

[For Immediate Release]



## I.T Limited Announces 2005/06 Interim Results

\* \* \*

### Achieved 37.4% sales growth

#### Financial Highlights

Six months ended 31 August (HK\$'000)	2005/2006	2004/2005	Change
Sales	<b>568,067</b>	413,318	37.4%
Net profit	<b>30,177</b>	32,920	-8.3%
EPS (HK cents)	<b>0.029</b>	0.049	-40.8%
If not applying the new accounting standards*			
Net profit	<b>43,600</b>	32,920	32.5%
EPS (HK cents)	<b>0.042</b>	0.049	-14.3%
Proposed interim dividend per share (HK cents)	<b>Nil</b>	Nil	-

\* The application of new accounting standards has resulted in a share-based compensation of HK\$13.7 million charged to and changes in fair value of financial instruments and assets of HK\$0.3 million credited to income statement.

(8 November 2005 - Hong Kong) I.T Limited ("I.T" or the "Group"; stock code: 999), a well-established trendsetter in Hong Kong's fashion retail industry, announced its interim results for the six months ended 31 August 2005.

During the period under review, the Group's sales from retail shop operations increased by 32.2% to HK\$532.9 million (six months ended 31 August 2004: HK\$403.2 million). Excluding sales to GSIT, the 50% owned joint venture involved in the PRC business, the gross margin was maintained at 62.7% (2004: 62.5%). If not applying the new accounting standards, net profit would have increased by 32.5% to HK\$43.6 million in the six months ended 31 August 2005 (six months ended 31 August 2004: HK\$32.9 million).

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Commenting on the Group's interim results, I.T's Chairman and CEO Mr. Sham Kar Wai said, "Our expansion pace in Hong Kong is in line with our forecast. GSIT, our PRC joint venture, also saw further development in the PRC with the opening of new stores in prime locations, especially in Beijing and Shanghai."

The Group's weighted average sales footage for stores in operation in the six months ended 31 August 2005 reached 250,400 sq. ft., representing an increase of 34.9% over the corresponding period last year.

Sales from international brands accounted for 43.9% of total sales, contributing HK\$249.4 million, while in-house and licensed brands contributed HK\$283.4 million to sales and accounted for 49.9% of total sales. <http://www.izzue.com>, b+ab and 5cm remained the top selling brands in the Company's in-house brand portfolio.

GSIT continued its strong performance in the six months ended 31 August 2005. Subsequent to the opening of a 21,000 sq. ft. store in Oriental Plaza, Beijing, another multi-brand store with a floor area of 23,000 sq. ft. was opened in Plaza 66, Shanghai, in June 2005 housing both international designers' labels and I.T's in-house and licensed brands. This mega store concept was and continue to be well received by both customers and franchisees. As at 31 August 2005, GSIT had 115 points of sales with an aggregate sales footage of 167,000 sq. ft. in the PRC and 14 stores in Taiwan.

In the first half of fiscal year 2006, I.T has further strengthened its market position by opening of multi-brands stores in apm and i.t in Festival Walk, stand-alone stores like Beams Boy and Baby Jane in Paterson Street, Causeway Bay and a 7,000 sq. ft. <http://www.izzue.com> concept store in Island Beverley, Causeway Bay. A newly designed I.T multi-brand store is expected to be opened in the premier shopping destination, Pacific Place, in December 2005. This prestigiously located I.T store is expected to further reinforce the Group's brand image.

I.T will continue to introduce attractive imported brands and create new in-house and / or licensed brands to further broaden its customer base.

Taking into consideration of the further rise in interest rate and the possible impact of Avian Flu, I.T will adopt a cautious expansion strategy and maintain a steady pace of growth with stringent cost control measures.

For the PRC market, GSIT will continue to expand its retail network in Beijing and Shanghai and enter other first tier cities through franchisees. GSIT currently has store opening plans in Chengdu, Shenyang, Nanjing and Macau and expects to replicate the mega multi-brand store concept which includes the retail of I.T's in-house and licensed brands.

As high end and luxury brands become increasingly popular in the PRC, GSIT will aggressively introduce well-established high end designers' labels and strengthen its brand portfolio. With the increase in sales networks as well as the enhancement in brand portfolio, GSIT will be at a high growth phase from 2006 onwards.

Mr. Sham said, "Shaping the scene in Greater China, I.T is vigorously looking for opportunities to extend its regional presence. Discussion is currently underway for I.T's in-house brands to be sold in South East Asia."

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## **About I.T Limited**

I.T Limited is a well-established trend setter in the fashion apparel retail market in Hong Kong. Through its "multi-brand, multi-layer" business model, I.T offers a range of apparel products from hundreds of international brands, as well as in-house brands and licensed brands at varying price ranges, targeting different customer segments.

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