

**[For Immediate Release]**



## **I.T Limited Announces Annual Results 2010/11**

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**Net Profit Surged by 48% to HK\$388.1 million**

### **Financial Highlights**

	<b>For the year ended 28 February</b>		
<b>(HK\$' million)</b>	<b>2011</b>	2010	Change (%)
Turnover	<b>3,834.4</b>	2,996.0	+28.0
Gross profit	<b>2,428.9</b>	1,819.2	+33.5
Net profit	<b>388.1</b>	262.7	+47.8
Basic EPS (HK cents)	<b>33.0</b>	23.0	+43.5
Full Year Dividend (HK cents)	<b>14.6</b>	10.5	+39.0

(May 30, 2011 - 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 2011.

Total turnover increased by 28.0% to HK\$3,834.4 million (2010: HK\$2,996.0 million) during the year under review attributable to strengthened marketing strategies and proactive efforts to expand the Group's retail network. Gross profit climbed by 33.5% to HK\$2,428.9 million (2010: HK\$1,819.2 million). The Group's gross profit margin rose by 2.6 percentage points to 63.3% (2009: 60.7%) due to increased sales of in-house brands, which command higher margins on average than international brands. Net profit surged by 47.8% to HK\$388.1 million (2010: HK\$262.7 million). The board has decided to recommend payment of a final dividend of HK10.4 cents per share (FY2010: HK\$10.5 cents), together with the interim dividend of HK4.2 cents, full year dividend will be HK14.6 cents, around 45% payout.

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The Group continued to focus on controlling costs as it broadened its operational scale, with operating expenses as a percentage of total turnover increased slightly by 0.2 percentage points to about 51.1% (2010: 50.9%). Total rental expenses as a percentage of total turnover decreased from 23.1% to 22.9%. Total staff costs as a percentage of total turnover held steady at 16.8%. Advertising and promotion expenses increased by 97.7% to HK\$67.6 million, accounting for just 1.8% of total turnover (2010: 1.1%), as the Group stepped up promotional campaigns in lockstep with its expansion of retail operations and strengthening of its fashion icon image.

Commenting on the Group's annual results, I.T Chairman and CEO Mr. Sham Kar Wai said, "The retail market continued to improve and consumer sentiment remained strong in the second half of the financial year. Against this backdrop, we strengthened our marketing strategies and proactively expanded our network in Hong Kong and mainland China to capture market opportunities, registering solid growth in the process."

Sales from the Group's Hong Kong retail operations posted significant growth of 23.1% to HK\$2,596.9 million (2010: HK\$2,109.0 million), with an overall comparable store sales growth rate of 13.5% (2010: 5.5%). In keeping with a quicker pace of expansion in mainland China, sales from the Group's retail operations there increased by 32.9% to HK\$938.9 million (2010: HK\$706.4 million). The overall comparable store growth rate in mainland China was 15.3% (2010:10.3%).

For the Group as a whole, in-house and international brands accounted for 53.0% and 43.2% of total retail sales respectively. Hong Kong remains the key revenue contributor, accounting for 69.7% of total retail sales. However, mainland China gained in importance, accounting for 25.2% of total retail sales (2010: 24.2%).

During the year, the Group seized a number of business opportunities to raise global brand awareness. The Group established a joint venture with Galeries Lafayette to set up, operate and manage department stores under the trademark "Galeries Lafayette" in selected cities in China. The first Galeries Lafayette department store is expected to open in Beijing in the financial year ending 2014. In January 2011, the Group acquired about 90.27% interest in Nowhere Co., Ltd., which owns various fashion brand names including "A Bathing Ape". Such steps will provide the Group with growth opportunities in the coming years.

The Group maintained a solid balance sheet, with cash on hand totaling HK\$775.8 million and net cash of HK\$181.7 million. The gearing ratio increased to 32.2%, mainly due to loans taken over from Nowhere Group after the acquisition and loans raised to refinance the debts of Nowhere Group.

Mr. Sham said, "Thanks to buoyant economic growth in Greater China, rising disposable incomes and our more rapid pace of expansion, we see great opportunities to penetrate the market more deeply and capture growing business momentum."

"Looking ahead, we will continue to devote resources to expanding our share of the mainland China market. We remain committed to expanding our new sales area by 30 percent by the end of 2011/12. To grow our mainland business, we will also bring more brands to the market and focus heavily on in-house brands. In Hong Kong, we will expand our fashion product mix to include more high-value ladies footwear and accessories to stimulate further growth. To preserve our brand image and competitiveness, we will devote more marketing resources to unveiling new concepts and cross-branded fashion products. With sustainable growth and promising market potential, we are confident of our ability to strengthen brand awareness and deliver better returns for our shareholders and investors. "

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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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