

Business and Financial Review

(I) SECOND INTERIM GROUP RESULTS

In September 2000, the Company issued its Interim Results for the six-month period ended 30th June, 2000. As a result of the recent change in the Company's financial year end date from 31st December to 31st March as previously announced, the current fiscal period of the Group covers a fifteen-month period which will end on 31st March, 2001. In view of the prolonged fiscal period, the Company now further announces its Second Interim Results for the twelve-month period ended 31st December, 2000 in addition to the normal reporting of results for the first six-month period and the full fiscal period.

The unaudited Group profit attributable to Shareholders for the twelve-month period ended 31st December, 2000 amounted to 12.1 million. Earnings per share were 1.1 cents.

(II) INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the twelve-month period ended 31st December, 2000 (nine months ended 31st December, 1999 – Nil).

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(continued)

(III) BUSINESS REVIEW & PROSPECTS

The improved economic environment, for the first six months of 2000, was positive to the recovery of the fashion retailing business. The last six months of 2000 saw a more stable economic performance, with the fourth quarter of 2000 seeing an economic slowdown. The Group has turned around to generate profits for the past 14 months since October 1999.

Turnover improved by 6.2% and gross margin stood at 56.5%.

The satisfactory result was due mainly to an improvement in consumer confidence after the Asian economic crisis. The weak Euro was also a key factor, keeping the cost of imported merchandise at a relatively low level.

Expansion of the Group related mainly to Ad Hoc and Joyce Beauty. Three new Ad Hoc stores and one new Joyce Beauty store were opened during the period. The Group is expecting to open more stores, following the stabilisation of the economic environment, in order to fully realise business opportunities.

The Group's strong financial position (with cash on hand HK\$236 million), coupled with a cautious business forecast, indicates that the outlook for performance in the remainder of the fiscal period is stable.