



## I.T Limited Announces Annual Results 2009/10

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**Net Profit Surged by 517% to HK\$262.7 million**

### Financial Highlights

	For the year ended 28 February		
(HK\$' million)	2010	2009	Change (%)
Turnover	<b>2,996.0</b>	2,733.3	+9.6
Gross profit	<b>1,819.2</b>	1,611.7	+12.9
Net profit	<b>262.7</b>	42.6	+517.3
Adjusted net profit*	<b>253.7</b>	102.2	+148.3
Basic EPS (HK cents)	<b>23.0</b>	4.0	+517.3
Final Dividend (HK cents)	<b>10.5</b>	Nil	N/A

\* The adjusted net profit figures exclude other income and impairment of goodwill. *These figures have NOT been audited and are for reference only.*

(2 June 2010 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999), a well-established trendsetter in fashion retail market in Greater China, today announced its annual results for the year ended 28 February 2010.

During the year under review, the total turnover of the Group increased by 9.6% to HK\$2,996.0 million (2009: HK\$2,733.3 million). Gross profit increased by 12.9% to HK\$1,819.2 million (2009: HK\$1,611.7 million) and gross profit margin was up by 1.7 percentage points to 60.7% (2009: 59.0%) as a result of less discount being offered in light of the revived retail market in the second half of the financial year. Net profit surged by 517.3% to HK\$262.7 million (2009: HK\$42.6 million).

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As the Group implemented stringent cost control measures, total operating expenses as a percentage to total turnover reduced by 2.8 percentage points to 50.9% (2009: 53.7%). Total rental expenses as a percentage to total turnover decreased slightly from 23.6% to 23.1%. Total staff cost as a percentage to total turnover decreased by 1.5 percentage points to 16.8% (2009: 18.3%). Advertising and promotion expenses reduced by 34.9% to HK\$34.2 million, which accounted for 1.1% of the total turnover. If the other income of HK\$13.2 million and impairment of goodwill of HK\$4.2 million were excluded, the adjusted net profit would be HK\$253.7 million (2009: HK\$102.2 million), representing a year-on-year growth of 148.3%.

Commenting on the Group's annual results, I.T's Chairman and CEO Mr. Sham Kar Wai said, "In early 2009, the financial crisis hit the global economy. In the wake of this difficult business environment, we immediately took a prudent approach in managing our costs and adjusting our expansion pace. With an overall improvement of the consumer sentiment in the second half of the financial year, we recorded a solid growth."

Sales from Hong Kong retail operation recorded a moderate growth of 5.1% to HK\$2,109.0 million (2009: 2,005.9 million) at an overall comparable store sales growth rate of 5.5%. Since Mainland China was less affected by the global financial crisis, its turnover of the retail operation increased by 22.2% to HK\$706.4 million (2009: HK\$578.1 million) at an overall comparable store sales growth rate of 10.3%.

For the Group as a whole, in-house brands and international brands accounted for 49.6% and 47.0% of the total retail sales respectively. Hong Kong remains the key revenue contributor, accounting for 72.2% of the total retail sales, while Mainland China accounted for 24.2% of the total retail sales and its importance is increasing.

Outside Greater China, four franchised stores of the Group's best selling in-house brand <http://www.izzue.com> were opened in France by Galeries Lafayette and two franchised 5cm stores were opened in the Philippines during the year. Two more franchised stores of <http://www.izzue.com> were opened in Berlin of Germany in March 2010 by Galeries Lafayette and the Group is planning to further expand into the European market.

The Group maintained a healthy balance sheet with cash on hand of HK\$622.2 million, net cash of HK\$539.6 million and a low debt to equity ratio of 5.6%. This would enable the Group to seize the business opportunities as they arise.

Mr. Sham said, "We saw an improvement of the business environment, particularly the consumer market, in the fourth quarter of 2009 and first quarter of 2010. Despite that year 2010 will remain to be challenging, we see great opportunities to further expand the Mainland China market in light of the continuous economic growth, rising disposable income and increasingly affluent urban consumers.

Mr. Sham concluded, "Looking ahead, more resources will be devoted to our China operations. We plan to add approximately 30% of the new sales footage by the end of 2010/11. The Group will continue to open more shops in cities where we have direct sales points, including Beijing, Shanghai, Hangzhou and Nanjing. We will also expand our retail network in other major cities where we have not yet established our foothold. To further strengthen our brand image and competitiveness, more marketing resources will be allocated to promote in-house labels with more cross-brand and "special edition" fashion products to be introduced to the market."

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### **About I.T Limited**

I.T Limited is a well-established trend setter in the fashion retail market in the Greater China. Through its "multi-brand, multi-layer" business model, I.T offers a range of apparel and accessory products from hundreds of international brands, as well as in-house brands and licensed brands at varying price ranges, targeting different customer segments.

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