I.T LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 999)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2007

- **Total revenue increased by 16.5% to HK$1,530.8 million.**
- **Comparable store sales increased by 7.7%.**
- **Gross profit increased by 15.0% at a margin of 58.2%.**
- **EBITDA (excluding share of profit/loss of jointly controlled entities and write-off of expenses related to the Saks project and including share based payment) increased by 7.3% to HK$196.3 million.**
- **Net profit was stable at HK$122.4 million (2006: HK$122.3 million) or HK$0.12 EPS.**
- **If share of profit/loss of jointly controlled entities and write-off of expenses related to the Saks project are excluded, net profit increased by 10.7% to HK$130.6 million or HK$0.13 EPS.**
- **Total rental expenses (including rental charge, management fee, rates and government rent) maintained at 21.2% (2006: 21.5%) of total revenue.**
- **Total staff cost maintained at 17.7% (2006: 17.6%) of total revenue.**
- **Proposed final dividend per share was HK5.0 cents, representing an increase of 4.2% to HK4.8 cents last year.**
- **Total sales area (excluding French Connection stores) increased by 0.9% to 296,196 sq. ft. as at 28 February 2007.**

The board of directors (the "Board") of I.T Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 28 February 2007, prepared on the basis set out in Note 1, together with the comparative figures for the year ended 28 February 2006, as follows:

CONSOLIDATED INCOME STATEMENT
YEAR ENDED 28 FEBRUARY 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Revenue	*2*	**1,530,763**	1,314,443
Cost of sales	*4*	**(640,442)**	(540,243)
Gross profit		**890,321**	774,200
Other losses, net	*3*	**(4,395)**	(273)
Operating expenses	*4*	**(749,898)**	(642,553)
Operating profit		**136,028**	131,374
Finance income, net	*5*	**16,010**	14,992
Share of (loss)/profit of jointly controlled entities		**(3,912)**	4,237
Profit before income tax		**148,126**	150,603
Income tax expense	*6*	**(25,723)**	(28,289)
Profit for the year, attributable to the equity holders of the Company		**122,403**	122,314
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK$ per share)			
– basic	*7*	**HK$0.12**	HK$0.12
– diluted	*7*	**HK$0.12**	HK$0.12
Dividends	*8*	**51,985**	49,867

CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2007

	Note	2007 *HK$'000*	2006 *HK$'000*
ASSETS			
Non-current assets			
Furniture and equipment		**93,191**	97,237
Intangible assets		**14,819**	19,169
Investments in and amounts due from jointly controlled entities		**83,233**	51,699
Rental deposits		**56,352**	43,418
Deferred income tax assets		**5,761**	576
Other assets		**2,330**	1,080
		255,686	213,179
Current assets			
Inventories		**196,299**	148,267
Trade receivables	*9*	**9,252**	6,638
Amount due from a jointly controlled entity		**82,437**	44,557
Prepayments, deposits and other receivables		**82,010**	44,833
Derivative financial instruments		**1,883**	–
Pledged bank deposits		**750**	750
Cash and cash equivalents		**364,820**	424,881
		737,451	669,926
LIABILITIES			
Current liabilities			
Trade and bills payables	*10*	**(66,805)**	(48,151)
Accruals and other payables		**(71,648)**	(62,739)
Derivative financial instruments		**(424)**	(2,430)
Current income tax liabilities		**(19,423)**	(9,900)
		(158,300)	(123,220)
Net current assets		**579,151**	546,706
Total assets less current liabilities		**834,837**	759,885
Non-current liabilities			
Other payables		**(7,585)**	(10,388)
Deferred income tax liabilities		**(499)**	(2,231)
		(8,084)	(12,619)
Net assets		**826,753**	747,266
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**103,950**	103,890
Reserves		**722,803**	643,376
Total equity		**826,753**	747,266

NOTES:

1 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.

Basis of preparation

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

The preparation of financial statements in conformity with HKFRS 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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

The following amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2006 and are relevant to the Group's operations:

- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial Guarantee Contracts" (effective for annual periods beginning on or after 1 January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on these consolidated financial statements.

- HK(IFRIC)-Int 4 "Determining Whether an Arrangement Contains a Lease" (effective for annual periods beginning on or after 1 January 2006). It requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (i) fulfillment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (ii) the arrangement conveys a right to use the asset. The adoption of this interpretation does not have a significant impact on these consolidated financial statements.
- HKAS 21 Amendment "Net Investment in a Foreign Operation" (effective for annual periods beginning on or after 1 January 2006). This amendment permits inter-company loans denominated in any currency to be part of a net investment in a foreign operation, and therefore any relating exchange difference to be treated as equity in the consolidated financial statements. Previously such loans had to be denominated in the functional currency of one of the parties to the transaction. The adoption of this amendment does not have a significant impact on these consolidated financial statements.

2 Segment information

(a) *Analysis of revenue by category*

	2007 *HK$'000*	2006 *HK$'000*
Sales of fashion wears and accessories	**1,525,676**	1,310,600
Royalty income	**5,087**	3,843
	1,530,763	1,314,443

(b) *Segment information*

No segment analysis for business segment is presented as the Group principally operates in one business segment, which was the sales of fashion wears and accessories.

No segment analysis for geographical segment is presented as substantially all of the Group's sales, operating results, assets (excluding investments in and amounts due from jointly controlled entities) and liabilities were located in Hong Kong. The Group's operations in Mainland China are carried out through its jointly controlled entities.

3 Other losses, net

	2007 *HK$'000*	2006 *HK$'000*
Derivative financial instruments: forward currency contracts, transactions not qualifying as hedge and ineffective portion of changes in fair values	**(60)**	(273)
Write-off of prepaid expenses (i)	**(4,335)**	–
	(4,395)	(273)

Note:

(i) During the year ended 28 February 2007, the Group decided to terminate a sub-licence agreement which enabled the Group to operate "Saks Fifth Avenue" retail stores in Mainland China, and in this connection wrote off related costs of approximately HK$4,335,000.

4 Expenses by nature

	2007 *HK$'000*	2006 *HK$'000*
Cost of inventories sold	**636,675**	532,802
Write-downs of inventories to net realisable value	**1,062**	3,177
Employment costs (including directors' emoluments)	**271,532**	231,130
Operating lease rentals of premises		
– minimum lease payments	**259,989**	223,550
– contingent rents	**13,376**	13,670
Advertising and promotion costs	**19,720**	9,853
Depreciation of furniture and equipment	**47,068**	41,452
Loss on disposal of furniture and equipment	**1,329**	488
Licence fees		
– amortisation of licence rights	**8,828**	10,355
– contingent licence fees	**3,906**	5,387
Auditor's remuneration	**1,400**	1,160
Net exchange gains	**(6,659)**	(4,643)
Other expenses	**132,114**	114,415
Total cost of sales and operating expenses	**1,390,340**	1,182,796

5 Finance income, net

	2007 *HK$'000*	2006 *HK$'000*
Interest income from		
– bank deposits	**9,800**	14,059
– amounts due from jointly controlled entities	**4,802**	1,353
– others	**2,028**	1,245
Finance income	**16,630**	16,657
Interest expense on		
– bank borrowings wholly repayable within five years	**(3)**	(969)
– licence fees payable	**(617)**	(696)
Finance costs	**(620)**	(1,665)
Net finance income	**16,010**	14,992

6 Income tax expense

The Company is exempted from taxation in Bermuda until March 2016. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts 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 17.5% (2006: 17.5%) on the estimated assessable profits of the Group's operations in Hong Kong.

The amounts of taxation charged to the consolidated income statement represent:

	2007 *HK$'000*	2006 *HK$'000*
Current income tax		
– Hong Kong profits tax	**32,879**	24,917
– Overprovision in prior year	**(239)**	–
Deferred income tax	**(6,917)**	3,372
	25,723	28,289

Share of jointly controlled entities' tax credit for the year ended 28 February 2007 of approximately HK$828,000 (2006: tax credit of HK$722,000) is included in the consolidated income statement as share of loss of jointly controlled entities.

7 Earnings per share

Basic

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

	For the year ended 28 February	
	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**122,403**	122,314
Weighted average number of ordinary shares in issue *('000)*	**1,039,345**	1,035,466
Basic earnings per share *(HK$)*	**0.12**	0.12

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

	For the year ended 28 February	
	2007	2006
Profit attributable to equity holders of the Company *(HK$'000)*	**122,403**	122,314
Weighted average number of ordinary shares in issue *('000)*	**1,039,345**	1,035,466
Adjustments for share options *('000)*	**4,842**	5,362
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**1,044,187**	1,040,828
Diluted earnings per share *(HK$)*	**0.12**	0.12

8 Dividends

	2007 *HK$'000*	2006 *HK$'000*
Final, proposed, of HK5.0 cents (2006: HK4.8 cents) per ordinary share	**51,985**	49,867

The proposed final dividend has to be approved by shareholders at the annual general meeting subsequent to the year end. The financial statements as at 28 February 2007 have not reflected such dividend payable. Such dividend represents HK$51,975,000 for the 1,039,500,000 shares issued and outstanding as at 28 February 2007 and an additional amount of HK$10,000 for the 200,000 shares issued in April 2007 upon exercise of share options.

9 Trade receivables

The Group's sales are mainly in cash or credit/debit cards. The Group grants to a limited number of corporate customers credit periods generally ranging from 30 to 60 days. As at 28 February 2007, all trade receivables were aged between 0 and 90 days (2006: between 0 and 90 days).

10 Trade and bills payables

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

	2007 *HK$'000*	2006 *HK$'000*
0 to 30 days	**53,516**	41,543
31 to 60 days	**8,662**	4,883
61 to 90 days	**3,086**	529
91 to 180 days	**1,240**	852
181 to 365 days	**256**	256
Over 365 days	**45**	88
	66,805	48,151

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK5.0 cents (2006: HK4.8 cents) per share for the year ended 28 February 2007. The final dividend amounting to approximately HK$51,985,000, if approved by the shareholders at the forthcoming annual general meeting to be held on 23 July 2007, is expected to be paid on or around 30 July 2007 to those shareholders whose names appear on the Register of Members on 23 July 2007.

MANAGEMENT DISCUSSION & ANALYSIS

Business Review

(a) Hong Kong

Total revenue increased by 16.5% to HK$1,530.8 million (2006: HK$1,314.4 million) and sales from retail operation increased by 15.3% to HK$1,435.7 million (2006: HK$1,245.4 million) for the year ended 28 February 2007. Due to higher average ticket size, overall comparable store sales increased by 7.7% as compared to the year ended 28 February 2006, and increased by 10.2% in the second half as compared to the same period last year. As at 28 February 2007, the Company had 156 stores (excluding French Connection stores operated by FCUK IT Company, our 50% owned joint venture) (2006: 152) with a total sales area of 296,196 sq. ft. (representing an increase of 0.9% to the total sales area of 293,611 sq. ft. as at 28 February 2006). Given that we did not substantially increase the total sales area, the impressive improvement in retail sales was attributable to our superior merchandising efforts, the introduction of new in-house brands (:Chocoolate and Venilla Suite) and international brands like A Bathing Ape, Maison Martin Margiela, Ann Demeulemeester and others. The generally positive economic sentiment and vibrant local consumer market also helped.

Retail sales of international product brands increased by 24.2% to HK$718.7 million (2006: HK$578.9 million), accounting for 47.0% (2006: 44.0%) of total revenue. Retail sales of in-house and licensed product brands increased by 6.5% to HK$709.9 million (2006: HK$666.5 million), accounting for 46.4% (2006: 50.7%) of total revenue. Though the shift in the retail sales of international brands against in-house and licensed brands remained for the full year, the trend had started to reverse in the second half after the launch of the 2 new in-house brands in November 2006.

FCUK IT Company opened 2 new stores in the year ended 28 February 2007, increasing the total number of stores to 7 (2006: 5), with a total sales area of 14,493 sq. ft. (representing an increase of 25.3% to the total sales area of 11,563 sq. ft. as at 28 February 2006).

(b) Greater China (excluding Hong Kong)

G.S-i.t Limited ("GSIT"), our 50% owned joint venture with Glorious Sun Enterprises Limited for the Greater China market (covering China, Taiwan and Macau), maintained a rapid growth momentum last year. Total revenue increased by 57.8% to HK$331.6 million (2006: HK$210.2 million) for the year ended 28 February 2007. With higher brand recognition in China, the joint venture reported a remarkable comparable store sales growth rate of 40.0% (2006: 27.1%). Due to the VAT effect, the gross margin was slightly lower than Hong Kong at 53.4%.

In order to occupy good locations and to capture the spending spree during the 2008 Beijing Olympics, a more aggressive expansion strategy was employed for the China market. 39 new stores were opened, increasing the total number of self-managed stores to 104 (2006: 65) (excluding French Connection stores operated by FCIT China Limited, a 50% owned joint venture of GSIT). Accordingly, total sales area of our self-managed stores increased from 125,300 sq. ft. as at 28 February 2006 to 189,800 sq. ft. as at 28 February 2007.

Taking into account our product branding and segmentation, we had adopted a more conservative approach towards our franchise business for the 2nd and 3rd tier cities in China. As at 28 February 2007, 45 stores (2006: 48) (including 3 in Macau and excluding French Connection stores) were managed by our franchisees, and total sales area was 41,500 sq. ft. (2006: 46,900 sq. ft.).

GSIT's 51% owned joint venture in Taiwan self-managed 25 points of sale (2006: 23) as at 28 February 2007, with a total sales area of 19,400 sq. ft. (2006: 20,300 sq. ft.). Given the relatively weak economy and political uncertainty, we are in the process of restructuring the Taiwan operation.

GSIT's 50% owned joint venture with French Connection Group Plc also had encouraging performance in the year ended 28 February 2007. 7 self-managed stores were opened during the year, increasing the total number of stores to 14 (2006: 7) and the total sales area to 20,700 sq. ft. (2006: 11,600 sq. ft.) as at 28 February 2007. Number of franchised stores increased to 6 (2006: 4), with a total sales area of 7,900 sq. ft. (2006: 6,200 sq. ft.).

(c) Overseas

Our franchisees in Saudi Arabia and Thailand were performing well during the year and planned to open more new stores this year. As at 28 February 2007, 5 stores in Saudi Arabia and 8 stores in Thailand were run by our franchisees overseas.

Gross Profit

Gross profit increased by 15.0% to HK$890.3 million for the year ended 28 February 2007 (2006: HK$774.2 million). Gross profit margin on retail sales for the year ended 28 February 2007 slightly declined to 60.8% (2006: 61.1%). The decrease in gross profit margin on retail sales was mainly due to the shift in product mix to international brands, which comparatively have a lower margin than in-house and licensed brands, and deeper discount was offered in the first half in order to maintain high sell-through rate and sustain sales growth. When compared to a drop of 2.1% in the first half, the gross profit margin has improved in the second half. This is as a result of not offering any mid-season sale in October and a shorter Christmas and New Year sale in order to strengthen our brand equity.

Operating Expenses

Total operating expenses increased by 16.7% to HK$749.9 million (2006: HK$642.6 million), similar to the rate of revenue growth. In terms of percentage of total revenue, these expenses maintained at 49.0% for the year ended 28 February 2007 (2006: 48.9%).

The 2 largest expense items are rental expenses and staff cost. Market pressure has driven the average rental per sq. ft. for retail shops up by 7.6% during the year. Total rental expenses (including management fee, rates and government rent) increased by 14.8% while, as a percentage of total revenue, maintained at 21.2% (2006: 21.5%) of total revenue. Because of competition from global players and recruitment of new staffs to manage 2 new in-house brands, total staff cost increased by 17.5% while, as a percentage of total revenue, maintained at 17.7% for the year ended 28 February 2007 (2006: 17.6%).

In order to further enhance our corporate and brand image and to promote the new brands, more marketing and public relations works were done this year. This has increased the advertising and promotion expenses by 100.1% and, as a percentage of total revenue, increased to 1.3% (2006: 0.7%). It is still well below the industry average.

Other miscellaneous operating expenses (operating expenses other than rental expenses, staff cost, advertising and promotion expenses and depreciation) increased by 12.3%, and as a percentage to total revenue, were maintained at 5.7% (2006: 5.9%).

Operating Profit and Earnings Before Interest, Taxation, Depreciation and Amortisation Expenses and Excluding the Share of Loss of Jointly Controlled Entities (EBITDA)
EBITDA (including share based payment) increased by 4.9% from HK$182.9 million for the year ended 28 February 2006 to HK$191.9 million for the year ended 28 February 2007 at an operating margin of 10.0% (2006: 11.3%).

If the write-off of expenses related to the Saks project were excluded, EBITDA increased by 7.3% to HK$196.3 million for the year ended 28 February 2007.

Share of Results of Jointly Controlled Entities
FCUK IT Company was profitable and due to aggressive expansion, GSIT needed more time to achieve breakeven. Share of contribution from jointly controlled entities reversed from a profit of HK$4.2 million for the year ended 28 February 2006 to a loss of HK$3.9 million for the year ended 28 February 2007. As compared to a loss of HK$8.3 million for the first half, the performance of the jointly controlled entities have improved substantially in the second half.

Net Profit
Net profit was stable at HK$122.4 million, increasing marginally by 0.1% from HK$122.3 million for the year ended 28 February 2006.

If share of profit/loss from jointly controlled entities and the write-off of expenses related to the Saks project are excluded, net profit of our Hong Kong operations increased by 10.7% to HK$130.6 million (2006: HK$118.1 million) reflecting a robust performance in a very competitive market place.

Cash Flows
Net cash generated from operating activities was HK$91.6 million (2006: HK$118.1 million). Net cash used in investing activities was HK$101.8 million (2006: HK$114.9 million), which included HK$45.0 million additions to furniture and equipment. Net cash used in financing activities was HK$49.8 million (2006: HK$140.2 million), which included HK$49.9 million dividend payment to shareholders.

Inventory
Inventory turnover days increased from 84 days for the year ended 28 February 2006 to 97.5 days for the year ended 28 February 2007.

Liquidity and Capital Resources
As at 28 February 2007, total cash and bank balances amounted to HK$365.6 million (2006: HK$425.6 million) and the total liabilities were HK$166.4 million (2006: HK$135.8 million). As at 28 February 2007, shareholders' equity was HK$826.8 million (2006: HK$747.3 million).

As at 28 February 2007, the Group had aggregate banking facilities of approximately HK$339.5 million (2006: HK$312.5 million) for overdrafts, bank loans and trade financing, of which approximately HK$254.4 million (2006: HK$235.1 million) was unutilised. As at 28 February 2007, charges on assets amounted to HK$0.75 million (2006: HK$0.75 million), which was bank deposit pledged for letters of guarantee issued by banks in lieu of rental deposits. The Company had no bank borrowings as at 28 February 2007 (2006: nil). The current ratio as at 28 February 2007 was 4.7 (2006: 5.4).

Contingent Liabilities
As at 28 February 2007, letters of guarantee issued by banks in lieu of rental deposits amounted to HK$19.5 million (2006: HK$16.6 million).

Use of Proceeds
The proceeds from the issuance of new shares by the Company in March 2005, net of listing expenses, were approximately HK$514.9 million. For the year ended 28 February 2007, net proceeds were utilised in the following manners:

	Per Prospectus *HK$'000*	**Amount Utilised** *HK$'000*	**Balance as at 28 February 2007** *HK$'000*
Expansion of retail network in Hong Kong	320,000	131,539	188,461
Expansion of retail network in the PRC and Taiwan	90,000	35,000	55,000
Repayment of bank loans	95,000	95,000	–
Working capital	9,900	9,900	–
	514,900	271,439	243,461

The unutilised balance was placed as short-term bank deposits in commercial banks in Hong Kong.

Employment, Training and Development
The Company had a total of 1,428 employees as at 28 February 2007 (2006: 1,283). Training and development courses were regularly organised for employees to enhance both of their specialised technical and product knowledge as well as marketing and sales to general business management skills. The Company offered competitive remuneration packages to its employees, including basic salaries, allowances, insurance and commission/bonuses. In addition, share options were granted to selected employees based on their individual performances.

Future Outlook
The core Hong Kong market maintained the growth momentum through consolidation and improvement of efficiency of existing brands and stores. The launch of ":Chocoolate" and "Venilla Suite" has broadened the segment of our customer base. Up to the present, 7 :Chocoolate stores and 6 Venilla Suite stores have been opened. Building on our unique brand positioning, product design and shop decoration, the new brands are starkly differentiated from other competitors. The Company expects that they will provide significant sales contribution in the new full financial year and balance the proportion of sales of in-house brands against the international brands.

As in the past, more new international brands will be introduced to Hong Kong and the Company will open stand-alone stores for them, for example, Billionaire Boys' Club in Central. Together with our existing stores for Visvim F.I.L., Comme des Garcons, Ann Demeulemeester and Maison Martin Margiela, the Company has created a unique ambience for those fashion lovers in that area in Central.

The Company has planned a relatively moderate increase in total sales area this coming year. This increase will come from the opening of new international brand stand-alone shops and shops for: Chocoolate and Venilla Suite as well as the revamping of existing shops such as the I.T shop in Pacific Place and the b+ab and www.izzue.com shops in Festival Walk. We will also strive to maintain a healthy comparable store sales growth through productivity improvements and efficiency so as to continue to fuel our sales in Hong Kong.

In the past few years, operating expenses have been increasing faster than top line revenue, resulting in a squeeze in operating margin and relatively weak operational leverage. Though market pressure on rental expenses and staff costs will remain high, steps have been taken to control cost and to explore synergies across various product/function areas so that operating expenses will be in line with or better lower than the top line growth.

For China, the Company will continue with the strategy to expand in the luxury segment and will directly manage and operate stores for top-notched international brands. For example, the Company will open shops for Chloe in Shenyang and Suzhou.

The rapid growth in both the total sales and same store sales of GSIT is extremely encouraging. The Company will strive to achieve operating breakeven this year. The plan is to continue to look for and expand into good retail space while consolidating existing retail portfolio to improve the overall profitability of the venture.

The Company also believes that there are good potentials in the wholesale and franchise business with many untapped markets to sustain our long-term growth. Besides Saudi Arabia and Thailand, we are negotiating with potential partners to open up the Singapore, Malaysia, Philippines, Indonesia, Australia, Korea, Canada and Europe markets.

In the beginning of the year, we have announced a long-term 5-year plan for the Company with a vision to increase our market value three times by 2012. We believe that the past and current years will be an important period for us to lay down the foundation to achieve that eventual growth. Thus, the Company with a very strong balance sheet is determined to invest in areas such as staff, systems, and branding to maintain a strong organic growth momentum while continue to explore complementary business investment opportunities inorganically.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Group will be closed from Wednesday, 18 July 2007 to Monday, 23 July 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and for attending the forthcoming annual general meeting of the Group, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Group's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 17 July 2007.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES AND THE MODEL CODE

In the opinion of the Board, the Company has complied with the Code Provisions in Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 28 February 2007 except for the deviations as mentioned below.

From 24 May 2006 to 31 July 2006, the Board had only two Independent Non-executive Directors as the result of the re-designation of Dr. Lo Wing Yan, William, J.P. to an Executive Director. On 1 August 2006, Mr. Francis Goutenmacher was appointed as Independent Non-executive Director of the Company in compliance with Rules 3.10 and 3.11 of the Listing Rules.

The Company is fully aware that in order to reinforce the Directors' respective independence, accountability and responsibility, the role of the Chairman should be separated from that of the Chief Executive Officer. However, Mr. Sham Kar Wai currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would allow the Company to be more effective and efficient in developing long term business strategies and execution of business plans.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors. Upon enquiry by the Company, all Directors have confirmed that, for the year ended 28 February 2007, they have complied with the required standards set out in the Model Code regarding securities transactions by the Directors.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters including the review of the consolidated financial statements of the Group and the annual report for the year ended 28 February 2007.

The figures in respect of the preliminary announcement of the Group's results for the year ended 28 February 2007 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 28 February 2007.

As at the date of this announcement, the Board comprises Mr. Sham Kar Wai, Dr. Lo Wing Yan, William, J.P. and Mr. Sham Kin Wai as Executive Directors and Mr. Chan Mo Po, Paul, Mr. Wong Wai Ming and Mr. Francis Goutenmacher as Independent Non-executive Directors.

By Order of the Board
Sham Kar Wai
Chairman

Hong Kong, 25 May 2007

"Please also refer to the published version of this announcement in South China Morning Post."