

[For Immediate Release]



I.T Limited Announces Interim Results for 2015/16

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Turnover growth rate stabilized at 5.1%

Total retail sales in Mainland China rose by 19.1%

Financial Highlights

(HK\$' million)	For the six months ended 31 August		Change (%)
	2015	2014	
Turnover	3,392.5	3,227.6	+5.1
Gross profit	2,026.1	1,998.3	+1.4
Gross profit margin (%)	59.7	61.9	-2.2 p.p.
Total retail sales in Mainland China	1,336.3	1,122.4	+19.1
Total retail sales in Japan	222.4	208.0	+6.9
Inventory turnover period	168 Days	177 Days	-9 Days

(28 October 2015 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999), a well-established trend-setter in Greater China's retail fashion market, announced its interim results for the six months ended 31 August 2015.

During the period under review, total turnover increased by 5.1% year on year to HK\$3,392.5 million (1H FY2014/15: HK\$3,227.6 million) because of the Group's strong total retail sales in Mainland China. Gross profit grew slightly by 1.4% year on year to HK\$2,026.1 million (1H FY2014/15: HK\$1,998.3 million). Gross profit margin dropped by 2.2 percentage points to 59.7% (1H FY2014/15: 61.9%) because the Group conducted more proactive sales activities across its key markets, namely Hong Kong and Mainland China in view of the unfavourable business environment. During the period, it recorded a net loss of HK\$31.0 million (1H FY2014/15: net profit of HK\$49.4 million). If a non-recurring foreign exchange loss totalling HK\$79.6 million had been excluded, net profit would have increased 32.8% over last period to HK\$48.6 million (1H FY2014/15: net profit of HK\$36.6 million, excluding a non-recurring gain of HK\$15.3 million from the repurchases of the Group's Senior Notes). Basic loss per share was 2.6 HK cents against the earnings per share of 4.0 HK cents in 1H FY2014/15.

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On the cost of operations side, the trend continued on the expansionary front. Rental expenses remained a significant portion of the Group's total operating expenses and continued to restrict the operating profit margin. Rent accounted for 23.4% of total turnover, up from the 22.9% in 1H FY2014/15. On a positive note, the Group raised its work force's efficiency with multiple effective cost-saving initiatives, and this was reflected in the staff costs-to-sales ratio. Staff costs (excluding share option expenses) as a percentage of total turnover decreased to 16.3% (1H FY2014/15: 17.6%). Operating expenses as a percentage of total turnover decreased to 56.5% (1H FY2014/15: 58.2%).

Both the local and external economic factors continued to chip away at consumer sentiment, making the operating environment of the retail sector very challenging throughout the financial period under review. The Group's operations in Hong Kong recorded a year-on-year decrease of 3.6% in retail sales to HK\$1,571.4 million, outperforming the "value index of retail sales in wearing apparel", announced by the Census and Statistics Department of Hong Kong for the period spanning March to August 2015 while the comparable store sales declined by 0.9%. Nevertheless, the Group's business in Mainland China continued its growth momentum and managed to deliver creditable results despite a slowdown in spending during the financial period under review, with total retail sales up by 19.1% year on year to HK\$1,336.3 million and year-on-year comparable store sales growth of 5.9% (1H FY2014/15: 4.3%).

The Group's operations in Japan sustained growth in another six-month period despite the country's slowing economy, and increased profitability following the success in their strategy for promoting the brands of the Group and its business partners which included a number of events jointly conducted by the Group and various renowned fashion companies from other. The Group's retail sales in Japan increased by 29.2% year on year to JPY3,735.0 million but grew by 8.3% year on year in Hong Kong dollar terms to HK\$237.7 million due to the Japanese yen's depreciation against the Hong Kong dollar. The Group's business in Japan saw its operating profit increase by 54.7% year on year to HK\$94.7 million and its gross margin rise to 70.5% from 67.7% in 1H FY2014/15 on the back of the ongoing efforts to improve operating efficiency (measured in the cost-to-sales ratio).

Overall, the Group derived 56.8% of its total retail sales from its in-house brands and 42.7% from international brands. Hong Kong remained the largest revenue contributor to the Group, as in previous years, and contributed 46.7% of the Group's turnover (1H FY2014/15: 51.3%). Meanwhile, Mainland China accounted for 42.0% of the total turnover (1H FY2014/15: 37.8%) as the country was gaining in significance as a contributor to the Group's revenue. Japan accounted for 7.1% (1H FY2014/15: 6.8%) of the Group's total turnover as its third largest market.

The Group maintained a solid balance sheet, with cash and bank balances amounting to HK\$1,957.7 million as at 31 August 2015.

I.T's Chairman and CEO, Mr. Sham Kar Wai, concluded, "In the near term, concern over global economic growth and uncertainty about regional economic development will continue to cast a shadow over the recovery of the retail sector in the markets where the Group has a business presence. However, the Group will be able to maintain its status as a leading fashion retailer in its markets and remain resilient during market turmoil because of the inherent adaptability and flexibility of our multi-faceted business model. Our passion for fashion retailing motivates us to bring new ideas and the most distinctive fashion products to our customers promptly and consistently. Most importantly, we will continue to execute the strategies that have been set for the year. We will continue to enhance the layout of our retail outlets with the aim of increasing retail efficiency and will carry out focused marketing initiatives that include a wide range of collaborative activities to increase the brand equity and boost the foot traffic at the stores. Moreover, we will continue to explore opportunities for expanding our market in Mainland China as we are confident about the country's long-term economic prospects. The Group will remain prudent with regard to the expansion of its retail sales network in Hong Kong due to the challenging times. However, it will still be very open to new fashion brands and concepts."

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About I.T Limited

I.T Limited is a well-established trend setter in the fashion retail market in 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 and licensed brands in a wide price range, targeting different customer groups.

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