

[For Immediate Release]



I.T Limited Announces Interim Results for FY2017/18

Financial Highlights

(HK\$ million)	For the six months ended 31 August		Change (%)
	2017	2016	
Turnover	3,652.0	3,643.2	+0.2
Gross profit	2,283.4	2,209.2	+3.4
Operating profit	187.8	125.0	+50.2
Net profit	60.4	39.1	+54.5
Basic earnings per share (HK cents)	5.0	3.2	+56.3

(24 October 2017 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999) announced interim results for the six months ended 31 August 2017.

In the first half of the fiscal year, the Group continued to leverage on the benefits of its inherently adaptable and flexible business model and well-diversified portfolio of brands across a number of distribution channels to grow the business from strength to strength. In addition to cooperating closely with many renowned business units and pop stars worldwide on business-boosting collaborative campaigns, the Group continued to upgrade the makeup of its highly distinctive brand portfolio through introduction of the latest fashion concepts and trending new ideas, including the exclusive introduction of FLIPPER'S Pancakes, originating in Tokyo, Japan, as well as the launch of multiple emerging European and American street wear names, which have received overwhelmingly positive responses.

Another key initiative accomplished in the first half of the fiscal year was the introduction of a new multi-brand store concept "i.t blue block" at Hysan Place in Causeway Bay in July 2017. This new and sizeable store layout allows the Group to showcase not only a wide range of new fashion brands but also new lines of beauty and lifestyle products, offering customers a new shopping experience where they can move freely between differently themed attractions in a way that suits them the most.

Turnover of the Group increased by 0.2% to HK\$3,652.0 million during the reporting period compared to the corresponding period of the previous year. Gross profit grew by 3.4% to HK\$2,283.4 million, while gross profit margin increased by 1.9 percentage points to 62.5% amid a competitive retail landscape.

Rent-to-sales ratio (including rental charges and building management fees) of the Group decreased by 0.1 percentage point to 26.4%, whereas staff cost-to-sales ratio (excluding share option expenses) increased from 17.0% to 17.1%. Consequently, total operating costs as a percentage of sales increased by 0.5 percentage point to 58.1%.

Operating profit increased by 50.2% to HK\$187.8 million whereas net profit increased by 54.5% to HK\$60.4 million. Basic earnings per share increased by 56.3% to 5.0 HK cents.

Retail sales in our Hong Kong and Macau segment declined by 11.2% to HK\$1,449.2 million, the decline in sales was due to a reduction in total trading area and a negative result of the comparable store sales growth (-6.9%) that was registered for the period. Gross margin increased by 0.4 percentage point to 59.9%, primarily as a result of a decrease in markdowns in relation to sales along with an improvement in sales mix in favor of higher margin businesses during the period. The Group was especially encouraged by the reduction in operating expenses it achieved through the store consolidation and cost control exercises conducted in Hong Kong. The operating loss of the Hong Kong and Macau segment reduced to HK\$111.9 million amid a diminishment in sales and comparable store sales growth.

Turning to Mainland China, the Group's unique proximity to its customers was further developed, as mirrored by the increase in total trading area of 12.6% over the corresponding period of the previous year. The Group has now established an even more diversified retail presence across 29 cities. Total retail sales increased by 7.3% to HK\$1,635.7 million, with comparable store sales growth rising by 0.9%. Gross margin increased by 3.2 percentage points to 61.6%, owing predominantly to lower purchasing costs during the reporting period as a result of the appreciation of the Chinese renminbi. Operating profit recorded a rise of 16.2% to HK\$95.3 million.

The Group's Japan and the USA segment has continued to outperform, benefiting from successful product launches and innovative marketing campaigns. Sales of Japan and the USA business increased by 35.7% to JPY6,508.8 million, whereas sales in Hong Kong Dollar term grew by 31.1% to HK\$456.8 million. Gross margin increased to 71.9%, while operating profit increased by 33.9% to HK\$193.6 million.

The Group maintained a solid balance sheet, with cash and bank balances amounting to HK\$1,956.8 million and a net cash balance of HK\$625.7 million as at 31 August 2017.

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