

[For Immediate Release]



## I.T Limited Announces Annual Results 2011/12

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**Achieved Record Net Profit of HK\$473.1 million**

### Financial Highlights

	<b>For the year ended 29 February</b>	For the year ended 28 February	
<b>(HK\$ million)</b>	<b>2012</b>	2011	Change (%)
Turnover	<b>5,741.6</b>	3,834.4	+49.7
Gross profit	<b>3,540.0</b>	2,428.9	+45.7
Net profit	<b>473.1</b>	388.1	+21.9
Basic EPS (HK cents)	<b>39.0</b>	33.0	+18.2
Full Year Dividend (HK cents)	<b>15.4</b>	14.6	+5.5

(May 25, 2012 - 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 29 February 2012.

Total turnover increased by 49.7% to HK\$5,741.6 million (FY2010/11: HK\$3,834.4 million) during the year under review with robust sales growth recorded in all operating markets. Gross profit surged by 45.7% to HK\$3,540.0 million (FY2010/11: HK\$2,428.9 million). The Group's gross profit margin narrowed slightly by 1.6 percentage points to 61.7% (FY2010/11: 63.3%) attributable to more promotion activities and discount offers as well as the optimization of pricing strategies to accelerate volume growth. Net profit climbed 21.9% to the record high level of HK\$473.1 million (FY2010/11: HK\$388.1 million). The board has decided to recommend payment of a final dividend of 12.9 HK cents per share (FY2010/11: 10.4 HK cents); together with the interim dividend of 2.5 HK cents, full year dividend will be 15.4 HK cents, a payout ratio of around 40%.

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The Group managed to maintain a relatively stable operating cost ratio despite escalating operating cost pressure, with operating expenses as a percentage of total turnover increasing slightly by 0.5 percentage point to about 51.6% (FY2010/11: 51.1%). Store sales productivity increased as reflected by an improvement in both rent ratio and staff cost ratio. Total rental expenses (including rental charges, management fee, rates and government rent) as a percentage of total turnover decreased from 22.9% to 21.3% while total staff costs (excluding share option expenses) as a percentage of total turnover decreased from 16.8% to 15.4%.

Commenting on the Group's annual results, I.T Chairman and CEO Mr. Sham Kar Wai said, "The second half of the financial year presented challenges to the business on different fronts, with unfavorable weather conditions, weakened consumer sentiment, as well as escalating operating costs. Nevertheless, we have succeeded to accelerate sales volume growth through compelling product and promotion offers as well as competitive pricing strategies to deliver a set of solid results. Together with maintenance of good operating efficiency, enhanced brand awareness, and our efforts in maintaining market dominance, we also achieved record net profit for the third consecutive year and positive turnaround in Japan."

Sales from the Group's Hong Kong retail operations posted significant growth of 30.4% to HK\$3,385.5 million (FY2010/11: HK\$2,596.9 million), with an overall comparable store sales growth rate of 14.9% (FY2010/11: 13.5%). Driven by significant retail network expansion and market penetration during the year, retail sales of the China business achieved growth of 51.9% to HK\$1,426.6 million (FY2010/11: HK\$938.9 million). The overall comparable store growth rate in mainland China was 8.0% (FY2010/11: 15.3%).

Following the Group's acquisition of majority interest of the Nowhere Group in Japan, considerable progress has been made in terms of sales growth and profitability. Turnover in Japan for the year reached HK\$560.0 million, and profit turnaround was achieved with operating profit of HK\$14.1 million.

For the Group as a whole, in-house and international brands accounted for 57.9% and 38.6% of total retail sales respectively. Hong Kong remains the key revenue contributor, accounting for 59.4% of turnover (FY2010/11: 68.1%). However, mainland China gained in importance, accounting for 26.9% of turnover (FY2010/11: 26.7%). Japan accounted for 9.8% of Group turnover as its third largest market.

The Group maintained a solid balance sheet, with cash on hand totaling HK\$626.9 million. The gearing ratio was reduced to 27.4% in FY2011/12 from 32.2% in FY2010/11.

Mr. Sham concluded, "Despite the slowdown in the second half of the financial year, the Group remains confident in the long-term prospects of the fashion retail market in Mainland China while the trading environment is expected to stay volatile."

"Looking ahead, we will continue to devote resources to further strengthen our point of differentiation and competitiveness in pricing, product offer and service. In Mainland China, the Group will continue to enhance market penetration and dominance through prudent and focused investment together with dynamic operational and promotional tactics in order to cope with the challenging operating environment. In Hong Kong, we will strive to maintain market dominance through opportunistic store expansion strategy. New brands and store formats will also be introduced to provide new shopping experience and appeal to different customer segments. Capitalizing on the proven success of our multi-brand and multi-layer business model, we will continue to enrich our product collections, acquire fashionable designer brands and further promote brand awareness, so as to reinforce our position as a trend-setting fashion icon and deliver sustainable 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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