

[For Immediate Release]



I.T Limited Announces 2006 Annual Results

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**Net Profit Increased by 10% to HK\$122 million
Store and Regional Network Expansion on Track**

Financial Highlights (For the year ended 28 Feb)

(HK\$ million)	2006	2005	Change (%)
Sales	1,314.4	1,041.0	26.3
Net profit	122.3	111.4	9.8
EPS (HK cents) <small>(Note 1)</small>	12	16	-25.0
Proposed final dividend per share (HK cents)	4.8	4.3	N/A

Excluding share-based compensation *

Net profit *	136.2	112.7	20.8
EPS (HK cents) * <small>(Note 1)</small>	13	16	-18.8

Note 1 - Partly due to IPO dilution effect

* - Application of new accounting standards has resulted in a share-based compensation of HK\$13.9 million charged to income statement

(29 May 2006 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999), a well-established trend setter in Hong Kong's fashion retail industry, announced today its annual results for the year ended 28 February 2006.

During the year under review, the Group's sales increased by 26.3% to HK\$1,314.4 million. Sales from the retail operation increased by 23.2% to HK\$1,245.4 million (2005: HK\$1,011.3 million), accounting for 95.4% of the total sales. Gross margin of the retail business was slightly decreased to 61.1% (2005: 62.3%). Net profit increased by 9.8% to HK\$122.3 million. Application of new accounting standards has resulted in a share-based compensation of HK\$13.9 million charged to the income statement. Excluding the share-based compensation, the net profit would have increased by 20.8% to

HK\$136.2 million (2005: HK\$112.7 million).

As a percentage of total sales:-

- rental expenses (including rental charge, rented premises management fee, rates and government rent) increased slightly to 21.5% (2005: 20.2%);
- staff cost (excluding the share-based compensation) was maintained at 16.5% (2005: 16.4%);
- other operating overheads (excluding rental expenses, staff costs, share-based compensation and depreciation) improved to 6.8% (2005: 7.3%).

Commenting on the Group's annual results, Mr. Sham Kar Wai, Chairman and CEO of I.T, said, "The operating environment during the year under review was mixed with opportunities and challenges. Rent and wages increased as a result of the positive economic environment. However, the retail sentiment was undermined by the swift and continued increase in interest rate. Despite this, I.T continued to expand its network in its core markets - Hong Kong and, through GSIT, the PRC. Both markets added approximately 60,000 sq. ft. new sales footage during the year. New brands introduced during the year such as Beams Boy, Beams T and Baby Jane have been very well-received by customers. We will continue to introduce new international brands to fashion lovers."

In the PRC, GSIT, the Group's 50% owned joint venture, posted strong performance. Net sales of GSIT surged by 126.8% to HK\$210.2 million for the year under review (2005: HK\$92.7 million). Total sales footage increased by 48.8% to 183,000 sq. ft. as at 28 February 2006 (2005: 123,000 sq. ft.). Multi-brand mega stores concept was well-received by customers and franchisees. New multi-brand stores housing the Company's in-house / licensed brands were opened in Shenyang, Nanjing and Macau by franchisees during the year. Going forward, GSIT will continue to apply the multi-brand mega store concept throughout its network.

Recently, the Group launched A Bathing Ape in Hong Kong, products are highly sought-after in town. The Group will continue to introduce attractive and high valued imported brands to enhance its brand portfolio and competitiveness. New in-house brands competitively priced with strong value for money attributes will be launched in Winter 2006 in Hong Kong and the PRC to broaden the Group's customer base.

Looking into the future, I.T believes that the increase in rental expenses will moderate although staff costs are expected to increase. Owing to the limited number of suitable retail locations available, the Group will adopt a comparatively moderate expansion pace in Hong Kong this year and plans to

add 30,000-40,000 sq. ft. new sales area in 2006/07.

Seeing that the demand for luxurious product continues to rapidly increase in the PRC, I.T has obtained a Sub-Licence to open and operate the first Saks Fifth Avenue department store in the PRC. As Saks Fifth Avenue is a world leader in selling distinctive luxury brand products, the cooperation will enable I.T to break into the market of distributing world known luxurious high end international labels in the PRC.

The Group is also vigorously extending its regional presence. Three "http://www.izzue.com" stores were opened in Saudi Arabia in April 2006. "http://www.izzue.com" and "5cm" will be introduced to Thailand in June 2006. More stores will be opened progressively in these two markets in the coming years. Discussion with other potential franchisees in South East Asia is also underway.

"We are dedicated to further expand the franchising network to develop our wholesale business. This will enhance our overall margin and increase brand recognition," Mr. Sham said.

GSIT will continue to expand its presence in the PRC. In order to capture the expected rise in demand bring forth by the 2008 Olympics, the Group will strengthen Beijing's distribution network in 2006 and 2007. In addition, it will extend its directly managed retail network outside Beijing, Shanghai and Hangzhou. A 10,000 sq. ft. of "I.T" and 8,000 sq. ft. multi brand store will be opened in Xian and Shekou, Shenzhen respectively. GSIT will continue to bring in well-established high end international labels to the customers in the PRC. Kenzo, LVMH group, will be added in its brand portfolio by Fall 2006.

Mr. Sham said, "The multi-brand mega store was proven to be successful. We will further set it as a model in the PRC market and continue to expand our market share and emerge to be a fashion icon in the region."

To be well prepared for meeting the challenges ahead, the Company continues to strengthen its management team. Recently, Dr. Lo Wing Yan, William, J.P. joined the Company as Vice Chairman, Managing Director and CFO. Mr. Sham said, "By leveraging on Dr. Lo's unique experience in different industry sectors, coupled with his expertise in management, brand building, corporate finance, corporate governance and investor relations, we are confident that he will help strengthen the management team of I.T, enhancing our competitiveness and consolidating our leading position in the world of fashion."

About I.T Limited

I.T Limited is a well-established trend setter in the fashion apparel retail market in Hong Kong. Through its "multi-brand, multi-layer" business model, I.T offers a range of apparel 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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