[For Immediate Release]

I.T
I.T LIMITED

I.T Limited Announces Interim Results 2013/14

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Achieved 16.1% Turnover Growth in Mainland China
Steady Retail Network Expansion Amidst Macroeconomic Headwinds

(25 October 2013 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999), a well-established trend-setter in the Greater China retail fashion market, announced its interim results for the six months ended 31 August 2013.

During the period under review, total turnover decreased by 0.9% to HK$2,939.6 million (1H FY2012/13: HK$2,965.3 million) attributable to weak consumer sentiment on the back of the prolonged uncertainties in the Asian economies. Gross profit fell by 1.5% to HK$1,739.7 million (1H FY2012/13: HK$1,766.8 million). As a result of aggressive discounting campaigns offered during the second quarter to stimulate sales growth, the Group's gross profit margin was trimmed down to 59.2% (1H FY2012/13: 59.6%). Hit by the dual pressures of diminished sales growth and surging operating costs, net profit decreased 76.8% to HK$28.1 million (1H FY2012/13: HK$121.1 million). Basic earnings per share decreased by 76.5% to HK2.3 cents (1H FY2012/13: HK9.8 cents).

Due to escalating operating cost pressure and slower turnover growth on the back of the volatile retail environment, operating expenses as a percentage of total turnover increased to 57.3% (1H FY2012/13: 54.3%). Staff cost (excluding share option expenses) ratio amounted to 16.8% (1H FY2012/13: 16.3%), while the rental expenses (including rental charges, management fee, rates and government rent) ratio was 26.6% (1H FY2012/13: 24.1%).

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Commenting on the Group's interim results, I.T's Chairman and CEO Mr. Sham Kar Wai said, "During the first half, the global economy remained weak. Uncertainties in the macroeconomic environment, alongside the slowdown in economic growth in Mainland China, continued to weigh on the already dampened Asian consumer retailing markets. Fashion business in particular, which is comparatively susceptible to economic conditions and consumer confidence, was adversely impacted by the difficult economic climate. Notwithstanding the volatile retail markets in Hong Kong and Mainland China, we continued to grow our retail network steadily in both regions. We also saw a lift in sales momentum in the second quarter, as a result of adjustment in our selling strategy towards a larger scale of promotional campaigns and discount offers, on top of some strategic refinement of our store network."

Due to cautious consumer spending in view of the unfavourable global economic environment, Hong Kong business recorded a decline of 7.1% in retail sales to HK$1,570.7 million (1H FY2012/13: HK$1,691.5 million) with comparable store sales registered at -9.5% (1H FY2012/13: 8.0%). The Group remained committed to the Mainland China market, and pressed on with retail network expansion. Despite macroeconomic headwinds, Mainland China business achieved solid growth of 14.8% in retail sales to HK$933.4 million (1H FY2012/13: HK$813.5 million). With respect to comparable store sales, the Group saw positive turnaround in the second quarter mainly due to more proactive discounting activities. In the first half, comparable store sales in Mainland China registered at -1.9% (1H FY2012/13: 12.9%).

Sales in Japan dropped by 23.2% to HK$204.2 million due to the negative currency translation effect (1H FY2012/13: HK$266.1 million). Profit turnaround was sustained with an operating profit growth of 78.8% to HK$33.7 million (1H FY2012/13: HK$18.8 million) attributable to further operating efficiency enhancement.

For the Group as a whole, in-house and international brands accounted for 57.2% and 41.4% of total retail sales respectively. Hong Kong remained the key revenue contributor, accounting for 54.2% of total turnover (1H FY2012/13: 57.4%) while Mainland China increased in significance, accounting for 34.7% of total turnover (1H FY2012/13: 29.6%). Japan accounted for 6.9% of Group turnover as the third largest market.

The Group maintained a solid balance sheet, with cash and bank balances amounting to HK$2,100.6 million as at 31 August 2013.

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Mr. Sham concluded, "The mounting uncertainties in global economies may linger for the rest of 2013 and possibly into 2014. We are cautious to consumer demand growth in Asian markets in the short term, but remain positive to the business development across our key operating regions in the long run, especially Mainland China. We will stay focused on the business strategies set forth for the year in order to capture opportunities arisen from the growing population of middle and upper income classes in Mainland China and their demand for mid-to-high end fashion consumption.

"Looking ahead, we will continue to consolidate our market leadership and dominance in the fashion retail market through the use of promotional and marketing campaigns. We believe Mainland China remains a promising market in the medium to longer term and expect its proportion of revenue to increase in the long run. A number of innovative marketing campaigns and celebrations have already been held for our 25th anniversary. More exciting and inspiring celebration programs are expected to roll out, along with more cross-border brand collaboration and crossovers. We are also very delighted to unveil the grand opening of our joint venture business with Galeries Lafayette, marking a new milestone in our history. Riding on the proven success of our multi-brand and multi-layer business model with strong understanding of consumer preferences and fashion trends, alongside a solid and healthy financial position, we are confident to forge through the current headwinds as a fashion trendsetter for long term growth."

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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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