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I.T I.T LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 999)

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 50% INTEREST IN G.S-I.T LIMITED (THE JOINT VENTURE IN THE PRC) AND ACQUISITION OF ASSETS OF A NANJING STORE AND A MACAO STORE RESUMPTION OF TRADING

The Board is pleased to announce that on 28 September 2007, the Company entered into the GSIT Acquisition Agreement with Glorious Sun and GS Trading (a wholly-owned subsidiary of Glorious Sun), pursuant to which the Company shall acquire from GS Trading the remaining 50% interest in GSIT not owned by the Group for a total consideration comprising HK\$80 million cash and the Consideration Shares (representing 9% of the enlarged share capital of the Company upon completion). Based on 1,039,700,000 Shares in issue, the Consideration Shares shall be equal to 102,827,473 Shares. Based on the closing price of HK\$1.78 per Share on 28 September 2007, the Consideration Shares are valued at approximately HK\$183.0 million and the total consideration is valued at approximately HK\$263.0 million. Following completion of the GSIT Acquisition Agreement, GSIT would become a wholly-owned subsidiary of the Company.

The Board views the GSIT Acquisition as a very important and strategic move of the Group. It enables the Group to consolidate control of the business in the PRC, the fastest growing consumer and retail market in the world. Following completion, the Board expects that it would accelerate the Group's expansion pace in the PRC, including opening stores outside the existing core cities of Beijing and Shanghai and mergers and acquisitions of local chains and/or brand operators.

As part of the expansion plan, the Company agreed to acquire the Nanjing Store Assets and Macao Store Assets from Glorious Sun for HK\$20 million cash pursuant to the Stores Assets Acquisition Agreement entered into between the Company and Glorious Sun on 28 September 2007. Following completion, the Group will operate its first store in Nanjing and Macao respectively.

Under the Listing Rules, the GSIT Acquisition and the acquisition of the Stores Assets constitute major transactions of the Company and are subject to Shareholders' approval. As Dr. Yeung was a non-executive director of the Company within the 12-month period before the entering into of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement and is interested in 50.9% of the share capital of Glorious Sun, Glorious Sun is a connected person of the Company as defined under the Listing Rules. Therefore, the transactions contemplated under the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement also constitute connected transactions of the Company and are subject to approval of independent Shareholders.

A circular containing, amongst others, further details of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement, the letters from the independent board committee and the independent financial adviser of the Company together with a notice convening a special general meeting for approval of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement will be despatched to the Shareholders as soon as possible.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 2 October 2007, pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 2:30 p.m. on 3 October 2007.

GSIT ACQUISITION AGREEMENT

The Board is pleased to announce that on 28 September 2007, the Company (as the purchaser) entered into the GSIT Acquisition Agreement with Glorious Sun (as the guarantor) and GS Trading (as the seller), pursuant to which the Company shall acquire from and/or be assigned by GS Trading the remaining 50% equity interest in GSIT not owned by the Group and all the shareholder's loan advanced by GS Trading to GSIT (amounting to HK\$63.5 million as at the date of the GSIT Acquisition Agreement) on the date of completion.

Consideration

The consideration for the 50% equity interest in GSIT is HK\$16.5 million cash and the Consideration Shares (representing 9% of the enlarged share capital of the Company upon completion). The consideration for the shareholder's loan is HK\$63.5 million cash. As such, the total consideration is HK\$80 million cash (which will be financed by the Group's internal resources) and the Consideration Shares. An application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The Company does not intend to issue any new Shares before completion. Based on 1,039,700,000 Shares in issue, the Consideration Shares shall be equal to 102,827,473 Shares, which represent approximately 9.9% of the existing issued share capital of the Company. Based on the closing price of HK\$1.78 per Share on 28 September 2007, the Consideration Shares are valued at approximately HK\$183.0 million and the total consideration is valued at approximately HK\$263.0 million. The closing price of HK\$1.78 per Share on 28 September 2007 represents:

- (i) a discount of 2.8% to the average closing price of HK\$1.832 for the 5 trading days ended on 28 September 2007;
- (ii) a discount of 4.4% to the average closing price of HK\$1.861 for the 10 trading days ended on 28 September 2007;
- (iii) a premium of 4.6% to the average closing price of HK\$1.7013 for the 30 trading days ended on 28 September 2007; and
- (iv) a premium of 123.8% to the audited net asset value per Share of HK\$0.80 as at 28 February 2007.

The consideration was determined between the parties after arm's length negotiations with reference to the rapid growth in the revenue of GSIT, the improving bottom line of GSIT and the great potential of the PRC market.

Conditions precedent

The GSIT Acquisition Agreement is conditional upon satisfaction of the followings:

- (i) approval of the independent Shareholders if so required under and in full compliance with the Listing Rules;
- (ii) approval of the issue of the Consideration Shares by the Bermuda Monetary Authority, if necessary; and
- (iii) approval of the listing of and permission to deal in the Consideration Shares by the Stock Exchange.

Completion shall take place on the 3rd business day of all the above conditions precedent being satisfied. The parties shall use their best endeavours to satisfy all the conditions precedent within 42 days from the date of the GSIT Acquisition Agreement. If any of the conditions precedent remain unfulfilled after 120 days from the date of the GSIT Acquisition Agreement, the GSIT Acquisition Agreement shall lapse and the parties shall no longer be obliged to proceed with the GSIT Acquisition or (save for antecedent breach) be responsible for or pay damage to the other parties.

At present, GSIT is treated as a jointly controlled entity of the Group and is accounted for using the equity method of accounting. Following completion of the GSIT Acquisition Agreement, GSIT would become a wholly-owned subsidiary of the Company and would be consolidated into the accounts of the Group from the date of completion.

Information on GSIT

GSIT was established as a 50:50 joint venture between the Group and GS Trading pursuant to the joint venture agreement dated 30 November 2003. It is principally engaged in the wholesaling and retailing of fashion apparels and related businesses in the PRC, with details as follows:

- (i) directly operating stores for sale of products of the Group's inhouse brands, namely <http://www.izzue.com>, b+ab and 5cm, in the PRC (excluding Taiwan);
- (ii) directly operating stores for sale of products of the Group's licensed brands, namely Arnold Palmer and Baby Jane, in the PRC (excluding Taiwan);
- (iii) directly operating stores for sale of imported products under the Group's service marks, including I.T, i.t, double park and ETE, in the PRC (excluding Taiwan);
- (iv) directly operating stores for sale of products of French Connection brand in the PRC through a 50:50 joint venture between GSIT and French Connection Group plc;
- (v) directly operating stores for sale of the above products in Taiwan through a joint venture owned as to 51% by GSIT and as to 49% by a local partner; and
- (vi) wholesell the above products to franchisees across the PRC.

As at 31 July 2007, GSIT had 106 self-managed stores (including French Connection stores) and 61 franchised stores (including French Connection stores) in the PRC (excluding Taiwan), and 19 self-managed stores in Taiwan. Of the 106 self-managed stores in the PRC (excluding Taiwan), 46 stores are located in Beijing and 59 are located in Shanghai. So at present, GSIT's self-managed stores are very concentrated in the prime cities of Beijing and Shanghai.

Benefiting from the strong economy of the PRC, GSIT has been enjoying impressive revenue growth in the past years. Revenue has increased by 59.2% from HK\$191.2 million for the year ended 31 December 2005 to HK\$304.3 million for the year ended 31 December 2006, and has increased by 61.1% from HK\$144.8 million for the seven months ended 31 July 2006 to HK\$233.4 million for the seven months ended 31 July 2007. Comparable store sales (sales of stores that have been opened for 12 months or more) increased by 34.2% and 38.2% for the year ended 31 December 2006 and for the seven months ended 31 July 2007 respectively.

Loss before taxation for the 2 years ended 31 December 2006 were HK\$6.5 million and HK\$13.6 million respectively. Loss after taxation for the 2 years ended 31 December 2006 were HK\$6.4 million and HK\$12.8 million respectively. As at 31 July 2007, it had net assets (including all shareholders' loans) of HK\$143.7 million.

Although GSIT is still losing money, its bottom line has improved significantly given the impressive top line growth as well as leveraging the increase in the economy of scale. Net loss has dropped substantially from HK\$17.5 million for the seven months ended 31 July 2006 to HK\$3.2 million for the seven months ended 31 July 2007. All the financial information relating to GSIT is unaudited, and is based on management accounts prepared in accordance with Hong Kong Financial Reporting Standards. Audited financial information on GSIT will be included in the circular to be despatched to the Shareholders.

Reasons for the GSIT Acquisition

The GSIT joint venture was established at a time when retailing was still very much restricted from foreigners and foreigners could not engage in retailing without a partner enjoying the privilege of a retail license. To gain a foothold in the PRC market, in 2003, the Group decided to partner with Glorious Sun which had both retail licenses and many years of retail experience as well as an extensive distribution network in the PRC.

After the accession to the World Trade Organisation, the PRC is much more open to foreigners and foreigners can now own 100% interest in and run a fashion retail business in the PRC. Hong Kong companies can enjoy even more benefits under the Closer Economic Partnership Arrangement (CEPA). Further, after more than 3 years' of operation, GSIT has already built up a robust operating platform, its own capable management team and an extensive business relationship with landlords, manufacturers and logistics service suppliers, etc. After faithful negotiations with Glorious Sun, Glorious Sun agreed that after the 3 years' incubation, it was an appropriate time for them to exit and enable the Group to consolidate the business both operationally and financially in exchange for a cash consideration as well as a strategic stake (9% of the enlarged share capital) in the Group.

The original investment cost of Glorious Sun in GSIT is HK\$93.5 million. As mentioned above, based on the closing price of HK\$1.78 per Share on 28 September 2007, the total consideration is valued at approximately HK\$263.0 million and the entire GSIT is therefore valued at approximately HK\$526.1 million. Such valuation represents 1.34 times the trailing revenue of GSIT of HK\$392.9 million for the twelve months ended 31 July 2007. Having considered the comparison of the valuation of GSIT with the other PRC retailer players, and the huge potential of the PRC market, the Board (including the independent non-executive directors of the Company) is of the view that the GSIT Acquisition is in the interest of the Company, the GSIT Acquisition Agreement was entered into on normal commercial terms and the terms of which are fair and reasonable.

Future Plan

The Board considers that the GSIT Acquisition is a very important and strategic move of the Group. It enables the Group to consolidate control of the business in the PRC, the fastest growing consumer and retail market in the world.

Following completion, the Board expects that it would accelerate the Group's expansion pace in the PRC, including opening stores outside the existing core cities of Beijing and Shanghai and mergers and acquisitions of local chains and/or brand operators.

STORES ASSETS ACQUISITION AGREEMENT

The Board is pleased to announce that on 28 September 2007, the Company (as the purchaser) entered into the Stores Assets Acquisition Agreement with Glorious Sun (as the seller), pursuant to which the Company shall acquire the 2 franchised stores of GSIT run by a subsidiary of Glorious Sun, one in Nanjing and the other in Macao, by way of acquisition of all the relevant assets (including all leasehold improvements, fixtures, rental deposits and inventories and all benefits to the leases).

Consideration

The aggregate consideration for the Nanjing Store Assets and the Macao Store Assets is HK\$20 million cash (which will be financed by the Group's internal resources). The consideration was determined between the parties after arm's length negotiations with reference to the net book value of the assets and the potential of Nanjing and Macao markets.

Conditions precedent

The Stores Assets Acquisition Agreement is conditional upon satisfaction of the followings:

- (i) approval of the independent Shareholders if so required under and in full compliance with the Listing Rules; and
- (ii) completion of the assignment of the Stores Assets in full compliance with the PRC laws.

If the assignment is not completed within 42 days from the date of the Stores Assets Acquisition Agreement, Glorious Sun shall have the right to give a written notice to the Company appointing the Company (or its subsidiary) as its operator to run the 2 franchised stores until expiry of the current lease (the lease for the store in Nanjing will expire on 28 February 2009 and the lease for the store in Macao will expire on 15 August 2010). During this period, the Company (or its subsidiary) shall bear all the benefits, losses and relevant expenses in running the 2 stores, save for any loss arising as a result of breach of laws or contracts by Glorious Sun (or its subsidiary).

Completion shall take place on the 3rd business day of all the above conditions precedent being satisfied. If any of the conditions precedent remain unfulfilled after 120 days from the date of the Stores Assets Acquisition Agreement, the Stores Assets Acquisition Agreement shall lapse and the parties shall no longer be obliged to proceed with the sale and purchase of the Stores Assets or (save for antecedent breach) be responsible for or pay damage to the other parties.

Information on the Stores Assets

Glorious Sun (or its subsidiary) makes purchases from GSIT and sells products of the following brands at the 2 stores as a franchisee of GSIT:

- (i) the Group's inhouse brands, namely <http://www.izzue.com>, b+ab and 5cm;
- (ii) a Group's licensed brand, namely Arnold Palmer; and
- (iii) French Connection.

The Nanjing store is located at 南京市中山路18號德基廣場L202, 203 (L202, 203, Deji Plaza, 18 Zhongshan Road, Nanjing, the PRC) with a gross area of 562 square metres, and the Macao store is located at 澳門羅保博士街34號至38號廠商會大廈地下A座舖 (AR/C, EDF, “Chon Ceong Vui”, No. 34-38 Rua Do Dr. Pedro Jose Lobo, Macao Special Administrative Region, the PRC) with a gross area of 462 square metres.

According to unaudited information provided by Glorious Sun, revenue deriving from the Stores Assets from September 2005 (commencement of business) to 31 December 2005, for the year ended 31 December 2006 and for the eight months ended 31 August 2007 were HK\$0.7 million, HK\$16.5 million and HK\$9.7 million respectively. Loss before and after taxation deriving from the Stores Assets for the same periods were HK\$0.4 million, HK\$2.8 million and HK\$1.6 million respectively.

As at 31 August 2007, the net book value of the Stores Assets was HK\$9.4 million. Under the Stores Assets Acquisition Agreement, Glorious Sun has represented and warranted to the Company that the net book value of the Stores Assets on the date of completion would not be less than HK\$9 million. All the financial information relating to Stores Assets is unaudited, and is based on management accounts provided by Glorious Sun and prepared in accordance with Hong Kong Financial Reporting Standards. Such financial information on GSIT will be reviewed by the auditors of GSIT and included in the circular to be despatched to the Shareholders.

Reasons for the Acquisition of the Stores Assets

The acquisition is in line with the Group’s new strategy to expand outside Beijing and Shanghai. Besides, in terms of revenue, they are the top performers among the franchisees of the same brand.

The original investment cost of Glorious Sun in the Stores Assets is HK\$14.3 million. Although these two stores are not making money, the Board is of the view that this acquisition will assist the Group to expand into these new markets faster and more effectively. By putting our own management and operating platform onto these two stores, the Group also believes that they can be turned around relatively quickly. Therefore, the Board (including the independent non-executive directors of the Company) is of the view that the Stores Assets Acquisition is in the interest of the Company, the Stores Assets Acquisition Agreement was entered into on normal commercial terms and the terms of which are fair and reasonable.

SHAREHOLDING

The following sets out the current shareholding and the shareholding following completion of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement:

	Present shareholding		Shareholding following completion of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement	
	No. of Shares	%	No. of Shares	%
3WH Limited (<i>Note 1</i>)	336,037,500	32.3	336,037,500	29.4
Effective Convey Limited (<i>Note 2</i>)	336,037,500	32.3	336,037,500	29.4
Glorious Sun	–	–	102,827,473	9.0
Public Shareholders	367,625,000	35.4	367,625,000	32.2
Total	<u>1,039,700,000</u>	<u>100.0</u>	<u>1,142,527,473</u>	<u>100.0</u>

Notes:

- 3WH Limited is owned as to 50% by Mr. Sham Kin Wai (an executive director of the Company), as at 25% by Mr. Sham Kar Wai (an executive director of the Company) and as to 25% by Ms. Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai).
- Effective Convey Limited is an indirect wholly-owned subsidiary of The ABS 2000 Trust which was established as an irrevocable discretionary trust for the benefit of Mr. Sham Kar Wai and Mr. Sham Kin Wai and their respective family members.

GENERAL

The Group is principally engaged in the retailing of fashion apparels and accessories and related businesses in the Greater China.

Glorious Sun is principally engaged in retailing, export and production of casual wear. Glorious Sun has confirmed that they (together with their associates) do not hold any Share as at the date of this announcement.

Under the Listing Rules, the GSIT Acquisition and the acquisition of the Stores Assets constitute major transactions of the Company and are subject to Shareholders’ approval. As Dr. Yeung was a non-executive director of the Company within the 12-month period before the entering into of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement and is interested in 50.9% of the share capital of Glorious Sun, Glorious Sun is a connected person of the Company as defined under the Listing Rules. Therefore, the transactions contemplated under the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement also constitute connected transactions of the Company and are subject to approval of independent Shareholders.

A circular containing, amongst others, further details of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement, the letters from the independent board committee and the independent financial adviser of the Company together with a notice convening a special general meeting for approval of the GSIT Acquisition Agreement and the Stores Assets Acquisition Agreement will be despatched to the Shareholders as soon as possible.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 2 October 2007, pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 2:30 p.m. on 3 October 2007.

Definitions:

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“3WH Limited”	3WH Limited, a company owned as to 25% by Mr. Sham Kar Wai (an executive director of the Company), as to 25% by Miss Yau Shuk Ching, Chingmy (spouse of Mr. Sham Kar Wai) and as to 50% by Mr. Sham Kin Wai (an executive director of the Company)
“Board”	board of director of the Company
“Company”	I.T Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Consideration Shares”	such number of new Shares representing 9% of the enlarged share capital of the Company upon completion of the GSIT Acquisition Agreement to be issued by the Company to GS Trading (or its nominee) under the GSIT Acquisition Agreement
“Dr. Yeung”	Dr. Charles Yeung, SBS, J.P., a director and the majority shareholder of Glorious Sun
“Effective Convey Limited”	Effective Convey Limited, an indirect wholly-owned subsidiary of The ABS 2000 Trust which in turn is a discretionary trust established for the benefit of Mr. Sham Kar Wai and Mr. Sham Kin Wai (each being an executive director of the Company) and their respective family members
“Glorious Sun”	Glorious Sun Enterprises Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Group”	the Company together with its subsidiaries
“GSIT”	G.S-i.t Limited, a company incorporated in Hong Kong with limited liability and beneficially owned as to 50% by the Company and as to 50% by Glorious Sun
“GSIT Acquisition”	the acquisition by the Company of GS Trading’s 50% equity interest in and all shareholder’s loan advanced by GS Trading to GSIT contemplated under the GSIT Acquisition Agreement
“GSIT Acquisition Agreement”	the sale and purchase agreement dated 28 September 2007 entered into between the Company, Glorious Sun and GS Trading in relation to the acquisition of GS Trading’s 50% equity interest in and all shareholder’s loan advanced by GS Trading to GSIT by the Company
“GS Trading”	Glorious Sun Trading (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Glorious Sun
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao Store Assets”	all assets (including but not limited to all leasehold improvements, fixtures, rental deposit, inventories and all benefits of the lease) associated with the store located at 澳門羅保博士街34號至38號廠商會大廈地下A座舖 (AR/C EDF, “Chon Ceong Vui” No. 34 – 38 Rua Do Dr. Pedro Jose Lobo, Macao Special Administrative Region, the PRC)
“Nanjing Store Assets”	all assets (including but not limited to all leasehold improvements, fixtures, rental deposit, inventories and all benefits of the lease) associated with the store located at 南京市中山路18號德基廣場L202, 203 (L202, 203, Deji Plaza, 18 Zhongshan Road, Nanjing, the PRC)
“PRC”	the People’s Republic of China (including Macao Special Administrative Region and Taiwan but excluding Hong Kong Special Administrative Region)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stores Assets”	the Macao Store Assets and the Nanjing Store Assets
“Stores Assets Acquisition Agreement”	the sale and purchase agreement dated 28 September 2007 entered into between the Company and Glorious Sun in relation to the acquisition of the Stores Assets by the Company

In this announcement, Renminbi is converted into Hong Kong dollars at an exchange rate of 1.03:1, and Macau Pataca is converted into Hong Kong dollars at an exchange rate of 1:1.

By order of the Board
I.T Limited
Lo Wing Yan, William
Vice Chairman & Managing Director

Hong Kong, 2 October 2007

As at the date of this announcement, the Board comprises Mr. SHAM Kar Wai, Dr. LO Wing Yan, William, J.P. and Mr. SHAM Kin Wai as Executive Directors and Mr. WONG Wai Ming, Mr. Francis GOUTENMACHER and Mr. WONG Tin Yau, Kelvin as Independent Non-executive Directors.

“Please also refer to the published version of this announcement in South China Morning Post.”