

[For Immediate Release]



I.T Limited Announces Annual Results 2013/14

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**Achieved 16.3% Retail Sales Growth in Mainland China
Gross Profit Margin of the Group Rose to 59.9%**

(22 May 2014 - 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 2014.

Despite the still challenging macroeconomic conditions, the Group continued to stand strong amidst the turbulent market thanks to its unique positioning and branding, and managed to deliver another year of turnover growth. Total turnover increased by 3.1% to HK\$6,746.9 million (FY2012/13: HK\$6,543.1 million) during the year. Gross profit grew 5.1% to HK\$4,044.4 million (FY2012/13: HK\$3,849.6 million). The Group's gross profit margin climbed 1.1 percentage point to 59.9% (FY2012/13: 58.8%) as a result of offering less price discounting campaigns. Net profit decreased 27.3% to HK\$280.0 million (FY2012/13: HK\$385.0 million), due to downward pricing pressure and surging operating costs. The board has decided to recommend payment of a final dividend of 10.0 HK cents per share (FY2012/13: 3.0 HK cents).

The uplift in gross profit margin has yet to fully offset the impact of the increasing cost of running existing stores and new store expansion. The rise in operating expenses continued to squeeze retailers' profitability, which remains a key concern in the industry. During the year under review, total operating expenses increased by 7.7% to HK\$3,628.0 million. Rental expenses (including rental charges and building management fee) remained a considerably significant portion of the total operating expenses, grew 8.0%. Staff cost (excluding share option expenses) which was unavoidably impacted by the continuous upward pressure on wages, increased by 7.8%.

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Commenting on the Group's annual results, I.T Chairman and CEO Mr. Sham Kar Wai said, "The retail environment across the Group's operating regions particularly Hong Kong and Mainland China was adversely impacted by the persisting contraction in the spending momentum and rising operating costs. Nevertheless, we have succeeded in maintaining positive sales growth, and also lifted our gross profit margin due to a conscious effort to offer fewer discounting campaigns."

The adverse macroeconomic conditions continued to weigh on the already dampened apparel retail market in Hong Kong during the year. Consumers remained generally cautious in view of the anticipated unfavourable economic conditions. As a result, the Group's Hong Kong business registered decline of 3.3% to HK\$3,565.5 million (FY2012/13: HK\$3,687.7 million), with comparable store sales growth of -4.0% (FY2012/13: 1.2%). The Group remained committed to the Mainland China market, and pressed on with retail network expansion in spite of general contraction of consumer spending. Retail sales of the China business achieved decent growth of 16.3% to HK\$2,168.5 million (FY2012/13: HK\$1,864.6 million), while overall comparable store growth rate in Mainland China remained flat (FY2012/13: 8.0%).

Japan recorded an increase of 5.5% in sales to JPY 5,705.9 million (FY2012/13: JPY 5,407.7 million) but in HK\$ term, sales decreased by 13.4% to HK\$445.5 million (FY2012/13: HK\$514.4 million) due to weakening of the Japanese Yen. Profit turnaround was sustained with operating profit growing solid 83.7% to HK\$99.6 million (FY2012/13: HK\$54.3 million) thanks 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 59.0% (FY2012/13: 59.1%) and 39.7% (FY2012/13: 38.7%) of total retail sales respectively. Hong Kong remained the largest revenue contributor, accounting for 53.7% of the Group's total turnover (FY2012/13: 56.7%), whereas Mainland China continued to grow in importance, accounting for 35.2% of the Group's total turnover (FY2012/13: 31.1%). Japan accounted for 6.6% of the Group's total turnover as its third largest market (FY2012/13: 7.9%).

The Group maintained a solid balance sheet, with cash on hand totalling HK\$2,315.5 million as at 28 February 2014.

Mr. Sham concluded, "The year 2013 was a very special and memorable year for our team as it marked the 25th anniversary of the Group. Against the backdrop of economic challenges, the Group remains cautiously optimistic in the future outlook of apparel retail markets in its operating regions. In particular, the rising middle-class income and increasing interest to build up personal style in Mainland China will bode well for the Group, so that our store expansion will continue in this region in 2014.

"Looking ahead, we will continue to consolidate our market leadership and dominance in the fashion retail market in our home turf in Hong Kong, while exploring opportunities to further expand in a strategic manner. While offering a wide range of the latest and most distinctive fashion pieces, a series of cross-border brand collaborations and marketing strategies have been lined up in the coming year. On the Mainland China front, we seek to replicate our success in Hong Kong through our unique business model, which is well-positioned to capture the opportunities brought forth by the rising middle-income group. Multiple development projects with renowned shopping mall operators are also in progress, expected to be completed by the end of the coming fiscal year to further strengthen our brand awareness in the market. In the years to come, we will adhere to our multi-brand and multi-layer business model anchored by our iconic status and solid financial position. We are firm believers that our unique positioning, coupled with investments in merchandizing, design, inventory management, shopping experience and retail channel management will reinforce our market leadership for future growth and long-term success."

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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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