I.T
ANNUAL REPORT 19/20

STOCK CODE: 999

I.T LIMITED ANNUAL REPORT

19/20

I.T is well established as a

TREND SETTER

in the fashion apparel retail market. The Group has a global presence with self managed retail network of around 790 stores and 7,100 staff.

I.T IS NOT JUST A fashion icon

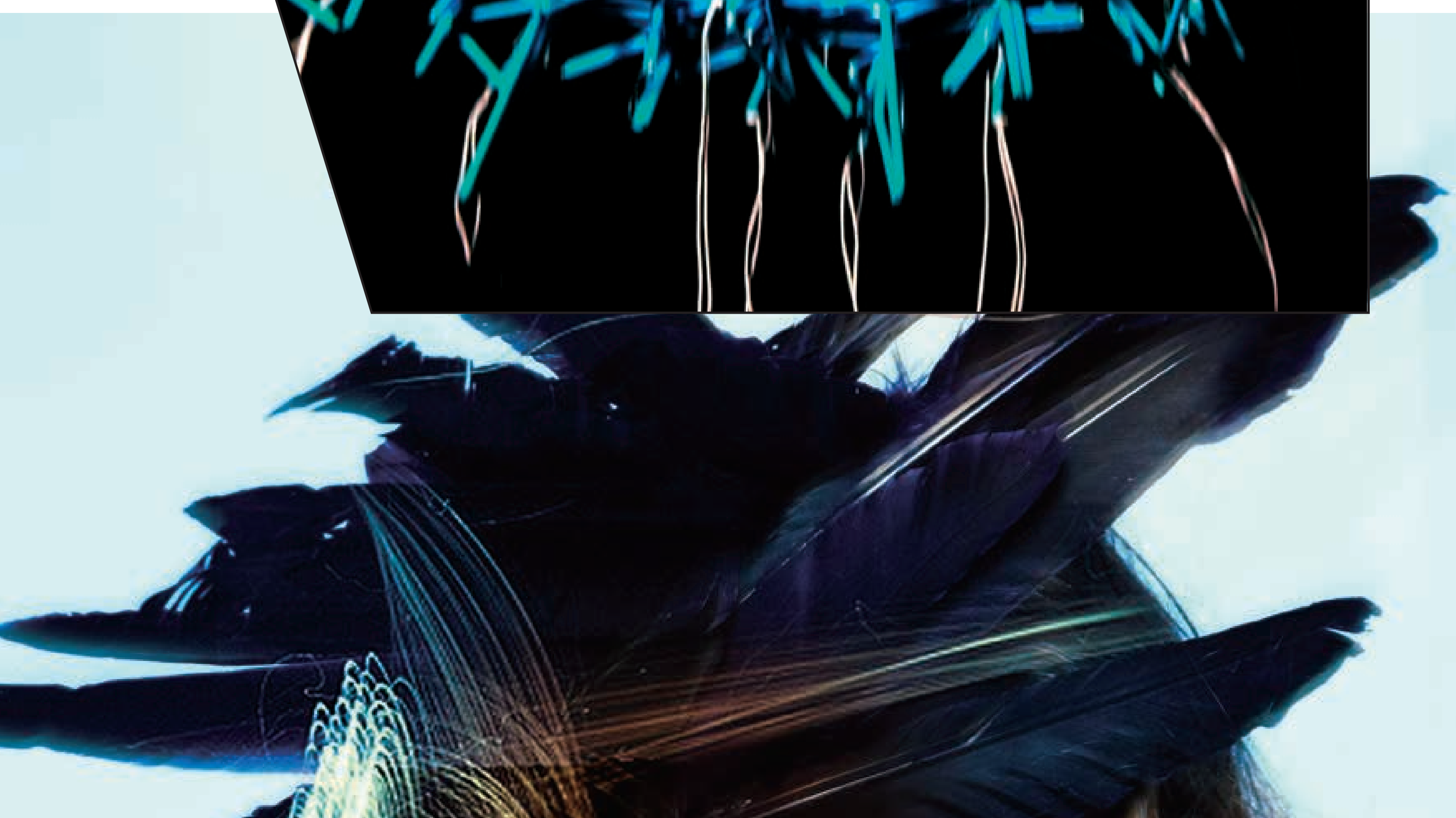

WE ACTUALLY LIVE FOR FASHION

Through the multi-brand and multi-layer business model, we offer a wide range of fashion apparel and accessories with different fashion concepts, sold at varying retail price points and targeted at different customer groups.

I.T carries apparels and accessories from established and up-and-coming international designer's brands, in-house brands and licensed brands. International brands include

Acne Studios
Alexander McQueen
Alexander Wang
Balenciaga
Burberry
Comme des Garcons
Gucci
Moncler
Off-White c/o Virgil Abloh
PRADA
Saint Laurent
Stella McCartney
Thom Browne
Valentino

In-house brands include A Bathing Ape, AAPE, izzue, b+ab, 5cm, fingercroxx, : CHOCOOLATE, MUSIUM DIV., and Venilla suite. Licensed brands include MLB, as know as de Rue and X-Large.



I.T has established joint ventures with French Connection, Zadig & Voltaire, Camper, Galeries Lafayette, Kenzo and Simone Rocha.

I.T leverages some of its in-house brands through franchisees in new markets. More shops will be opened overseas in the coming years.

Executive Directors
Mr. SHAM Kar Wai
Mr. SHAM Kin Wai
Mr. CHAN Wai Kwan

DIRECTORS

Independent Non-executive Directors
Mr. Francis GOUTENMACHER
Dr. WONG Tin Yau, Kelvin, JP
Mr. TSANG Hin Fun, Anthony

Company Secretary
Miss HO Suk Han Sophia

Registered Office
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business in Hong Kong
31/F., Tower A, Southmark
11 Yip Hing Street
Wong Chuk Hang
Hong Kong

Auditor
PricewaterhouseCoopers
Certified Public Accountants and
Registered PIE Auditor

Principal Bankers
Hang Seng Bank
Hongkong and Shanghai Banking Corporation
Standard Chartered Bank

Principal Share Registrar
Conyers Corporate Services (Bermuda) Limited

Hong Kong Branch Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: 2862-8555

IR Contact
Mr. FONG Wai Bun, Benny
Director of Corporate Finance
Tel: 3197-1126
Fax: 2237-6616
Email: ir_mail@ithk.com

Corporate Website
www.ithk.com

Stock Code
Shares: 999

I.T POSITIONING

Store Coverage

	A. No. of stores			
	Self-managed		Franchised	
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
Greater China:				
Hong Kong				
I.T	189	215	–	–
FCUK IT[(1)]	–	3	–	–
ZIT H.K.[(1)]	4	3	–	–
SRIT[(1)]	1	–	–	–
Mainland China				
I.T	537	532	9	23
FCIT China[(1)]	–	11	–	–
Camper I.T China[(1)]	5	7	–	–
Kenzo Asia[(2)]	44	32	–	–
ZVIT[(1)]	9	–	–	–
SRIT[(1)]	1	–	–	–
Taiwan	24	22	–	–
Macau				
I.T	11	13	–	–
ZIT H.K.[(1)]	1	1	–	–
Overseas:				
Japan	25	22	–	–
USA	4	3	–	–
France	–	–	3	1
Thailand	–	–	1	1
England	–	–	8	8
Singapore	–	–	3	6
Ireland	–	–	1	–
South Korea	–	–	1	1
Canada	–	–	–	3
Dubai	–	–	4	3
Saudi Arabia	–	–	–	2
Russia	–	–	1	1

Brand Portfolio
Over 300 International Designer's Labels
Over 10 In-house and Licensed Brands

Diversified Clientele
Offering a wide range of fashion apparel at varying retail price points and targeted at different customer groups

Multi-Brand Mega Store Concept
Group several brands in a sizable retail location offering a joyous shopping ambiance

	B. Sales footage[(3)]			
	Self-managed		Franchised	
	29 February 2020	28 February 2019	29 February 2020	28 February 2019
Greater China:				
Hong Kong				
I.T	522,892	534,825	–	–
FCUK IT[(1)]	–	3,483	–	–
ZIT H.K.[(1)]	4,003	2,797	–	–
SRIT[(1)]	1,035	–	–	–
Mainland China				
I.T	1,671,913	1,697,612	11,072	27,578
FCIT China[(1)]	–	17,078	–	–
Camper I.T China[(1)]	2,718	4,632	–	–
Kenzo Asia[(2)]	73,739	55,094	–	–
ZVIT[(1)]	10,934	–	–	–
SRIT[(1)]	1,636	–	–	–
Taiwan	35,466	33,160	–	–
Macau				
I.T	35,793	38,241	–	–
ZIT H.K.[(1)]	1,998	1,998	–	–
Overseas:				
Japan	47,446	44,728	–	–
USA	12,017	10,595	–	–
France	–	–	2,360	1,600
Thailand	–	–	2,000	2,000
England	–	–	2,083	2,083
Singapore	–	–	4,767	11,096
Ireland	–	–	550	–
South Korea	–	–	2,796	2,796
Canada	–	–	–	7,880
Dubai	–	–	3,980	2,326
Saudi Arabia	–	–	–	839
Russia	–	–	323	323

Notes:
(1) a 50% owned joint venture of the Company
(2) a 49% owned joint venture of the Company
(3) represents gross area

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

First of all, I would like to express my concern and solidarity with the people affected by the COVID-19 pandemic. I would also like to express my deepest appreciation to my dedicated teams for their hard work, resilience and determination in response to the operational challenges over the past year and during the current time to ensure the smooth running of our business. The safety and wellbeing of our employees and customers are of the greatest importance. My teams and I are monitoring the market situation and the development of the pandemic in different regions and will continue to adjust our business strategies to seek to minimise the adverse consequences.

2019 was a turbulent year for the Group and for the fashion retail industry as a whole. Increasing social instability in Hong Kong over the second half of the financial year, a slowdown in global economic growth and the mounting Sino-US trade dispute adversely impacted the Group's business in many of our operating regions.

The outbreak of COVID-19 in January 2020 onwards further aggravated an already difficult operational environment. Inbound tourism and spending enthusiasm in several of the Group's operating markets such as Hong Kong and Mainland China experienced a sharp decline. As a result, our sales in these regions dropped substantially in January and February 2020 in a market environment defined by temporary store closures and reduced opening hours during the period. Consequently, our second-half results – traditionally stronger than first-half results due to seasonality – fell far below our expectations.

In view of the challenging operational environment, the Group has implemented a number of short-term measures in response, including a comprehensive review of our shop portfolio, and renegotiating or exiting certain loss-making retail locations while selectively opening new ones. We have examined every expenditure with a sharp focus on increased productivity and cost saving, along with adjustments to buying and inventory levels. We have also re-prioritise our work plans with the objective of increasing our liquidity position.

I am certain that this very difficult passage will pass over time and we will regain composure. We retain full confidence in the strength and flexibility of our business model, which will help to stabilise the situation. In the meantime, our cost control work has to continue in all parts of the Group to minimise the overall impact of the current situation. These measures have been taken not only to manage the business in face of current challenges but also to enhance our competitive advantage and to best position ourselves for long-term sustainable growth.

Sham Kar Wai
Chairman

27 May 2020

FINANCIAL HIGHLIGHTS

- Total turnover of the Group decreased by 12.6% to HK$7,719.4 million.
- Total retail sales in Hong Kong and Macau decreased by 23.3% to HK$2,580.2 million. Comparable-store-sales-growth rate registered at -23.2% (FY18/19: 2.4%). Total trading area decreased by 2.5%.
- Total retail sales in Mainland China decreased by 9.4% to HK$3,700.1 million. Comparable-store-sales-growth rate registered at -5.3% (FY18/19: 1.7%). Total trading area decreased by 1.5%.
- Total retail sales in Japan and the USA landed at HK$1,066.0 million, representing 1.1% increase from FY18/19.
- Gross profit of the Group decreased by 16.1% to HK$4,733.7 million at gross profit margin of 61.3% (FY18/19: 63.9%).
- Net loss of the Group amounting to HK$745.8 million was recorded (FY18/19: Net profit of HK$444.1 million).
- If non-cash impairment provision of goodwill, property, furniture and equipment, and right-of-use assets amounting to HK$613.4 million were excluded, net loss of the Group would have been HK$132.4 million.
- Basic loss per share of 62.5 HK cents (FY18/19: Basic earnings per share of 37.0 HK cents).
- The Board does not recommend the payment of a final dividend for the year ended 29 February 2020 (FY18/19: 18.0 HK cents per ordinary share).

Per share data	FY19/20	FY18/19	Change
(Loss)/earnings per share – basic (HK$)	(0.625)	0.370	N/A
(Loss)/earnings per share – diluted (HK$)	(0.625)	0.357	N/A
Dividend (HK$)	–	0.18	-100.0%
Book value (HK$)[1]	1.98	3.05	-35.1%

Key statistics	FY19/20	FY18/19	Change
Inventory turnover (Days)[2]	199.3	168.1	+18.6%
Cash and cash equivalent (HK$ million)	1,456.8	1,772.0	-17.8%
Net (debt)/cash (HK$ million)[3]	(470.4)	612.0	N/A
Debt to equity ratio (%)[4]	81.4	31.8	+156.0%
Return on equity ratio (%)[5]	-24.8	12.3	N/A

Notes:

(1) Net asset value per share as at the year end date

(2) Average of the inventory at the beginning and at the end of the year divided by cost of sales times number of days during the year

(3) Cash and cash equivalents less borrowings

(4) Borrowings divided by total equity at the end of the year

(5) (Loss)/profit attributable to equity holders of the Company for the year divided by average of the total equity at the beginning and at the end of the year

I.T

IS FASHION

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

(a) The Group

The business environment in which the Group operated was extremely challenging during the year ended 29 February 2020 (FY19/20). With social instability in Hong Kong intensifying over the second half of the financial year along with a slowdown in global economic growth and a mounting Sino-US trade dispute, the Group's business in many of our operating regions suffered a severe blow.

The outbreak of COVID-19 in January 2020 onwards further aggravated an already difficult operational environment. Inbound tourism and spending enthusiasm in several of the Group's principal operating markets such as Hong Kong and Mainland China experienced a sharp decline.

The Group responded by focusing on innovation and by increasing promotional and discount related activities to boost sales volume. At the same time, we undertook a comprehensive review of our shop portfolio, renegotiating or exiting certain loss-making retail locations. We focused on cost saving and adjusting our buying levels. We also re-prioritised our work plans with the objective of strengthening our liquidity position.

However, the savings from these measures were not sufficient to offset the adverse impact caused by the decline in sales and gross margin – and hence the Group's profitability. Consequently, our second-half results – traditionally stronger than first-half results due to seasonality – fell far below our expectations.

Turnover of the Group declined by 12.6% over last year to HK$7,719.4 million. Gross margin also decreased, which was principally due to the extra discount activities that we offered during the financial year. The Group recorded a net loss of HK$745.8 million for the year ended 29 February 2020 compared to a net profit of HK$444.1 million for the year ended 28 February 2019.

The Group is required to assess its non-financial assets for impairment if events indicate the carrying value of the assets may not be recovered. During the year ended 29 February 2020, we conducted impairment assessments to non-financial assets with impairment indicators and result in a non-cash impairment on non-financial assets of HK$613.4 million in FY19/20. The breakdown is as follows:

	HK$ million
Impairment of property, furniture and equipment	67.5
Impairment of right-of-use assets	314.4
Impairment of goodwill	231.5
Total non-cash impairment	613.4

If the above non-cash items were excluded, net loss of the Group would have been HK$132.4 million.

Turnover by Market

For the year ended 29 February 2020, turnover in our Hong Kong and Macau segment decreased by 23.5% to HK$2,620.2 million while it contributed 33.9% towards the Group's total turnover (FY18/19: 38.8%). The decline was attributable to a reduction in the store distribution network in Hong Kong and negative comparable-store-sales-growth as a result of multiple factors including social instability and the outbreak of COVID-19.

Turnover of our Mainland China operations decreased by 9.0% to HK$3,751.4 million which contributed 48.6% towards the Group's total turnover (FY18/19: 46.7%). Our sales declined substantially in January and February 2020 in a market environment defined by temporary store closures and travel restrictions in several cities of the country due to the outbreak of the COVID-19.

The Group is especially gratified by the performance of our Japan and the USA operations where turnover in this segment increased by 4.9% to HK$1,209.2 million amidst a challenging operational environment. Sales in this segment contributed 15.7% of the Group's total turnover (FY18/19: 13.0%). Our unique brand collections in these regions, namely A Bathing Ape and its subsidiary lines, have proven to be resilient in an economic environment disrupted by several negative macroeconomic factors.

Breakdown of turnover by region of operations:

	Turnover			% of Turnover	
	FY19/20	FY18/19		**FY19/20**	FY18/19
	HK$ million	HK$ million	Change		
Hong Kong and Macau	**2,620.2**	3,424.8	-23.5%	**33.9%**	38.8%
Retail sales only	*2,580.2*	*3,363.6*	*-23.3%*		
Mainland China	**3,751.4**	4,122.6	-9.0%	**48.6%**	46.7%
Retail sales only	*3,700.1*	*4,082.7*	*-9.4%*		
Japan and the USA	**1,209.2**	1,152.7	+4.9%	**15.7%**	13.0%
Retail sales only	*1,066.0*	*1,054.5*	*+1.1%*		
Other	**138.6**	132.1	+4.9%	**1.8%**	1.5%
Total	**7,719.4**	8,832.2	-12.6%	**100.0%**	100.0%

Brand Mix

The Group's strength and resilience derives from our consistent efforts to diversify the Group's business across geographies and to define the optimal mix across different fashion concepts. We are delighted by the new brands we introduced during the financial year and we believe that these additions have further enhanced and diversified our already comprehensive brand portfolio. For the year ended 29 February 2020, our in-house brands segment continued to provide us with the largest revenue contribution, amounting to 60.0% (FY18/19: 60.5%).

Breakdown of retail sales by brand categories:

	Retail Sales			% of Retail Sales	
	FY19/20	FY18/19		**FY19/20**	FY18/19
	HK$ million	HK$ million	Change		
In-house brands	**4,492.2**	5,219.2	-13.9%	**60.0%**	60.5%
International brands	**2,960.3**	3,332.7	-11.2%	**39.6%**	38.6%
Licensed brands	**32.4**	81.0	-60.0%	**0.4%**	0.9%
	7,484.9	8,632.9	-13.3%	**100.0%**	100.0%

Margin and Cost Dynamics

Multiple macro factors, such as the Sino-US trade dispute, regional social events and the outbreak of the COVID-19 in the beginning of 2020, placed significant downward pressure on the retail environment and consumer sentiment in many of our operating regions. Although our initial strategy was to focus on full-price sales and reduce discount-driven promotions in order to secure gross margin, we eventually had to increase mark-downs to boost sales volume amidst an incredibly difficult trading environment. The Group recorded a reduction in turnover of 12.6%, with gross profit also decreasing by 16.1% and gross margin decreasing by 2.6 percentage points to 61.3% as compared to the previous year.

Total operating costs as a percentage of sales increased to 63.5% (FY18/19: 55.8%). This was predominately due to the impact of the sales decline and the non-cash impairment provision. If the impact of non-cash impairment provision was excluded, total operating costs as a percentage of sales would have been 58.6%.

The Group recorded operating loss amounted to HK$380.1 million, with the decrease being principally due to the pressure from gross profit decline and the non-cash impairment provision. If the impact of non-cash impairment provision was excluded, operating profit of HK$233.3 million would have been recorded for the Group.

(b) Hong Kong and Macau

The results of the Group's Hong Kong and Macau operations for the second half of FY19/20 were overall a continuation of the negative development seen in the first half of the financial year. With social instability in Hong Kong intensifying over the second half of the financial year, along with a slowdown in global economic growth and persistent trade tensions between China and the USA, the fashion retail landscape in these regions was adversely impacted.

The outbreak of the COVID-19 since January 2020 has caused a global health emergency and disruption to travel worldwide, further impacting inbound tourism in our Hong Kong and Macau regions.

The Group has implemented multiple measures to control our costs in response to the difficult trading environment. These measures have included a comprehensive review of our retail store portfolio, which has seen us renegotiate and exit certain loss-making retail locations while selectively opening new ones. We recorded a net closure of 28 stores in our Hong Kong and Macau segment for the year that ended on 29 February 2020. Savings were also achieved in other costs' lines such as staff costs and marketing expenses.

Turnover in our Hong Kong and Macau segment decreased by 23.5% over the previous year to HK$2,620.2 million. Retail sales also decreased by 23.3% to HK$2,580.2 million. Comparable-store-sales-growth registered at -23.2% (FY18/19: 2.4%).

Gross margin decreased to 57.7% (FY18/19: 62.5%). This decline in gross margin was a result of multiple factors, but it was primarily the result of an increase in discount related activities amidst the difficult business environment.

Consequently, an operating loss of HK$671.7 million was recorded for our Hong Kong and Macau segment for the year ended on 29 February 2020 (FY18/19: operating profit of HK$12.6 million). If the impact of non-cash impairment provision was excluded, an operating loss of HK$428.1 million would have been recorded for our Hong Kong and Macau segment.

(c) Mainland China

After a promising start to the financial year for our Mainland China business, the Group experienced a very contrasting second half of FY19/20, reflecting the uncertain macroeconomic environment and a slowdown in global economic growth. We registered a sharply deteriorating situation in January and February of 2020 due to the temporary closure of stores across multiple cities in Mainland China as a result of the outbreak of COVID-19.

In response, we paid extra attention to cost management and agility and were very selective in investment, notably in store network expansion. As a result, we made a net addition of only five stores during the financial year. Nevertheless, we remain positive about the future development prospects in this country since we see good dynamics and potential rewards, particularly for players with quality and innovative products.

Turnover attributable to our Mainland China region decreased by 9.0% to HK$3,751.4 million. Total retail sales decreased by 9.4% to HK$3,700.1 million, with comparable-store-sales-growth registering -5.3% (FY18/19: 1.7%). Gross margin decreased by 2.0 percentage points to 60.1%, principally due to the extra discount-related promotions that we offered during the financial year with the objective of boosting sales volume. Consequently, an operating loss amounting to HK$236.4 million was recorded for our Mainland China segment (FY18/19: operating profit of HK$229.1 million). If the impact of non-cash impairment provision was excluded, operating profit of our Mainland China segment would have been HK$133.4 million.

(d) Japan and the USA

The Group added a total of four "A Bathing Ape" and "AAPE" stores across Tokyo and Osaka, Japan and Miami, the USA during the financial year and we are delighted that these new stores are very well received. We are also excited by the prospect of extending the reach of these brands, both online and offline, in other strategic markets that are showing growth momentum. There is always more to look forward to in the development of our A Bathing Ape brand. Our ambitious plans include new fashion concepts and product lines, and fresh and innovative collaborations with more renowned fashion names and business units around the world.

The Group is gratified by our performance in Japan and the USA, with the segment registering another year of resilient underlying growth in a challenging operational environment and after many consecutive years of impressive business results. Sales in this segment increased by 4.9% to HK$1,209.2 million while gross margin decreased to 70.0% (FY18/19: 71.2%). Operating profit increased by 1.7% to HK$482.9 million.

Share of Results of Joint Ventures and Share of Result of an Associate

Share of losses of joint ventures amounting to HK$55.3 million was recorded for the year ended 29 February 2020 (FY18/19: share of losses of joint ventures of HK$27.8 million).

Share of profit of an associate amounting to HK$22.0 million was recorded for the year ended 29 February 2020 (FY18/19: Nil) in connection with the Group's acquisition of a minority equity interest in Acne Studios Holding AB ("Acne Studios Group") in May 2019.

Inventory

The average inventory turnover cycle of the Group increased by 31 days to 199 days as compared to that in the previous year. Such decline in inventory turnover efficiency was recorded in a market environment defined by temporary store closures and weaker sales performance in several of the Group's operating regions as a result of negative macroeconomic conditions and the outbreak of the COVID-19. Emphasis is being placed on adjusting buying and inventory levels going forward.

Cash Flows and Financial Position

The Group's cash and bank balances as at 29 February 2020 were HK$1,456.8 million compared to HK$1,772.0 million as at 28 February 2019 and its net debt balance amounted to HK$470.4 million (net debt is defined as cash and cash equivalents of HK$1,456.8 million less borrowings of HK$1,927.2 million) versus net cash balance of HK$612.0 million as at 28 February 2019.

Cash inflow from operating activities for the year ended 29 February 2020 amounted to HK$1,485.2 million (FY18/19: HK$439.1 million). The increase was mainly because payment of operating lease expenses was recorded as the repayment of lease liabilities being included in financing activities upon adoption of HKFRS 16 rather than as operating activities in the past.

Liquidity and Banking Facilities

As at 29 February 2020, the Group had aggregate banking facilities of approximately HK$3,307.0 million (28 February 2019: HK$2,162.6 million) for overdrafts, bank loans and trade financing, of which approximately HK$1,232.8 million (28 February 2019: HK$854.3 million) was unutilised at the same date. These facilities are mainly secured by corporate guarantees provided by the Company and certain subsidiaries as well as pledge of land and buildings.

Charges of Assets

As at 29 February 2020, bank borrowing secured by land and buildings with a carrying amount of HK$177.2 million (28 February 2019: HK$183.7 million).

Significant Investment

The Group completed the acquisition of 10.9% equity interest in Acne Studios Group on 10 May 2019 at SEK483,306,000 (approximately HK$421,733,000) and Acne Studios Group is accounted for an associate of the Group.

The Group shared a profit of HK$22,031,000 and received dividends of HK$11,658,000 from the associate for the year ended on 29 February 2020.

The principal business of Acne Studios Group includes men's and women's ready-to-wear fashion, footwear, accessories, denim retail and wholesale business under the brand name of "Acne Studios" across various countries in Europe, Asia and the USA. The Group has been a long-term wholesale partner with Acne Studios Group, and we believe that the acquisition will further strengthen the partnership between the two groups. It also allows the management of the two groups to further leverage their strong expertise in the retail sector and to grow the business further.

Contingent Liabilities

As at 29 February 2020, the Group did not have significant contingent liabilities (FY18/19: 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 and Chinese Renminbi against the Hong Kong Dollar. The fluctuations in the value of the Hong Kong Dollar against other currencies could affect our margins and profitability. Nevertheless, management will continue to monitor the foreign exchange risks of the Group on a regular basis and may enter into forward exchange contracts and foreign currency swap contracts with major and reputable financial institutions for foreign exchange risk hedging.

Employment, Training and Development

Human resources are our greatest assets, and we regard the personal development of our employees as highly important. As of 29 February 2020, the Group had a total of 7,116 full time employees (FY18/19: 7,760). 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 – Navigating the Headwinds

It is difficult for the Group to precisely evaluate the actual impact of the COVID-19 pandemic on the Group's business performance in 2020, but we expect our business will continue to face strong headwinds in the period ahead.

Although the Group's sales in Mainland China have gradually started to recover since March 2020 as the situation in the country gradually improves, our cost control work is continuing, potentially at an even faster pace and in all parts of the Group.

In the meantime, we are striving to achieve the highest precautionary standards to protect the health and safety of staff, customers and business partners. We will closely monitor the market situation in order to adjust our business strategies accordingly.

BIOGRAPHIES OF DIRECTORS AND MANAGEMENT TEAM

Executive Directors

Mr. SHAM Kar Wai
Aged 53, is an Executive Director, the Chairman of the Board of Directors and the Chief Executive Officer of the Group. He is also a member of each of the Executive Committee, Nomination Committee and Remuneration Committee. He founded the Group in November 1988 with his brother, Mr. Sham Kin Wai. Mr. Sham Kar Wai is responsible for the overall management and strategic development of the Group. He has over 30 years of experience in the fashion retail industry and has established an extensive network of contacts with international design houses.

Mr. SHAM Kin Wai
Aged 50, is an Executive Director and the Chief Creative Officer of the Company. He is also a member of the Executive Committee. Since founding the Group with his brother, Mr. Sham Kar Wai, in November 1988, his principal focus has been on merchandising and product design for the Company. As the Chief Creative Officer of the Company, Mr. Sham Kin Wai has over 30 years of experience in the fashion retail industry and is responsible for the creative and aesthetic aspects of the Group's business. He has also been instrumental in creating the interior design concepts for the stores.

Mr. CHAN Wai Kwan
Aged 49, is an Executive Director of the Company. He is also the Chief Executive Officer of I.T China; a member of the Executive Committee; a director of the joint venture between Galeries Lafayette and the Company; and a director of the joint venture between Kenzo and the Company. Mr. Chan is responsible for the development of the Group's business and operations in the PRC. He joined the Group in January 2006. Mr. Chan has over 25 years' PRC experience gained from multinational companies across fashion retailing, garment sourcing and production sectors. Mr. Chan is a Fellow Member of the Hong Kong Institute of Certified Public Accountants. He holds a Master degree in Business Administration from the University of Hull and a Bachelor's degree of Arts (Honour) in Accountancy from The Hong Kong Polytechnic University.

Independent Non-executive Directors

Mr. Francis GOUTENMACHER

Aged 78, was appointed as an Independent Non-executive Director of the Company in August 2006. He also serves as the Chairman of the Company's Remuneration Committee and Nomination Committee and a member of the Audit Committee.

Mr. Goutenmacher holds a Bachelor's degree from Ecole Nationale des Arts Decoratifs in Paris, France. Mr. Goutenmacher has been with Richemont Luxury Group, S.A. ("Richemont"), one of the world leading luxury goods groups, for over 30 years. He has been the managing director and chief executive officer of several prestigious brands, like Cartier and Piaget, encompassed by Richemont. After retiring as the regional chief executive of Richemont Asia Pacific Limited, Mr. Goutenmacher is now running a marketing consultancy firm, Gouten Consulting Limited, and is a director of this consultancy company. He was an independent non-executive director of South Shore Holdings Limited (formerly known as The 13 Holdings Limited), a company listed on The Stock Exchange of Hong Kong Limited, from 2013 to 2020.

Dr. WONG Tin Yau, Kelvin, JP

Aged 59, was appointed as an Independent Non-executive Director of the Company in August 2007. He also serves as the Chairman of the Company's Audit Committee. Dr. Wong is an executive director, a deputy managing director, the Chairman of the Corporate Governance Committee and a member of the executive committee of COSCO SHIPPING Ports Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Dr. Wong is the Chairman and was a member (2015-2018) of Financial Reporting Council and a member of Operations Review Committee of Independent Commission Against Corruption. He was the Chairman of The Hong Kong Institute of Directors (2009-2014), a Non-executive Director of Securities and Futures Commission (2012-2018), the Chairman of Investor and Financial Education Council (2017-2018), a member of Main Board and GEM Listing Committees of The Stock Exchange of Hong Kong Limited (2007-2013) and a member of Standing Committee on Company Law Reform (2010-2016).

Dr. Wong is currently an Independent Non-executive Director of China ZhengTong Auto Services Holdings Limited and JS Global Lifestyle Company Limited. He was also an Independent Non-executive Director of Asia Investment Finance Group Limited (now known as China Cloud Copper Company Limited), Mingfa Group (International) Company Limited and Huarong International Financial Holdings Limited. All the aforementioned companies are listed in Hong Kong. In addition, he is an Independent Non-executive Director of Xinjiang Goldwind Science & Technology Co., Ltd., a company dual listed in Hong Kong and Shenzhen, Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and Yangtze Optical Fibre and Cable Joint Stock Limited Company, both dual listed in Hong Kong and Shanghai. He was also an Independent Non-executive Director of Bank of Qingdao Co., Ltd., a company dual listed in Hong Kong and Shenzhen.

Dr. Wong obtained his Master of Business Administration degree from Andrews University in Michigan, the USA in 1992 and his Doctor of Business Administration degree from The Hong Kong Polytechnic University in 2007. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2013.

Mr. TSANG Hin Fun, Anthony

Aged 60, was appointed as an Independent Non-executive Director of the Company in December 2019. He also serves as a member of each of the Company's Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Tsang started his career in Coopers & Lybrand (now known as PricewaterhouseCoopers) and left after working there for nine years. Since then, he held various senior positions in different companies, including five companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Tsang is currently the general manager (corporate) of a private group engaged in production of timber products, a senior consultant of China Eco-Farming Limited, which is listed on the Stock Exchange, and the managing director of a consultancy firm advising on corporate and debt restructuring for clients of major banks in Hong Kong. He was an independent non-executive director of Alpha Professional Holdings Limited (formerly known as Z-Obee Holdings Limited) from August 2014 to November 2017, which is listed on the Stock Exchange.

Mr. Tsang holds a Master of Business Administration Degree from the City Polytechnic of Hong Kong (now known as City University of Hong Kong) and is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has been a member of the Finance Sub-committee of the Hospital Governing Committee of Tuen Mun Hospital since 2010 and a member of the Hospital Governing Committee of Tin Shui Wai Hospital since 2016.

Management Team

Miss HO Suk Han Sophia

Aged 51, is the Company Secretary. She joined the Group in May 2005 and is also overseeing the legal issues in the PRC. She has over 20 years of relevant experience and is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

I.T HAS A UNIQUE BRAND PORTFOLIO

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

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 of directors of the Company (the "Board"), the Company and its subsidiaries (collectively as the "Group") have 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 29 February 2020, except for the deviation as stated hereinafter.

Chairman and Chief Executive Officer

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 the execution of business plans. In addition, under the supervision by the Board which half of the members are Independent Non-executive Directors, the interests of the shareholders will be adequately and fairly represented.

Board of Directors

The Board currently comprises six members, three of them being Executive Directors and three of them being Independent Non-executive Directors. Biographical details of the Directors are set out in the section headed "*Biographies of Directors and Management Team*" on pages 32 to 33. None of them appointed alternate director.

The Independent Non-executive Directors come from diverse business and professional backgrounds and provide expertise advice in an objective manner. The Company has received written confirmation of independence in compliance with Rule 3.13 of the Listing Rules from each of the Independent Non-executive Directors and thus, the Board considers that all Independent Non-executive Directors meet the independence guidelines as set out in the Listing Rules.

Mr. Francis Goutenmacher has been appointed as an Independent Non-executive Director since August 2006 and Dr. Wong Tin Yau, Kelvin, JP since August 2007. They have clearly demonstrated their exercise of independent judgment and provision of objective challenges and advices to Executive Directors and management. The Board opined that there is no evidence that length of tenure is having an adverse impact on their independence.

Independent Non-executive Directors are appointed for a one year specific term and are subject to the re-election provisions laid down in the Bye-laws of the Company (the "Bye-laws") and the CG Code.

Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and makes recommendations to the Board regarding the consideration of a candidate as a Board member and the renewal of Directors' service term. All Directors, including those appointed for a specific term, are subject to retirement by rotation at least once every three years.

The Board has reserved for its decision and consideration issues in relation to formulating the Group's strategic objectives; considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; overseeing the Group's corporate governance practices and risk management and internal control systems; overseeing the Group's environmental, social and governance ("ESG") issues; directing and monitoring management in pursuit of the Group's strategic objectives; and determining the remuneration packages of all directors and management team, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and daily administrative matters are delegated to the respective Board Committees and management of the Company.

The Board conducts at least four regular Board meetings a year, additional meetings are held to discuss significant issues and resolutions in writing signed by all Directors in lieu of a meeting are arranged as and when required. If a substantial shareholder or a Director has a conflict of interest in a transaction which the Board has determined to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting is supplied to the Directors in a timely manner to facilitate discussion and decision-making.

The Board met four times, nine resolution-in-writing were signed by all the Board members during the year ended 29 February 2020.

The Board has established four Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee to oversee particular aspects of the Company's affairs. Specific responsibilities of each Committee are described below. Save for the Executive Committee, all Committees are chaired by Independent Non-executive Directors. Executive Committee comprises the Chief Executive Officer and any one Executive Director from time to time. All Committees have defined terms of reference which are of no less exacting terms than those set out in the CG Code.

Audit Committee

The primary responsibility of the Audit Committee is to review the financial reporting process of the Group and its risk management and internal control systems; to oversee the audit process; to review the Company's compliance with the CG Code; and to perform other duties assigned by the Board. Currently, the Audit Committee comprises Dr. Wong Tin Yau, Kelvin, JP (Chairman), Mr. Francis Goutenmacher and Mr. Tsang Hin Fun, Anthony, all are Independent Non-executive Directors. All Audit Committee members possess appropriate professional qualifications, accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee and the Board review the terms of reference of the Audit Committee at least annually. The terms of reference of the Audit Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Audit Committee can be viewed on the website of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

The Audit Committee met four times during the year ended 29 February 2020. During the year ended 29 February 2020, the Committee has reviewed the financial results of the Group on a quarterly basis, the audit plans and findings of external auditor, external auditor's independence, the accounting principles and practices of the Group, the Listing Rules and statutory compliance, the Group's risk management and internal control systems, the effectiveness of the internal audit, financial reporting matters and adequacy of resources, qualifications and experience of accounting and financial reporting staff and made recommendations to the Company to improve the quality of financial information to be disclosed and risk management and internal control systems. The Audit Committee has also reviewed and made recommendations to the Board for the engagement of external auditor to perform audit and non-audit services and the fees. There was no disagreement between the Board and the Audit Committee on the selection and appointment of external auditor.

Remuneration Committee

The Remuneration Committee comprises Mr. Francis Goutenmacher (Chairman) and Mr. Tsang Hin Fun, Anthony, both are Independent Non-executive Directors, and Mr. Sham Kar Wai, Executive Director.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and management and the establishment of a formal and transparent procedure for developing policy on such remuneration.

The Remuneration Committee and the Board review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Remuneration Committee can be viewed on the website of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

According to the terms of reference of the Remuneration Committee, the Remuneration Committee makes recommendation to the Board for Board's final determination of the remuneration packages of all Executive Directors and management team, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and makes recommendations to the Board of the directors' fee of Non-executive Directors. The Remuneration Committee would take into consideration factors such as salaries and fees paid by comparable companies, responsibilities and performance of the Directors and management.

The Remuneration Committee members met twice and passed one resolution-in-writing during the year ended 29 February 2020. During the year ended 29 February 2020, the Committee has discussed and reviewed the remuneration packages of the Directors and management team, and discussed and reviewed the extension of term of service and directors' fee of the Independent Non-executive Directors. The remuneration policy of the Company is to enable the Company to retain and motivate employees (including Executive Directors) to meet corporate objectives. No Executive Director is allowed to approve his own remuneration. The remuneration package of Executive Directors may include basic salary, housing allowance, discretionary bonus and share based benefits which are all covered by a service contract. The director's fee of Independent Non-executive Directors is subject to annual assessment. Remuneration surveys on companies operating in similar business, inflation rates, industry trends and performance of the Company are referred to when the Remuneration Committee considers the remuneration packages of the Directors.

Nomination Committee

The Nomination Committee is responsible for reviewing the Board's structure, size, composition and diversity against factors including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of services, having regard to the Company's business activities, assets and management portfolio; selecting Board members and ensuring transparency of the selection process; reviewing and monitoring the training and continuous professional development of Directors and management; and assessing the independence of Independent Non-executive Directors, having regard to the requirements under the Listing Rules. The Committee identifies individuals suitably qualified to become or continue to be the Board members by taking into consideration criteria like expertise, experience and commitment and makes recommendations to the Board on the selection of individuals' nomination for directorships.

The Nomination Committee comprises Mr. Francis Goutenmacher (Chairman) and Mr. Tsang Hin Fun, Anthony, both are Independent Non-executive Directors, and Mr. Sham Kar Wai, Executive Director.

The Nomination Committee and the Board review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Nomination Committee can be viewed on the website of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

The Nomination Committee members met once and passed five resolution-in-writing during the year ended 29 February 2020. During the year ended 29 February 2020, the Nomination Committee has reviewed the board diversity policy (the "Board Diversity Policy"); made recommendation to the Board on a selected candidate to fill the casual vacancy on the Board; considered the independence of Independent Non-executive Directors; and discussed and proposed the extension of term of service of Independent Non-executive Directors.

Nomination Policy

The Board has adopted the Nomination Policy which sets out the nomination criteria and procedures for the Company to appoint additional directors or re-elect directors. The Nomination Policy can assist the Company in achieving board diversity and enhancing the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the integrity, accomplishment and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, the candidates must further satisfy the independence criteria set out in the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skill and knowledge would be considered.

Nomination Committee shall undergo the following process to identify potential candidates for the Board:

1. gathers nomination of candidates from the Board and Management team members;

2. undertakes adequate due diligence of the candidates;

3. considers the appropriateness of the candidates; and

4. makes recommendations to the Board on the selected candidates.

The Nomination Policy will be reviewed at least annually.

Board Diversity Policy

The Company is dedicated to having a diverse Board which can enable corporate issues be considered from different perspectives and appropriate level of examination and evaluation be conducted. In this connection, the Board has adopted the Board Diversity Policy which sets out the approach to achieve diversity on the Board.

Pursuant to the Board Diversity Policy, the Company considers Board diversity from a number of perspectives, including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of service. The ultimate decision would be based on the merits and contributions the selected candidates can bring to the Board.

The Nomination Committee opined that the Company has a diverse Board.

The Nomination Committee and the Board would review the Board Diversity Policy at least annually.

Executive Committee

The Executive Committee was established to approve routine corporate administration matters from time to time delegated by the Board and make recommendations to the Board of the directors' fee of Independent Non-executive Directors. The Executive Committee comprised Chief Executive Officer and any one Executive Director from time to time. The Committee met five times during the year ended 29 February 2020.

The Executive Committee and the Board review the terms of reference of the Executive Committee at least annually. The terms of reference of the Executive Committee are in line with the requirements of the Listing Rules. Details of the terms of reference of the Executive Committee can be viewed on the website of the Company (www.ithk.com).

Details of Directors' attendance of the Board meetings, Board Committees' meetings and the annual general meeting held during the year ended 29 February 2020 are set out as follows:

	Meetings attendance					
	Board (Note 2)	Executive Committee	Audit Committee	Remuneration Committee (Note 3)	Nomination Committee (Note 4)	Annual General Meeting held on 21 August 2019
Executive Directors						
Mr. Sham Kar Wai (Note 1)	4/4	5/5	4/4	0/2	1/1	1/1
Mr. Sham Kin Wai (Note 1)	4/4	5/5	N/A	N/A	N/A	1/1
Mr. Chan Wai Kwan (Note 1)	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Mr. Francis Goutenmacher (Note 1)	4/4	N/A	4/4	2/2	1/1	1/1
Dr. Wong Tin Yau, Kelvin, JP (Note 1)	3/4	N/A	4/4	N/A	N/A	1/1
Mr. Tsang Hin Fun, Anthony (Notes 1&5)	1/1	N/A	1/1	N/A	N/A	N/A
Mr. Mak Wing Sum, Alvin (Notes 1&6)	2/3	N/A	3/3	2/2	N/A	1/1

Note 1: Save that Mr. Sham Kar Wai and Mr. Sham Kin Wai are brothers, there are no other relationships (including financial, business, family or other material/relevant relationships) among the members of the Board.

Note 2: This column only records the attendance of Board meetings duly convened and held. In addition to this, nine resolution-in-writing were signed by all Directors during the year ended 29 February 2020.

Note 3: This column only records the attendance of the Remuneration Committee meeting duly convened and held. In addition to this, one resolution-in-writing was signed by all the Committee members during the year ended 29 February 2020.

Note 4: This column only records the attendance of the Nomination Committee meeting duly convened and held. In addition to this, five resolution-in-writing were signed by all the Committee members during the year ended 29 February 2020.

Note 5: Mr. Tsang Hin Fun, Anthony was appointed as Independent Non-executive Director on 2 December 2019.

Note 6: Mr. Mak Wing Sum, Alvin resigned as Independent Non-executive Director on 2 December 2019.

Corporate Governance Functions

The Board did not establish a corporate governance committee but has delegated its responsibility for performing corporate governance duties to the respective Board Committees. During the year ended 29 February 2020, the Board and Board Committees have reviewed the Company's policies and practices on corporate governance and made recommendations to the Board; evaluated the ESG risks and strategies and oversaw its risk management and internal control systems; reviewed and monitored the training and continuous professional development of Directors and management; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; reviewed and monitored the code of conduct applicable to employees and Directors; reviewed the Company's compliance with the CG Code and disclosures in the Corporate Governance Report; and reviewed the Company's disclosures in the ESG Report.

Directors' Securities Transactions

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. Employees who are likely to possess unpublished inside information of the Company are also subject to compliance with the same terms as the Model Code. Having made specific enquiry, all Directors have confirmed that throughout the year under review, they have complied with the required standard set out in the Model Code regarding securities transactions by Directors.

Directors' Training

All Directors participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure their contribution to the Board remains sound and advanced. Directors provide their records of training to the Company on a regularly basis. During the year under review, all Directors, participated in this continuous professional development exercise by way of attending trainings and/or seminars organised by professional organisations and reading materials updating new practices, rules and regulations to keep themselves updated on the roles, functions and duties of a listed company director.

Company Secretary

Company Secretary is to ensure there is a good information flow within the Board and between the Board and management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. Company Secretary has provided her training records to the Company indicating her compliance with the training requirement under the Listing Rules.

Accountability and Audit

The Directors acknowledge their responsibility for preparing the financial statements of the Company and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Board is not aware of any material uncertainties relating to the events or condition that may cast doubt upon the Company's ability to continue as a going concern.

The statements of the external auditor of the Company, PricewaterhouseCoopers, with regard to their reporting responsibilities on the Company's financial statements are set out in "*Independent Auditor's Report*" on pages 64 to 68.

During the year ended 29 February 2020, the fees paid or payable to PricewaterhouseCoopers were HK$2,385,000 for audit services and HK$701,000 for non-audit services (for the review of the interim results of the Company for the period ended 31 August 2019, tax compliance and tax advisory service) rendered to the Group. PricewaterhouseCoopers confirmed to the Audit Committee and to the Board that they were independent accountants with respect to the Company during the year ended 29 February 2020, within the meaning of the requirements of their firm and the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants.

Risk Management and Internal Control

The Board is responsible for maintaining an appropriate and effective risk management and internal control system to safeguard the Group's assets and shareholders' interests. The Group has established a risk management and internal control system based on the COSO framework established by the Committee of Sponsoring Organizations of the Treadway Commission of the United States of America. This system covers key controls over operational, reporting and compliance objectives and includes, but is not limited to, a defined organizational structure with limits of authority, a budget and performance evaluation system, a management reporting system, an enterprise risk management system and an annual control and risk self-assessment process. These risk management and internal control systems provide reasonable, but not absolute, assurance against material misstatement, significant loss, error or fraud and they are designed to manage rather than eliminate the risk of failure in the Group's operational systems to achieve the Group's business objectives.

To embed a risk-alert culture throughout the Group, risk assessment processes occur at both the enterprise and business unit levels. A risk management team has been established comprising key executive members of the Board and other management personnel from key functions and regions. Meetings are held twice a year to consider key enterprise-level risks, their respective potential consequences, key risk indicators, likelihood, impact, overall risk rating, risk tolerance level and risk responses, the results of which are maintained in the risk register. The existing and potential new risks are considered and re-evaluated from time to time. Depending on changes in circumstances and the external environment, the risk ratings, tolerance levels and risk responses are adjusted accordingly. Key risk owners of respective identified risks are responsible for keeping track of the key risk indicators and, along with the management, executing appropriate and timely risk responses. Additionally, facilitated by the Internal Audit Department, annual control and risk self-assessment is conducted by corporate and major business units' operational and functional managements, which allows the Group's top and operational managements to identify and analyse risks underlying the achievement of the Group's business objectives and to formulate risk management and mitigation strategies. These risk assessments also provide the basis for the annual risk assessment conducted by Internal Audit Department for its audit planning purpose. By adopting a risk-based auditing approach and based on its annual risk assessment result, the Internal Audit Department derives a three-year rolling audit plan, which is reviewed and approved by the Audit Committee on an annual basis, to independently review and assess the adequacy, effectiveness, efficiency and reliability of internal control procedures over financial, operational and compliance activities of the Group. Results of the independent reviews together with recommended remedial actions are reported to the Audit Committee and the management on a regular basis. Follow-up reviews are performed to ensure all identified issues have been satisfactorily resolved.

Directors and employees are reminded regularly to comply with the Company's Corporate Disclosure Policy and Inside Information Guidelines for the handling and dissemination of inside information. The said policy and guidelines can be viewed on the website of the Company (www.ithk.com).

During the year ended 29 February 2020, the Board, through the Audit Committee with the assistance of the Internal Audit Department, has reviewed the effectiveness of the Group's risk management and internal control systems, that cover all material internal controls including financial, operational and compliance controls, and no material deficiencies were identified. The Audit Committee and the Board have also reviewed the resources the Group assigned to the staff with accounting, internal audit and financial reporting functions and the qualifications and experience of the said staff and considered adequate.

Based on the review, the Board considered that the risk management and internal control systems were effective and adequate.

Investor Relations

The Company adheres to practices that promote and maintain communication with research analysts and institutional investors. It would keep constant and open dialogue with investment community through company visits, conference calls, international non-deal road-shows and participation in various investors' conferences to provide comprehensive information on the Company's business strategies and developments. During the year ended 29 February 2020, meetings with more than 120 institutional investors, fund managers and analysts were held.

Press conferences with media, analysts and investors are held after final results announcement to present the Company's performance. In addition, the Company arranges road-shows after its annual and interim results announcements. Press releases are published for timely and non-selective dissemination of corporate news.

Constitutional Documents

There is no change in the Company's constitutional documents during the year ended 29 February 2020.

The Memorandum of Association and Bye-laws of the Company is available on the website of the Company (www.ithk.com) and the Stock Exchange (http://www.hkexnews.hk/index.htm).

Shareholders' Rights

Convening of special general meeting on requisition by shareholders
Pursuant to Bye-law 58 of the Company's Bye-laws, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene a special general meeting, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any special general meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for putting enquiries to the Board
Shareholder(s) may at any time send their enquiries (including relief from taxation) to the Board in writing through Company Secretary whose contact details are as follows:

Company Secretary

I.T Limited
31/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong
Tel: (852) 3197-1109
Email: cosec@ithk.com

The Company adheres the importance of the shareholders' privacy and will not disclose such information without their consent, unless required by law, the Stock Exchange, order or requirement of any court or other competent authority.

Procedures for putting forward proposals at general meetings
The following shareholder(s) are entitled to put forward a proposal (which may properly be put to the meeting) for consideration at a general meeting of the Company:

1. any shareholder(s) representing not less than one-twentieth of the total voting rights of the Company on the date of the requisition; or

2. not less than one hundred shareholders.

The requisition specifying the proposal, duly signed by the shareholders concerned, together with a statement with respect to the matter referred to in the proposal must be deposited at the registered office of the Company in the case of:

1. a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

2. any other requisition, not less than one week before the meeting.

The Company would take appropriate actions and make necessary arrangements, and the shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended) once valid documents received.

Pursuant to the Company's Bye-laws, all votes of the shareholders at general meetings would be taken by poll.

Communication with Shareholders

The Company's shareholders' communication policy is to provide the shareholders with equal and timely access to the Company's information to enable them to exercise their rights in an informed manner; and to ensure there is ongoing dialogues and effective communication with the shareholders and the investment community.

The general meetings of the Company are mediums for shareholders to have direct dialogues with the Board. The Chairman of the Board as well as the Chairmen of the respective Board Committees are available to answer questions at the shareholders' meetings. External auditor also attends annual general meetings or special general meeting (if necessary) to address shareholders' enquiries.

No shareholders' enquiry was received during the year ended 29 February 2020.

Dividend Policy

The Board has adopted a policy which sets out the approach on declaring and recommending the dividend payment to the shareholders of the Company at a payout ratio of approximately 40% to 50% of the Group's distributable annual profit. The dividend distribution decision of the Company will depend on, among others, the financial performance, retained earnings and distributable reserve, working capital requirements, capital expenditure requirements and future expansion plans, liquidity position, general economic conditions and other factors as the Board may consider relevant. The declaration of dividends shall be determined at the discretion of the Board and shall be subject to any restrictions under the Bermuda Companies Act and the Bye-laws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At I.T Limited ("I.T" or the "Company"), we understand that the fashion apparel retail industry faces significant challenges due to the climate change and increasing environmental and social consciousness of customers. Our board of directors (the "Board") believes that responsible governance of environmental, social and governance-related matters is important for our long-term success, therefore, strives to embed sustainability in our business strategy and daily operations. By reviewing the associated risks, we continue to identify new opportunities for improvement to enhance the environmental, social and governance ("ESG") performance and resilience of our business.

ABOUT THIS REPORT

With ESG being a high priority on its agenda, the Board releases annual Environmental, Social and Governance Report (the "ESG Report") as part of our Annual Report to share our social and environmental performance with our stakeholders in a complete, accurate, and balanced manner. The ESG Report is prepared in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing Securities on the Main Board of The Stock Exchange of Hong Kong Limited.

The ESG Report highlights the sustainability initiatives and achievements of I.T and its subsidiaries (collectively known as the "Group") accomplished from 1 March 2019 to 29 February 2020, which aligns with the period covered in the Group's Annual Report. The scope of the ESG Report mainly focuses on the workplace and stores where we have dominant management controls and in our major operating regions, including Hong Kong & Macau, Mainland China, Taiwan, Japan and the USA.

Our stakeholders play vital roles in our pursuit of a sustainable fashion industry, therefore, we actively engage them to keep abreast of their concerns and evaluate the relevance of the ESG issues to our operations. The identified material ESG issues are reviewed and addressed in the ESG Report. We will continue to strengthen our stakeholder engagement process and data collection system.

ENVIRONMENTAL SUSTAINABILITY

Environmental Compliance

As a responsible company, we strive to take responsibility in minimising all direct and indirect environmental impacts throughout our operations, while incorporating appropriate initiatives into our business and supply chain activities to reduce potential environmental impacts. We strictly follow and comply with all applicable local laws and regulations in relation to environmental protection and pollution control. We also make extra effort in reducing waste and emissions from every aspect of our business. No adverse impacts caused to the environmental and natural resources initiated by our activities, and no indication of non-compliance were identified during the reporting year. During the year under review, we did not have any material non-compliance or breach of legislation related to pollution or degradation of air, land, water and eco-system in our operational locations.

We believe staying connected with our internal and external stakeholders is the key to further improve our environmental performance. To optimise utilisation of natural resources and further enhance energy efficiency, various green initiatives are driven, managed and monitored by the Group to ensure all environmental initiatives are properly executed under management approach. A wide range of green measures are deployed throughout our operation, including raising awareness for improving energy efficiency, indoor environmental quality and reducing waste among our staff. Besides we have been working closely with our suppliers to minimise environmental impacts from our production processes and logistic arrangements. We ensure that suppliers clearly understand our procurement requirements and our aim to minimise environmental impacts throughout the supply chain.

Energy Efficiency and Carbon Reduction

Operation supports for local offices, retail shops and outlets, eateries as well as warehouses are major carbon footprint contributors of our direct sales. Given that electricity consumption in our daily operations has a key impact, energy conservation is one of our focuses in reducing carbon footprint.

Over the years, the Group strives to make continuous improvement in maximising resources efficiency across our business operations. As part of the Group's energy management measures, we continued to implement the following energy saving measures in our premises to enhance energy efficiency during the year:

- Lighting
  - adopting LED lighting and maximising the use of skylights or natural daylight sources to reduce artificial lighting during daytime hours at offices
  - posting reminders and signage at all light switches to remind staff to switch off all light after use
  - installing light sensors in storage rooms, back-of-house offices, and other vacant or low-traffic areas

- Air-conditioning
  - conducting regular cleaning and maintenance of air-conditioning systems and lighting systems at offices
  - maintaining indoor temperature at around 25°C
  - applying solar film on windows to reduce direct sunlight, thus energy consumption of air-conditioning
  - using timers to control the operating time of air-conditioners, lighting and billboards during non-office and non-retail hours
  - applying light and air-conditioning zoning in offices and warehouses
  - encouraging our staff to dress according to operational needs to help reduce demand for air conditioning or heating load

- Other electrical appliances
  - using energy-efficient equipment with the Energy Saving Level Grade 1 label
  - turning off electrical appliances not in use or switch them to the power-saving mode
  - installing variable speed drives for chillers

With all these measures in place, the overall electricity consumption of our premises was about 38,579,220kWh[1] during the year under review, which is equivalent to approximately 31,062 tonnes CO_2 emissions[2].

Apart from the electricity consumption of our premises, transport logistics is also a major contributor to our environmental footprint. We closely monitor our transportation needs and facility usage in our supply chain to reduce carbon emissions. We dedicate effort in shifting to low-carbon corporate travel, strictly following the I.T Business Trip Policy which sets out guidelines and procedures in making requests on business trips and travelling arrangements. In order to make continuous reduction in unnecessary greenhouse gas ("GHG") emissions or related emissions generated by business travels and logistics arrangements, we encourage our business partners and staff to adopt smart technology and electronic means, such as e-mails and video or phone conference calls, in place of business travels. Other sources of CO_2 emissions caused by our operation are mainly from the use of corporate cars in Japan and the USA, which consume liquefied petroleum gas ("LPG") and diesel, resulting in around 23 tonnes CO_2 emissions during this reporting year. Combining both direct emissions arising from our own corporate vehicles and LPG combustion and indirect emissions resulting from electricity consumption, the total greenhouse gas emissions in the reporting year was 31,079 tonnes CO_2 emissions. Greenhouse gas emission intensity was 4.03 tCO_2e/HK$1 million sales.

As a cutting-edge fashion house that sources a variety of unique brands from around the globe, we have fully integrated our I.T e-shop into our operation to offer online shopping experience for our valuable customers. With an expanding delivery and shipping network, we have been optimising delivery efficiency to reduce our major source of GHG emissions during product transit between warehouses, retail shops and customers. We encourage our logistic contractors to adopt transport fleets with better fuel efficiency models, and provide them with green driving tips, such as selecting the best delivery route to reduce vehicle exhaust and switching off idling engines during loading and unloading. Moreover, we also aim to ensure the space of our cartons and containers are fully and efficiently utilised, while further enhancing delivery efficiency by combining orders whenever possible.

Waste Management

As a responsible fashion retailer, we aim to minimise unnecessary non-hazardous waste through responsible waste management, proper waste disposal and recycling waste materials. Although due to the nature of our business we generate a limited amount of hazardous waste, we strive to comply with all local waste disposal regulations. We focus not only on our waste management internally, but also on communicating closely with customers and suppliers. We share our waste reduction practices and raise awareness for waste reduction through signage and internal communication.

Implementing green workplace practices at our operation sites is one of our waste management approaches, which allows us to use resources more efficiently and reduce waste. For instance, we have built a "paperless" workplace to educate our staff to consider the necessity of printing documents and to take certain measures when it is absolutely necessary to print, such as double-sided printing, reusing single sided printed paper. We also highlight the importance of reusing office consumable and stationery, repairing equipment instead of purchasing new ones and setting up recycling collection facilities for various recyclables to encourage separation at source in our Hong Kong, Mainland China and Japan offices. Additionally, we made use of our intranet and online platforms to share training materials with staff to further reduce our paper consumption.

During the reporting year, our paper consumption was about 242 tonnes[3], with 98 tonnes[4] being disposed to landfill and approximately 0.9 tonnes[5] paper waste being recycled. We have assigned staff to closely monitor our paper consumption and waste paper recycling, so as to identify rooms for further improvement in our waste performance. Our plastic consumption has been insignificant, having consumed 0.011 tonnes[6] during the reporting year. Apart from paper and plastic, we have also consumed 50 kg[7] of food waste, 12,397 pieces of florescent tubes[8], recycled over 209 pieces of furniture[9] and nearly 650 pieces of toner cartridges during the year under review[10].

To further strengthen our sustainable practices, we vastly adopt the concept of green marketing in our promotion campaigns. We use electronic posters and e-catalogues at our retail shops to further reduce paper consumption at source. We also promote our products and circulate marketing materials to customers via digital platforms like WeChat. We even take an extra step in leveraging digital payment platforms such as Apple Pay, Android Pay, WeChat Pay and Alipay to reduce paper consumption.

1 Energy consumption intensity is equivalent to 5 Mwh/HK$1m sales, the Group's sale production for the year ended 29 February 2020 was HK$7,719.4 million. Due to impacts of the COVID-19 pandemic, only partial data is available in Mainland China.
2 The calculation involved the use of latest GHG emission factors listed by the relevant providers of electricity in Hong Kong, Macau and Mainland China. Territory-wide factor (0.7) is used for calculation in other operating regions. The conversion factors take references from the HKESG guidelines.
3 Excludes data in Japan
4 Includes data in Japan and the USA
5 Includes data in Hong Kong only
6 Includes data in Taiwan only
7 Includes data in Hong Kong (Food & Beverage) only
8 Includes data in Hong Kong, Macau and Mainland China only
9 Includes data in Mainland China and Taiwan only
10 Includes data in Hong Kong, Macau and Taiwan only

Packaging materials make up a key part of our waste, as we use a significant amount of packaging plastics and cardboard boxes during product transits and deliveries to retail stores and customers. To minimise such waste across our supply chain, we encourage smart packaging by eliminating and optimising our packaging size to further lower the number of shipments. We reuse some of the packaging boxes internally for storing materials at our retail outlets or delivering products between shops. We also communicate with our suppliers, making requests for using recyclable or biodegradable packaging materials and minimising the use of unnecessary packaging materials as far as possible. To make further effort in waste reduction, we also display waste reduction posters and signage at our shops to encourage customers to bring their own shopping bags, and we charge our customers 50 cents per shopping bag upon request at our shops in Hong Kong, as in compliance to the Environmental Levy Scheme on Plastic Shopping Bags. During the reporting year, we used about 769 tonnes of paper and 320 tonnes[11] of plastic packaging materials.

Water Consumption

Considering that our core business does not involve any production or manufacturing process, waste water discharge would not be relevant or material to the Group. Water consumption of our operation is mainly generated by cleaning and washing our warehouses, as well as food preparation and cleaning at our eateries. With this in mind, we have established in-house water conservation rules for staff to follow and we ensure that all staff members minimise unnecessary water consumption at workplace. During the year under review, our water usage was about 7,516,799L[12]. Water consumption intensity was 974L/HK$1 million sales.

Indoor Environmental Quality

We strive to provide a pleasant workplace environment and shopping experience for all staff, customers and visitors. To this end, we maintain good ventilation systems at our premises to ensure good indoor air quality. Qualified cleaning professionals are hired to manage hygiene and cleanliness at our shops and offices.

EMPLOYMENT AND LABOUR PRACTICES

Our Workforce

As people are the most important driving force for our success, I.T has integrated a people-oriented caring culture into our employment practices and business operations. We offer competitive remuneration and provide our staff with training opportunities to encourage their career and personal development. We create a safe and healthy working and shopping environment at our business premises for everyone.

To support a global retail network of autonomously operated stores, the Group relies on a workforce of more than 8,500 staff to maintain our business in regions where we operate. During the reporting year, the gender composition was around 2:1 (female to male) and employment type distribution was about 4:1 (full-time to part-time), which were similar with last year. For the employment category breakdown, percentages of senior level, middle level and entry level staff were around 1% (1% in FY18/19), 17% (15% in FY18/19) and 82% (85% in FY18/19) respectively. As creating a vibrant and energetic culture is the core value of I.T, we have a majority of 58% staff (64% in FY18/19) aged below 30. The remaining 39% of our workforce (33% in FY18/19) are aged between 30 and 50, and 3% (3% in FY18/19) are aged above 55.

Compensation and Benefits

We value our employees who are the greatest assets in I.T. Thus, employment practices have a high priority in our operation management. To attract and retain talents in I.T, we recognise the contribution of staff at all levels and provide competitive remuneration and benefits. To foster a supportive workplace environment, we offer promotion opportunities and salary adjustment to employees on a merit-based principle that consider individual performance and abilities. Through conducting annual performance review for all full-time employees, we also assess their strengths and areas for improvement. Our Remuneration Committee is responsible for reviewing the Group's remuneration policies on a regular basis as well as the management's proposal for the Group's remuneration adjustment and discretionary bonus. Other suggestions are also made accordingly. The Group regularly participates in market surveys to benchmark our compensation and benefits against industry levels to guarantee competitiveness and fairness.

11 Excludes data in Japan and the USA
12 Excludes data in Macau. Due to impacts of the COVID-19 pandemic, only partial data is available in Mainland China.

I.T offers a variety of benefits to look after employees' interest. For example, we offer all full-time employees various leave entitlements; at least 12 days of paid leave every calendar year, paid sick leave, marriage leave, maternity/paternity leave and compensation leave. In addition, the Group also offers comprehensive insurance packages that include medical, compensation and business travel accident insurance. For staff members on business trips, per diem, meal and transportation allowance are provided, depending on their travel destinations. Besides, I.T staff at a certain grade or above enjoy an exclusive privilege package of free selection of outfits and accessories from our retail outlets or purchasing products with staff discount. Employees' families and friends can also enjoy this privilege during occasional Friends and Family Sales.

Equal Opportunities

I.T is committed to respecting our corporate culture, offering equal opportunities and fostering a diversified workplace environment to avoid any forms of discrimination. We ensure our labour and human rights policies are properly implemented and we make every endeavour to ensure fair employment and create an equal working environment for all staff. Except where required or permitted by laws and regulations, the Group implements employment practices regardless of race, colour, sex, age, disability and family status of an individual.

Employment Compliance

I.T believes that honesty, integrity and fairness are the most fundamental values of our mission. We strictly adhere to labour laws and legislation and have zero tolerance in any child or forced labour employment. During the year under review, we did not have any material non-compliance or breach of legislation related to employment and labour practices.

Occupational Health and Safety

We aim to provide a safe and healthy workplace environment for our employees and we ensure all our operation sites are fully compliant with applicable local occupational health and safety legislations. In order to provide a safe and healthy workplace to our employees, we consult external qualified safety consultants to identify and evaluate potential health and safety risks at sites we operate on a regular basis. To safeguard our employees from accidents and occupational injuries, we have adequate control measures in places, such as issuing Warehouse Safety Manuals to minimise the risk of injury, developing contingency plans and procedures for handling accidents, and promoting safety awareness among the warehouse staff. Correspondingly, regular safety meetings are held to review any potential workplace hazards and increase occupational health and safety awareness among our staff. Regular fire drills and emergency training are provided to keep all employees apprised of emergency measures, helping them to deal with any accidents or emergency situations effectively.

During the year under review, we did not have any material non-compliance or breach of legislations related to occupational health and safety. The number of lost days due to work injury has reduced to 188. There was a fatal traffic accident involving an outsourced staff member. We reported the accident to government and provided relevant information according to regulatory requirements. The family of the deceased staff member has received entitled financial support based on the relevant policies.

Staff Development and Training

Development and training are crucial to enhance our staff's competency and performance within the industry. It helps assure high quality services for our customers and thus drives our sustainable business growth. Under the Learning and Development Policy, we have established a framework that outlines the industrial knowledge and expertise that employees should acquire, ensuring that training resources and opportunities align with current market needs and business strategy. Throughout the years, we are committed to providing equal opportunities for staff at all levels and disciplines. Employees will receive customised training when necessary, ranging from frontline to managerial grades. The training courses, which include sales and marketing skills, customer services, leadership and management skills, styling etc., are offered according to our staff's Performance Management and Operational Planning. Apart from in-house training, we also encourage employees to achieve personal development and professional growth through learning best practices through external training. For example, directors and managerial staff enhance their skills by attending external training on management and finance, accounting, legal and compliance. In this reporting year, average training hours for staff members in managerial grade and general grade were 5.4 and 15 hours[13] respectively.

To foster a learning environment, and to encourage innovative ideas and raise team spirit within the Group, we have launched an array of recognition programmes and incentives for our staff over the years such as Top Sales Award, Image and Styling Competition, Shop Incentive Games, Mystery Shopper Service Awards, and Long Service Awards.

OPERATING PRACTICES

As an accountable fashion conglomerate, we uphold high standard business integrity within our corporation to strengthen effective corporate governance. All staff members are required to strictly follow a set of regulatory laws and regulations when conducting business activities. Likewise, we endeavour to achieve service excellence and build constant trust with our stakeholders along the value chain. To this end, safeguarding data privacy and supply chain management have been our top agenda to maintain service quality.

[13] Excludes data in the USA

Business Conduct

To ensure a high level of business ethics and integrity within the workplace, we have established the Code of Business Conducts and Personal Conducts. These guidelines aim to deliver clear instructions on proper conducts and principles against potential violation of business integrity. Under these guidelines, employees are required to comply with specified requirements within the framework of our code of conducts, including regulations on the use of company funds and assets, professional operation procedures in customer and supplier relations management, and impartial rules in combating malpractice related to conflict of interest.

I.T adopts a zero-tolerance approach to bribery and unethical conduct. Therefore, we are committed to inputting earnest effort to create a corruption-free working environment. In accordance with the relevant prevention of bribery and anti-money laundering laws and regulations in our operating regions and our internal Whistleblowing Policy, employees are encouraged to report about suspected misconduct or malpractice to the Chairman of the Audit Committee. He would assure the confidentially of every report and only disclose the case to related parties on a need-to-know basis.

Supply Chain Management

We rely on our suppliers to support our operations of our in-house brands along the value chain. As part of the procurement guidelines and criteria to ensure suppliers' service quality and capabilities, we review their environmental and social performance during the tendering and quotation processes, which includes environmental protection measures, labour standards, employee welfare and human rights etc. We have further improved our sourcing practices by introducing a review on suppliers' use of hazardous materials. Suppliers are required to provide test reports to ensure all raw materials that we purchase are free of hazardous materials. Depending on the types of services or products we purchase, regular review and evaluation on suppliers' performance are conducted through business meetings, factory visits and audits, labour and employment practices reviews, sampling and costing exercises, quality assurance and fabric inspections. To further minimise the environmental impact caused by our operations, we encourage our contractors to use materials containing low volatile organic compounds (VOCs) or biodegradable contents.

During the year under review, we have engaged 463 suppliers around the globe, with 155 from Mainland China, followed by 148 from Hong Kong and 87 from Taiwan. These three regions account for approximately 33%, 32% and 19% of our total number of suppliers respectively. The remaining were sourced from Macau, Japan, the United States, Korea and Bangladesh.

Product Responsibility

The Group continues to provide a wide collection of international and in-house fashion brands to enhance the holistic shopping experience of our customers. To explore opportunities in expanding our brand portfolios, we have introduced a new multi-faceted shopping concept at stores, which combines fashion, food & beverage and other features.

We understand the reputation of the Group hinges not only upon our creativity and fashion trend-setting capability, but also the quality and safety of our products and services. Therefore, we have stipulated a four-level inspection procedure for product quality assurance. Suppliers or relevant parties have to strictly follow the Group's standards in monitoring the quality and safety of their services and products. After conducting the standardised quality assurance procedure, a third-party assurance team would be engaged to help identify in-process improvements and ensure compliance of the Group's internal quality control standard. We keep abreast of regional industry standards by maintaining open and constant communication with our peers. During the year under review, we did not have any material non-compliance or breach of legislations related to product safety.

Service Satisfaction

I.T endeavours to enhance our customers' satisfaction in shopping experience. The e-shopping portal together with live-chat and e-mail channels facilitates the collection of all customer comments. These customer communication channels help us obtain instant feedback from our customers. Before adopting any new technology that benefits our long-term business development, we would conduct a comprehensive evaluation on the possible impacts it may bring to our operation, including the adaptation time needed for both our internal staff and customers.

The Complaint Handling Policy is established to address our customers' concerns in a systematic approach. We promise to acknowledge complaints in an appropriate and timely manner (within 24-hours). As a measure for resolving complaints, we investigate the root cause and send a summary to the relevant department for review, aiming to excel and improve our service quality beyond customers' expectation. In the reporting year, we received 4,946 complaints regarding our products and services. Most of the complaints were related to the clarity of product information and technical issues of the online store. Yet we also received 33,772 compliments during the year for our services and supports.

Customer Data Protection

We understand the importance of personal data protection. The Group complies with the personal data privacy laws to prevent disclosure or misapplication of customers' personal data. Our privacy policy ensures all personal data are properly handled without unauthorised access, processing, erasure or disclosure to third parties. We only collect necessary data solely for our business and formal marketing purposes, such as broadcasting VIP promotional offers and notifying customers about new products and services. Being part of our control measures, we communicate and reinforce our data protection principles to all relevant staff through regular communication. Any violation regarding data privacy is subject to disciplinary action.

Intellectual Property Rights Protection

It is in the Group's interest to protect intellectual property rights. While more than 300 international or licensed brands lie under the Group, we guarantee the intellectual properties of our partners are well respected. Intellectual properties are protected by the Group's comprehensive privacy policy that guides their proper handling and usage. In addition, as part of our obligation to protect the intellectual property rights of others parties, we incorporate warranties in our contracts with suppliers to ensure no infringement of intellectual property rights. During the reporting year, we did not have any material non-compliance or breach of legislation related to intellectual property rights.

CONTRIBUTION TO COMMUNITY

We recognise our role to support and develop local communities and the society at large. In this regard, we strive to grow and prosper with the communities by making positive impacts through our community outreach programs.

As one of the leading multi-brand conglomerates in the fashion industry, we encourage our employees to participate in voluntary programmes and make donations to charitable organisations. In the future, we will continue to explore opportunities to make contributions to society on all fronts.

The Directors of I.T Limited (the "Company") have pleasure in submitting their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 29 February 2020.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The Company's subsidiaries are engaged in the sales of fashion wears and accessories. The activities of the principal subsidiaries are set out in Note 18 to the consolidated financial statements.

The analysis of the Group's performance for the year by business and geographical segments is set out in Note 5 to the consolidated financial statements.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 29 February 2020 are set out in Note 18 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 69.

The board of directors of the Company (the "Board") does not recommend payment of a final dividend for the year ended 29 February 2020 (2019: 18.0 HK cents per share).

BUSINESS REVIEW

A review of the Group's business for the year ended 29 February 2020, a discussion on the Group's future business development and principal risks and uncertainties that the Group is facing are provided in the sections headed"*Message from the Chairman*" on pages 18 to 19 and "*Management Discussion and Analysis*" on pages 23 to 31. An analysis of the Group's performance for the year ended 29 February 2020 by financial key performance indicators is set out on pages 20 to 21.

The financial risk management objectives and policies of the Group is laid out in Note 3 to the consolidated financial statements.

The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to comply with all prevailing laws and regulations in all its operating regions. The Group's subsidiaries are governed by the laws and regulations relating to taxation, foreign exchange, product quality, customs, intellectual properties, environmental protection, labor and social insurance, data privacy, etc. Any non-compliance will impose fines or other serious penalty actions against the subsidiaries. We have implemented various measures to ensure compliance with such laws and regulations, including but not limited to consulting our legal advisers and professionals. During the year, the Company did not aware of any material non-compliance or breach of legislation.

After the outbreak of COVID-19 in early 2020, various prevention and emergency measures, such as lockdown policy, physical distancing, etc. have been and continued to be implemented across the world. The Group has temporarily suspended the operations of certain stores in Mainland China in late January and/or early February 2020. Stores in different operating regions were temporarily closed due to the spread of COVID-19 around the world. The pandemic caused material disruptions to our sales and store development, which adversely affect our business, financial condition and results of operations. We have adopted various cost control measures to minimise the overall impact; re-prioritised work plans with the objective to increase our liquidity position; and closely monitored the market situation and the development of the pandemic and adjusted its business strategies. Save as disclosed herein, no important event affecting the Group had occurred since the end of the year ended 29 February 2020.

SUSTAINABILITY

The Group is committed to improving the sustainability of its operations and driving improvements. It strives to utilise resources efficiently and effectively in its operations to reduce impacts on the environment; raise its social responsibilities; improve the well-being of its staff; embrace its responsibility as a corporate citizen and enhance the relationship with the communities. The Company maintains harmonious relationship with its stakeholders including its business partners, suppliers, logistics service providers, staff and customers for the long term growth. During the year, the Company continued:

– *Environmental*

  to push forward energy saving measures and emissions reduction throughout its operations, covering packaging, resources consumption and supplies. Eco-friendly supplies or equipment like recycled paper, LED lights, packaging materials, etc. were used whenever practicable. Packaging materials and fixtures and furniture were reused as far as possible. To reduce carbon emissions, consumption of electricity and water was minimised and business travels were carried out only when necessary. We continuously worked with our suppliers and logistics service providers in exploring further opportunities to reduce emissions.

– *Employee*

  to dedicate to provide a safe and healthy working environment for all staff and to provide opportunities for staff's self-development and advancement in all aspects. The Company provided numerous training programs to enhance the staff's skills and standards. Two ways performance assessment systems and incentive mechanism were in place to enhance staff's development. Safety audits were conducted to identify and eliminate risks and a safe and healthy workplace is maintained.

– *Community*

  to give back to the community and support developments in the society.

The Group's environmental, social and governance report as set out in the section headed "*Environmental, Social and Governance Report*" on pages 45 to 50 laid out the details of the policies and attainments of the Company on the environmental and social aspects and how it works with its stakeholders for the sustainability.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$69,000 (2019: HK$668,000).

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 29 February 2020, the Company's reserve available for cash distribution, as computed in accordance with The Companies Act 1981 of Bermuda (as amended), amounted to HK$503,837,000.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 143 and 144.

PROPERTY, FURNITURE AND EQUIPMENT

Details of movements in property, furniture and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

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 during the year ended 29 February 2020.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Sham Kar Wai
Mr. Sham Kin Wai
Mr. Chan Wai Kwan

Independent Non-executive Directors

Mr. Francis Goutenmacher
Dr. Wong Tin Yau, Kelvin, JP
Mr. Tsang Hin Fun, Anthony (appointed on 2 December 2019)
Mr. Mak Wing Sum, Alvin (resigned on 2 December 2019)*

* Mr. Mak Wing Sum, Alvin resigned as Independent Non-executive Director due to other business commitment.

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Chan Wai Kwan and Mr. Francis Goutenmacher will retire by rotation at the forthcoming annual general meeting of the Company (the "2020 AGM") and being eligible, offer themselves for re-election.

In accordance with Bye-law 86(2) of the Company's Bye-laws and Code Provision A.4.2 of the CG Code, Mr. Tsang Hin Fun, Anthony will hold office only until the next following general meeting of the Company and being eligible, offer himself for re-election.

Independent Non-executive Directors were appointed for a one-year term. The term of service of Mr. Francis Goutenmacher and Dr. Wong Tin Yau, Kelvin, JP will expire on 31 July 2020 while Mr. Tsang Hin Fun, Anthony's on 1 December 2020. The Company has received from each of its Independent Non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board considers that all Independent Non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors who is proposed for re-election at the 2020 AGM does not have a service contract with the Company which is not determinable within one year without payment of compensation, other than the statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance in relation to the Group's business to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the year are set out in Note 38 to the consolidated financial statements.

REMUNERATION POLICY

Remuneration policy of the Company is reviewed regularly, making reference to market condition and performance of the Company and individual staff (including the Directors). The remuneration policy and remuneration packages of the Directors and management team are reviewed by the Remuneration Committee and the Board which are detailed in the paragraph headed "Remuneration Committee" under the Corporate Governance Report on page 38.

PENSION-DEFINED CONTRIBUTION PLANS

Details of pension defined contribution plans of the Group are set out in Note 9 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISIONS

The Company's Bye-laws provide that all Directors and officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors' and officers' liability insurance is arranged to cover the Directors and officers of the Company and its subsidiaries against any potential costs and liabilities arising from claims brought against them.

BIOGRAPHICAL DETAILS OF DIRECTORS AND MANAGEMENT TEAM

Biographical details of the Directors and management team as at the date of this report are set out in the section headed "*Biographies of Directors and Management Team*" on pages 32 to 33.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The changes in the information of the Directors of the Company since the publication of the interim report of the Company for the six months ended 31 August 2019 are set out below:

Name of Directors	Details of changes
Independent Non-executive Directors	
Dr. WONG Tin Yau, Kelvin, JP	– appointed as an independent non-executive director of JS Global Lifestyle Company Limited with effect from 11 October 2019
	– appointed as an independent non-executive director of Yangtze Optical Fibre and Cable Joint Stock Limited Company with effect from 17 January 2020
	– resigned as an independent non-executive director of Huarong International Financial Holdings Limited with effect from 13 December 2019
	– resigned as an independent non-executive director of Bank of Qingdao Co., Ltd. with effect from 13 February 2020
Mr. Francis Goutenmacher	– appointed as the Chairman of the Company's Nomination Committee with effect from 2 December 2019
	– resigned as an independent non-executive director of South Shore Holdings Limited with effect from 6 April 2020

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 29 February 2020, the interests and short positions of the Directors and Chief Executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(a) Long positions in the shares of the Company

	No. of shares held				
Director	Beneficiary of trust (Note 1)	Interest in underlying shares/equity derivatives (Note 2)	Direct interest	Total	Percentage of issued shares (Note 4)
Sham Kar Wai (Note 3)	698,564,441	23,780,000	6,834,000	729,178,441	60.98%
Sham Kin Wai (Note 3)	698,564,441	23,780,000	6,834,000	729,178,441	60.98%
Chan Wai Kwan	–	–	501,249	501,249	0.04%

Notes:

(1) Mr. Sham Kar Wai and Mr. Sham Kin Wai are both beneficiaries of The ABS 2000 Trust, which is an irrevocable discretionary trust. Fine Honour Limited, Fortune Symbol Limited, Fresh Start Holdings Limited and Sure Elite Limited are wholly-owned subsidiaries of Effective Convey Limited (collectively the "Immediate Holding Companies"). Effective Convey Limited is wholly-owned by Dynamic Vitality Limited, which is in turn wholly-owned by The ABS 2000 Trust. Each of Mr. Sham Kar Wai and Mr. Sham Kin Wai is therefore deemed to be interested in the interests of the Immediate Holding Companies in the Company, detailed in the section headed "*Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company*" below.

(2) Detailed in the section headed "*Share Option Schemes*" below.

(3) Ms. Yau Shuk Ching, Chingmy, spouse of Mr. Sham Kar Wai, is deemed to be interested in the same number of shares held by Mr. Sham Kar Wai. Ms. Wong Choi Shan, spouse of Mr. Sham Kin Wai, is deemed to be interested in the same number of shares held by Mr. Sham Kin Wai. Their interests in the shares and underlying shares of the Company are recorded in the register maintained by the Company under Section 336 of the SFO.

(4) The issued shares of the Company were 1,195,797,307 shares as at 29 February 2020.

(b) Long positions in the share options of the Company

The interests of the Directors and Chief Executives of the Company in the share options of the Company are detailed in the section headed "*Share Option Schemes*" below.

(c) **Long positions in the shares of associated corporations of the Company**

Director	Name of associated corporations	Capacity	Percentage of shareholding	
Sham Kar Wai	3WH Limited	Beneficial owner	50%	(Note 1)
	Income Team Limited	Interests in controlled company	100%	
	Online Profit Limited	Interests in controlled company	100%	
	Popbest Limited	Interests in controlled company	100%	
	Shine Team Development Limited	Interests in controlled company	100%	
	Veston Limited	Interests in controlled company	100%	
	Young Ranger Investment Limited	Interests in controlled company	100%	
	Sure Elite Limited	Beneficiary of a trust	100%	
	Fresh Start Holdings Limited	Beneficiary of a trust	100%	
	Fortune Symbol Limited	Beneficiary of a trust	100%	
	Fine Honour Limited	Beneficiary of a trust	100%	
	Effective Convey Limited	Beneficiary of a trust	100%	
	Dynamic Vitality Limited	Beneficiary of a trust	100%	
Sham Kin Wai	3WH Limited	Beneficial owner	50%	
	Income Team Limited	Interests in controlled company	100%	
	Online Profit Limited	Interests in controlled company	100%	
	Popbest Limited	Interests in controlled company	100%	
	Shine Team Development Limited	Interests in controlled company	100%	
	Veston Limited	Interests in controlled company	100%	
	Young Ranger Investment Limited	Interests in controlled company	100%	
	Sure Elite Limited	Beneficiary of a trust	100%	
	Fresh Start Holdings Limited	Beneficiary of a trust	100%	
	Fortune Symbol Limited	Beneficiary of a trust	100%	
	Fine Honour Limited	Beneficiary of a trust	100%	
	Effective Convey Limited	Beneficiary of a trust	100%	
	Dynamic Vitality Limited	Beneficiary of a trust	100%	

Note

(1) Mr. Sham Kar Wai and Ms. Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai) each holds 25% of the issued share capital of 3WH Limited. As such, Mr. Sham Kar Wai is deemed to be interested in the same number of shares held by Ms. Yau Shuk Ching, Chingmy.

Save as disclosed above, none of the Directors or their associates had any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations as at 29 February 2020.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from those disclosed in the section headed "*Share Option Schemes*" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their associates to acquire benefits by means of acquisition of shares in, or debenture of, the Company or any body corporate.

SHARE OPTION SCHEMES

The Group has two equity-settled share option schemes which were adopted on 30 June 2008 (the "2008 Share Option Scheme") and 15 August 2017 (the "New Share Option Scheme") (collectively, the "Share Option Schemes") for the purpose of recognising and acknowledging the contributions that eligible Participants (as defined below) have made or may make to the Group. Under the Share Option Schemes, the Board might, at its discretion, grant options to (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company (the "Affiliate"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate (the "Participants").

The principal terms of the 2008 Share Option Scheme and New Share Option Scheme are summarised as follows:

The 2008 Share Option Scheme and New Share Option Scheme were adopted for a period of 10 years commencing from 30 June 2008 and 15 August 2017, respectively. The Company had by resolution in the annual general meeting of the Company dated 15 August 2017 resolved to terminate the 2008 Share Option Scheme and to adopt the New Share Option Scheme. Upon termination of the 2008 Share Option Scheme, no further options can be offered under the 2008 Share Option Scheme, but the provisions of the 2008 Share Option Scheme would remain in full force and effect. Options granted prior to such termination shall continue to be valid and exercisable in accordance with their terms of grant after the termination of the 2008 Share Option Scheme.

Pursuant to the Share Option Schemes, the Company may grant options to eligible Participants as defined in the Share Option Schemes to subscribe for shares in the Company at a price per share of not less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by the Stock Exchange on the date of the offer of the relevant option; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer. A consideration of HK$10 is payable on acceptance of the grant of options. An offer must be accepted within 3 business days from the date of offer (except for such circumstance as defined in the Share Option Schemes).

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Schemes and any other schemes adopted by the Company from time to time must not, in aggregate, exceed 30% of the Shares in issue from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Schemes and any other share option schemes of the Company to any eligible participant, in any 12-month period up to the date of grant, shall not exceed 1% in aggregate of the shares in issue as at the date of grant. The period within which the Company's securities must be taken up shall be in any event not later than 10 years from the date of grant, subject to the provisions for early termination of the Share Option Schemes.

The Share Option Schemes do not specify any minimum holding period for which an option must be held before it can be exercised.

Movements of share options during the year ended 29 February 2020 under the Share Option Schemes are summarised as follows and details of which are set out in Note 30 to the consolidated financial statements:

2008 Share Option Scheme

	Date of grant	Exercise period	Exercise price per share HK$	As at 1 March 2019	Number of Share Options lapsed during the year	As at 29 February 2020
Director						
Sham Kar Wai	12 February 2010	12 February 2012 to 11 February 2020	1.43	11,268,379	(11,268,379)	–
	18 March 2011	18 March 2017 to 17 March 2021	4.96	11,500,000	–	11,500,000
	17 September 2012	17 September 2018 to 16 September 2022	3.42	12,280,000	–	12,280,000
Sham Kin Wai	12 February 2010	12 February 2012 to 11 February 2020	1.43	11,268,379	(11,268,379)	–
	18 March 2011	18 March 2017 to 17 March 2021	4.96	11,500,000	–	11,500,000
	17 September 2012	17 September 2018 to 16 September 2022	3.42	12,280,000	–	12,280,000
Continuous contract employees	28 December 2009	28 December 2011 to 27 December 2019	1.23	33,805,137	(33,805,137)	–
	18 March 2011	18 March 2017 to 17 March 2021	4.96	17,250,000	–	17,250,000
				121,151,895	(56,341,895)	64,810,000 (Note)

Note: Representing 5.42% of the issued shares of the Company as at the date of this report.

During the year ended 29 February 2020, 56,341,895 share options were lapsed and no share options were exercised or cancelled under the 2008 Share Option Scheme.

New Share Option Scheme

The Company has not granted any option since the adoption of the New Share Option Scheme.

The total number of shares available for issue under the New Share Option Scheme is 119,579,730 shares, representing 10% of the issued shares of the Company as at the date of this report.

The remaining life of the New Share Option Scheme is seven years.

EQUITY-LINKED AGREEMENTS

Save as disclosed above, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 29 February 2020, the register kept by the Company under Section 336 of the SFO showed that the following shareholders (other than Directors of the Company) had disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO an interest or a short position in the shares or underlying shares of the Company:

Long positions in the shares of the Company

Name	Capacity	Number of shares held	Percentage of issued shares	Long/short position
Yau Shuk Ching, Chingmy (Notes 1 & 2)	Beneficiary of a trust/ Interest of spouse	729,178,441	60.98%	Long
Wong Choi Shan (Notes 1 & 3)	Beneficiary of a trust/ Interest of spouse	729,178,441	60.98%	Long
Effective Convey Limited (Note 4)	Beneficial owner/ Interest in corporation	698,564,441	58.41%	Long
Dynamic Vitality Limited (Notes 1 & 5)	Interest in corporation	698,564,441	58.41%	Long
HSBC International Trustee Limited (Notes 1 & 5)	Trustee	698,564,441	58.41%	Long
Fine Honour Limited (Note 4)	Beneficial owner	169,197,830	14.14%	Long
Fortune Symbol Limited (Note 4)	Beneficial owner	60,028,130	5.01%	Long
Fresh Start Holdings Limited (Note 4)	Beneficial owner	60,028,130	5.01%	Long
Sure Elite Limited (Note 4)	Beneficial owner	60,028,130	5.01%	Long
Yeung Chun Kam (Note 6)	Joint interest	64,270,000	5.27%	Long
Yeung Chun Fan (Note 6)	Joint interest	64,270,000	5.27%	Long
Cheung Wai Yee (Note 7)	Interest of spouse	64,270,000	5.27%	Long
NTAsian Discovery Master Fund	Beneficial owner	60,916,000	5.03%	Long
JPMorgan Chase & Co. (Note 8)	Beneficial owner/ Interest in corporation	2,006,220	0.16%	Long
		1,994,000	0.16%	Short
	Approved lending agent	58,583,236	4.89%	Long
Templeton Asset Management Ltd	Investment Manager	59,742,395	5.00%	Long

Notes:

1. The ABS 2000 Trust was established on 14 September 2000 as an irrevocable discretionary trust for the benefit of Mr. Sham Kar Wai and Mr. Sham Kin Wai (both are Directors of the Company) and their spouses. HSBC International Trustee Limited is the trustee of The ABS 2000 Trust.

2. Spouse of Mr. Sham Kar Wai. Out of the 729,178,441 shares, Ms. Yau as a beneficiary of The ABS 2000 Trust, is interested in 698,564,441 shares while the rest of the shares is held in the capacity of interest of spouse.

3. Spouse of Mr. Sham Kin Wai. Out of the 729,178,441 shares, Ms. Wong as a beneficiary of The ABS 2000 Trust, is interested in 698,564,441 shares while the rest of the shares is held in the capacity of interest of spouse.

4. Fine Honour Limited, Fortune Symbol Limited, Fresh Start Holdings Limited and Sure Elite Limited (collectively the "Companies") are wholly-owned subsidiaries of Effective Convey Limited. Effective Convey Limited is therefore deemed interested in the shares held by the Companies.

5. Effective Convey Limited is a wholly-owned subsidiary of Dynamic Vitality Limited, which is wholly-owned by The ABS 2000 Trust. Each of Dynamic Vitality Limited and HSBC International Trustee Limited is therefore deemed interested in the shares held by Effective Convey Limited.

6. Held by Dr. Yeung Chun Kam and Mr. Yeung Chun Fan jointly.

7. Spouse of Mr. Yeung Chun Fan.

8. JPMorgan Chase & Co. held the shares through its controlled corporations, JPMorgan Chase Bank, N.A., J.P. Morgan International Finance Limited, J.P. Morgan Capital Holdings Limited and J.P. Morgan Securities plc.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

To the best of the Directors' knowledge, none of the Directors, their close associates or any shareholder who owns more than 5% of the Company's share capital had an interest in any of the major customers or suppliers above.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 29 February 2020, which did not constitute connected transactions under the Listing Rules, are disclosed in Note 36 to the consolidated financial statements.

CONTINUING DISCLOSURE REQUIREMENTS

The following circumstances giving rise to the obligations of disclosure pursuant to Rule 13.18 of the Listing Rules continue to exist after the year ended 29 February 2020.

Term Loans

(i) Terms used herein this subsection have the same meaning as those defined in the announcement made by the Company on 31 January 2018 (the "Facility Announcement").

On 31 January 2018, the Company made the Facility Announcement that I.T Finance Limited as the borrower has entered into the Facility Agreement. Pursuant to the Facility Agreement, it is (among other matters) an event of default if (i) Mr. Sham Kar Wai and Mr. Sham Kin Wai, the current Executive Directors, and the Sham's Family Trust collectively do not or cease to maintain management control over the management and business of the Group; or (ii) the Sham's Family and the Sham's Family Trust collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights in the Company, free from any Security. Upon occurrence of an event of default, (i) commitments of the banks or any part thereof under the Facility Agreement shall immediately be cancelled; and/or (ii) the whole or any part of the Loans, together with accrued interest, and all other amounts accrued or outstanding shall become immediately due and payable; and/or (iii) the whole or any part of the Loans shall immediately become payable on demand.

Details of the Facility are set out below:

Facility Agreement:	the facility agreement dated 31 January 2018 entered into between I.T Finance Limited, the guarantors (being the Company and three indirectly wholly-owned subsidiaries of the Company) and a syndicate of banks;
Facility:	a term loan facility in an aggregate commitment of HK$800,000,000 repayable by six half-yearly instalments; the repayment date of the first instalment shall be the date falling 18 months after the date of the Facility Agreement and the last instalment shall be the date falling 48 months after the date of the Facility Agreement.

(ii) Terms used herein this subsection have the same meaning as those defined in the announcement made by the Company on 1 March 2019 (the "Second Facility Announcement").

On 1 March 2019, the Company made the Second Facility Announcement that I.T Finance Limited as the borrower has entered into the Facility Agreement. Pursuant to the Facility Agreement, it is (among other matters) an event of default if (i) Mr. Sham Kar Wai and Mr. Sham Kin Wai, the current Executive Directors, and the Sham's Family Trust collectively do not or cease to maintain management control over the management and business of the Group; or (ii) the Sham's Family and the Sham's Family Trust collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights in the Company, free from any Security. Upon occurrence of an event of default, (i) commitments of the banks or any part thereof under the Facility Agreement shall immediately be cancelled; and/or (ii) the whole or any part of the Loans, together with accrued interest, and all other amounts accrued or outstanding shall become immediately due and payable; and/or (iii) the whole or any part of the Loans shall immediately become payable on demand.

Details of the Facility are set out below:

Facility Agreement:	the facility agreement dated 1 March 2019 entered into between I.T Finance Limited, the guarantor (being the Company) and a bank;
Facility:	a term loan facility of HK$700,000,000 matures on the date falling 36 months from the date of the Facility Agreement.

(iii) Terms used herein this subsection have the same meaning as those defined in the announcement made by the Company on 16 April 2019 (the "Third Facility Announcement").

On 16 April 2019, the Company made the Third Facility Announcement that I.T Finance Limited as the borrower has entered into the Facility Agreement. Pursuant to the Facility Agreement, it is (among other matters) an event of default if (i) Mr. Sham Kar Wai and Mr. Sham Kin Wai, the current Executive Directors, and the Sham's Family Trust collectively do not or cease to maintain management control over the management and business of the Group; or (ii) the Sham's Family and the Sham's Family Trust collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights in the Company, free from any Security. Upon occurrence of an event of default, (i) commitments of the banks or any part thereof under the Facility Agreement shall immediately be cancelled; and/or (ii) the whole or any part of the Loans, together with accrued interest, and all other amounts accrued or outstanding shall become immediately due and payable; and/or (iii) the whole or any part of the Loans shall immediately become payable on demand.

Details of the Facility are set out below:

Facility Agreement:	the facility agreement dated 16 April 2019 entered into between I.T Finance Limited, the guarantors (being the Company and three indirectly wholly-owned subsidiaries of the Company) and a bank;
Facility:	a term loan facility in an aggregate commitment of HK$450,000,000 matures on the date falling 48 months from the date of the Facility Agreement.

(iv) Terms used herein this subsection have the same meaning as those defined in the announcement made by the Company on 25 October 2019 (the "October 2019 Facility Announcement").

On 25 October 2019, the Company made the October 2019 Facility Announcement that I.T Finance Limited as the borrower has entered into the Facility Letter. Pursuant to the Facility Letter, it is (among other matters) an event of default if (i) Mr. Sham Kar Wai and Mr. Sham Kin Wai, the current Executive Directors, and the Sham's Family Trust collectively do not or cease to maintain management control over the management and business of the Group; or (ii) the Sham's Family and the Sham's Family Trust collectively do not or cease to own, directly or indirectly, at least 40% of the beneficial shareholding, carrying at least 40% of the voting rights in the Company. Upon occurrence of an event of default, the Facility shall immediately become due and payable and any undrawn balance of the Facility shall automatically be cancelled.

Details of the Facility are set out below:

Facility Letter:	the facility letter dated 30 September 2019 entered into between I.T Finance Limited, the guarantors (being the Company and three indirectly wholly-owned subsidiaries of the Company) and a bank on 25 October 2019;
Facility:	a term loan of up to HK$100,000,000 matures on the date falling 48 months from the date of first utilization.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this report as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 36 to 44.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire at the 2020 AGM and being eligible, offer themselves for re-appointment.

* All cross-referencing to the other sections in this annual report form part of this Report.

On behalf of the Board

Sham Kar Wai
Chairman

Hong Kong, 27 May 2020

I.T IS

a fashion icon

TREND SETTING

inspiration

a lifestyle

MOVING FORWARD

pwc 羅兵咸永道

TO THE SHAREHOLDERS OF I.T LIMITED
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of I.T Limited (the "Company") and its subsidiaries (the "Group") set out on pages 69 to 142, which comprise:

- the consolidated statement of financial position as at 29 February 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 29 February 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Goodwill impairment assessment
- Impairment of property, furniture and equipment and right-of-use assets
- Valuation of inventories

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Goodwill impairment assessment	
Refer to notes 4(b) and 17 to the consolidated financial statements. The Group carried a goodwill of HK$240 million relating to the acquisition of I.T China Limited in 2007. I.T China Limited is engaged in the sales of fashion wears and accessories in Mainland China. As described in the accounting policies in note 2.9(a) and 2.11 to the consolidated financial statements, goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Management performed impairment reviews in respect of the goodwill for the year ended 29 February 2020. Annual impairment tests are prepared with the recoverable amounts determined based on the fair value less costs of disposal calculation of the cash generating units. The calculations used discounted cash flow model which involved significant management judgement with respect to assumptions used such as the average annual growth rate, long-term growth rate, gross margin and discount rate. Based on the impairment tests performed, the goodwill of I.T China is fully impaired and an impairment charge of HK$232 million was recognised against the goodwill for the year ended 29 February 2020. We focused on the evaluation of management's goodwill impairment assessment due to the size of the Group's goodwill and the significant judgement and estimate used to perform the impairment review.	Our procedures in relation to management's goodwill impairment assessments included: – Identifying the cash-generating unit ("CGU") and evaluating the composition of the assets and liabilities allocated to the CGUs; – Understanding, evaluating and testing management process and controls over the preparation of the cash flow forecasts; – Checking the consistency between the cash flow forecasts and the Board approved budgets; – Assessing the appropriateness of the valuation methodology used by management; – Evaluating the reasonableness of management's key assumptions used in the cash flow projections based on our knowledge of the business and industry; – Comparing the forecast average annual growth rate, long-term growth rate and gross margin with economic data and our retail industry knowledge; – Comparing historical actual annual performance result with the forecast; – Assessing the reasonableness of discount rate adopted by management with support from our internal valuation specialist; and – Reviewing the sensitivity analysis performed by the management to ascertain that the selected adverse changes of key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount. We found the assumptions made by the management in relation to the fair value less costs of disposal calculation to be reasonable based on the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, furniture and equipment and right-of-use assets	
Refer to notes 4(a), 15 and 16 to the consolidated financial statements. The Group has material operational assets (including property, furniture and equipment of HK$155 million and right-of-use assets of HK$1.1 billion before impairment) which are subject to impairment tests in the event of trading performance is below expectation. Management prepared discounted cash flow analysis on the retail stores with impairment indicators. The recoverable amounts were determined based on the value-in-use calculations of these retail stores. These calculations involved significant management judgement with respect to the assumptions used including the long-term growth rate, gross margin and discount rate. Based on the impairment tests performed, impairment of property, furniture and equipment and right-of-use assets amounted to HK$67 million and HK$314 million, respectively, was recognised for the year ended 29 February 2020. We focused on the evaluation of management's assessment on impairment of property, furniture and equipment and right-of-use assets due to the size of the Group's property, furniture and equipment and right-of-use assets and the significant judgement and estimate used to perform the impairment review.	Our procedures in relation to management's assessment on impairment of property, furniture and equipment and right-of-use assets included: – Understanding and evaluating management process and controls over the identification of relevant retail stores having impairment indicators and preparation of the cash flow forecasts; – Checking the consistency between the cash flow forecasts and the Board approved budgets; – Assessing the appropriateness of the valuation methodology used by management; and – Evaluating the key assumptions used in the value-in-use calculations by applying our knowledge of the business and industry, comparing the cash flow forecasts with the historical actual performance results of the stores, discussing business plans with senior management and performing market research on long-term growth rate and gross margin and assessing the reasonableness of discount rate adopted by management. We found the assumptions made by the management in relation to the value-in-use calculations to be reasonable based on the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of inventories	
Refer to notes 4(c) and 21 to the consolidated financial statements. At 29 February 2020, inventories of the Group amounted to HK$1,722 million. As described in the basis of preparation and accounting policies in note 2.15 to the consolidated financial statements, inventories are carried at the lower of cost and net realisable value. The Group is engaged in the sales of fashion wears and accessories and is subject to changing consumer demands and fashion trends. Management judgement is required for assessing the appropriate level of inventory provision in light of the current challenging business environment. Management identified the slow moving inventory items and determined the net realisable value of the inventories based upon the ageing analysis of the inventories focusing on seasonality and current market conditions. We focused on the evaluation of management's assessment on valuation of inventories due to the size of the Group's inventories and the significant judgement and estimate used to assess the valuation of inventories.	Our procedures in relation to management's assessment on valuation of inventories included: – Understanding and evaluating the appropriateness of the basis for management used in estimating the level of provision for inventories by considering the level of inventory write-offs in the prior and current years, stock aging as at 29 February 2020 and the subsequent sales after 29 February 2020; – Performing analytics on stock holding and inventory movement data to identify products with indication of slow moving or obsolescence; and – Comparing the carrying amount of the inventories, on a sample basis, to their net realisable value through review of sales of the inventories subsequent to the year end to check the completeness and accuracy of the associated provision. Where there are no subsequent sales of the respective inventories after the year end, we challenged management as to the realisable value of the inventories, corroborating explanations with the aging and marketability of the respective inventories, as appropriate. Based on the procedures performed, we found the estimations of management in relation to the assessment on valuation of inventories to be supportable by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kin Wah, Albert.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 May 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 29 February 2020

	Note	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Turnover	5	7,719,378	8,832,157
Cost of sales	7	(2,985,674)	(3,192,446)
Gross profit		4,733,704	5,639,711
Other losses, net	6	(21,262)	(13,532)
Impairment of goodwill	17	(231,520)	–
Operating expenses	7	(4,904,283)	(4,927,676)
Other income	8	43,305	55,111
Operating (loss)/profit		(380,056)	753,614
Finance income	10	19,797	24,946
Finance costs	10	(154,777)	(42,922)
Share of profit of an associate	20	22,031	–
Share of losses of joint ventures	19	(55,336)	(27,846)
(Loss)/profit before income tax		(548,341)	707,792
Income tax expense	11	(197,429)	(263,647)
(Loss)/profit for the year		(745,770)	444,145
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		(106,703)	(115,727)
Cash flow hedge recognised as finance costs	10	–	(33,047)
Fair value changes on cash flow hedge, net of tax		11,003	18,209
Total other comprehensive loss for the year		(95,700)	(130,565)
Total comprehensive (loss)/income for the year		(841,470)	313,580
(Loss)/profit attributable to:			
– Equity holders of the Company		(747,254)	442,599
– Non-controlling interests		1,484	1,546
		(745,770)	444,145
Total comprehensive (loss)/income attributable to:			
– Equity holders of the Company		(842,964)	312,427
– Non-controlling interests		1,494	1,153
		(841,470)	313,580
(Loss)/earnings per share attributable to equity holders of the Company for the year (expressed in HK cent per share)			
– basic	12	(62.5)	37.0
– diluted	12	(62.5)	35.7
Dividends	13	–	215,243

The notes on page 73 to 142 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 29 February 2020

	Note	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
ASSETS			
Non-current assets			
Land use rights	14	–	38,631
Property, furniture and equipment	15	1,161,391	954,964
Right-of-use assets	16	1,900,465	–
Intangible assets	17	91,169	321,948
Investments in and loans to joint ventures	19	121,303	167,879
Investment in an associate	20	441,879	–
Rental deposits	23	271,172	346,422
Prepayments for non-current assets	23	21,236	52,672
Deferred income tax assets	29	137,517	110,327
		4,146,132	1,992,843
Current assets			
Inventories	21	1,722,110	1,538,037
Trade and other receivables	22	218,006	300,171
Amounts due from joint ventures	19	33,765	132,311
Amount due from an associate	20	272	–
Rental deposits, prepayments and other deposits	23	284,573	379,256
Current income tax recoverable		2,474	1,989
Cash and cash equivalents	24	1,456,807	1,771,957
		3,718,007	4,123,721
LIABILITIES			
Current liabilities			
Borrowings	25	(463,290)	(505,995)
Trade payables	26	(491,317)	(414,120)
Accruals and other payables	27	(469,974)	(680,339)
Contract liabilities		(37,844)	(21,922)
Lease liabilities	16	(958,142)	–
Derivative financial instruments	28	–	(11,003)
Amounts due to joint ventures	19	(26,840)	(24,165)
Current income tax liabilities		(81,593)	(78,327)
		(2,529,000)	(1,735,871)
Net current assets		1,189,007	2,387,850
Non-current liabilities			
Borrowings	25	(1,463,928)	(653,981)
Lease liabilities	16	(1,440,713)	–
Accruals	27	(6,163)	(6,125)
Derivative financial instruments	28	(4,145)	(1,773)
Deferred income tax liabilities	29	(52,621)	(67,294)
		(2,967,570)	(729,173)
Net assets		2,367,569	3,651,520
EQUITY			
Capital and reserves			
Share capital	30	119,580	119,580
Reserves	31	2,244,153	3,528,701
Non-controlling interests		3,836	3,239
Total equity		2,367,569	3,651,520

The consolidated financial statements on pages 69 to 142 were approved by the board of Directors on 27 May 2020 and were signed on its behalf.

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

The notes on page 73 to 142 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2020

	Note	Attributable to equity holders of the Company			
		Share capital HK$'000	Reserves HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 March 2019		119,580	3,528,701	3,239	3,651,520
– Change in accounting policies – HKFRS 16	2.2	–	(226,341)	–	(226,341)
Restated balance at 1 March 2019		119,580	3,302,360	3,239	3,425,179
Comprehensive (loss)/income:					
– (Loss)/profit for the year		–	(747,254)	1,484	(745,770)
Other comprehensive (loss)/income:					
– Currency translation differences		–	(106,713)	10	(106,703)
– Fair value changes on cash flow hedge, net of tax		–	11,003	–	11,003
Total comprehensive (loss)/income		–	(842,964)	1,494	(841,470)
Transactions with equity holders:					
Final dividend for the year ended 28 February 2019	13	–	(215,243)	(897)	(216,140)
Total transactions with equity holders		–	(215,243)	(897)	(216,140)
Balance at 29 February 2020		119,580	2,244,153	3,836	2,367,569
Balance at 1 March 2018		119,580	3,425,755	3,327	3,548,662
Comprehensive income:					
– Profit for the year		–	442,599	1,546	444,145
Other comprehensive income/(loss):					
– Currency translation differences		–	(115,334)	(393)	(115,727)
– Cash flow hedge recognised as finance costs		–	(33,047)	–	(33,047)
– Fair value changes on cash flow hedge, net of tax		–	18,209	–	18,209
Total comprehensive income		–	312,427	1,153	313,580
Transactions with equity holders:					
Final dividend for the year ended 28 February 2018		–	(212,852)	(1,241)	(214,093)
Share option scheme					
– value of employment services	30	–	3,371	–	3,371
Total transactions with equity holders		–	(209,481)	(1,241)	(210,722)
Balance at 28 February 2019		119,580	3,528,701	3,239	3,651,520

The notes on page 73 to 142 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 29 February 2020

	Note	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Cash flows from operating activities			
Cash generated from operations	32(a)	1,730,827	746,396
Interest paid		(58,969)	(42,922)
Hong Kong profits tax paid		(8,669)	(10,220)
Overseas income tax paid		(177,946)	(254,184)
Net cash generated from operating activities		1,485,243	439,070
Cash flows from investing activities			
Purchase of property, furniture and equipment and intangible assets		(582,864)	(448,237)
Prepayments for property, furniture and equipment		–	(34,339)
Proceeds from disposal of property, furniture and equipment	32(b)	3,473	20,774
Capital injection to a joint venture	19	(11,603)	(42,436)
Loans to joint ventures		(36,012)	–
Payment for acquisition of an associate	34	(432,954)	–
Dividends received from an associate	20	11,658	–
Interest received		15,609	22,258
Net cash used in investing activities		(1,032,693)	(481,980)
Cash flows from financing activities			
Proceeds from borrowings	32(d)	1,458,971	1,417,489
Repayments of borrowings	32(d)	(689,524)	(1,668,946)
Repayments of lease liabilities	32(d)	(1,295,990)	–
Dividends paid	13	(215,243)	(212,852)
Dividends paid to non-controlling interests		(897)	(1,241)
Net cash used in financing activities		(742,683)	(465,550)
Net decrease in cash and cash equivalents		(290,133)	(508,460)
Cash and cash equivalents, beginning of the year		1,771,957	2,315,333
Currency translation differences		(25,017)	(34,916)
Cash and cash equivalents, end of the year	24	1,456,807	1,771,957

The notes on page 73 to 142 are an integral part of these consolidated financial statements.

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 (the "Stock Exchange").

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") 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.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 March 2019:

Amendments to Annual Improvement Project	Annual Improvements 2015-2017 Cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The Group had changed its accounting policies following the adoption of HKFRS 16 as disclosed in Note 2.2. Most of the other amendments to standards and interpretation listed above are not expected to significantly affect the current or future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

(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 29 February 2020 or later periods and have not been early adopted by the Group:

Amendments to HKAS 1 and HKAS 8	Definition of Material [1]
Amendments to HKFRS 3	Definition of a Business [1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting [1]
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting [1]
HKFRS 17	Insurance Contracts [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for the Group for annual periods beginning on or after 1 March 2020
[2] Effective for the Group for annual periods beginning on or after 1 March 2021
[3] 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.

2.2 CHANGES IN PRINCIPAL ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's consolidated financial statements.

The Group has adopted HKFRS 16 retrospectively from 1 March 2019, but has not restated the comparative for the last year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 March 2019. The new accounting policies are disclosed in Note 2.26.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 March 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 March 2019 ranged from 3% to 5%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 March 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17.

The Group has also elected not to rely on previous assessments on whether leases are onerous as at 1 March 2019 over the impairment review on the right-of-use assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN PRINCIPAL ACCOUNTING POLICIES (Continued)

(ii) Measurement of lease liabilities

	2019
	HK$'000
Operating lease commitments disclosed as at 28 February 2019	3,073,059
(Less): Leases committed but not yet commenced as at 1 March 2019	(398,639)
Opening leases commitments of leases commenced as at 1 March 2019	2,674,420
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,463,281
(Less): short-term leases recognised on a straight-line basis as expense	(18,972)
Lease liabilities recognised as at 1 March 2019 (Note 16)	**2,444,309**
Of which are:	
Current lease liabilities	1,083,403
Non-current lease liabilities	1,360,906
	2,444,309

(iii) Measurement of right-of-use assets

The carrying amount of the associated right-of-use assets were measured as if the new rule had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application in the consolidated statement of financial position.

The recognised right-of-use assets relate to the following types of assets:

	As at	
	29 February 2020	1 March 2019
	HK$'000	HK$'000
Properties leases	**1,864,575**	2,140,655
Land use rights	**35,890**	38,631
Total right-of-use assets	**1,900,465**	**2,179,286**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 CHANGES IN PRINCIPAL ACCOUNTING POLICIES (Continued)

(iv) Adjustments recognised in the consolidated statement of financial position on 1 March 2019

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 March 2019. Line items that were not affected by the changes have not been included.

Consolidated statement of financial position (extract)	28 February 2019 As originally presented HK$'000	Effects on the adoption of HKFRS 16 HK$'000	1 March 2019 Restated HK$'000
Non-current assets			
Land use rights	38,631	(38,631)	–
Right-of-use assets	–	2,179,286	2,179,286
Deferred income tax assets	110,327	51,699	162,026
Current assets			
Prepayments and other deposits	379,256	(77,779)	301,477
Current liabilities			
Accruals and other payables	(680,339)	103,394	(576,945)
Lease liabilities	–	(1,083,403)	(1,083,403)
Non-current liabilities			
Lease liabilities	–	(1,360,906)	(1,360,906)
Equity			
Reserves	3,528,701	(226,341)	3,302,360

2.3 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(a) Subsidiaries

Subsidiaries are all entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case when the Group holds between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(c) Joint arrangement

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounting for using the equity method.

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING (Continued)

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

2.4 BUSINESS COMBINATIONS

The Group applies the acquisition method to account for business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprised the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.9). If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 SEPARATE FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 SEGMENT REPORTING

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.7 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollar ("HK$"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where item are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 PROPERTY, FURNITURE AND EQUIPMENT

Leasehold land classified as finance lease and all other property, furniture and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation of property, furniture and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Land and buildings	37 to 40 years
Leasehold improvements	3 to 5 years or over the unexpired period of the lease
Furniture and equipment	3 to 5 years
Motor vehicles and yacht	4 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Construction in progress represents property, furniture and equipment under construction or pending installation and its stated at cost less impairment losses, if any. No depreciation is made on assets under construction in progress until such time as the relevant assets are completed and available for their intended use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.9 INTANGIBLE ASSETS

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Licence rights

Licence rights (intangible assets) are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. They are initially measured at the fair value of the consideration given to acquire the licence at the time of the acquisition.

Licence rights are amortised using the straight-line method to allocate the cost over their estimated useful lives (1 to 3 years).

(c) Franchise contracts and distribution agreements

Acquired franchise contracts and distribution agreements are shown at historical cost, which is the fair value of the acquired contracts and agreements as at the date of acquisition. The contracts and agreements have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of acquisition of contracts and agreements over their estimated useful lives (3 to 10 years).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 INTANGIBLE ASSETS (Continued)

(d) Trademarks

Acquired trademarks are shown at historical cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their average estimated useful lives (8 to 10 years).

(e) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over five years.

(f) Other intangible assets

Other intangible assets are shown at historical cost. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives (2 years).

(g) Club debentures

Acquired club debentures are stated at historical cost less accumulated impairment losses, if any. They are measured at the fair value of the consideration given to acquire the club debenture at the time of the acquisition. The club debenture is tested annually for impairment.

2.10 LAND USE RIGHTS

As at 28 February 2019, land use rights acquired in a business combination are recognised at fair value at the acquisition date. The land use rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the land use rights of approximately 50 years.

As at 29 February 2020, the land use rights are presented in the "right-of-use assets" on the consolidated statement of financial position (Note 16).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 FINANCIAL ASSETS

(i) Classification

The Group classifies its financial assets to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets at amortised costs are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise of trade and other receivables and cash and cash equivalents.

The Group reclassified debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

(iv) Impairment

The Group assess on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been significant increase in credit risk.

For trade receivables, the Group applied the simplified approach permitted under HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other financial assets (including rental deposits, other receivables, loans to joint ventures, amounts due from joint ventures and amount due from an associate), expected credit losses are assessed according to change in credit quality since initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the intended relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of various derivative instruments used for hedging purposes are disclosed in Note 28. Movements on the hedging reserve in shareholders' equity are shown in Note 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Amounts accumulated in equity are reclassified to the consolidated statement of comprehensive income in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the consolidated statement of comprehensive income within sales. The gain or loss relating to the ineffective portion is recognised in the consolidated profit and loss account within other losses. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in case of inventory, or in depreciation in case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to the consolidated statement of comprehensive income.

(b) Derivatives at fair value through profit or loss

Derivatives financial instruments recognised at fair value through profit or loss include certain derivative instruments that do not qualify for hedge accounting. They are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair values of derivative financial instruments are recognised immediately in the consolidated statement of comprehensive income.

2.15 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method of costing. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks with original maturities of three months or less.

2.18 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.20 CURRENT AND DEFERRED INCOME TAX

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable profit will be available to utilise those temporary differences and losses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 CURRENT AND DEFERRED INCOME TAX (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 EMPLOYEE BENEFITS

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to trust-administered pension funds. The Group has defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to trustee-administered pension funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plan

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 EMPLOYEE BENEFITS (Continued)

(e) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.22 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.23 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the control of goods is transferred to the customer, which is measured at a point in time. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) **Sales of goods**

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Retail sales are usually paid in cash or by credit/debit cards. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in operating expenses. No element of financing is deemed present.

(b) **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

2.25 BORROWING COSTS

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.26 LEASES

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until 28 February 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases (Note 35). Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 March 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 LEASES (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liabilities until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group considers all the lease entered as a single transaction in which the asset and liability are integrally linked, so there is no net temporary difference at inception, except as those recognised in the retained profits as at 1 March 2019. Subsequently, as differences arise on settlement of liabilities and the depreciation of the leased assets, there will be a net temporary difference on which deferred tax is recognised.

2.27 DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.28 GOVERNMENT SUBSIDIES

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the incentives will be received and the Group will comply with all attached conditions.

Government subsidies relating to costs are defined and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and cash flow and fair value interest rate risk.

Management regularly monitors the financial risks of the Group and uses derivative financial instruments to hedge certain foreign exchange risk exposures. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) Foreign exchange risk

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. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in operations in Mainland China, Taiwan and Japan.

To manage their foreign exchange risk arising from certain future commercial transactions and recognised liabilities, entities in the Group use forward currency, exchange contracts and currency swap contracts, transacted with external financial institutions. Foreign exchange risk arises when future commercial transactions or recognised liabilities are denominated in a currency that is not the entity's functional currency.

The table below summaries the changes in the Group's profit or loss and shareholders' equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the statement of financial position date. The analysis has been determined assuming that the general depreciation trend in foreign exchange rates against functional currency in respective countries had occurred at the statement of financial position date and that all other variables remain constant.

		As at 29 February 2020		As at 28 February 2019	
Functional currency	Foreign currency	Hypothetical depreciation in foreign exchange rate	Positive/ (negative) effect on profit or loss and shareholders' equity HK$'000	Hypothetical depreciation in foreign exchange rate	Positive/ (negative) effect on profit or loss and shareholders' equity HK$'000
Hong Kong Dollar	Euro	5%	202	5%	1,172
Hong Kong Dollar	Pound Sterling	5%	315	5%	(12)
Hong Kong Dollar	Japanese Yen	10%	1,118	10%	(1,177)
Hong Kong Dollar	Chinese Renminbi	5%	(1,744)	5%	(18,722)
Macau Pataca	Chinese Renminbi	5%	(4,375)	5%	(11,435)
Chinese Renminbi	United States Dollar	5%	(169)	5%	(171)
Japanese Yen	United States Dollar	10%	(1,837)	10%	(1,724)

As at 29 February 2020, foreign exchange risks on financial assets and liabilities denominated in Macau Pataca and New Taiwan Dollar were insignificant to the Group.

The Group has certain investments in Mainland China, whose net assets are denominated in Chinese Renminbi. The conversion of Chinese Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, trade and other receivables, rental deposits, amounts due from joint ventures and amount due from an associate. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets. As at 29 February 2020, all the bank deposits are deposited in the high quality financial institutions without significant credit risk. Management does not expect any losses from non-performance by these institutions.

The credit quality of trade and other receivables, amounts due from joint ventures and amount due from an associate have been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The Group also makes deposits (current and non-current) for rental of certain of its retail outlets with the relevant landlords. Management does not expect any loss arising from non-performance by these counterparties.

Retail sales are usually paid in cash or by major credit/debit cards. The Group's credit sales are only made to wholesale customers with an appropriate credit history and on credit terms within 60 days. The directors consider the Group does not have a significant concentration of credit risk. No single customer accounted for more than 1% of the Group's total revenue during the year.

As at 29 February 2020, the Company provided corporate guarantees of HK$3,585,862,000 (28 February 2019: HK$2,510,000,000) to certain banks in respect of the bank facilities of certain of its subsidiaries. The Board of Directors is of the opinion that it is not probable that the above guarantees will be called upon.

Disclosure on credit risk for amounts due from joint ventures, associate, trade and other receivables, rental deposits and cash and cash equivalents is on Notes 19, 20, 22, 23 and 24 to the consolidated financial statements.

(c) Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient banking facilities and cash and cash equivalents, which is generated from the operating cash flow and financing cash flow.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to their maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on floating interest rate or exchange rates (where applicable) prevailing at the statement of financial position date.

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 29 February 2020					
Borrowings subject to a repayment on demand clause	**63,538**	**–**	**–**	**–**	**63,538**
Borrowings and interest payment	**453,720**	**687,296**	**852,635**	**–**	**1,993,651**
Trade payables	**491,317**	**–**	**–**	**–**	**491,317**
Accruals and other payables	**423,645**	**6,163**	**–**	**–**	**429,808**
Amounts due to joint ventures	**26,840**	**–**	**–**	**–**	**26,840**
Lease liabilities	**1,034,512**	**657,915**	**787,408**	**181,764**	**2,661,599**
	2,493,572	**1,351,374**	**1,640,043**	**181,764**	**5,666,753**
As at 28 February 2019					
Borrowings subject to a repayment on demand clause	74,177	–	–	–	74,177
Borrowings and interest payment	455,651	200,180	491,002	–	1,146,833
Trade payables	414,120	–	–	–	414,120
Accruals and other payables	590,466	6,125	–	–	596,591
Amounts due to joint ventures	24,165	–	–	–	24,165
	1,558,579	206,305	491,002	–	2,255,886

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, based on interest or exchange rates (where applicable) prevailing at the statement of financial position date.

	Within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
As at 29 February 2020					
Currency swap contracts – not qualified for hedge accounting:					
– outflow	(395,220)	(15,500)	–	–	(410,720)
– inflow	397,596	15,592	–	–	413,188
As at 28 February 2019					
Currency swap contracts – cash flow hedges:					
– outflow	(424,752)	–	–	–	(424,752)
– inflow	413,574	–	–	–	413,574
Currency swap contracts – not qualified for hedge accounting:					
– outflow	(170,500)	–	–	–	(170,500)
– inflow	172,685	–	–	–	172,685

The following table summarises the maturity analysis of borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's net assets, the directors do not consider that it is probable that the bank will exercise its discretion to immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis - borrowings subject to a repayment on demand clause based on scheduled repayments				
	Within 1 year HK$'000	**Between 1 and 2 years HK$'000**	**Between 2 and 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
As at 29 February 2020	**12,086**	**11,814**	**33,813**	**9,071**	**66,784**
As at 28 February 2019	12,138	11,900	34,274	20,005	78,317

(d) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 29 February 2020, except for the cash at bank and in hand of HK$1,245,181,000 (28 February 2019: HK$1,349,571,000) and the bank borrowings of HK$1,927,218,000 (28 February 2019: HK$1,159,976,000), the Group has no significant interest bearing assets and liabilities dependent on changes in market interest rate. The short-term bank deposits and bank borrowings at market interest rates expose the Group to cash flow interest rate risk which is insignificant to the Group. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from the changes in interest rates.

At 29 February 2020, if interest rates on cash and cash equivalents and floating borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's net interest expense would have been approximately HK$6,820,000 higher/lower (28 February 2019: net interest income would have been HK$1,896,000 higher/lower). The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the statement of financial position date. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates which have the most impact on the Group over the period until the next statement of financial position date.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 FAIR VALUE ESTIMATION

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, amounts due from joint ventures, amount due from an associate, trade and other receivables and rental deposits, and current financial liabilities, including amounts due to joint ventures, trade payables, other payables and short-term bank borrowings, approximate their fair values due to their short maturities.

The fair value of financial assets and financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group measures its fair value of the financial instruments carried at fair value as at 29 February 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments carried at fair value as at 29 February 2020 and 28 February 2019:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 29 February 2020				
Liabilities				
Currency swap contracts not qualified for hedge accounting	–	(4,145)	–	(4,145)
As at 28 February 2019				
Liabilities				
Currency swap contract – cash flow hedge	–	(11,003)	–	(11,003)
Currency swap contracts not qualified for hedge accounting	–	(1,773)	–	(1,773)
	–	(12,776)	–	(12,776)

There were no transfers between levels 1, 2 and 3 during the year.

The fair value of financial instruments in level 2 that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data (such as, foreign currency forward exchange rate data) where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instruments are included in level 2.

3.3 CAPITAL RISK MANAGEMENT

The Group's objectives on managing capital are to finance its operations with its owned capital and external borrowings, and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may obtain financing from external borrowings, adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of available cash and cash equivalents, current ratio and gearing ratio as shown in and derived from the consolidated statement of financial position. The table below analyses the Group's capital structure:

	As at 29 February 2020	28 February 2019
Cash and cash equivalents (HK$'000)	1,456,807	1,771,957
Current ratio (Current assets divided by current liabilities)	1.47	2.38
Gearing ratio (Total borrowings less cash and cash equivalents, divided by total equity)	20%	N/A

The Group's strategy is to maintain healthy current ratio and gearing ratio, and sufficient cash and cash equivalents to support the operations and development of its business in the long term.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments in joint ventures, an associate, property, furniture and equipment, right-of-use assets and intangible assets

Investments in joint ventures, an associate, property, furniture and equipment, right-of-use assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts are determined based on value-in-use calculations or market valuations. These calculations require use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the CGU/asset value may not be recoverable; (ii) whether the carrying value of the CGU/an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

The Group has material operational assets (including property, furniture and equipment and right-of-use assets) used in the retail stores which are subject to impairment test in the event of trading performance is below expectation. An asset impairment assessment was carried out against the underperforming retail stores and an impairment of property, furniture and equipment of HK$67,496,000 and right-of-use assets of HK$314,417,000 were recognised for the year ended 29 February 2020. Management has performed discounted cash flow analysis on the retail stores with impairment indicator and the recoverable amounts were determined based on the higher of fair value less costs of disposal and value-in-use calculations of these retail stores. Assumptions used in the calculations include the annual sales growth rate, gross margin and operating costs such as rent, payroll costs and general operating costs.

(b) Impairment of goodwill

The Group tests annually or when impairment indicators exist at the end of each reporting period whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.11. The recoverable amounts of cash-generating units have been determined based on higher of fair value less costs of disposal or value-in-use model calculations prepared on the basis of management's assumptions and estimates. Impairment losses is recognised when the carrying amounts of the cash generating units ("CGUs"), which include goodwill and other assets such as property, furniture and equipment, right-of-use assets etc., exceed the recoverable amounts. These estimations require the use of judgements and estimates. Details of the assumptions and inputs used are disclosed in Note 17.

The management has performed sensitivity analysis on different CGUs. For the Mainland China CGUs, if the annual sales growth dropped by 0.5 percentage point, the Group would have to recognise an impairment against the carrying amounts of other assets of HK$100,135,000. If the discount rate increased by 1 percentage point, the Group would have to recognise an impairment against the carrying amounts of other assets of HK$61,197,000. If the gross profit margin dropped by 0.5 percentage point, the Group would have to recognise an impairment against the carrying amounts of other assets of HK$80,859,000. These sensitivities are based on a change in the relevant assumption while holding other assumptions constant.

For the Japan and the USA CGU, based on the sensitivity analysis performed, the recoverable amounts of the CGU still exceed their corresponding carrying amounts and thus no impairment is required. The sensitivity analysis has assumed a decrease in annual sales growth by 0.5 percentage point, an increase in discount rate by 1 percentage point or a decrease in gross profit margin by 0.5 percentage point, with all changes taken in insolation.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in economic conditions in places where the Group operates and changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each statement of financial position date.

(d) Provision for impairment of deposits, trade and other receivables, amounts due from joint ventures and amount due from an associate

The Group makes provision for impairment of receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the date of the consolidated statement of financial position.

(e) Income taxes

The Group is subject to income taxes in certain jurisdictions. Significant judgement is required in determining the provision for income taxes. These are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Deferred income tax

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

5 TURNOVER AND SEGMENT INFORMATION

(a) Turnover

	For the year ended	
	29 February 2020 HK$'000	28 February 2019 HK$'000
Turnover – sales of fashion wears and accessories	7,719,378	8,832,157

The Group's turnover is recognised at a point in time.

(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 (loss)/profit before income tax, share of losses of joint ventures, share of profit of an associate, finance income and finance costs ("segment (loss)/profit"), impairment of goodwill, property, furniture and equipment and right-of-use assets, depreciation and amortisation ("EBITDA"). 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 joint ventures and an associate and amounts due from joint ventures and an associate which are managed centrally.

5 TURNOVER AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

The segment information provided to the CODM for the reportable segments for the years ended 29 February 2020 and 28 February 2019 are as follows:

	Hong Kong and Macau For the year ended		Mainland China For the year ended		Japan and the USA For the year ended		Other For the year ended		Total For the year ended	
	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000
Turnover	2,620,158	3,424,832	3,751,430	4,122,541	1,209,238	1,152,738	138,552	132,046	7,719,378	8,832,157
EBITDA (i)	296,398	102,348	734,401	411,043	570,151	494,639	55,552	40,792	1,656,502	1,048,822
Depreciation and amortisation	(724,536)	(93,063)	(600,991)	(182,598)	(87,295)	(19,781)	(10,303)	(3,750)	(1,423,125)	(299,192)
(Impairment)/reversal of impairment of property, furniture and equipment	(44,283)	3,324	(23,213)	660	-	-	-	-	(67,496)	3,984
Impairment of right-of-use assets	(199,297)	-	(115,120)	-	-	-	-	-	(314,417)	-
Impairment of goodwill (Note 17)	-	-	(231,520)	-	-	-	-	-	(231,520)	-
Segment (loss)/profit	(671,718)	12,609	(236,443)	229,105	482,856	474,858	45,249	37,042	(380,056)	753,614
Finance income									19,797	24,946
Finance costs									(154,777)	(42,922)
Share of losses of joint ventures									(55,336)	(27,846)
Share of profit of an associate									22,031	-
(Loss)/profit before income tax									(548,341)	707,792
Total segment non-current assets	1,426,886	558,100	1,580,280	980,078	415,572	171,216	22,695	5,243	3,445,433	1,714,637
Total segment assets	2,699,425	2,215,679	3,325,340	2,733,039	1,003,627	693,045	98,537	62,295	7,126,929	5,704,058

Note:

(i) Upon adoption of HKFRS 16, operating lease rental of premises under HKAS 17 is no longer incurred. Instead, depreciation of right-of-use assets (Note 7) and finance costs associated with lease liabilities (Note 10) are recognised, both of which are excluded from the calculation of EBITDA for the year ended 29 February 2020.

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

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Segment assets for reportable segments	7,028,392	5,641,763
Other segment assets	98,537	62,295
	7,126,929	5,704,058
Unallocated:		
Deferred income tax assets and current income tax recoverable	139,991	112,316
Investments in and amounts due from joint ventures and an associate	597,219	300,190
	7,864,139	6,116,564

6 OTHER LOSSES, NET

	For the year ended 29 February 2020 HK$'000	For the year ended 28 February 2019 HK$'000
Fair value (losses)/gains on derivative financial instruments		
– foreign currency swap contracts	(2,372)	2,976
Net exchange losses	(18,890)	(16,508)
	(21,262)	(13,532)

7 EXPENSES BY NATURE

	For the year ended 29 February 2020 HK$'000	For the year ended 28 February 2019 HK$'000
Cost of inventories sold (Note 21)	2,882,586	3,127,159
Provision for inventories losses	56,866	14,532
Employment costs (including directors' emoluments) (Note 9)	1,478,638	1,531,325
Expenses related to short-term leases/operating lease rentals of premises and others - minimum lease payments (Note)	48,103	1,481,877
Expenses related to variable lease payments/operating lease rentals of premises and others - contingent rents	225,144	284,380
Building management fee	265,011	268,869
Advertising and promotion costs	186,644	237,176
Commission expenses	116,448	116,198
Bank charges	78,969	86,430
Utilities expenses	50,015	55,767
Freight charges	42,413	43,483
Depreciation expenses (Note)		
– property, furniture and equipment (Note 15)	281,224	287,064
– right-of-use assets (Note 16)	1,123,601	–
Impairment/(reversal of impairment) of non-financial assets		
– property, furniture and equipment (Note 15)	67,496	(3,984)
– right-of-use assets (Note 16)	314,417	–
Loss on disposal of property, furniture and equipment	3,783	12,131
Licence fees	33,248	28,870
Amortisation of intangible assets (Note 17)	18,300	12,128
Provision for impairment of amounts due from joint ventures (Note 19(b))	53,009	–
Auditors' remuneration		
– audit services	2,385	2,802
– non-audit services	550	550
Other expenses	561,107	533,365
Total	7,889,957	8,120,122
Representing:		
Cost of sales	2,985,674	3,192,446
Operating expenses	4,904,283	4,927,676
	7,889,957	8,120,122

Note:

Upon adoption of HKFRS 16, operating lease rentals of premises under HKAS 17 is no longer incurred. Instead, depreciation of right-of-use assets is recorded in the "operating expenses" of the consolidated statement of comprehensive income for the year ended 29 February 2020. The Group also applied practical expedient to recognise short-term lease on a straight-line basis as an expense in profit or loss.

8 OTHER INCOME

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Government grants	26,051	37,034
Commission income (Note 36(a))	1,539	1,970
Service fees (Note 36(a))	15,715	16,107
	43,305	55,111

9 EMPLOYMENT COSTS

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Salaries, commission and allowances	1,294,507	1,348,675
Pension costs - employer's contributions to defined contribution plans and provision for long service payment	173,723	169,825
Share-based payment (Note 30)	–	3,371
Welfare and other benefits	10,408	9,454
	1,478,638	1,531,325

(a) Pension – defined contribution plans

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme ("the MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a maximum contribution of HK$1,500 per month (for period after 1 June 2014) and thereafter contributions are voluntary. The Group has no further obligation for post-retirement benefits beyond the contributions.

As stipulated by rules and regulations in Mainland China, Taiwan, Macau and Japan, the Group contributes to state-sponsored retirement plans for employees of its subsidiaries established in Mainland China, Taiwan, Macau and Japan. For Mainland China, the employees contribute up to 8% of their basic salaries, while the Group contributes approximately 17% to 22% of such salaries. For Taiwan, employees are not liable to make contribution to the plan, while the Group contributes up to 6% of the employees' salary. For Macau, the employees contribute up to MOP15 per month, while the Group contributes up to MOP30 per month to the plan, and the actual payment of which depends on the number of days that the employees work in the Group. For Japan, both the employees and the Group contribute up to 15% of the basis salaries of the employees. The Group has no further obligations for the actual payment of pensions or post-retirements benefits beyond these contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

9 EMPLOYMENT COSTS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three (For the year ended 28 February 2019: three) directors whose emoluments are reflected in Note 38. The emoluments payable to the remaining two (For the year ended 28 February 2019: two) individuals are as follows:

	For the year ended	
	29 February 2020 HK$'000	28 February 2019 HK$'000
Salaries	**5,313**	7,148
Other benefits (i)	**1,800**	2,760
Employer's contributions to pension scheme	**159**	319
	7,272	10,227

Note:

(i) Other benefits include housing allowance and the amortisation to the consolidated statement of comprehensive income of the fair value of share options under the Share Option Scheme measured at the respective grant dates, regardless of whether the share options would be exercised or not.

The emoluments of the remaining two (For the year ended 28 February 2019: two) individuals fell within the following bands:

	For the year ended	
	29 February 2020	28 February 2019
HK$2,500,001 – HK$3,000,000	**1**	–
HK$4,500,001 – HK$5,000,000	**1**	–
HK$5,000,001 - HK$5,500,000	**–**	2
	2	2

(c) During the year ended 29 February 2020, no emolument was paid by the Company to any of the directors or the five highest individuals as an inducement to join or upon joining the Group or as compensation for loss of office (For the year ended 28 February 2019: Nil).

10 FINANCE INCOME AND COSTS

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Interest income from		
– bank deposits	15,690	20,487
– amounts due from joint ventures	724	455
– others (i)	3,383	4,004
Finance income	19,797	24,946
Interest expense on borrowings wholly repayable within five years	(58,969)	(41,908)
Interest expenses on lease liabilities (ii)	(103,575)	–
Net foreign exchange transaction loss	–	(34,061)
Transfer from hedging reserve		
– interest rate and currency swaps: cash flow hedge	–	33,047
Less: amounts capitalised on qualifying assets (Note 15)	7,767	–
Finance costs	(154,777)	(42,922)
Net finance costs	(134,980)	(17,976)

Note:

(i) These represent interest arising from the interest accretion on financial assets recognised at amortised cost.

(ii) Upon adoption of HKFRS 16, operating lease rentals of premises under HKAS 17 is no longer incurred. Instead, depreciation of right-of-use assets and finance costs associated with the lease liabilities are recorded in the "operating expenses" and "finance costs" of the consolidated statement of comprehensive income for the year ended 29 February 2020.

11 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% (For the year ended 28 February 2019: 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% (For the year ended 28 February 2019: 25%) on the estimated assessable profits of the Group's operations in Mainland China.

Taiwan profits tax has been provided at the rate of 20% (For the year ended 28 February 2019: 20%) 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% (For the year ended 28 February 2019: 12%) on the estimated assessable profit in excess of HK$582,000 (approximately MOP600,000) of the Group's operations in Macau.

11 INCOME TAX EXPENSE (Continued)

Japan Corporate Income Tax has been provided at the applicable rate of 34.59% (For the year ended 28 February 2019: 34.59%) on the estimated assessable profits of the Group's operations in Japan.

The United States enterprise income tax rate has been provided at the applicable rate of 21% (For the year ended 28 February 2019: 21%) on the estimated assessable profits of the Group's operations in the United States of America.

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

	For the year ended	
	29 February 2020 HK$'000	28 February 2019 HK$'000
Current income tax		
– Hong Kong profits tax	6,746	4,342
– Mainland China enterprise income tax	11,488	46,893
– Overseas income tax	174,151	185,272
– (Over)/under-provision in prior year	(3,566)	342
	188,819	236,849
Deferred income tax (Note 29)	8,610	26,798
	197,429	263,647

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using weighted average tax rate applicable to profits of the consolidated entities as follows:

	For the year ended	
	29 February 2020 HK$'000	28 February 2019 HK$'000
(Loss)/profit before income tax	(548,145)	707,792
Adjustment: share of losses of joint ventures and profit of an associate, net of tax	33,305	27,846
Adjusted (loss)/profit before income tax	(514,840)	735,638
Tax calculated at applicable tax rates	(13,852)	214,449
Income not subject to tax	(15,289)	(3,938)
Expenses not deductible for tax purposes	52,800	5,773
Effect on change of overseas income tax rate	249	227
Impact of deferred tax not recognised in the current year	119,619	5,311
Impact of deferred tax previously not recognised	–	(1,899)
Withholding tax	20,339	43,382
Write off of deferred tax assets previously recognised	37,129	–
(Over)/under-provision in prior year	(3,566)	342
Income tax expense	197,429	263,647

The weighted average applicable tax rate was 2.7% (For the year ended 28 February 2019: 29.2%). The decrease is mainly caused by a change of the distribution of profits/losses of the Group's entities operating in different locations.

12 (LOSS)/EARNINGS PER SHARE

Basic

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

	For the year ended 29 February 2020	28 February 2019
(Loss)/profit attributable to equity holders of the Company (HK$'000)	(747,254)	442,599
Weighted average number of ordinary shares in issue ('000)	1,195,797	1,195,797
Basic (loss)/earnings per share (HK cent)	(62.5)	37.0

Diluted

Diluted (loss)/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.

	For the year ended 29 February 2020	28 February 2019
(Loss)/profit attributable to equity holders of the Company (HK$'000)	(747,254)	442,599
Weighted average number of ordinary shares in issue ('000)	1,195,797	1,195,797
*Adjustments for share options ('000)	–	44,346
Weighted average number of ordinary shares for diluted (loss)/earnings per share ('000)	1,195,797	1,240,143
Diluted (loss)/earnings per share (HK cent)	(62.5)	35.7

* Diluted loss per share for the year ended 29 February 2020 equals to the basic loss per share as the exercise of the outstanding share options would be anti-dilutive.

13 DIVIDENDS

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Final dividend, proposed	–	215,243

The dividends paid in the years ended 29 February 2020 and 28 February 2019 were HK$215,243,000 (18.0 HK cents per share) and HK$212,852,000 (17.8 HK cents per share) respectively.

No final dividend was proposed for the year ended 29 February 2020 (For the year ended 28 February 2019: 18.0 HK cents per share).

14 LAND USE RIGHTS

The Group's land use rights represent the prepayment for the operating lease, the net book value of which is analysed as follows:

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
Opening net book amount	38,631	–
Transferred to right-of-use assets on adoption of HKFRS 16 (Note 2.2)	(38,631)	–
Addition	–	39,255
Transfer to construction in progress	–	(654)
Currency translation differences	–	30
Closing net book amount	–	38,631

As at 28 February 2019, the Group's land use rights are located in the PRC and the remaining lease period is 48 years.

15 PROPERTY, FURNITURE AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles and yacht HK$'000	Construction in progress HK$'000	Total HK$'000
At 28 February 2018						
Cost	273,518	1,707,206	261,531	64,721	–	2,306,976
Accumulated depreciation and impairment	(51,048)	(1,202,992)	(144,792)	(48,711)	–	(1,447,543)
Net book amount	222,470	504,214	116,739	16,010	–	859,433
Year ended 28 February 2019						
Opening net book amount	222,470	504,214	116,739	16,010	–	859,433
Additions	–	309,790	63,351	1,084	59,723	433,948
Disposals	–	(19,318)	(13,425)	(162)	–	(32,905)
Reversal of impairment	–	3,984	–	–	–	3,984
Depreciation	(6,798)	(237,654)	(36,105)	(6,507)	–	(287,064)
Currency translation differences	(920)	(16,845)	(4,586)	(160)	79	(22,432)
Closing net book amount	214,752	544,171	125,974	10,265	59,802	954,964
At 28 February 2019						
Cost	272,496	1,774,331	279,116	63,594	59,802	2,449,339
Accumulated depreciation and impairment	(57,744)	(1,230,160)	(153,142)	(53,329)	–	(1,494,375)
Net book amount	214,752	544,171	125,974	10,265	59,802	954,964
Year ended 29 February 2020						
Opening net book amount	214,752	544,171	125,974	10,265	59,802	954,964
Additions	–	255,974	26,773	2,555	309,893	595,195
Disposals	–	(2,544)	(4,572)	(140)	–	(7,256)
Impairment	–	(67,496)	–	–	–	(67,496)
Depreciation	(6,801)	(231,115)	(37,677)	(5,631)	–	(281,224)
Currency translation differences	193	(19,009)	(5,325)	(68)	(8,583)	(32,792)
Closing net book amount	208,144	479,981	105,173	6,981	361,112	1,161,391
At 29 February 2020						
Cost	272,711	1,760,536	275,269	65,264	361,112	2,734,892
Accumulated depreciation and impairment	(64,567)	(1,280,555)	(170,096)	(58,283)	–	(1,573,501)
Net book amount	208,144	479,981	105,173	6,981	361,112	1,161,391

Depreciation and impairment expenses of property, furniture and equipment have been included in operating expenses.

As at 29 February 2020, certain bank borrowings of the Group are secured by the land and buildings with carrying amounts of HK$177,211,000 (28 February 2019: HK$183,694,000) (Note 25).

Land comprises freehold land in Japan and leasehold land held on medium-term in Hong Kong.

As at 29 February 2020, the Group include property, furniture and equipment of HK$155 million and right-of-use assets of HK$1.1 billion that are subject to impairment tests in the event of trading performance is below expectation. The Group regards each individual store as a separately identifiable CGU and performed impairment assessments on each of the CGU with impairment indicators by considering the recoverable amount of such assets at store level.

Key inputs to the determination of the recoverable amount over the remaining lease period includes annual sales growth, gross margin and pre-tax discount rate. As at 29 February 2020, the annual sales growth used by each store in Hong Kong and Macau and the Mainland China is -20% to 8% and -15% to 10%, respectively. The gross margin used by each store is 27% to 81% and 54% to 82%, respectively. The pre-tax discount rate used to determine the recoverable amounts is 16 and 17%, respectively.

The recoverable amounts of the CGUs are determined based on value-in-use calculations, which are higher than the fair value less costs of disposal calculations. The value-in-use calculations covering a period of the remaining lease term were lower than the carrying amounts of the CGUs. Accordingly, the Group recognised an impairment of the property, furniture and equipment of HK$67 million and right-of-use assets of HK$314 million (Note 16) during the year ended 29 February 2020 (for the year ended 28 February 2019: reversal of impairment of property, furniture and equipment of HK$3,984,000).

During the year, the Group has capitalised borrowing costs amounting to HK$7,767,000 (28 February 2019: Nil) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 3.2%.

16 LEASES

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 29 February 2020 HK$'000	As at 1 March 2019 HK$'000
Right-of-use assets		
Land use rights	35,890	38,631
Properties leases	1,864,575	2,140,655
	1,900,465	2,179,286
Lease liabilities		
Current	958,142	1,083,403
Non-current	1,440,713	1,360,906
	2,398,855	2,444,309

During the year ended 29 February 2020, additions to the right-of-use assets were HK$1,203,073,000.

(ii) Amounts recognised in the consolidated statement of comprehensive income

	Notes	For the year ended 29 February 2020 HK$'000	For the year ended 28 February 2019 HK$'000
Depreciation of right-of-use assets			
Properties leases	7	1,123,601	–
Depreciation of right-of-use assets and capitalised to the construction in progress			
Land use rights		755	–
Impairment of right-of-use assets – properties leases	7	314,417	–
Interest expense (included in finance cost)	10	103,575	–
Expense related to short-term leases	7	48,103	–
Expense related to variable lease payments not included in lease liabilities	7	225,144	–
		376,822	–

During the year ended 29 February 2020, the total cash outflow for leases were HK$1,556,723,000.

(iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses and retail stores. Rental contracts of offices, warehouses and retail stores are typically made in accordance to the lease terms as stipulated in the rental contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

17 INTANGIBLE ASSETS

	Goodwill HK$'000	Licence rights HK$'000	Franchise contracts and distribution agreements HK$'000	Trademarks HK$'000	Computer software HK$'000	Other intangible assets HK$'000	Club debentures HK$'000	Total HK$'000
At 28 February 2018								
Cost	366,528	2,385	22,945	24,410	43,885	3,727	8,098	471,978
Accumulated amortisation and impairment	(70,919)	(2,385)	(21,684)	(16,573)	(24,738)	(3,727)	–	(140,026)
Net book amount	295,609	–	1,261	7,837	19,147	–	8,098	331,952
Year ended 28 February 2019								
Opening net book amount	295,609	–	1,261	7,837	19,147	–	8,098	331,952
Additions	–	–	–	37	14,906	–	–	14,943
Amortisation	–	–	(499)	(2,542)	(9,087)	–	–	(12,128)
Currency translation differences	(12,423)	–	–	(219)	(177)	–	–	(12,819)
Closing net book amount	283,186	–	762	5,113	24,789	–	8,098	321,948
At 28 February 2019								
Cost	354,105	2,317	22,093	23,750	58,382	3,621	8,098	472,366
Accumulated amortisation and impairment	(70,919)	(2,317)	(21,331)	(18,637)	(33,593)	(3,621)	–	(150,418)
Net book amount	283,186	–	762	5,113	24,789	–	8,098	321,948
Year ended 29 February 2020								
Opening net book amount	283,186	–	762	5,113	24,789	–	8,098	321,948
Additions	–	–	3,940	554	23,014	–	–	27,508
Amortisation	–	–	(893)	(2,399)	(15,008)	–	–	(18,300)
Impairment	(231,520)	–	–	–	–	–	–	(231,520)
Currency translation differences	(7,834)	–	–	46	(679)	–	–	(8,467)
Closing net book amount	43,832	–	3,809	3,314	32,116	–	8,098	91,169
At 29 February 2020								
Cost	341,659	2,331	25,148	24,447	80,294	3,643	8,098	485,620
Accumulated amortisation and impairment	(297,827)	(2,331)	(21,339)	(21,133)	(48,178)	(3,643)	–	(394,451)
Net book amount	43,832	–	3,809	3,314	32,116	–	8,098	91,169

17 INTANGIBLE ASSETS (Continued)

Amortisation and impairment of intangible assets have been included in operating expenses.

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified according to lines of businesses monitored by management internally.

The following is a summary of goodwill allocation for each operating segment:

	Opening HK$'000	Impairment HK$'000	Currency translation differences HK$'000	Ending HK$'000
As at 29 February 2020				
Mainland China	239,623	(231,520)	(8,103)	–
Japan and the USA	43,563	–	269	43,832
	283,186	(231,520)	(7,834)	43,832
As at 28 February 2019				
Mainland China	250,766	–	(11,143)	239,623
Japan and the USA	44,843	–	(1,280)	43,563
	295,609	–	(12,423)	283,186

The recoverable amounts of the CGUs are determined based on the fair value less costs of disposal calculations, which are higher than the value-in-use calculations. The fair value less cost of disposal calculations use cash flow projections based on financial forecasts prepared by management covering a period of five years. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. Management determined budgeted gross margin based on past performance and its expectations for the market development. The discount rates used are post-tax and reflect specific risks relating to the relevant businesses. The growth rate does not exceed the long-term growth rate for the retail business in which the CGUs operate. The fair value less costs of disposal calculations is a level 3 fair value measurement (i.e. inputs to valuation measurement are not determined based on observable market data).

The key assumptions used for fair value less costs of disposal calculations for the years ended 29 February 2020 and 28 February 2019 are as follows:

	Mainland China Retail stores business (Note ii) 2020	2019	Mainland China Wholesale business (Note i) 2020	2019	Mainland China Sales shop business (Note ii) 2020	2019
Annual sales growth rate	-10% to 20%	5% to 7%	-52% to 0%	0%	-10% to 20%	3% to 5%
Long-term growth rate	2%	2%	2%	2%	2%	2%
Gross margin	58% to 61%	64%	40%	48%	50%	55%
Discount rate (post-tax)	13%	12%	13%	12%	13%	12%

	Japan and the USA 2020	2019
Annual sales growth rate	-50% to 30%	3% to 5%
Long-term growth rate	2%	2%
Gross margin	67%	66%
Discount rate (post-tax)	12%	12%

17 INTANGIBLE ASSETS (Continued)

Goodwill impairment assessment of Mainland China

The Group carried a goodwill of HK$240 million relating to the acquisition of I.T China Limited in 2007. I.T China Limited is engaged in the sales of fashion wears and accessories in Mainland China.

Management had reviewed the business development and operations of the Mainland China operating segment and assessed the recoverable amount of the CGUs based on fair-value less costs to disposal calculation.

Note i – Wholesale business

During the year, in connection with the ongoing trend and expected downward performance of the wholesales business in the Mainland China and to better control the brand image, the Group has changed its strategy starting from the second half of FY19/20 by focusing on the direct retail operations with higher gross profit margin and reduce the investment in the wholesale business under the Mainland China with lower gross profit margin which is not profitable to the Group. The Group has reassessed the cash flow projections of the wholesale CGU under the Mainland China.

The recoverable amount of the CGU determined based on fair value less costs of disposal calculation was lower than the carrying amount of the CGU. Accordingly, the management has recognised an impairment of HK$46 million during the year.

Note ii – Retail stores and sales shop business

During the year, the economic uncertainty arising from Sino-US trade dispute, reduction in the sales margin to improve the stocks turnover and the temporary suspension of operations due to the outbreak of COVID-19 in January 2020 have caused a significant drop in the Group's sales and profit in the Mainland China. As a result, the Group's performance in the Mainland China has been adversely affected.

Management has performed an impairment assessment of the business operations in the Mainland China. Based on the results, the recoverable amounts of these CGUs determined based on fair value less costs of disposal calculation were lower than the carrying amount of these CGUs. Accordingly, impairment losses of HK$182 million and HK$3 million were recognised against the goodwill of the retail stores and sales shop of the remaining CGUs of Mainland China during the year ended 29 February 2020.

Goodwill impairment assessment of Japan and the USA

The management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the CGU to exceed its recoverable amount.

18 SUBSIDIARIES

Details of the principal subsidiaries as at 29 February 2020:

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Amwell Development Limited	Hong Kong	HK$300,000	–	100%	–	Lease holding
AAPE Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
b+ab (bvi) limited	British Virgin Islands	US$1	–	100%	–	Investment holding
b&ab Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
Black Chocoolate Limited	Hong Kong	HK$1	–	100%	–	Lease holding
Blossom Glory Limited	Hong Kong	HK$500,000	–	100%	–	Retail of fashion wears and accessories
Century Team Corporation Limited	Hong Kong	HK$2	–	100%	–	Investment holding
Cheersway Development Limited	Hong Kong	HK$2	–	100%	–	Dormant
Cheerwood Limited	Hong Kong	HK$2	–	100%	–	Lease holding
Chocoolate Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
Double Park Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
Elegant Century Enterprises Limited	Hong Kong	HK$500,000	–	100%	–	Retail and trading of fashion wears and accessories
Fairman International Limited	Hong Kong	HK$2	–	100%	–	Lease holding
Golden Easy Development Limited	Hong Kong	HK$1	–	100%	–	Lease holding
Guangzhou Sparkle Star Trading Limited (ii)	Mainland China	US$1,100,000	–	100%	–	Retail of fashion wears and accessories
i.t apparels Limited	Hong Kong	HK$1,000,000	–	100%	–	Retail and trading of fashion wears and accessories
i.t apparels (Guangzhou) Limited (ii)	Mainland China	RMB500,000	–	100%	–	Provision of administrative services
I.T China Limited	Hong Kong	HK$60,000,008	–	100%	–	Investment holding
I.T China Holdings (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T China Holding (Shanghai) Co., Ltd. (ii)	Mainland China	RMB129,500,000	–	100%	–	Investment holding
I. T. CHINA (B.V.I.) LIMITED	British Virgin Island	US$2	–	100%	–	Investment holding
I.T China Sourcing Limited	Hong Kong	HK$1	–	100%	–	Sourcing

18 SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 29 February 2020: (Continued)

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
I.T Cosmetics (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T CP China Holdings (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T Distribution Limited	Hong Kong	HK$2	–	100%	–	Trading of fashion wear and accessories
I.T Distribution (Canada) Limited	Canada	CAD100	–	100%	–	Dormant
I.T eshop Limited	Hong Kong	HK$1	–	100%	–	Dormant
I.T ezhop Holdings Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T ezhop (HK) Limited	Hong Kong	HK$1	–	100%	–	Retail of fashion wears and accessories
I.T eshop (Shanghai) Limited (ii)	Mainland China	RMB1,840,000	–	100%	–	Retail of fashion wears and accessories
I.T FC China Holdings (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T F&B (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T F&B (HK) Limited	Hong Kong	HK$1	–	100%	–	Investment holding
I.T F&B (Shanghai) Limited (ii)	Mainland China	RMB890,000	–	100%	–	Retail of food and beverages
I.T Finance Limited	Hong Kong	HK$1	–	100%	–	Provision of financing services
I.T GL Holdings (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T Intellectual Property Limited	Hong Kong	HK$1	–	100%	–	Dormant
I.T KS Holdings Limited	British Virgin Island	US$1	–	100%	–	Investment holding
I.T Licensing Limited	Hong Kong	HK$1,000,000	–	100%	–	Retail of fashion wears and accessories
I.T Macau (BVI) Limited	British Virgin Islands	US$1	–	100%	–	Investment holding
I.T (Macau) Limited	Macau	MOP9,270,000	–	100%	–	Retail of fashion wears and accessories
I.T Nowhere Holdings (BVI) Limited	British Virgin Islands	US$1	–	100%	–	Investment holding
I.T Nowhere Holdings (HK) Limited	Hong Kong	HK$1	–	100%	–	Investment holding

18 SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 29 February 2020: (Continued)

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
I.T Nowhere (UK) Limited	The United Kingdom	GBP1	–	100%	–	Dormant
I.T Optical Holdings Limited	British Virgin Islands	US$1	–	100%	–	Investment holding
I.T Sourcing Limited	Hong Kong	HK$2	–	100%	–	Sourcing
I.T Taiwan Limited	Hong Kong and Taiwan	HK$1	–	100%	–	Retail of fashion wears and accessories
I.T Taiwan (BVI) Limited	British Virgin Island	US$100	–	100%	–	Investment holding
ithk associates limited (BVI)	British Virgin Islands	US$1	–	100%	–	Investment holding
ithk holdings limited	British Virgin Islands	US$20,000	100%	100%	–	Investment holding
ithk investments limited	British Virgin Islands	US$1	–	100%	–	Investment holding
ithk tm limited	British Virgin Islands	US$1	–	100%	–	Dormant
Izzue Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
izzue (bvi) limited	British Virgin Islands	US$1	–	100%	–	Investment holding
izzue.com (Hong Kong) Limited	Hong Kong	HK$1	–	100%	–	Dormant
Jademan Group Limited	Hong Kong	HK$1	–	100%	–	Dormant
Jenin Limited	Hong Kong	HK$1	–	100%	–	Lease holding
Jetchance Limited	Hong Kong	HK$300,000	–	100%	–	Lease holding
Joyful Fair Limited	Hong Kong	HK$500,000	–	100%	–	Lease holding
Joyful Way Development Limited	Hong Kong	HK$1	–	100%	–	Lease holding
Kenchart Investments Limited	Hong Kong	HK$300,000	–	100%	–	Lease holding
Kenchart Development Limited	Hong Kong	HK$1	–	100%	–	Investment holding
Kenchart Trading (Shanghai) Limited (ii)	Mainland China	RMB3,590,000	–	100%	–	Dormant

18 SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 29 February 2020: (Continued)

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Kenchart (Kunshan) Limited (ii)	Mainland China	RMB165,900,000	–	100%	–	Dormant
King Chart Limited	Hong Kong	HK$10,000	–	100%	–	Lease holding
Legend Grace International Limited	Hong Kong	HK$2	–	100%	–	Lease holding
Maxgainer Limited	Hong Kong	HK$1	–	100%	–	Investment holding
Maxgainer Trading (Shanghai) Limited (ii)	Mainland China	USD150,000	–	100%	–	Trading of cosmetic products
Mega Charm Apparels (Chengdu) Limited (ii)	Mainland China	RMB30,000,000	–	100%	–	Retail of fashion wears and accessories
Mega Charm Apparels (Beijing) Limited (ii)	Mainland China	US$4,000,000	–	100%	–	Retail of fashion wears and accessories
Mega Charm Apparels (Shanghai) Limited (ii)	Mainland China	US$12,000,000	–	100%	–	Retail of fashion wears and accessories
Mega Charm Holdings (BVI) Limited	British Virgin Island	US$1,172,332	–	100%	–	Investment holding
Mega Charm Industrial Limited	Hong Kong	HK$1	–	100%	–	Investment holding
New Concepts Corporation Limited	Hong Kong	HK$5	–	100%	–	Investment holding and trading of fashion wears and accessories
Neith Limited	Hong Kong	HK$2	–	100%	–	Retail of eyewears
Neith (Shanghai) Limited (ii)	Mainland China	RMB3,000,000	–	100%	–	Retail of eyewears
Prime Vantage Enterprises Limited	Hong Kong	HK$1	–	100%	–	Investment holding
Prime Vantage Holdings (BVI) Limited	British Virgin Island	US$1	–	100%	–	Investment holding
Prime Vantage Trading (Shanghai) Limited (ii)	Mainland China	US$1,000,000	–	100%	–	Retail of fashion wears and accessories
Peak Mark Limited	Hong Kong	HK$1	–	100%	–	Trading of fashion wears and accessories
Pride Wide Limited	Hong Kong	HK$4	–	100%	–	Investment holding
Pride Wide Trading (Shanghai) Limited (ii)	Mainland China	US$600,000	–	100%	–	Retail of fashion wears and accessories

18 SUBSIDIARIES (Continued)

Details of the principal subsidiaries as at 29 February 2020: (Continued)

Name	Place of incorporation/ establishment and operations	Issued and fully paid/ registered capital	Proportion of ordinary shares directly held by parent (%)	Percentage of equity interest attributable to the Group (i)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities
Promax Concept Limited	Hong Kong	HK$1	–	100%	–	Dormant
Regent Cheer Limited	Hong Kong	HK$1,000,000	–	100%	–	Lease holding
Right Young Limited	Hong Kong	HK$1	–	100%	–	Retail of food and beverages
Sanjose Limited	Hong Kong	HK$2	–	100%	–	Property holding
Sift Company Limited	Hong Kong	HK$2,009,800	–	100%	–	Retail of chocolates and cakes
Sparkle Star China Limited	Hong Kong	HK$3	–	100%	–	Investment holding
Summit Shine Limited	Hong Kong	HK$1	–	100%	–	Investment holding
Sunport Holdings Limited	Hong Kong	HK$10	–	100%	–	Investment holding
Top Honour Corporation Limited	Hong Kong	HK$4,000,000	–	100%	–	Lease holding
Under Garden Limited	Hong Kong	HK$2	–	100%	–	Dormant
Venilla Suite Limited	Hong Kong	HK$300,000	–	100%	–	Lease holding
White Chocoolate Limited	Hong Kong	HK$1	–	100%	–	Dormant
Nowhere Co., Ltd.	Japan	JPY77,000,000	–	99.5%	0.5%	Investment holding and trading of fashion wears and accessories
USApe LLC	Delaware, U.S.A	US$750,000	–	100%	–	Retail of fashion wears and accessories
Zoompac Limited	Hong Kong	HK$2	–	100%	–	Investment holding
Zoompac Apparel (Shanghai) Limited (ii)	Mainland China	US$8,000,000	–	100%	–	Retail and trading of fashion wears and accessories
香港商翊鼎國際開發股份有限公司	Taiwan	NT$3,000,000	–	100%	–	Retail of fashion wears and accessories

Notes:

(i) The shares of ithk holdings limited are held directly by the Company. The shares of the other subsidiaries are held indirectly.

(ii) Kenchart Trading (Shanghai) Limited, I.T China Holding (Shanghai) Co., Ltd, I.T F&B (Shanghai) Limited, Maxgainer Trading (Shanghai) Limited, Neith (Shanghai) Limited, I. T eshop (Shanghai) Limited, Mega Charm Apparels (Shanghai) Limited, Pride Wide Trading (Shanghai) Limited, Prime Vantage Trading (Shanghai) Limited, Zoompac Apparel (Shanghai) Limited, Guangzhou Sparkle Star Trading Limited, i.t apparels (Guangzhou) Limited, Kenchart (Kunshan) Limited, Mega Charm Apparels (Chengdu) Limited and Mega Charm Apparels (Beijing) Limited, are wholly foreign owned enterprises established in Shanghai, Guangzhou, Kunshan, Chengdu and Beijing, Mainland China to be operated for 20 years up to year 2023, 30 years up to year 2047, 30 years up to year 2042, 30 years up to year 2041, 30 years up to year 2048, 30 years up to year 2044, 20 years up to year 2027, 20 years up to year 2028, 20 years up to year 2027, 30 years up to year 2035, 30 years up to 2040, 30 years up to 2043, 20 years up to 2035, 30 years up to year 2043 and 20 years up to year 2030, respectively.

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Share of net assets (Note (a))	99,414	146,445
Loans to joint ventures (Note (b))	98,296	44,832
Less: provisions for impairment	(76,407)	(23,398)
Loans to joint ventures, net	21,889	21,434
	121,303	167,879
Amounts due from joint ventures (Note (b))	33,765	132,311
Amounts due to joint ventures (Note (b))	(26,840)	(24,165)

(a) Share of net assets of joint ventures

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Beginning of the year	146,445	138,071
Share of results of joint ventures		
– loss before income tax	(47,903)	(23,988)
– income tax expense	(7,433)	(3,858)
– currency translation differences	(3,298)	(6,216)
Capital injection in joint ventures	11,603	42,436
End of the year	99,414	146,445

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(a) Share of net assets of joint ventures (Continued)

Details of the principal joint ventures as at 29 February 2020:

Name	Place of incorporation/ establishment and operations	Issued and fully paid capital/ registered capital	Percentage of equity interest attributable to the Group	Principal activities
FCUK IT Company	Hong Kong	HK$18,000,002	50%	Retail of fashion wears and accessories
FCIT China Limited	Hong Kong	HK$2	50%	Investment holding
ZIT H.K. Limited	Hong Kong	HK$1,000,000	50%	Retail of fashion wears and accessories
Glory Premium Limited	Hong Kong	HK$4,500,000	50%	Investment holding
Kenchart Apparel (Shanghai) Limited (i)	Mainland China	US$3,700,000	50%	Retail of fashion wears and accessories
FCIT (Macau), Limited	Macau	MOP1,030,000	50%	Retail of fashion wears and accessories
Galeries Lafayette (China) Limited	Hong Kong	HK$425,485,166	50%	Investment holding
Galeries Lafayette (Beijing) Limited (ii)	Mainland China	US$15,000,000	50%	Operation of a department store
Galeries Lafayette (Shanghai) Limited (iii)	Mainland China	RMB20,000,000	50%	Operation of a department store
Macaron (Beijing) Limited (iv)	Mainland China	US$100,000	50%	Operation of a supermarket
Camper I.T China Limited	Hong Kong	HK$6,000,000	50%	Investment holding
Camper (Shanghai) Limited (v)	Mainland China	US$3,500,000	50%	Retail of foot wears
Kenzo Asia Holding Co. Limited	Hong Kong	RMB75,100,000	49%	Investment holding
Kenzo (Shanghai) Commercial Co. Ltd. (vi)	Mainland China	RMB40,000,000	49%	Retail of fashion wears and accessories
ZVIT Limited	Hong Kong	RMB20,500,004	50%	Investment holding
ZV (Shanghai) Limited (vii)	Mainland China	RMB12,900,000	50%	Retail of fashion wears and accessories
SRIT Limited	Hong Kong	HK$2	50%	Retail of fashion wears and accessories
SR (Shanghai) Limited (viii)	Mainland China	RMB1,000,000	50%	Retail of fashion wears and accessories

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(a) Share of net assets of joint ventures (Continued)

Details of the principal joint ventures as at 29 February 2020 (Continued):

Notes:

(i) Kenchart Apparel (Shanghai) Limited is a joint venture, which is a wholly owned foreign enterprise of FCIT China Limited, established in Shanghai, Mainland China to be operated for 30 years up to year 2035.

(ii) Galeries Lafayette (Beijing) Limited is a joint venture, which is a wholly owned foreign enterprise of Galeries Lafayette (China) Limited, established in Beijing, Mainland China to be operated for 30 years up to year 2041.

(iii) Galeries Lafayette (Shanghai) Limited is a joint venture, which is a wholly owned foreign enterprise of Galeries Lafayette (China) Limited, established in Shanghai, Mainland China to be operated for 30 years up to year 2048.

(iv) Macaron (Beijing) Limited is a joint venture, which is a wholly owned foreign enterprise of Galeries Lafayette (China) Limited, established in Beijing, Mainland China to be operated for 30 years up to year 2043.

(v) Camper (Shanghai) Limited is a joint venture, which is a wholly owned foreign enterprise of Camper I.T China Limited, established in Shanghai, Mainland China to be operated for 30 years up to year 2042.

(vi) Kenzo (Shanghai) Commercial Co. Ltd. is a joint venture, which is a wholly owned foreign enterprise of Kenzo Asia Holding Co. Limited, established in Shanghai, Mainland China to be operated for 20 years up to year 2038.

(vii) ZV (Shanghai) Limited is a joint venture, which is a wholly owned foreign enterprise of ZVIT Limited, established in Shanghai, Mainland China to be operated for 30 years up to year 2049.

(viii) SR (Shanghai) Limited is a joint venture, which is a wholly owned foreign enterprise of SRIT Limited, established in Shanghai, Mainland China to be operated for 30 years up to year 2049.

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(a) Share of net assets of joint ventures (Continued)

Galeries Lafayette (China) Limited and Kenzo (Shanghai) Commercial Co. Ltd. are material joint ventures of the Group.

Set out below is the summary of combined financial information for all the joint ventures of the Group.

The below combined financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets and the liabilities at the date of establishment.

Summarised statement of financial position

	As at	
	29 February 2020 HK$'000	28 February 2019 HK$'000
Assets		
Non-current assets	625,740	218,465
Current assets		
– Cash and cash equivalents	134,183	215,213
– Other current assets	287,632	306,369
	421,815	521,582
Total assets	1,047,555	740,047
Liabilities		
Non-current liabilities		
– Financial liabilities	(479,400)	(89,664)
Current liabilities		
– Financial liabilities (excluding trade and other payables)	(49,068)	(29,122)
– Other current liabilities (including trade and other payables)	(371,788)	(370,702)
	(420,856)	(399,824)
Total liabilities	(900,256)	(489,488)
Net assets	147,299	250,559

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(a) Share of net assets of joint ventures (Continued)

Summarised statement of comprehensive income

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Turnover	830,424	561,124
Cost of sales	(387,555)	(219,768)
Other expenditures	(561,592)	(410,076)
Loss after tax	(118,723)	(68,720)
Other comprehensive loss	(5,567)	(11,683)
Total comprehensive loss	(124,290)	(80,403)

Set out below are the assets, liabilities, turnover and result of the material joint ventures of the Group:

	Galeries Lafayette (China) Limited		Kenzo (Shanghai) Commercial Co. Ltd.	
	As at		As at	
	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000
Non-current assets	421,397	165,764	140,690	40,900
Current assets	153,381	219,856	137,474	193,303
Non-current liabilities	(246,718)	–	(95,339)	–
Current liabilities	(225,847)	(190,155)	(135,740)	(168,381)
Net assets	102,213	195,465	47,085	65,822
Turnover	360,110	320,616	363,406	127,288
Loss after tax	(88,243)	(29,733)	(15,539)	(21,997)
Other comprehensive (loss)/income	(5,011)	(8,250)	909	17
Total comprehensive loss	(93,254)	(37,983)	(14,630)	(21,980)

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(b) Balances with joint ventures

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Due from joint ventures		
ZIT H.K. Limited (i)	18,909	18,990
FCIT China Limited (ii)	23,173	23,129
Glory Premium Limited (v)	2,229	2,234
Galeries Lafayette (Beijing) Limited (v)	14,603	11,379
Camper (Shanghai) Limited (iii)	32,165	33,225
Camper I.T China Limited (v)	565	–
Kenzo (Shanghai) Commercial Co. Ltd. (iv)	31,854	88,027
ZV (Shanghai) Limited (v)	3,376	–
SRIT Limited (v)	4,774	–
SR (Shanghai) Limited (v)	413	–
FCUK IT Company (v)	–	159
	132,061	177,143
Less: provision for impairment	(76,407)	(23,398)
Due from joint ventures, net of provision	55,654	153,745
Due to joint ventures		
Kenchart Apparel (Shanghai) Limited (v)	(17,634)	(17,393)
FCUK IT Company (v)	(1,506)	(42)
ZIT H.K. Limited (v)	(5,482)	(6,622)
Camper I.T China Limited (v)	(2,215)	(105)
FCIT China Limited (v)	(3)	(3)
Due to joint ventures	(26,840)	(24,165)

Notes:

(i) As at 29 February 2020, the loan to ZIT H.K. Limited of approximately HK$9,100,000 (28 February 2019: HK$9,100,000) is unsecured, interest bearing at 5% (28 February 2019: 5%) per annum and fully repayable at the termination of the joint venture. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(ii) As at 29 February 2020, the loan to FCIT China Limited of approximately HK$8,000,000 (28 February 2019: HK$8,000,000) is unsecured, non-interest bearing and has no fixed term of repayment. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(iii) As at 29 February 2020, the loan to Camper (Shanghai) Limited of approximately HK$32,165,000 (28 February 2019: HK$23,398,000) is unsecured, non-interest bearing and has no fixed term of repayment. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(iv) As at 29 February 2020, the loan to Kenzo (Shanghai) Commercial Co. Ltd. of approximately HK$27,896,000 (28 February 2019: Nil) is unsecured, interest bearing at 2% and has no fixed term of repayment. The remaining balance is unsecured, non-interest bearing and repayable on demand.

(v) These balances with joint ventures are unsecured, non-interest bearing and repayable on demand.

19 INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (Continued)

(b) Balances with joint ventures (Continued)

Movements on the provision for impairment of amounts due from joint ventures are as follows:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Beginning of the year	23,398	23,398
Provision for impairment of amounts due from joint ventures	53,009	–
End of the year	76,407	23,398

The carrying amounts of amounts due from/(to) joint ventures approximate their fair values.

The credit quality of the loans to and amounts due from joint ventures has been assessed by reference to historical information about the counterparty default rates and future prospect of receiving from counterparties. As at 29 February 2020, the Group applied the expected credit loss model resulted in the recognition of provision for impairment of amounts due from joint ventures amounting to HK$53,009,000, which has been included in the operating expenses of the consolidated statements of comprehensive income.

Loans to and amounts due from joint ventures are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Hong Kong Dollar	24,362	8,649
Pound Sterling	5,260	5,260
Euro	997	997
United States Dollar	29,062	29,062
Macau Pataca	847	847
Chinese Renminbi	71,533	132,328
	132,061	177,143

Amounts due to joint ventures are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Hong Kong Dollar	7,096	6,772
Chinese Renminbi	19,744	17,393
	26,840	24,165

(c) There are no material contingent liabilities relating to the Group's investments in joint ventures, and no material contingent liabilities of the joint ventures themselves.

20 INVESTMENT IN AN ASSOCIATE

	As at 29 February 2020 HK$'000
Share of net assets (Note (a))	441,879
Amounts due from an associate (Note (b))	272

(a) Share of net assets of an associate

	As at 29 February 2020 HK$'000
Beginning of the year	–
Acquisition of an associate (Note 34)	432,954
Share of results of an associate	
– profit before income tax	32,145
– income tax expense	(10,114)
– currency translation differences	(1,448)
Dividends paid	(11,658)
End of the year	441,879

Details of the associate as at 29 February 2020:

Name	Place of incorporation/ establishment and operations	Issued and fully paid capital/ registered capital	Percentage of equity interest attributable to the Group	Principal activities
Acne Studios Holding AB ("Acne Studios")	Sweden	SEK115,000	10.9%	Retail and wholesale of fashion wears and accessories

Acne Studios is a material associate of the Group. Set out below is the summary of the financial information for the associate of the Group.

20 INVESTMENT IN AN ASSOCIATE (Continued)

(a) Share of net assets of an associate (Continued)

Summarised statement of financial position

	As at 29 February 2020 HK$'000
Assets	
Non-current assets	2,189,324
Current assets	
– Cash and cash equivalents	317,118
– Other current assets	463,303
	780,421
Total assets	2,969,745
Liabilities	
Non-current liabilities	(415,845)
Current liabilities	(401,974)
Total liabilities	(817,819)
Net assets	2,151,926

Summarised statement of comprehensive income

	For the year ended 29 February 2020 HK$'000
Turnover	1,957,138
Cost of sales	(666,804)
Other expenditures	(1,088,216)
Profit for the year	202,118
Other comprehensive loss	(13,289)
Total comprehensive income	188,829

20 INVESTMENT IN AN ASSOCIATE (Continued)

(a) Share of net assets of an associate (Continued)

Reconciliation of summarised financial information

	For the year ended 29 February 2020 HK$'000
Initial recognition of the investment	2,070,050
Profit for the year	202,118
Other comprehensive income	(13,289)
Dividend paid	(106,953)
Closing net assets	2,151,926
Group's share in%	10.9%
Group's share in HK$	234,560
Goodwill	207,319
Carrying amount	441,879

(b) Balance with an associate

	As at 29 February 2020 HK$'000
Due from an associate	
Acne Studios	272

Amounts due from an associate is denominated in Euro.

(c) There are no material contingent liabilities relating to the Group's investments in an associate, and no material contingent liabilities of the associate itself.

21 INVENTORIES

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
Merchandise stock for resale	1,722,110	1,538,037

The cost of inventories recognised as an expense and included in cost of sales amounted to approximately HK$2,882,586,000 (28 February 2019: HK$3,127,159,000).

22 TRADE AND OTHER RECEIVABLES

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
Trade receivables	192,697	281,769
Less: provision for impairment of trade receivables	(2,416)	(1,253)
Trade receivables - net	190,281	280,516
Interest receivables	331	249
Other receivables	27,394	19,406
Trade and other receivables	218,006	300,171

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

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
Beginning of the year	1,253	2,726
Provision for/(reversal of) impairment of trade receivables	2,416	(1,374)
Write-off of provision for impairment	(1,270)	–
Currency translation differences	17	(99)
End of the year	2,416	1,253

As of 29 February 2020, trade receivables of HK$2,416,000 (28 February 2019: HK$1,253,000) were impaired. The ageing of these receivables is as follows:

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
Over 90 days	2,416	1,253

The ageing analysis of trade receivables is as follows:

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
0 to 30 days	88,818	210,961
31 to 60 days	76,939	55,224
61 to 90 days	20,050	7,912
Over 90 days	6,890	7,672
	192,697	281,769

22 TRADE AND OTHER RECEIVABLES (Continued)

The trade and other receivables are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Chinese Renminbi	98,592	203,099
Hong Kong Dollar	31,447	33,218
Japanese Yen	67,464	40,960
United States Dollar	3,642	6,986
Others	16,861	15,908
	218,006	300,171

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

For the trade receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the nature of the receivables and days past due. The expected credit losses below also incorporate forward looking information. Financial assets are written off when there is no reasonable expectation of recovery.

For the other receivables, the credit quality has been assessed by reference to historical information about the counterparty default rates and future prospect of receiving from counterparties. The existing counterparties do not have defaults in the past and is not expected to have significant credit losses.

As at 29 February 2020 and 28 February 2019, the maximum exposure to credit risk is the carrying values of trade and other receivables. The Group does not hold any collateral.

23 RENTAL DEPOSITS, PREPAYMENTS AND OTHER DEPOSITS

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Rental deposits	458,328	513,268
Prepayments	90,918	239,860
Utility and other deposits	27,735	25,222
	576,981	778,350
Less: non-current portion:		
Rental deposits	(271,172)	(346,422)
Prepayments for non-current assets	(21,236)	(52,672)
	284,573	379,256

As at 29 February 2020, rental deposits are carried at amortised costs using the effective interest rates ranging from 0.2% to 5% (28 February 2019: ranging from 0.2% to 5%) per annum determined at the inception date of the rental agreement.

The credit quality of rental deposits has been assessed by reference to historical information about the counterparty default rates and future prospect of receiving from counterparties. The existing counterparties do not have defaults in the past and is not expected to have significant credit losses.

As at 29 February 2020 and 28 February 2019, the maximum exposure to credit risk is the carrying amounts of rental and other deposits. The Group does not hold any collateral against the rental and other deposits.

24 CASH AND CASH EQUIVALENTS

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Cash at bank and in hand	**1,245,181**	1,349,571
Short-term bank deposits	**211,626**	422,386
	1,456,807	1,771,957

The interest rates for short-term bank deposits was approximately 3.2% (28 February 2019: 2.3%) per annum.

The Group's cash at bank and short-term bank deposits are deposited with banks in Hong Kong, Mainland China, Taiwan, Macau, Japan, the United States and the United Kingdom, all of which had an original maturity of not more than 3 months. Cash at bank earned interest at floating rates based on daily bank deposit rates.

As at 29 February 2020 and 28 February 2019, the maximum exposure to credit risk approximates the carrying amounts of the cash at bank and short-term bank deposits.

The carrying amounts of the cash at bank and short-term bank deposits approximate their fair values.

Cash and cash equivalents are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Chinese Renminbi	**683,072**	1,038,377
Hong Kong Dollar	**219,779**	191,554
Japanese Yen	**275,321**	305,354
Euro	**30,867**	9,228
United States Dollar	**183,870**	169,079
Pound Sterling	**11,766**	7,425
Others	**52,132**	50,940
	1,456,807	1,771,957

Chinese Renminbi is currently not a freely convertible currency in the international market. The conversion of Chinese Renminbi into foreign currencies and remittance of Chinese Renminbi out of Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the Mainland China government.

25 BORROWINGS

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Non-current borrowings		
– Bank borrowings	1,463,928	653,981
	1,463,928	653,981
Current borrowings		
– Portion of bank borrowings due for repayment within one year	411,940	444,045
– Portion of bank borrowings due for repayment after one year which contain a repayable on demand clause	51,350	61,950
	463,290	505,995
	1,927,218	1,159,976

The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant. As at 29 February 2020, the effective borrowing cost was 3.2% (28 February 2019: 2.9%) per annum. The bank borrowings bear interest at floating rates that are market dependent.

As at 29 February 2020, bank borrowings of HK$61,950,000 (28 February 2019: HK$72,550,000) were secured by the Group's certain land and buildings with carrying amounts of HK$177,211,000 (28 February 2019: HK$183,694,000) (Note 15).

The maturity of borrowings is as follows:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Within 1 year	463,290	505,995
Between 1 and 2 years	645,000	176,918
Between 2 and 5 years	818,928	477,063
	1,927,218	1,159,976

The Group's borrowings are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Hong Kong Dollar	1,823,899	1,118,936
Euro	92,676	40,391
Japanese Yen	881	649
United States Dollar	9,762	–
	1,927,218	1,159,976

Details of the Group's banking facilities are set out in Note 33.

26 TRADE PAYABLES

The ageing analysis of trade payables is as follows:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
0 to 30 days	152,173	148,260
31 to 60 days	146,034	154,392
61 to 90 days	109,050	58,107
91 to 180 days	46,215	23,458
181 to 365 days	10,937	6,952
Over 365 days	26,908	22,951
	491,317	414,120

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

The trade payables are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Chinese Renminbi	234,548	190,847
Hong Kong Dollar	11,566	14,250
Euro	34,662	32,425
Japanese Yen	146,459	136,892
United States Dollar	52,374	32,306
Pound Sterling	11,099	7,177
Korean Won	548	159
Others	61	64
	491,317	414,120

27 ACCRUALS AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Accrual and other payables

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Unutilised coupon	1,192	1,339
Provision for reinstatement cost	136,209	139,768
Accruals		
– Rented premises	31,480	131,401
– Employment costs	46,329	89,873
– Others	155,574	139,824
Other payables	105,353	184,259
	476,137	686,464
Less: non-current portion:		
Accruals	(6,163)	(6,125)
	469,974	680,339

Other payables are denominated in the following currencies:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Hong Kong Dollar	79,414	91,586
Chinese Renminbi	11,455	82,319
Japanese Yen	6,485	6,188
Others	7,999	4,166
	105,353	184,259

The carrying amounts of other payables approximate their fair values.

(b) Contract liabilities

Contract liabilities are recognised when payments are received from customers in advance but the relevant performance obligation has not been performed. The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities.

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	21,922	21,496

28 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 29 February 2020 Liabilities HK$'000	As at 28 February 2019 Liabilities HK$'000
Qualified for hedge accounting – cash flow hedge:		
Currency swap contract, at market value (Note a)	–	(11,003)
Not qualified for hedge accounting:		
Currency swap contracts, at market value (Note b)	(4,145)	(1,773)
	(4,145)	(12,776)
Less: current portion		
Currency swap contract, at market value (Note b)	–	11,003
	(4,145)	(1,773)

Notes:

(a) As at 28 February 2019, the notional principal amounts of the outstanding foreign currency swap contract were Swedish Krona ("SEK") 486,341,168, which has been designated as the hedging instrument for the committed payment of consideration under a Share Purchase Agreement with Acne Studios Holding AB for purchase of 10.9% issued share capital of Acne Studios entered on 22 December 2018. The swap exchange rate is SEK1.145 per HK$1. Gains and losses recognised in the hedging reserve in equity (Note 31) on foreign currency swap contract as of 28 February 2019 will be continuously released to the consolidated statement of comprehensive income until the settlement of the acquisition. The foreign currency swap contract was matured upon the completion of the acquisition and the consideration settled on 10 May 2019 (Note 34).

(b) As at 29 February 2020, 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 USD10,500,000 (28 February 2019: USD8,000,000).

29 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	124,013	101,403
– Deferred income tax assets to be recovered within 12 months	13,504	8,924
	137,517	110,327
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(9,836)	(31,255)
– Deferred income tax liabilities to be settled within 12 months	(42,785)	(36,039)
	(52,621)	(67,294)
Deferred income tax assets (net)	84,896	43,033

29 DEFERRED INCOME TAX (Continued)

The movements on the net deferred income tax assets account is as follows:

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Beginning of the year	43,033	69,407
Adjustment on adoption of HKFRS 16 (Note 2.2)	51,699	–
Recognised in the consolidated statement of comprehensive income (Note 11)	(8,610)	(26,798)
Currency translation differences	(1,226)	424
End of the year	84,896	43,033

The movements in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, were as follows:

Deferred tax assets

	Decelerated tax depreciation As at		Provision and others As at		Tax losses As at		Total As at	
	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000
Beginning of the year	38,126	41,439	90,495	90,086	42,721	43,968	171,342	175,493
Adjustment on adoption of HKFRS 16 (Note 2.2)	-	-	51,699	-	-	-	51,699	-
Recognised in the consolidated statement of comprehensive income	(7,102)	(3,054)	20,286	3,403	(15,858)	(885)	(2,674)	(536)
Currency translation differences	29	(259)	(5,257)	(2,994)	(476)	(362)	(5,704)	(3,615)
End of the year	31,053	38,126	157,223	90,495	26,387	42,721	214,663	171,342

Deferred tax liabilities

	Withholding tax As at		Accelerated tax depreciation As at		Total As at	
	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000	29 February 2020 HK$'000	28 February 2019 HK$'000
Beginning of the year	(88,131)	(65,873)	(40,178)	(40,213)	(128,309)	(106,086)
Recognised in the consolidated statement of comprehensive income	(5,599)	(24,865)	(337)	(1,397)	(5,936)	(26,262)
Currency translation differences	2,745	2,607	1,733	1,432	4,478	4,039
End of the year	(90,985)	(88,131)	(38,782)	(40,178)	(129,767)	(128,309)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 29 February 2020, the Group has unrecognised tax losses of HK$1,077,851,000 (28 February 2019: HK$305,278,000).

29 DEFERRED INCOME TAX (Continued)

The expiry date of unrecognised tax losses are as follows:

	As at 29 February 2020 HK$'000	28 February 2019 HK$'000
2020	494	521
2021	474	500
2022	571	602
2023	36	38
No expiry date	1,076,276	303,617
	1,077,851	305,278

30 SHARE CAPITAL

Movements were:

	Number of ordinary shares '000	Share capital HK$'000
Issued and fully paid:		
At 1 March 2018, 28 February 2019 and 29 February 2020	1,195,797	119,580

Share options

The Company currently has two share option schemes, namely the 2008 Share Option Scheme and the New Share Option Scheme, detailed as hereinafter. Under both share option schemes, options may be granted to eligible participants (including directors and employees) as defined in the respective share option scheme to subscribe for shares in the Company. The exercise price is determined by the Board and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited on the date of the offer; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited for the five business days immediately preceding the date of offer. A consideration of HK$10 is payable on acceptance of the grant of options.

In June 2008, the Company adopted a share option scheme (the "2008 Share Option Scheme"), which ought to remain in force for 10 years up to June 2018. At the 2017 annual general meeting of the Company held on 15 August 2017, the shareholders of the Company approved the adoption of a new share option scheme (the "New Share Option Scheme"), which will remain in force for 10 years up to August 2027, and the termination of the 2008 Share Option Scheme. The operation of the 2008 Share Option Scheme was terminated with effect from the conclusion of the 2017 annual general meeting. No further options could thereafter be offered under the 2008 Share Option Scheme but the provisions of the 2008 Share Option Scheme would remain in full force and effect. Options granted under the 2008 Share Option Scheme and remain unexpired prior to the termination of the 2008 Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the 2008 Share Option Scheme.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2008 Share Option Scheme and the New Share Option Scheme and any other scheme to be adopted by the Company from time to time must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

30 SHARE CAPITAL (Continued)

Share options (Continued)

Movements in the number of options under the Share Option Scheme and the exercise prices of the related share options are as follows:

	As at 29 February 2020		As at 28 February 2019	
	Exercise price per share HK$	Options '000	Exercise price per share HK$	Options '000
Beginning of the year	**2.95**	**121,152**	2.95	121,152
Exercised	**–**	**–**	–	–
Expired	**1.31**	**(56,342)**	–	–
End of the year	**4.38**	**64,810**	2.95	121,152

No options were exercised during the years ended 29 February 2020 and 28 February 2019.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

		Share options As at	
Expiry date	Average exercise price per share HK$	29 February 2020 '000	28 February 2019 '000
27 December 2019	1.23	**–**	33,805
11 February 2020	1.43	**–**	22,537
17 March 2021	4.96	**40,250**	40,250
16 September 2022	3.42	**24,560**	24,560
		64,810	121,152

During the year ended 29 February 2020, no share-based payments was recognised in the consolidated statement of comprehensive income (28 February 2019: $3,371,000).

31 RESERVES

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Statutory reserve (Note i) HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2019	812,732	178,937	40,715	(20,667)	66,684	(11,003)	2,461,303	3,528,701
Opening adjustment on HKFRS16	–	–	–	–	–	–	(226,341)	(226,341)
Loss for the year	–	–	–	–	–	–	(747,254)	(747,254)
Transfer to statutory reserve	–	–	–	–	1,444	–	(1,444)	–
Final dividend for the year ended 28 February 2019	–	–	–	–	–	–	(215,243)	(215,243)
Currency translation differences								
– Group	–	–	–	(101,967)	–	–	–	(101,967)
– Joint ventures	–	–	–	(3,298)	–	–	–	(3,298)
– Associate	–	–	–	(1,448)	–	–	–	(1,448)
Fain value change on cash flow hedge, net of tax	–	–	–	–	–	11,003	–	11,003
Balance at 29 February 2020	812,732	178,937	40,715	(127,380)	68,128	–	1,271,021	2,244,153
Analysed by –								
Company and subsidiaries	812,732	178,937	40,715	(125,002)	68,128	–	1,271,021	2,246,531
Joint ventures	–	–	–	(930)	–	–	–	(930)
Associate	–	–	–	(1,448)	–	–	–	(1,448)
Balance at 29 February 2020	812,732	178,937	40,715	(127,380)	68,128	–	1,271,021	2,244,153
Representing –								
2020 Final dividend proposed							–	
Others							1,271,021	
							1,271,021	

31 RESERVES (Continued)

	Share premium HK$'000	Share-based payment reserve HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Statutory reserve (Note i) HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2018	812,732	175,566	40,715	94,667	64,941	3,835	2,233,299	3,425,755
Profit for the year	–	–	–	–	–	–	442,599	442,599
Transfer to statutory reserve	–	–	–	–	1,743	–	(1,743)	–
Share option scheme								
– value of employment services	–	3,371	–	–	–	–	–	3,371
Final dividend for the year ended 28 February 2018	–	–	–	–	–	–	(212,852)	(212,852)
Currency translation differences								
– Group	–	–	–	(109,125)	–	–	–	(109,125)
– Joint ventures	–	–	–	(6,209)	–	–	–	(6,209)
Cash flow hedge recognised as finance costs	–	–	–	–	–	(33,047)	–	(33,047)
Fain value change on cash flow hedge, net of tax	–	–	–	–	–	18,209	–	18,209
Balance at 28 February 2019	812,732	178,937	40,715	(20,667)	66,684	(11,003)	2,461,303	3,528,701
Analysed by –								
Company and subsidiaries	812,732	178,937	40,715	(23,035)	66,684	(11,003)	2,461,303	3,526,333
Joint ventures	–	–	–	2,368	–	–	–	2,368
Balance at 28 February 2019	812,732	178,937	40,715	(20,667)	66,684	(11,003)	2,461,303	3,528,701
Representing –								
2019 Final dividend proposed							215,243	
Others							2,246,060	
							2,461,303	

Note:

(i) These funds are set up by way of appropriation from the profit after taxation of the respective companies established and operating in the Mainland China, in accordance with the relevant laws and regulations.

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	For the year ended 29 February 2020 HK$'000	For the year ended 28 February 2019 HK$'000
(Loss)/profit before income tax	(548,341)	707,792
Adjustments for:		
– Interest expense	154,777	42,922
– Interest income	(19,797)	(24,946)
– Share of losses of joint ventures	55,336	27,846
– Share of profit of an associate	(22,031)	–
– Depreciation of property, furniture and equipment	281,224	287,064
– Depreciation of right-of-use assets	1,123,601	–
– Amortisation of intangible assets	18,300	12,128
– Provision for inventories losses	56,866	14,532
– Impairment/(reversal of impairment) of property, furniture and equipment	67,496	(3,984)
– Impairment of right-of-use assets	314,417	–
– Impairment of goodwill	231,520	–
– Provision for impairment of amounts due from joint ventures	53,009	–
– Fair value losses/(gains) on derivative financial instruments	2,372	(2,976)
– Loss on disposal of property, furniture and equipment	3,783	12,131
– Share-based payment	–	3,371
	1,772,532	1,075,880
Changes in working capital:		
– Inventories	(288,036)	(186,272)
– Trade and other receivables	72,881	17,186
– Prepayments and other deposits	83,304	(44,135)
– Amounts due from joint ventures and an associate	76,901	(68,557)
– Trade payables	84,540	(46,873)
– Accruals and other payables and contract liabilities	(74,922)	(6,586)
– Amounts due to joint ventures	3,627	5,753
Cash generated from operations	1,730,827	746,396

(b) In the consolidated statement of cash flows, proceeds from disposal of property, furniture and equipment comprises:

	For the year ended 29 February 2020 HK$'000	For the year ended 28 February 2019 HK$'000
Net book amount (Note 15)	7,256	32,905
Loss on disposal of property, furniture and equipment (Note 7)	(3,783)	(12,131)
Proceeds from disposal of property, furniture and equipment	3,473	20,774

(c) Non-cash investing and financing activities:

	For the year ended 29 February 2020 HK$'000	For the year ended 28 February 2019 HK$'000
Additions to right-of-use assets (Note 16)	1,203,073	–

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(d) Net (debt)/cash reconciliation:

This section sets out an analysis of net (debt)/cash and the movements in net cash for each of the years presented.

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Cash and cash equivalents	1,456,807	1,771,957
Borrowings – repayable within one year	(463,290)	(505,995)
Borrowings – repayable after one year	(1,463,928)	(653,981)
Lease liabilities	(2,398,855)	–
Net (debt)/cash	(2,869,266)	611,981
Cash and cash equivalents	1,456,807	1,771,957
Gross debt – fixed interest rates	(2,398,855)	–
Gross debt – variable interest rates	(1,927,218)	(1,159,976)
Net (debt)/cash	(2,869,266)	611,981

	Other assets – Cash and cash equivalents HK$'000	Liabilities from financing activities – Borrowings HK$'000	Liabilities from financing activities – Lease liabilities HK$'000	Total HK$'000
Net cash as at 1 March 2018	2,315,333	(1,377,371)	–	937,962
Cash flows	(508,460)	251,457	–	(257,003)
Foreign exchange adjustments	(34,916)	(34,062)	–	(68,978)
Net cash as at 28 February 2019	1,771,957	(1,159,976)	–	611,981
Recognised on adoption of HKFRS 16 (Note 2.2)	–	–	(2,444,309)	(2,444,309)
Restated net debt as at 28 February 2019	1,771,957	(1,159,976)	(2,444,309)	(1,832,328)
Cash flows	(290,133)	(769,447)	1,295,990	236,410
Acquisitions – Leases	–	–	(1,203,073)	(1,203,073)
Foreign exchange adjustments	(25,017)	2,205	56,112	33,300
Non-cash interest expenses	–	–	(103,575)	(103,575)
Net debt as at 29 February 2020	1,456,807	(1,927,218)	(2,398,855)	(2,869,266)

33 BANKING FACILITIES AND PLEDGE OF ASSETS

As at 29 February 2020, the Group had aggregate banking facilities of approximately HK$3,306,950,000 (28 February 2019: HK$2,162,550,000) at floating rate for overdrafts, bank loans and trade financing, of which approximately HK$1,232,831,000 (28 February 2019: HK$854,277,000) was unutilised as at the same date. These facilities are secured by corporate guarantees provided by the Company and certain subsidiaries as well as pledge of certain property, furniture and equipment.

34 ACQUISITION OF 10.9% EQUITY INTEREST IN AN ASSOCIATE

On 22 December 2018, the Group entered into a share purchase agreement with sellers as stipulated in the agreement to acquire 10.9% of the issued share capital of Acne Studios at a consideration of SEK483,306,000 (equivalent to approximately HK$421,733,000). On 10 May 2019, the transaction was completed and the full amount of the consideration was settled in cash.

Upon completion of the transaction, the Group's equity interest in the associate was 10.9% and has significant influence in the board controlling the relevant activities of the company, and hence the Group's interest in Acne Studios is accounted for as an associate.

Details of net assets acquired, goodwill and other intangible assets are as follows:

	On acquisition HK$'000
Purchase consideration:	
– Cash paid	421,733
– Direct costs paid for the acquisition	11,221
Total purchase consideration	432,954
Share of fair value of net assets acquired	(64,099)
Trademark	(146,524)
Distribution network	(15,012)
Goodwill	207,319

35 COMMITMENTS

(a) Capital commitments

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Contracted but not provided for		
– acquisition of furniture and equipment	300	6,246
– construction in progress	184,850	475,512
	185,150	481,758

(b) Operating lease commitments

The Group leases various retail shops, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments are as follows:

	As at 28 February 2019 HK$'000
Not later than one year	1,258,197
Later than one year and not later than five years	1,722,542
Later than five years	92,320
	3,073,059

The above lease commitments only include commitments for basic rentals, and do not include commitments for additional rental payable (contingent rents), if any, which are to be determined generally by applying pre-determined percentages to future sales less the basic rentals of the respective leases, as it is not possible to determine in advance the amount of such additional rentals.

From 1 March 2019, the Group has recognised right-of-use assets for these leases, except for short-term leases, see Note 2.2 and Note 16 for details.

(c) Commitments in respect of acquisition

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
Commitment to pay for acquisition of an associate	–	423,117

The amount is fully settled upon the completion of the acquisition on 10 May 2019 (Note 34).

36 RELATED PARTY TRANSACTIONS

As at 29 February 2020, the Group was controlled by Effective Convey Limited (incorporated in the British Virgin Islands), which directly and indirectly owns a total of 61.92% of the Company's shares. Effective Convey Limited is indirectly wholly-owned by a discretionary trust for the benefit of, amongst others, Mr. Sham Kar Wai and Mr. Sham Kin Wai.

(a) Details of significant transactions with related parties:

	For the year ended 29 February 2020 HK$'000	28 February 2019 HK$'000
Interest income from (1)		
– Kenzo (Shanghai) Commercial Co. Ltd.	269	–
– ZIT H.K. Limited	455	455
Commission income from (2)		
– FCUK IT Company	806	758
– ZIT H.K. Limited	733	1,212
Service fees income from (2)		
– FCUK IT Company	340	1,141
– FCIT China Limited	–	3
– ZIT H.K. Limited	1,979	1,785
– ZV (Shanghai) Limited	3,033	–
– Camper (Shanghai) Limited	1,397	2,510
– Galeries Lafayette (China) Limited	–	1,718
– Kenzo (Shanghai) Commercial Co. Ltd.	8,966	8,950
Commission fees payable to (2)		
– Galeries Lafayette (Beijing) Limited	15,521	18,367
Purchase of goods from (3)		
– FCIT China Limited	1,365	2,917
– Acne Studios	29,033	–

Notes:

(1) Interest income on amount due from ZIT H.K. Limited is charged at 5% (For the year ended 28 February 2019: 5%) per annum. Interest income on amount due from Kenzo (Shanghai) Commercial Co. Ltd. is charged at 2% per annum.

(2) Commission income, service fees income and commission fees are recharged at terms agreed by the parties.

(3) Purchase of goods are carried out in the ordinary course of business of the Group with terms mutually agreed by respective parties.

(b) Key management compensation

The directors of the Company are considered as the key management of the Group. Details of the remuneration paid to them are set out in Note 38.

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Note	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000
ASSETS			
Non-current assets			
Investments in and amounts due from subsidiaries		335,076	335,076
Current assets			
Cash and cash equivalents		359	356
Amounts due from subsidiaries		1,284,427	1,500,170
		1,284,786	1,500,526
LIABILITIES			
Current liabilities			
Accruals and other payables		(21)	(17)
Current income tax liabilities		(6,470)	(6,470)
		(6,491)	(6,487)
Net current assets		1,278,295	1,494,039
Net assets		1,613,371	1,829,115
EQUITY			
Capital and reserves			
Share capital		119,580	119,580
Reserves	(a)	1,493,791	1,709,535
Total equity		1,613,371	1,829,115

The statement of financial position of the Company was approved by the Board of Directors on 27 May 2020 and were signed on its behalf.

SHAM KAR WAI
Chairman

SHAM KIN WAI
Director

37 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2019	812,732	177,222	136,680	582,901	1,709,535
Loss for the year	–	–	–	(501)	(501)
Final dividend for the year ended 28 February 2019	–	–	–	(215,243)	(215,243)
Balance at 29 February 2020	812,732	177,222	136,680	367,157	1,493,791
Representing –					
2020 Final dividend proposed				–	
Others				367,157	
				367,157	

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Hedging reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 March 2018	812,732	173,851	136,680	3,835	796,256	1,923,354
Loss for the year	–	–	–	–	(503)	(503)
Share option scheme – value of employment services	–	3,371	–	–	–	3,371
Final dividend for the year ended 28 February 2018	–	–	–	–	(212,852)	(212,852)
Cash flow hedge recognised as finance costs	–	–	–	(33,047)	–	(33,047)
Fain value change on cash flow hedge, net of tax	–	–	–	29,212	–	29,212
Balance at 28 February 2019	812,732	177,222	136,680	–	582,901	1,709,535
Representing –						
2019 Final dividend proposed					215,243	
Others					367,658	
					582,901	

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

The remuneration of each director and the chief executive for the year ended 29 February 2020 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
Name of directors	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Employer's contributions to a retirement benefit scheme HK$'000	Total HK$'000
Executive directors							
Mr. Sham Kar Wai							
(Chief Executive Officer)	–	8,185	–	1,800	–	18	10,003
Mr. Sham Kin Wai	–	5,421	–	1,800	–	18	7,239
Mr. Chan Wai Kwan, Kenny	–	4,808	–	433	–	18	5,259
Independent non-executive directors							
Dr. Wong Tin Yau, Kelvin, JP	287	–	–	–	–	–	287
Mr. Francis Goutenmacher	287	–	–	–	–	–	287
Mr. Tsang Hin Fun, Anthony (Note i)	71	–	–	–	–	–	71
Mr. Mak Wing Sum, Alvin (Note ii)	216	–	–	–	–	–	216
	861	18,414	–	4,033	–	54	23,362

Note:

(i) Appointed by the Group on 2 December 2019.

(ii) Resigned from the Group on 2 December 2019.

The remuneration of each director and the chief executive for the year ended 28 February 2019 is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking						
Name of directors	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Estimated money value of other benefits HK$'000	Employer's contributions to a retirement benefit scheme HK$'000	Total HK$'000
Executive directors							
Mr. Sham Kar Wai							
(Chief Executive Officer)	–	8,195	10,253	1,800	1,687	18	21,953
Mr. Sham Kin Wai	–	5,429	8,389	1,800	1,687	18	17,323
Mr. Chan Wai Kwan, Kenny	–	4,437	1,600	412	–	18	6,467
Independent non-executive directors							
Dr. Wong Tin Yau, Kelvin, JP	286	–	–	–	–	–	286
Mr. Francis Goutenmacher	286	–	–	–	–	–	286
Mr. Mak Wing Sum, Alvin	286	–	–	–	–	–	286
	858	18,061	20,242	4,012	3,374	54	46,601

No remunerations were paid or receivable in respect of accepting office as directors during the year ended 29 February 2020 (For the year ended 28 February 2019: Nil).

No directors waived any emoluments during the year ended 29 February 2020 (For the year ended 28 February 2019: Nil).

No emoluments were paid or receivable in respect of directors' other services in connection with the management of affairs of the Company or its subsidiary undertakings during the year ended 29 February 2020 (For the year ended 28 February 2019: Nil).

There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities as at 29 February 2020 (For the year ended 28 February 2019: Nil).

Except disclosed above, no director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year ended 29 February 2020 (For the year ended 28 February 2019: Nil).

39 SUBSEQUENT EVENT

Following the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented in the world, including suspension of school, work from home practice, encouraged social distancing, restrictions and controls over the inbound and outbound travelling and heightening of hygiene and epidemic prevention requirements in the world.

Subsequent to 29 February 2020 and up to now, the Group's sales, especially in the Mainland China, have gradually started to recover as the situation in these areas gradually improves. Yet, the pandemic caused material disruption to the Group's sales and stores development, which adversely affecting the Group's business, financial condition and operating performance. The Group has been actively adopting cost control measures including re-prioritising work plans to improve liquidity position, closely monitoring the market situation and timely adjusting the business strategies in view of the development of the pandemic. Up to the date on which this set of consolidated financial statements were authorised for issue, the Group is still in the process of assessing the impacts of the COVID-19 outbreak on the Group's performance in 2020 and is currently unable to estimate the quantitative impacts to the Group.

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 29 February 2020 HK$'000	Year ended 28 February 2019 HK$'000	Year ended 28 February 2018 HK$'000	Year ended 28 February 2017 HK$'000	Year ended 29 February 2016 HK$'000
Turnover	**7,719,378**	8,832,157	8,383,043	8,001,329	7,541,132
Cost of sales	**(2,985,674)**	(3,192,446)	(3,059,224)	(3,073,211)	(2,974,792)
Gross profit	**4,733,704**	5,639,711	5,323,819	4,928,118	4,566,340
Other (losses)/gains, net	**(21,262)**	(13,532)	13,604	(14,275)	(63,786)
Impairment of goodwill	**(231,520)**	–	–	–	–
Operating expenses	**(4,904,283)**	(4,927,676)	(4,610,139)	(4,367,995)	(4,107,326)
Other income	**43,305**	55,111	30,473	25,703	26,033
Operating (loss)/profit	**(380,056)**	753,614	757,757	571,551	421,261
Finance income	**19,797**	24,946	22,457	15,264	41,307
Finance costs	**(154,777)**	(42,922)	(71,352)	(74,043)	(79,513)
Share of profit of an associate	**22,031**	–	–	–	–
Share of (losses)/profits of joint ventures	**(55,336)**	(27,846)	13,996	(5,510)	(27,008)
(Loss)/profit before income tax	**(548,341)**	707,792	722,858	507,262	356,047
Income tax expense	**(197,429)**	(263,647)	(290,932)	(192,220)	(146,310)
(Loss)/profit for the year	**(745,770)**	444,145	431,926	315,042	209,737
Dividends	**–**	215,243	212,852	155,454	101,806

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 29 February 2020 HK$'000	As at 28 February 2019 HK$'000	As at 28 February 2018 HK$'000	As at 28 February 2017 HK$'000	As at 29 February 2016 HK$'000
ASSETS					
Non-current assets					
Land use rights	–	38,631	–	–	–
Property, furniture and equipment	1,161,391	954,964	859,433	796,046	856,606
Right-of-use assets	1,900,465	–	–	–	–
Intangible assets	91,169	321,948	331,952	321,197	345,633
Investments in and loans to joint ventures	121,303	167,879	159,050	138,694	139,278
Investment in an associate	441,879	–	–	–	–
Rental deposits	271,172	346,422	313,012	303,762	296,483
Prepayment for non-current assets	21,236	52,672	59,558	5,916	15,675
Deferred income tax assets	137,517	110,327	117,233	144,423	129,594
	4,146,132	1,992,843	1,840,238	1,710,038	1,783,269
Current assets					
Inventories	1,722,110	1,538,037	1,404,759	1,536,432	1,390,974
Trade and other receivables	218,006	300,171	331,426	226,765	232,423
Amounts due from joint ventures	33,765	132,311	65,080	60,912	52,880
Amount due from an associate	272	–	–	–	–
Rental deposits, prepayments and other deposits	284,573	379,256	380,071	346,853	370,735
Current income tax recoverable	2,474	1,989	1,930	5,741	1,603
Cash and cash equivalents	1,456,807	1,771,957	2,315,333	1,817,804	1,967,111
	3,718,007	4,123,721	4,498,599	3,994,507	4,015,726
LIABILITIES					
Current liabilities					
Borrowings	(463,290)	(505,995)	(1,254,016)	(262,796)	(273,396)
Trade payables	(491,317)	(414,120)	(470,964)	(393,126)	(433,130)
Accruals and other payables	(469,974)	(680,339)	(724,891)	(621,016)	(649,489)
Contract liabilities	(37,844)	(21,922)	–	–	–
Lease liabilities	(958,142)	–	–	–	–
Amounts due to joint ventures	(26,840)	(24,165)	(19,009)	(24,285)	(33,863)
Derivative financial instruments	–	(11,003)	(29,212)	–	(42)
Current income tax liabilities	(81,593)	(78,327)	(108,984)	(117,175)	(68,406)
	(2,529,000)	(1,735,871)	(2,607,076)	(1,418,398)	(1,458,326)
Net current assets	1,189,007	2,387,850	1,891,523	2,576,109	2,557,400
Total assets less current liabilities	5,335,139	4,380,693	3,731,761	4,286,147	4,340,669
Non-current liabilities					
Borrowings	(1,463,928)	(653,981)	(123,355)	(1,045,861)	(1,262,462)
Lease liabilities	(1,440,713)	–	–	–	–
Accruals	(6,163)	(6,125)	(7,169)	(6,733)	(8,583)
Derivative financial instruments	(4,145)	(1,773)	(4,749)	(158,476)	(132,196)
Deferred income tax liabilities	(52,621)	(67,294)	(47,826)	(37,371)	(40,636)
	(2,967,570)	(729,173)	(183,099)	(1,248,441)	(1,443,877)
Net assets	2,367,569	3,651,520	3,548,662	3,037,706	2,896,792
EQUITY					
Capital and reserves					
Share capital	119,580	119,580	119,580	119,580	121,198
Reserves	2,244,153	3,528,701	3,425,755	2,915,373	2,773,836
Non-controlling interests	3,836	3,239	3,327	2,753	1,758
Total equity	2,367,569	3,651,520	3,548,662	3,037,706	2,896,792

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