[For Immediate Release]

I.T LIMITED

I.T Limited Announces Interim Results 2014/15

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Core net profit rose 30.3%
Gross profit margin increased to 61.9%

Financial Highlights

	For the six months ended 31 August		
(HK$' million)	**2014**	2013	**Change (%)**
Turnover	**3,227.6**	2,939.6	**+9.8**
Gross profit	**1,998.3**	1,739.7	**+14.9**
Gross profit margin (%)	**61.9**	59.2	**+2.7 p.p.**
Net profit	**49.4**	28.1	**+75.6**
Core net profit (excluding non-recurring gain of repurchases of senior notes)	**36.6**	28.1	**+30.3**

(27 October 2014 - 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 2014.

During the period under review, total turnover increased by 9.8% to HK$3,227.6 million (1H FY2013/14: HK$2,939.6 million) attributable to the Group's efforts to enhance quality of its products and services, and effective marketing strategies. Gross profit grew by 14.9% to HK$1,998.3 million (1H FY2013/14: HK$1,739.7 million), thanks to a conscious aim to offer less promotion discount during the period. As a result, the Group's gross profit margin rose by 2.7 percentage points to 61.9% (1H FY2013/14: 59.2%). Net profit increased by 75.6% to HK$49.4 million. Excluding a non-recurring gain of HK$15.3 million from the repurchases of the Group's Senior Notes in March and June 2014, and the related tax effect, net profit increased by 30.3% to HK$36.6 million (1H FY2013/14: HK$28.1 million). Basic earnings per share amounted to HK4.0 cents (1H FY2013/14: HK2.3 cents). The board has declared payment of an interim dividend of 1.0 HK cent per share (1H FY2013/14: Nil).

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The upsurge in operating costs of running existing and new retail channels was largely attributed to the high rental expenses and staff costs, which continued to dilute the profitability of the Group. Operating expenses as a percentage of total turnover increased to 58.2% (1H FY2013/14: 57.3%). Rent (including rental charges and building management fees) represented 25.9% of total turnover (1H FY2013/14: 26.0%), while staff cost (excluding share option expenses) ratio amounted to 17.6% (1H FY2013/14: 16.8%).

General consumers in Hong Kong continued to be conservative in purchases, reflecting concerns over a slow economic recovery amid the difficult economic and political landscape. Spending momentum and store traffic of local customers and inbound visitors grew in a diminishing manner. For the period under review, the Group's Hong Kong business recorded a growth of 3.8% in retail sales to HK$1,630.9 million (1H FY2013/14: HK$1,570.7 million) with comparable store sales growth registered at 3.5% (1H FY2013/14: -9.5%). The Group's performance in Mainland China was reflective of the market's volatile and sluggish domestic consumption patterns. Despite macroeconomic headwinds, Mainland China business maintained solid growth of 20.2% in retail sales to HK$1,122.4 million (1H FY2013/14: HK$933.4 million), while comparable store sales achieved 4.3% growth (1H FY2013/14: -1.9%).

The Group's business in Japan continued to outperform mainly attributed to further improvement in gross margin to 73.9% (1H FY2013/14: 70.2%). Retail sales in Japan grew by 16.1% to JPY 2,741.5 million, translating to an 11.2% growth in Hong Kong Dollar terms to HK$208.0 million (1H FY2013/14: HK$187.1 million). Profit turnaround was sustained with an operating profit growth of 81.9% to HK$61.2 million (1H FY2013/14: HK$33.7 million) attributable to further operating efficiency enhancement.

For the Group as a whole, in-house and international brands accounted for 56.1% and 42.9% of total retail sales respectively. Hong Kong remained the key revenue contributor, accounting for 51.3% of total turnover (1H FY2013/14: 54.2%) while Mainland China increased in significance, accounting for 37.8% of total turnover (1H FY2013/14: 34.6%). Japan accounted for 6.8% of Group's total turnover as the third largest market (1H FY2013/14: 6.9%).

The Group maintained a solid balance sheet, with cash and bank balances amounting to HK$2,229.9 million as at 31 August 2014.

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I.T's Chairman and CEO, Mr. Sham Kar Wai, concluded, "Although further deterioration in the macro economy is unlikely, improvement in consumer spending does not seem to be imminent as well. Volatile consumer appetite in retailing markets may persist in the near term, which may be further suppressed by fragile economic conditions and political disturbances. Nonetheless, the Group remains positive in the economic outlook of its operating regions. In particular, growing interest in lifestyle enhancement among middle-income class in Mainland China will provide a favourable business environment for premium distinctive brands in the long run.

"Looking ahead, the Group remains prudent in our growth plan in Hong Kong, while being open to new ideas and opportunities. We will continue to place emphasis on different aspects including product assortment, store design, customer services and discounting strategies to enhance the overall performance of individual stores. In Mainland China, we are pleased that our retail presence in first- and second-tier cities has broadened. We will continue to explore possible opportunities to expand the business and enhance brand awareness. Riding on our solid foundation and competitive edges established by our unique fashion platform, we are confident to forge through the current turmoil and reinforce our leadership role 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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