

[For Immediate Release]



## I.T Limited Announces Annual Results 2014/15

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**Achieved 6.4% Turnover Growth to HK\$7,180.5 million  
Net Profit Rose 11.7% to HK\$312.9 million**

### Financial Highlights

(HK\$ million)	For the year ended 28 February		Change (%)
	2015	2014	
Turnover	<b>7,180.5</b>	6,746.9	+6.4
Gross profit	<b>4,464.3</b>	4,044.4	+10.4
Net profit	<b>312.9</b>	280.0	+11.7
Basic EPS (HK cents)	<b>25.4</b>	22.8	+11.4
Final Dividend (HK cents)	<b>11.0</b>	10.0	+10.0

(26 May 2015 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999), a well-established trendsetter in the Greater China fashion retail market, announced its annual results for the year ended 28 February 2015.

During the year, though the business environment across the Group's principal operating regions stabilized gradually, the economic recovery on a global scale remained subdued and uncertain. However, the Group was able to stand strong thanks to its unique positioning and branding, and delivered another year of turnover growth. Total turnover increased by 6.4% to HK\$7,180.5 million (FY2013/14: HK\$6,746.9 million) during the year. Gross profit grew 10.4% to HK\$4,464.3 million (FY2013/14: HK\$4,044.4 million). The Group's gross profit margin climbed 2.3 percentage points to 62.2% (FY2013/14: 59.9%) as a result of offering less price discounting campaigns. Net profit rose 11.7% to HK\$312.9 million (FY2013/14: HK\$280.0 million). Basic earnings per share amounted to HK\$25.4 cents (FY2013/14: HK\$22.8 cents). The board has decided to recommend payment of a final dividend of 11.0 HK cents per share (FY2013/14: 10.0 HK cents).

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The persisting cost inflation in running retail channels, substantially attributed to the upsurge in rental and staff costs, not only decelerated the growth of retail operators in the region, but continued to dilute operating profit margins. Operating expenses as a percentage of total turnover increased to 55.3% (FY2013/14: 53.7%). Rent (including rental charges and building management fees) represented 24.4% of total turnover (FY2013/14: 23.8%), while staff cost (excluding share option expenses) ratio remained flat at 15.8% of total turnover.

Commenting on the Group's annual results, I.T Chairman and CEO Mr. Sham Kar Wai said, "Against the uncertain economic and political landscape during the year, consumer appetite remained incongruous across various regions. In spite of this, we succeeded in maintaining positive sales growth, thanks to our strong brand heritage and highly distinctive fashion products. We also placed emphasis on enhancing the customer experience through revamping retail channels, and launching effective marketing initiatives and promotional campaigns throughout the financial year. These allowed us to reduce price discounting campaigns, which in turn lifted our gross profit margin."

The year was indeed a challenging period for many retail operators in the region. Regional conflicts alongside multiple macroeconomic factors undermined consumer sentiment, while spending momentum and store traffic from local consumers as well as visitors showed no sign of noticeable improvement. As a result, the Group's Hong Kong business registered slight growth of 0.3% in retail sales to HK\$3,577.4 million (FY2013/14: HK\$3,565.5 million), with comparable store sales growth of 0.7% (FY2013/14: -4.0%). The Group remained committed to the Mainland China market, and pressed on with retail network expansion in spite of general contraction of consumer spending. Positive effects from long-term investments in the region also began to surface. Retail sales of the China business achieved decent growth of 18.2% to HK\$2,563.0 million (FY2013/14: HK\$2,168.5 million), while comparable store sales growth was 4.5% (FY2013/14: 0.03%).

The Group's business in Japan continued its uptrend, mainly attributed to further improvement in gross profit margin to 76.4% (FY2013/14: 72.7%). Retail sales in Japan grew by 14.5% to JPY6,030.0 million, translating to a 5.4% growth in Hong Kong dollar terms to HK\$433.7 million (FY2013/14: HK\$411.3 million). Profit turnaround was sustained with an operating profit growth of 46.7% to HK\$146.1 million (FY2013/14: HK\$99.6 million) attributable to further operating efficiency enhancement.

For the Group as a whole, sales mix of in-house and international brands remained relatively stable, and accounted for 58.5% (FY2013/14: 59.0%) and 40.9% (FY2013/14: 39.7%) of total retail sales respectively. Hong Kong remained the largest revenue contributor, accounting for 50.6% of the Group's total turnover (FY2013/14: 53.7%), whereas Mainland China continued to grow in importance, accounting for 38.6% of the Group's total turnover (FY2013/14: 35.2%). Japan accounted for 6.4% of the Group's total turnover as its third largest market (FY2013/14: 6.6%).

The Group maintained a solid balance sheet, with cash on hand totalling HK\$2,294.1 million as at 28 February 2015.

Mr. Sham concluded, "In the near term, difficulties in the retail environment will continue to place considerable strain on the performance of retail operators. Amidst challenging times, the Group nevertheless continues to possess a positive outlook on the long-term economic prospects in its operating regions. In particular, Mainland China's growth opportunities are still abundant. The urbanization process and rising middle-class income will be impetus for high consumption in the long run.

"Looking ahead, we remain committed to our strategy to explore development opportunities in Mainland China, with an aim to further broaden our market presence and brand awareness. As for our home turf in Hong Kong, the growth plan will remain prudent though we stay open to new ideas and opportunities. Against the difficult market backdrop, the Group is still enthusiastic and is looking forward to exciting new initiatives, such as new brands and new ideas for store concepts, focused marketing investments with renowned multinational names, as well as the roll-out of a wide range of the latest and most distinctive collections of fashion products. We believe our core competencies that we have held on to for years, combined with our strong merchandizing capability, creativity and perseverance will stand us in good stead to stay at the forefront of the industry and deliver sustainable long-term growth."

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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 at varying price ranges, targeting different customer segments.

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