

[For Immediate Release]



## I.T Limited Announced Annual Results for FY2015/16

### Financial Highlights

(HK\$' million)	For the year ended		Change (%)
	29 February 2016	28 February 2015	
Turnover	<b>7,541.1</b>	7,180.5	<b>+5.0</b>
Gross profit	<b>4,566.3</b>	4,464.3	<b>+2.3</b>
Operating profit	<b>421.3</b>	493.8	<b>-14.7</b>
Operating profit (Adjusted) <sup>1</sup>	<b>486.4</b>	478.5	<b>+1.7</b>
Net profit	<b>209.7</b>	312.9	<b>-33.0</b>
Net profit (Adjusted) <sup>1</sup>	<b>274.8</b>	297.6	<b>-7.6</b>

### Note

<sup>1</sup> If an exchange loss of HK\$65.1 million in relation to the conversion of the Group's Renminbi fixed deposits amounting to RMB1,187 million into Hong Kong dollars during the first half of the financial year and a nonrecurring gain of HK\$15.3 million from the repurchase of the Group's Senior Notes in the previous year are to be excluded.

(25 May 2016 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999) announced annual results for the year ended 29 February 2016.

Multiple peripheral and domestic economic factors continued to place downward pressure on the business environment across the Group's principal operating regions throughout the year. Nonetheless, the Group was able to stand strong and has delivered another year of turnover growth, thanks to the inherent adaptability and flexibility of its multi-faceted business model. Total turnover increased by 5.0% to HK\$7,541.1 million. Gross profit grew 2.3% to HK\$4,566.3 million, while gross profit margin decreased by 1.6 percentage points to 60.6%. The decline in gross profit margin was principally a result of more proactive discounting campaigns that the Group has offered in Hong Kong during the year to boost sales volume.

A level of increased incidence of efficiency measured by total operating cost ratio has been achieved in some of the Group's operating regions, such as Mainland China and Japan. As a result, the Group's total operating cost ratio decreased by 1.0 percentage point to 54.3%. Staff costs-to-sales ratio (excluding share option expenses) also declined by 0.4 percentage point to 15.4%. Rent-to-sales ratio (including rental charges and building management fee) nonetheless increased from 24.4% to 25.0%.

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Operating profit (adjusted) increased by 1.7% to HK\$486.4 whereas net profit (adjusted) decreased by 7.6% to HK\$274.8 million. Basic earnings per share decreased by 33.1% to 17.0 HK cents. A final cash dividend amounts to 8.4 HK cents (FY2014/15: 11.0 HK cents) per share was proposed.

Looking specifically in our Hong Kong market, the persistent uncertainty around the state of the global economy, along with the headwinds from Hong Kong dollar appreciation (against major Asian currencies including the Renminbi) that discouraged in-bound tourist flows and a broad-based deflationary environment around the different regions of operation have placed excessive downward pressure on the already dampened consumer discretionary market in Hong Kong. As a result, retail sales in Hong Kong declined by 3.3% to HK\$3,459.5 million, with comparable store sales growth rate registered at -2.0% (FY2014/15: 0.7%). Gross margin also decreased by 3.5 percentage points to 57.2%. An operating loss of HK\$72.7 million was recorded for the year ending 29 February 2016, compared to an operating profit of HK\$142.1 million for the previous year.

Total retail sales of the Group's Mainland China business achieved another year of noticeable growth of 16.4% to HK\$2,983.6 million, with comparable store sales growth registered at 3.9% (FY2014/15: 4.5%). Gross margin increased by 0.4 percentage point to 61.4%. The enhancement in gross margin was mainly attributed to fewer promotional discount offers during the financial period. Operating profit increased by 125.0% to HK\$262.4 million contributed by a remarkable level of enhancement in efficiency, measured by operating cost-to-sales ratio.

The Group's Japan segment has continued to outperform benefiting from the success of a number of cross-border collaborative campaigns with renowned fashion units around the world, along with the increase in in-bound tourist flows influenced by a weak Japanese Yen. Sales of Japan business increased by 35.8% to JPY8,689.6 million, whereas sales in Hong Kong dollar terms grew by 21.5% to HK\$559.0 million. Gross margin landed at 67.8% (FY2014/15: 69.6%). Operating profit increased by 45.9% to HK\$213.1 million.

The Group maintained a solid balance sheet, with cash and bank balances amounting to HK\$1,967.1 million as at 29 February 2016.

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