total retail sales in Mainland China increased by 30.7% to HK$1,864.6 million at comparable store sales growth rate of +8.0%.
- Japan landed at total retail sales of HK$464.9 million, representing a 4.0% decrease from last year.
- Total retail sales in other regions (namely Macau and Taiwan) increased by 24.4% to HK$284.3 million.
- Gross profit of the Group increased by 8.7% to HK$3,849.6 million at gross profit margin of 58.8% (FY11/12: 61.7%).
- Net profit of the Group decreased by 18.6% to HK$385.0 million.
- Basic earnings per share decreased by 20.5% to HK$0.31. Diluted earnings per share decreased by 18.9% to HK$0.30.
- Final dividend of 3.0 HK cents (FY11/12: 12.9 HK cents) per share is proposed representing a total payout of HK$36.8 million (FY11/12: 157.5 million).

The board of directors (the "Board") of I.T Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2013, prepared on the basis set out in Note 1, together with the comparative figures for the year ended 29 February 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2013 HK$'000	2012 HK$'000
Turnover	3	**6,543,109**	5,741,642
Cost of sales	5	**(2,693,460)**	(2,201,683)
Gross profit		**3,849,649**	3,539,959
Other loss	4	**(6,221)**	(2,776)
Operating expenses	5	**(3,367,346)**	(2,961,879)
Operating profit		**476,082**	575,304
Finance income	6	**10,649**	6,385
Finance costs	6	**(27,554)**	(11,993)
Share of (loss)/profit of jointly controlled entities		**(11,461)**	4,086
Profit before income tax		**447,716**	573,782
Income tax expense	7	**(62,685)**	(100,652)
Profit for the year		**385,031**	473,130
Other comprehensive income:			
Currency translation differences		**(8,977)**	27,157
Total comprehensive income for the year		**376,054**	500,287
Profit attributable to:			
– Equity holders of the Company		**383,697**	471,300
– Non-controlling interests		**1,334**	1,830
		385,031	473,130
Total comprehensive income attributable to:			
– Equity holders of the Company		**374,507**	498,476
– Non-controlling interests		**1,547**	1,811
		376,054	500,287
Earnings per share for profit for the year (expressed in HK$ per share)			
– basic	8	**HK$0.31**	HK$0.39
– diluted	8	**HK$0.30**	HK$0.37
Dividends	9	**36,846**	187,967

CONSOLIDATED BALANCE SHEET

	Note	As at 28 February 2013 HK$'000	As at 29 February 2012 HK$'000
ASSETS			
Non-current assets			
Property, furniture and equipment		**934,128**	880,887
Intangible assets		**359,338**	373,018
Investments in and amounts due from jointly controlled entities		**199,074**	118,059
Rental deposits		**298,675**	277,738
Prepayments for furniture and equipment		**5,868**	4,437
Deferred income tax assets		**116,154**	77,782
		1,913,237	1,731,921
Current assets			
Inventories		**1,211,240**	1,237,808
Trade and other receivables	10	**133,736**	155,450
Amounts due from jointly controlled entities		**25,388**	23,648
Prepayments and other deposits		**221,299**	216,063
Derivative financial instruments		**1,163**	116
Cash and cash equivalents		**961,158**	626,944
		2,553,984	2,260,029
LIABILITIES			
Current liabilities			
Bank borrowings	12	**(365,661)**	(263,088)
Trade and bill payables	11	**(273,552)**	(409,038)
Accruals and other payables		**(476,177)**	(463,583)
Derivative financial instruments		**(1,600)**	–
Amounts due to jointly controlled entities		**(51,549)**	(50,064)
Current income tax liabilities		**(23,585)**	(48,754)
		(1,192,124)	(1,234,527)
Net current assets		**1,361,860**	1,025,502
Total assets less current liabilities		**3,275,097**	2,757,423
Non-current liabilities			
Bank borrowings	12	**(668,462)**	(437,126)
Accruals		**(14,140)**	(18,079)
Derivative financial instruments		**(6,140)**	(2,639)
Deferred income tax liabilities		**(32,984)**	(30,801)
		(721,726)	(488,645)
Net assets		**2,553,371**	2,268,778
EQUITY			
Capital and reserves			
Share capital		**122,818**	122,067
Reserves		**2,430,553**	2,148,649
Non-controlling interests		**–**	(1,938)
Total equity		**2,553,371**	2,268,778

NOTES

1. GENERAL INFORMATION

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

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

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

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

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

2. BASIS OF PREPARATION

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

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

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

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

HKFRS 1 Amendment	Government Loans (effective for annual period beginning on or after 1 January 2013)
HKFRS 7 Amendment	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual period beginning on or after 1 January 2013)
HKFRS 9	Financial Instruments (effective for annual period beginning on or after 1 January 2015)
HKFRS 10	Consolidated Financial Statements (effective for annual period beginning on or after 1 January 2013)
HKFRS 11	Joint Arrangements (effective for annual period beginning on or after 1 January 2013)

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

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

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

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

3. TURNOVER AND SEGMENT INFORMATION

Analysis of revenue by category

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

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

The board of directors considers the business from geographic perspective and assesses the performance of the geographical segment based on a measure of operating profit before impairment of goodwill and property, furniture and equipment, depreciation of property, furniture and equipment, and amortisation of intangible assets ("EBITDA"). The measure excludes the effects of share of (loss)/profit from jointly controlled entities. Finance income and expenses are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. The information provided to the board of directors is measured in a manner consistent with that in the financial statements.

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

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

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

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

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

4. OTHER LOSS

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

5. EXPENSES BY NATURE

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

6. FINANCE COSTS, NET

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

Note:

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

7. INCOME TAX EXPENSE

The Company is exempted from income taxes in Bermuda until March 2016. The Company's subsidiaries established in the British Virgin Islands are incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income taxes.

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

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

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

Taiwan profits tax has been provided at the rate of 17% (2012: 17%) on the estimated assessable profits of the Group's operations in Taiwan.

Macau Complementary (Corporate) Tax has been provided at the applicable rates ranging from 9% to 12% (2012: 9% to 12%) on the estimated assessable profit in excess of HK$196,000 (approximately MOP200,000) and below HK$295,000 (approximately MOP300,000) and a fixed rate of 12% on assessable profit in excess of HK$295,000 (approximately MOP300,000).

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

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

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

8. EARNINGS PER SHARE

Basic

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

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

Diluted

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

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

9. DIVIDENDS

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

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

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

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

10. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

The ageing analysis of trade receivables is as follows:

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

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

11. TRADE AND BILL PAYABLES

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

	2013	2012
	HK$'000	HK$'000
0 to 30 days	**149,571**	159,030
31 to 60 days	**65,950**	104,318
61 to 90 days	**33,673**	64,889
91 to 180 days	**20,936**	73,355
181 to 365 days	**2,636**	6,067
Over 365 days	**786**	1,379
	273,552	409,038

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

12. BANK BORROWINGS

	2013	2012
	HK$'000	HK$'000
Non-current bank borrowings	**668,462**	437,126
Current bank borrowings		
– Portion of bank borrowings due for repayment within one year	**335,661**	263,088
– Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	**30,000**	–
	365,661	263,088
	1,034,123	700,214

The maturity of bank borrowings is as follows:

	2013	2012
	HK$'000	HK$'000
Within 1 year	**365,661**	263,088
Between 1 and 2 years	**309,143**	168,580
Between 2 and 5 years	**276,169**	174,796
Wholly repayable within 5 years	**950,973**	606,464
Over 5 years	**83,150**	93,750
	1,034,123	700,214

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

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of 3.0 HK cents per share (FY11/12: 12.9 HK cents per share) for the year ended 28 February 2013. The final dividend amounts to approximately HK$ 36.8 million, if approved by the shareholders at the 2013 Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) Group

The year ended 28 February 2013 was a challenging period for most economies around the World. It was a year characterized by difficult global economic conditions. The slow recovery pace in the U.S., the instability of Europe caused by debt-ridden Greece, alongside the diminishing economic growth in Mainland China due to insufficient export demand by America and European countries adversely impacted the recovery of consumer sentiment in Asian retail space. As a result, after an exceptionally high growth in FY11/12, our principal operating markets (namely Hong Kong and Mainland China) experienced a noticeable slowdown in terms of customer traffic and spending momentum. Nevertheless, the Group managed to deliver another year of turnover growth at HK$6,543.1 million, representing a 14.0% growth over last year, with positive sales growth achieved in our key operating regions. The growth was mainly fuelled by multiple marketing strategies, active promotional activities and aggressive discount offers. However, the dual pressures of shrinking margins as a result of proactive markdowns to boost sales and surging operating costs driven by the hyper competitive consumer market diminished the growth of our net profit over last year.

Turnover by Markets

Hong Kong remained the Group's principal market and the largest sales/profit contributor. Total turnover in Hong Kong amounted to HK$3,708.0 million in FY12/13, representing an 8.8% increase over last year, accounted for 56.7% of total Group turnover.

Total turnover of our Mainland China businesses achieved another year of strong growth to HK$2,036.4 million, representing a 31.8% increase compared to the same period last year. It contributed 31.1% to total Group turnover. Despite the challenging market environment in Mainland China, the Group continued to expand its retail network at the fastest pace among all operating regions.

Turnover of our Japan businesses grew in a diminishing manner on the back of a higher base in FY11/12, landed at HK$514.4 million, an 8.1% decline compared to last year, contributing 7.9% to total Group turnover.

Breakdown of turnover by region of operation:

	Turnover			Group Participation	
	FY12/13	FY11/12		**FY12/13**	FY11/12
	HK$ million	HK$ million	Change		
Hong Kong	**3,708.0**	3,408.5	+8.8%	**56.7%**	59.4%
Retail sales only	*3,687.7*	*3,385.5*	*+8.9%*		
Mainland China	**2,036.4**	1,544.5	+31.8%	**31.1%**	26.9%
Retail sales only	*1,864.6*	*1,426.6*	*+30.7%*		
Japan	**514.4**	560.0	–8.1%	**7.9%**	9.8%
Others	**284.3**	228.6	+24.4%	**4.3%**	3.9%
Total	**6,543.1**	5,741.6	+14.0%	**100.0%**	100.0%

Brand Mix

Exploring new potential brands from around the World to strengthen our brand portfolio, bringing the latest inspiring fashion to customers are our all-time missions. During the year, multiple marketing campaigns and store opening strategies were employed to further leverage the brand equity of our product lines which include international, in-house and licensed brand products. Our in-house brand businesses continued to enjoy the highest year-on-year sales growth at 16.4% with the Group sales participation rate increasing to 59.1% (FY11/12: 57.9%).

Breakdown of retail sales by brand category:

	Retail Sales			Group Participation	
	FY12/13	FY11/12		**FY12/13**	FY11/12
	HK$ million	HK$ million	Change		
In-house brands	**3,721.8**	3,198.6	+16.4%	**59.1%**	57.9%
International brands	**2,439.4**	2,135.7	+14.2%	**38.7%**	38.6%
Licensed brands	**139.2**	190.7	–27.0%	**2.2%**	3.5%
	6,300.4	5,525.0	+14.0%	**100.0%**	100.0%

Dynamics in Margin and Cost

Following double-digit percentage growth in turnover, gross profit of the Group achieved an 8.7% growth to HK$3,849.6 million, while gross profit margin reduced by 2.9 percentage points to 58.8%. The margin erosion was a result of aggressive sales promotions and markdowns to defend market shares in the challenging retail climate.

Total operating cost ratio remained stable at 51.5% (FY11/12: 51.6%) despite escalating operating cost pressure and effects related to some long-term investments which include the revamp of our flagship stores in Mainland China. These long-term investments increased short-term operating costs but we trust that they were both necessary and worth doing so, as these investments are expected to further strengthen our brand equity and position in the region, thereby creating a positive effect on future profits. Staff cost (excluding share option expenses) ratio decreased slightly to 15.1% (FY11/12: 15.4%) while the rent (including rental charges, management fee, rates and government rent) ratio increased to 23.3% (FY11/12: 21.3%).

Under the pressure of margin erosion discussed above, operating profit for the year was HK$476.1 million (FY11/12: HK$575.3 million), resulting in a reduced operating margin to 7.3% (FY11/12: 10.0%).

(b) *Hong Kong*

The global economic uncertainties not only weighed on the economy of Hong Kong through falling export demand by the U.S. and EU markets, it also dampened the consumer sentiment in Hong Kong as well as Mainland China. Mainland China tourists, being a considerably significant group of sales contributor to Hong Kong retail sector, cut back their spending on luxury goods during the fiscal year. As a result, Hong Kong's retail market experienced a noticeable slowdown throughout the year. In spite of these adverse market conditions, the Group managed to deliver an 8.8% growth in turnover to HK$3,708.0 million and an 8.9% growth in retail sales to HK$3,687.7 million, with comparable-store-sales growth rate registered at 1.2%. These increments were achieved by our continuous efforts in upgrading the shopping experience for our customers through a wide range of the latest fashion products and better services. Apart from driving the sales productivity of our existing shops, we continued to expand our retail network to further strengthen our market dominance in Hong Kong. Our total trading area in Hong Kong increased by 6.9% (or a net increase of 29 shops) compared to last year.

Operating profit decreased by 23.4% to HK$274.1 million at 7.4% operating margin (FY11/12: 10.5%). The decline was mainly caused by the impact of narrowed gross margin percentage of 58.0% (FY11/12: 61.0%) driven by more aggressive discount offers. Operating cost ratio remained flat at 50.4% (FY11/12: 50.4%).

(c) *Mainland China*

Similarly, the consumer market in Mainland China was also affected by the difficult macroeconomic environment during the fiscal year. The global economic headwinds adversely impacted the formerly bullish Chinese market and hence consumer confidence. Notwithstanding this, we continued our expansion with the total trading area further increasing by 16.5% on top of a high growth rate of 51.5% in last year, representing our strong commitment to this region.

Total revenue for Mainland China was HK$2,036.4 million, representing a 31.8% growth over last year. Total retail sales increased by 30.7% to HK$1,864.6 million at a comparable store sales growth rate of 8.0%. Gross margin narrowed to 57.9% (FY11/12: 62.5%) as a result of extra promotional activities and markdowns to stimulate sales growth. The inflated operating costs of running existing stores and expanding our store network, alongside other long-term investments related to the revamp of some of our flagship stores (*e.g.* **i.t** *in Beijing Oriental Plaza,* **I.T** *in Shanghai Plaza 66 and* **i.t** *in Shanghai Cloud Nine Shopping Mall*) drove up the total operating costs for the year. These long-term investments did not generate any revenue during the revamp periods but have created cost increases. As a result, total operating cost ratio increased slightly to 53.3% in FY12/13 (FY11/12: 53.1%). However, these long-term investments were necessary as they aim to further enhance brand equity, which in turn will stimulate network growth and profits. The dual effect of gross margin shrinkage and operating costs escalation mentioned above caused operating profit to drop 36.4% to HK$92.5 million (FY11/12: HK$145.4 million).

(d) Japan

Sales in Japan dropped by 8.1% to HK$514.4 million in FY12/13, which was still considered to be satisfactory in view of the fact that a high growth was achieved in the previous year and the sluggish trading environment in the region during the fiscal year. Operating efficiency enhancement was further achieved resulting in another year of operating profit of HK$54.3 million, representing a 285.1% increase over last year.

(e) Others

Total retail sales in other regions (namely Macau and Taiwan) increased by 24.4% to HK$284.3 million while operating profit dropped by 4.3% to HK$55.3 million. Strong in-bound tourist traffic from Mainland China in particular and the steady local economic growth remained the key sales growth drivers for our Macau business. On the other hand, the Taiwan consumer market was still under the stress of the formidable economic backdrop. Retail traffic and consumption sentiment in Taiwan remained relatively slow.

Share of Results of Jointly Controlled Entities

Mainly attributed to the pre-operating expenses of the jointly controlled entity, Galeries Lafayette (China) Limited, a share of loss of jointly controlled entities amounting to HK$11.5 million was recorded for the year ended 28 February 2013 (FY11/12: a share of profit of jointly controlled entities of HK$4.1 million).

Inventory

Multiple aggressive promotional activities and extra markdowns were offered during the fiscal year to stimulate sales volume. As a result, inventory turnover days of the Group remained marginally stable, standing at 165.9 days in FY12/13 (FY11/12: 164.1 days) in this volatile trading environment. It was 30.8 days lower than 196.7 days recorded for the six months ended 31 August 2012.

Cash Flows & Financial Position

The Group's cash and bank balances as at 28 February 2013 were HK$961.2 million compared to HK$626.9 million last year and its net debt balance of HK$73.0 million (net debt is defined as cash and cash equivalents of HK$961.2 less bank borrowings of HK$1,034.2 million as shown in the consolidated balance sheet) compared to net debt balance of HK$73.3 million last year.

Cash inflow from operating activities for the year ended 28 February 2013 amounted to HK$525.4 million (FY11/12: HK$361.7 million).

Liquidity and Banking Facilities

The Group has secured adequate bank lines to support continuous corporate growth and development. Aggregate banking facilities amounted to approximately HK$2,060.6 million (2012: HK$1,531.1 million) as at 28 February 2013, of which approximately HK$937.1 million (2012: HK$718.0 million) was unutilized. The Group's gearing ratio which was determined by total bank borrowings divided by total equity was 40.5% (2012: 30.9%).

Charges of Assets

As at 28 February 2013, bank borrowings are secured on land and building with a carrying amount of HK$222.6 million (FY11/12: HK$229.1 million).

Contingent Liabilities

As at 28 February 2013, the Group did not have significant contingent liabilities.

Foreign Exchange

The Group is exposed to foreign exchange risk arising from the exposure in Japanese Yen, Macau Pataca, Pound Sterling, Euro, United States Dollar, New Taiwan Dollar and Chinese Renminbi against the Hong Kong Dollar. Management monitors the foreign exchange risks of the Group on a regular basis and enters into forward exchange contracts and foreign currency swap contracts with major and reputable financial institutions for foreign exchange risk hedging.

Employment, Training and Development

The Group had a total of 6,314 employees as at 28 February 2013 (FY11/12: 6,089). 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 offered competitive remuneration packages to its employees, including basic salary, allowances, insurance and commission/bonuses.

Future Outlook

Looking ahead, the mounting uncertainties regarding global economies in 2012 may continue to affect the consumer markets in many of the countries around the World in 2013 as volatile consumer sentiment seems to be persisting. However, we remain cautiously optimistic with respect to the growth of consumer demand in Asian markets, Mainland China in particular, as the size of the middle-income class and the disposable income per capita household, as well as the demand for fashion and luxury products have all been growing very steadily in the past decade. We will continue to consolidate our leadership role and dominance in the fashion retail market in Hong Kong while pragmatically expanding our footprints in Mainland China.

Introducing new brands, bringing in the latest fashion trends from the rest of the World to cater for the increasing demand and rapid changing market are our all-time duties. Furthermore, we will continue to invest in our teams, our existing brands, and our store formats so as to offer continuous shopping excitement, professional customer services, and a wide range of inspiring fashion products to our customers. We will also stay focused on store productivity and operating efficiency as we aim to secure future profit maximization.

In addition, we have lined up multiple marketing campaigns, brand collaboration and crossovers to celebrate our 25th anniversary and the 20th anniversary of our brand "A Bathing Ape" that we acquired in early 2011. The opening of our joint venture business with Galeries Lafayette scheduled for the second half of FY12/13 will also be another highlight of the year; we are excited and looking forward to this new fiscal year.

Lastly, we are confident that the strength of our brands, the concrete trend-setting icon position around the region alongside the proven success of our "multi-brand, multi-layer" business model will remain the foundation of our long-term success.

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 Code on Corporate Governance Practices for the period from 1 March to 31 March 2012 and the Corporate Governance Code for the period from 1 April 2012 to 28 February 2013 (collectively the "CG Code") set out in Appendix 14 of the Listing Rules throughout the year ended 28 February 2013, except for the deviations as mentioned below.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 28 February 2013, they have complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual report for the year ended 28 February 2013.

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2013 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.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 28 February 2013.

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, 25 June 2013 at 11:00 a.m. (the "2013 AGM"). Notice of the 2013 AGM will be published and sent to shareholders in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2013 AGM to be held on Tuesday, 25 June 2013 (or any adjournment thereof), the register of members of the Company will be closed from Friday, 21 June 2013 to Tuesday, 25 June 2013, both days inclusive. In order to qualify for the right to attend and vote at the 2013 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 Thursday, 20 June 2013.

2. For the purpose of ascertaining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Tuesday, 2 July 2013. 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, 28 June 2013. Upon the shareholders' approval of the payment of the final dividend, the expected dispatch date of the dividend warrant is on or around Thursday, 11 July 2013 and the expected payment date of the final dividend is on or around Friday, 12 July 2013.

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, 3 May 2013

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