

PROSPECTS

The recovering retail sector in Hong Kong and the continual rapid growth of consumer purchasing power in the PRC are expected to form the mainstays of satisfactory business growth posted for the Group's U-RIGHT branded clothing. Growth will also hinge upon the expansion of sales and distribution network and effective branding strategy. Riding on the back of renewed strengths, the Group will actively seek to utilize the proceeds from the new share issue pursuant to the Prospectus to realize the established business goals.

The PRC government's emphasis on "extended national holidays" is expected to fuel the demand for casual wear. In order to take heed of this rising demand, the Group will further promote the franchising business by opening approximately 20 or more franchise shops in the second half of the year. These shops will mainly be situated in the second tier cities where market potential is the highest. With the PRC's imminent entry into the World Trade Organisation ("WTO"), the management expects the PRC market to become increasingly important. At the same time, the Group is currently selecting appropriate locations to set up approximately 8 more retail shops in Hong Kong for the coming year. In line with the Group's strategy to selecting locations with high customer flow, a new shop has just been opened in Tuen Mun.

To institutionalize the Group's management of quality control, the Group will devote resources to obtain the ISO 9000 qualification. In addition, the Group will be further developing the existing front end point-of-sale system to improve operational efficiencies. Both plans reflect the Group's serious and ongoing commitment to succeed in a competitive industry.

To expand the growth horizon, the Group will be launching the on-line shopping platform "WWW.U-RIGHT.COM" in 2001. The platform will leverage on the established sales and distribution network and will help to broaden the revenue base. In view of the colossal market for consumer products in the PRC, the management believes that this investment is of strategic importance to the Group in the long term.

Moving forward, the Group will proactively follow a strategy of sustained profitability and competitiveness. The Group will continue to promote the value of its brand through effective advertising campaigns. As a well established name in the casual wear industry, U-RIGHT is set to benefit from the PRC's ascension to the WTO. With the management's committed efforts, the Board is optimistic that the goals of the Group will be attained.